

# Falling pound hits British pensioners living overseas

Some retirees could be forced to return to the UK after the dramatic drop in the value of sterling after Brexit vote

**Rupert Jones**

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The dramatic fall in the value of sterling has dealt a heavy blow to hundreds of thousands of older Britons living abroad who depend on a UK pension. If the pound doesn't recover its losses, they will suffer a major hit in purchasing power, which may force some to return home. Earlier this week, UK pensioners living in the US, Australia and Canada were in effect 8 to 10% worse off, though the pound later regained some ground.

John Markham, 83, who moved to Canada more than 30 years ago, gets a UK basic state pension of £260 a month, which he receives in Canadian dollars after it is converted from sterling. On the day of the referendum his pension payment would have been C\$488, but by Friday this week the figure stood at C\$451 - a near-8% fall. If he had been living in the US, Australia or Spain and in receipt of the local currency, the fall would have been 9.3%, 8% and 7.5% respectively.

Markham, who is chairman of the International Consortium of British Pensioners, says many expat Brits "are still trying to absorb what the impact of it all is," and whether sterling will continue downwards or recover its losses. There are more than 1.2 million people living abroad who receive a UK state pension, which is either paid into a UK bank or into an overseas account in the local currency, usually monthly. Those opting for the latter are used to the amount they get varying because of exchange rates. Markham says that during the past couple of years the amount he has received has ranged from about C\$800 to just over C\$1,000.

The advice website Experts for Expats emailed its database this week to ask how people had been affected. Brian Brown, a British expat in Thailand, replied that it was "minimal really. Apart from the 8% drop in sterling vs Thai baht, and the loss in value of my shares and investments". But he added that over the past 20 years he had learned "not to panic".

Anne Bonnet, a British expat living in France, said: "I work here and manage financially but I have savings and a rental property in England which will no doubt be affected. I occasionally transfer some money over here when necessary. Also, I was hoping to retire and move house soon, but in the light of the devaluation I'll be putting that project on hold until the market stabilises."

Elisabeth Staudenmayer, who has lived in Germany for several years, said: "My main personal concern is for the future of the UK pension and whether it will be increased in the future or frozen as in Australia, South Africa and Canada. Also, whether we expat pensioners will continue to be covered for healthcare."

Staudenmayer was referring to the fact that around 560,000 UK pensioners live in countries where their basic state pension is frozen - they don't get the annual increases that people who move to EU countries and certain other places currently get. Anyone who retires to a country within the European Economic Area has their state pension uprated by the "triple lock", meaning it is guaranteed to rise in line with whichever is the highest of earnings, inflation or 2.5%. But now the UK may have to negotiate reciprocal arrangements with individual EU countries to maintain the status quo, and if an agreement can't be reached, people retiring to those countries could see their state pension payments frozen, says investment firm AJ Bell.

The vote and its repercussions could also put the brakes on people's plans to move abroad. On the ExpatForum.com website, 60-year-old Moyra said she and her 72-year-old husband were planning to move to Spain next year, but "now I'm not sure it will be so easy... We will have to wait for 'this mess' to sort itself out... With luck, Spain will not shut the door to us when everything has calmed down."

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