Canadian Alliance of British Pensioners
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Frozen UK state pensions in Canada – the issue at a glance

- **What is a frozen pension?**
  The UK State pension a pensioner in Canada receives remains at that same amount for the duration of their retirement, whether it be 10, 20, 30 years or more. There is no annual increase ever.

- **How many pensioners are affected?**
  There are 12.8 million UK pensioners in total, of which 11.6 million live in the UK and 1.2 million live abroad. Of those abroad, about half (560,000) have their pensions frozen, but the remainder receive annual inflation increases just as if they live in the UK.

- **Where do these frozen pensioners live?**
  More than 95% of the 'frozen' pensioners live in Commonwealth countries, mainly Australia, Canada, South Africa and New Zealand. Examples of where the pension is increased each year include the USA, Germany, Italy, Barbados, Bermuda, Israel, Jamaica, Mauritius, and the Philippines.

- **How did it come about?**
  In the early days of National Insurance, 65 years ago, the UK state pension was not indexed for pensioners abroad. This was at a time of severe currency restrictions. From 1940 to 1980, the UK negotiated reciprocal agreements on an individual country by country basis.
  There was an attempt by the UK to negotiate a Social Security agreement with Canada in the late 70's. At that time, Canada did not have its systems in place. Subsequently, early in the 1980's, Canada approached the UK to sign an agreement, but the UK had unilaterally stopped signing any new agreements in 1982. Since then, the UK has refused to sign any new agreements covering pension indexing. As a consequence, they only index the pension annually in those countries that they had signed reciprocal agreements or other treaties with. **The UK is now the only country in the OECD that pays its pensioners differently, based on country of residence.** Even without a reciprocal agreement, both Canada and Australia provide annual increases to their pensioners who live in the UK.
  The UK Government has confirmed that no international agreement is required for them to unfreeze pensions. It is simply a matter of domestic regulation

- **How are pensioners affected by having their pensions frozen?**
  It means that a pensioner who is aged 90 living in Canada gets a full pension of £41.15 per week, whereas a 65 year-old pensioner just retiring to Canada gets £155.00 per week. In effect, the different amounts of pension are due to their age alone.

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- **How has the UK responded to the frozen pension's issue?**
  Typically, UK politicians are in favour of correcting the unfair policy when in opposition, but change their minds on the issue when they get into power. The only reason given is one of cost, despite the UK Supreme Court ruling that discrimination cannot be justified by cost alone. There are a core number of politicians who support us, and who have formed an All Party Parliamentary Group focusing on frozen pensions.

- **How much will it cost to fix?**
  The annual cost is about 0.7% of the total pension budget, £590 million for 2015.

- **What is the Canadian Alliance of British Pensioners doing?**
  We are a Not for Profit organization, with a mandate to lobby the UK Government to end the discriminatory and unfair policy of selective freezing of state pensions. We are a founding member of the International Consortium of British Pensioners, and work with other Commonwealth Countries to directly lobby the UK Government. We represent 150,000 recipients of the UK state pension living in Canada, and our efforts are funded by our members, via membership dues and voluntary contributions.

- **What has Canada done?**
  Over the years various Canadian Governments have been supportive. We understand that the issue has been raised Minister to Minister, and letters have been sent by Canadian Ministers to their counterparts in the UK. The UK has refused to consider any action, purely on the grounds of cost. In the UK House of Commons, the Minister for pensions has indicated that, were they to cancel pension freezing, some of the benefits would flow to the Canadian and Australian Governments, in the form of reduced subsidies being paid by those Governments to low income pensioners. They are effectively acknowledging that the Canadian and Australian governments are subsiding UK pensioners resident in those countries.

- **What more should Canada do?**
  We believe that stronger action is necessary. The UK government's refusal to unfreeze pensions is negatively impacting Canada's GDP by up to $1 Billion annually. We believe that the frozen pension issue should be raised at the highest levels in Government, and if necessary, tied to other relationships and agreements with the UK. **One possibility is for the Canadian Government to push for a full Social Security bilateral agreement with the UK, similar to other countries**. As individual expatriates, we simply do not have enough clout in the UK to bring about change. We need strong pressure from the Canadian Government, in concert with the Australian Government.