# Frozen pension: the RAF veteran facing a chilling choice in Canada

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the Guardian | Saturday 4 June 2016 07.00 BST

Joe Lewis faces an agonising decision. The 90-year-old second world war RAF veteran, who moved to Canada when he retired, is being forced to choose between selling his house to make ends meet, or returning to the UK and leaving his seriously ill wife behind.

Lewis moved across the Atlantic because his late first wife was Canadian and wanted to spend her retirement near family and friends. The former flight sergeant now receives a UK basic state pension that is frozen at just £48 a week. Yet if Lewis had stayed in the UK or retired to a country such as the US, he would be getting up to £119.30 a week. Instead, he is out of pocket by more than £3,700 a year.

Lewis is one of many thousands of older Britons living overseas who are suffering financial hardship as a result of the UK's "frozen pensions" policy.

The way Britain treats its retired pensioners living abroad has risen up the political agenda of late because of the looming Brexit vote. Sir Roger Gale, a Tory MP, is warning that the "trickle" of expat pensioners living in mainland Europe who are coming back to the UK, often because they are struggling financially, may turn into a "torrent" if the UK votes to leave the EU on 23 June.

However, the real losers from this policy are those who have emigrated or retired further afield, to countries such as Canada, Australia and South Africa. They have been forced to watch the value of their UK pension dwindle. That is because if you move to one of more than 100 countries – others include New Zealand, India and Japan – your state pension will be permanently frozen at the date you retired or when you arrived in that country.

It never increases, no matter what job you did or how much you have paid in national insurance. But if you move to an EU country, the US or one of a seemingly random list of places, including Macedonia, Puerto Rico and Samoa, your state pension will increase in line with inflation.

There are thought to be around 558,000 British pensioners living in countries where their basic state pension is not uprated annually, and it's an issue that Guardian Money has featured a number of times over the past few years. Campaigners say the policy is discriminatory and inhumane, and results in financial hardship for British citizens around the world.

Having served with the RAF in Burma during the latter part of the second world war, Lewis worked as a newsagent in Birmingham with his wife Marj, a Canadian, before moving to Tenby in Pembrokeshire in 1971. They ran a hotel together there until their retirement. They moved to Canada in 1989.

When Marj died in 1997, Lewis planned to move back to the UK, but then he met Bep, a widow, whom he later married.

Bep now has severe dementia and is in a care facility some 100 miles away from their home in Victoria, British Columbia. Lewis regularly makes the difficult journey to see her, but unfortunately he fell when visiting her in May 2015, breaking his femur. As a result, he now has to pay for expensive care to be looked after at home. With a frozen state pension and no occupational pension, Lewis is struggling to afford his living and medical costs. The only way he can make ends meet is to use up his savings.

The veteran is now faced with a stark decision: should he return to the UK and get his full pension but leave his wife behind, or stay and sell the house, and possibly still not be able to manage with a frozen pension?

He does not want to return to the UK but fears this may be his only option. He would like to take Bep with him but knows this is not possible.

All he wants is his full state pension, which he contributed to for the whole of his working life. “It’s turned my life upside down,” he says. “If my pension were brought up to date I’d be laughing.”

There is a glimmer of hope for the frozen pensioners. The government has been examining a proposal for a “partial uprating” – the uprating of frozen pensions going forward, but from their current level only.

Some of the oldest expat pensioners have had their payouts frozen at just a few pounds a week.

Annie Carr, who died in February this year at the age of 104, was in receipt of a UK basic state pension of just £6.12 a week – enough, according to her family, to buy about three loaves of bread today.

Carr was born in 1911 in Monkwearmouth, Sunderland, and lived in that area all her life until she emigrated to Australia in 1970 to join her only daughter. She had lost her husband, Edward, six years earlier. Her daughter, Mavis Wilson, this week told Guardian Money she believed it was “morally wrong” that those who retire to the US or Europe receive their full entitlement, while those who go to Australia don’t. “I appreciate it could cost a lot, but there would not be too many as extreme as Mum’s case. We have several friends who have retired here to be near family and who have struggled, because of no increases and the exchange rates over the past few years.”

Gale, who is chairman of the all-party parliamentary group on frozen British pensions, says it is vital that government departments grapple with the unfairness caused by frozen pensions. “If we do not address it, there will certainly be a moral cost, because we are in the wrong. There will also be a financial cost on two fronts: pensioners who cannot afford to live overseas will come home, and pensioners who want to retire overseas will not go.”

In the event of a vote to leave the EU, the UK might have to negotiate "reciprocal arrangements" with European countries to maintain the status quo, according to investment firm AJ Bell. Where no such arrangement is agreed, people retiring to those countries could see their state pension payments frozen.

Government figures show there are 472,000 retired UK citizens in the EU who receive fully uprated pensions and who could also be affected by a Brexit vote. Around 132,000 of them live in Ireland, around 109,000 are in Spain and roughly 61,000 have retired to France.

Tom Selby, senior analyst at AJ Bell, says: "Currently, UK citizens who retire within the European Economic Area have their state pension payments uprated by at least 2.5% every year. This could be worth tens of thousands of pounds over the course of an individual's retirement. While some believe the government will be able to negotiate protections for expat pensioners in the event of a Brexit, it is worth noting that the UK has not arranged a similar deal with a non-EU country since 1981, primarily due to the costs involved."

The International Consortium of British Pensioners runs the Pension Justice website to highlight the issue. For a full list of countries that are and aren't frozen, go to Britishpensions.org.au/frozenindexed.htm