

# Quirks of the UK State Pension affecting British pensioners living abroad

[Brits In Toronto](#)

*This is a free, non-paid-for guest article by Nigel Nelson, a member of the Toronto-based non-profit [Canadian Alliance of British Pensioners \(CABP\)](#). All views are the CABP's and Brits in Toronto does not endorse them and is not held liable in any way. As always, do your due diligence.*

Have you ever worked in the UK? Did you make National Insurance contributions (NICs) when you worked? Depending on the number of years of NICs you have to your credit you might qualify for a British state pension. However, if you qualify for a UK State Pension, as long as you live in Canada, you will not receive the annual inflationary increase as given to pensioners in the UK, EU and an obscure list of countries. This is known as the British “frozen pensions” policy.

The Canadian Association of British Pensioners was established in 1991 to help British pensioners living in Canada navigate the UK State Pension system by providing information with respect to eligibility for a British State Pension; keeping current with the successive changes which have been made to the UK State Pension system and lobbying the UK government for parity with all British pensioners living overseas. We can answer your questions about the UK pension system.

CABP is a registered non-profit organisation and all of the directors are volunteers, as are most of the people who work out of the office in Toronto. Anyone who has worked in the UK and has paid National Insurance Contributions may well qualify for a UK State Pension.

Those people in Canada look to organizations like the CABP, which has the experience and understanding of the UK pension system, for advice. There are over 5,000 members in Canada who currently get this support.

According to the [2011 Canadian National Household Survey](#), there were 125,000 British immigrants over the age of 65 living in Ontario and another 65,000 in the 55-64 age category. In Toronto alone, there are 43,000 and 24,000 respectively.

Many of these immigrants will qualify for a British State Pension, but may not know that; and they're probably unaware that, once they start to receive a UK State Pension, they will never receive any of the annual increases enjoyed by their peers in the UK ... even though they will probably have paid the same level of National Insurance Contributions.

Successive UK governments for over 70 years have followed this “frozen pensions” policy. The policy is based on outdated logic and the UK government has now conceded that the only impediment to eliminating the “frozen pension” policy is cost, accompanied by the “political will” to do so. There are over half a million “frozen” UK pensioners living abroad – 90% of these “frozen” pensioners live in Commonwealth countries such as Australia (45%) and Canada (28%).

CABP provides support to UK pensioners in Canada and they work tirelessly in trying to abolish this unfair and immoral policy. For example if you live on the American side of Niagara Falls you would receive the annual increase; if you live on the Canadian side of the Falls you wouldn't receive the increase.

If you had retired in 1980 with a full UK State Pension it was just £27.15 per week – slightly over \$50 in today's money. Could you live on that? There will be cases where members, who do not have the full number of years of National Insurance contributions, are living on less.

A UK pensioner retiring on a full State Pension in 1980 will have been underpaid by £80,000 up to the end of April 2016. Today's UK State Pension, at £119 per week, is 440% more than it was in 1980! CABP believes that this is unfair, discriminatory, and immoral, and they have been campaigning since 1991 to get this policy changed. In comparison, the CPP payment is payable to Canadians globally and is adjusted annually wherever the Canadian pensioner chooses to live.

Sadly, some of these pensioners even have to go back "home" to the UK since they can no longer live on their "frozen pension." This is causing them considerable angst – leaving behind their loved ones, having to make travel arrangements, and finding accommodation when they get back.

For example, last year alone, there were 2,000 UK pensioners who returned back to the UK, and, for many of them, it will be because they could no longer afford to live in their country of choice, based on the state pension they were receiving. Any returning pensioner to the UK has their pension uplifted to the current rate – the same as all other pensioners living in the UK. They also qualify for other social welfare benefits.

Currently, the UK Treasury saves over £4,300 per year for each pensioner emigrating, so, for returning pensioners, it adds to UK Treasury costs. Given these numbers, you would think that the UK Government would be encouraging pensioners to leave rather than putting barriers in their way.

The good news is that there is a glimmer of light at the end of the tunnel. A proposal, with respect to amending the "frozen pension" policy has been submitted to the Cabinet Office in the UK Parliament in London. The proposal is currently under consideration, but is by no means a "done deal" ... and so we must keep up the campaign.

If you would like to find out more about your British Pension rights and how you will be affected by a "frozen pension," or, you would like more general information, you can check out the [CABP](#).

CABP is based in Toronto and can provide a wealth of current and accurate information with respect to British pensions. Contact information is on the website.