

The U.K.'s policy on overseas pensions is costing Canadian taxpayers



Prime Minister Justin Trudeau takes part in a bilateral meeting with U.K. Prime Minister Boris Johnson during the G7 Summit in Biarritz, France, Saturday, Aug. 24, 2019. Canada has failed to convince the U.K. to index pensions paid to British citizens living in this country. (Sean Kilpatrick/The Canadian Press)

"This is not a party matter," said Ian Andexser of Nanaimo, B.C., who heads the Canadian Alliance of British Pensioners. "This is a snub to Canada."

And across the pond in England, Conservative MP Sir Roger Gale has come to the same conclusion: the government of which he is a member has acted "in very bad faith indeed" toward Canada.

The matter angering both individuals is a British government policy that excludes U.K. pensioners who live mostly in Canada and Australia from

receiving the normal pension increases meant to help keep pace with inflation. They are the "frozen pensioners" — and about 137,000 of them live in Canada.

Gale told CBC News the freeze does not apply to British pensioners who retire in the United States.

"You can literally have two people living on opposite sides of the Niagara Falls, one in the United States, getting the United Kingdom pension updated annually, the other living in Canada, having their pension frozen at the point of departure from the United Kingdom," said Gale.

"And of course, over many years, that means that the value of that pension depreciates dramatically. There are a lot of pensioners, U.K. citizens, living overseas in Canada, Australia and other Commonwealth countries particularly, who are living in genteel poverty. Or they're having to be supported by the host country, which I would regard as wholly immoral."

Anne Puckridge, born in British India in 1925, said she doesn't even like to look at her British pension statements. "It makes me angry," she said.

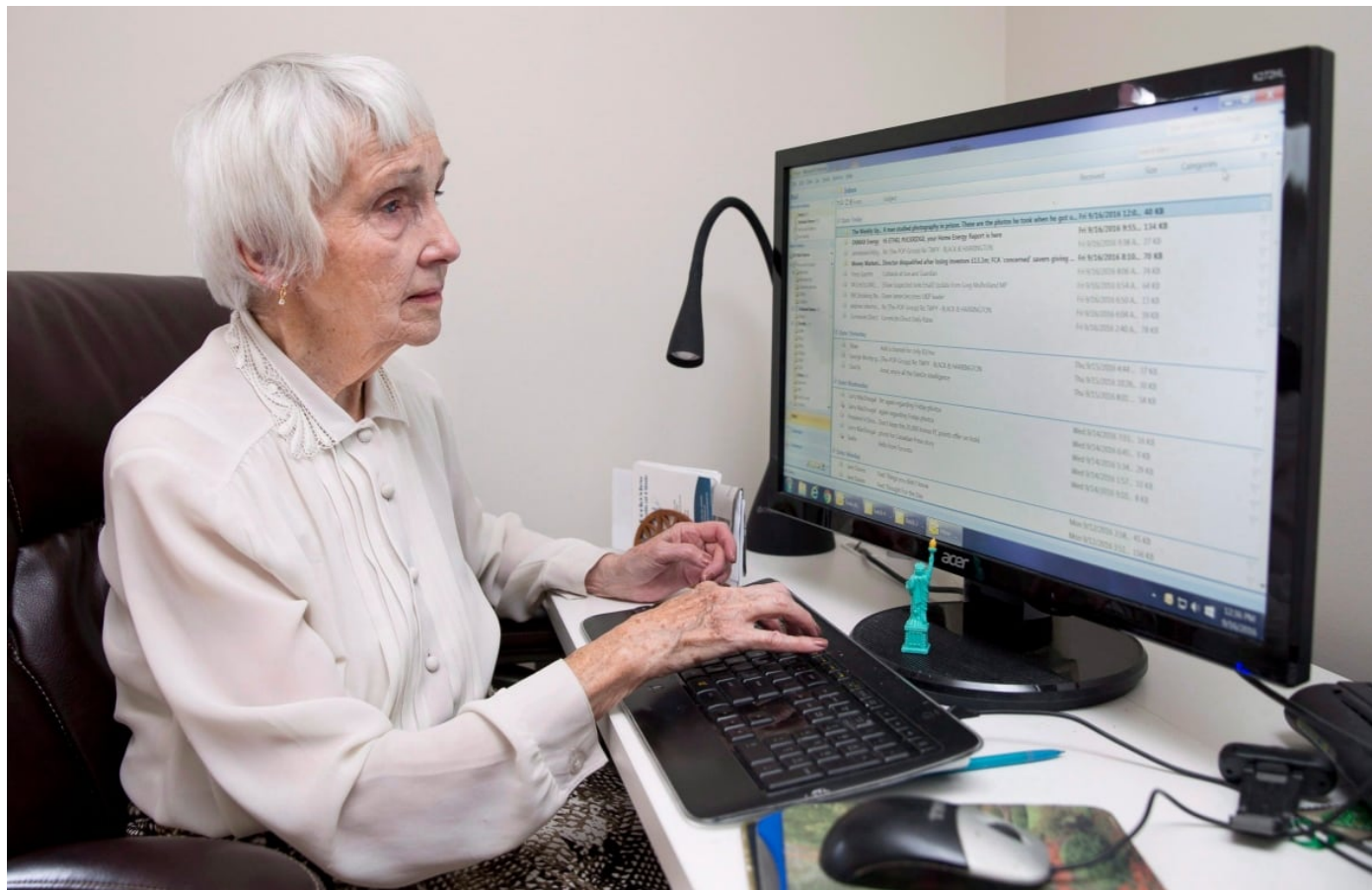
'We paid our contributions'

The Second World War veteran worked in the U.K. until the age of 76 and retired to Canada 20 years ago to be close to her daughter. She made the same pension payments as any other British worker — but her pension of £72.50 a week (about \$125) is only about half of what it would be if she lived in the U.K. or the U.S., rather than Calgary.

"We paid our contributions towards our pensions. We were allowed to believe that we were making adequate provision for our retirement," Puckridge told CBC News. "We had no idea that while our money was being

accepted, that we would be one of the four per cent of British pensioners who do not get the full pension.

"Canada looks after us very well. I so much appreciate all the help we get from Canada. The British government, on the other hand, is saving a vast amount of money, many thousands of pounds every year, on each and every person who's absent."



British expat and Second World War veteran Anne Puckridge works on her computer at her home in Calgary, Alta., on Friday, Sept. 16, 2016. (Larry MacDougall/The Canadian Press)

Gale, who chairs the U.K.'s All-Party Parliamentary Group Inquiry on Non-Indexed British Pensions, said that arrangement appears to suit the British government quite well.

"The government seems to have dug its heels in as previous administrations

have, and is quite content to allow our pensioners to live off the goodwill of other countries," he said.

The cost of Canada's 'goodwill'

Canada has asked the U.K. to redress the imbalance, which is estimated to cost Canada hundreds of millions of dollars a year through lost tax revenues and lost economic activity — and through the expense of providing social benefits to elderly British immigrants who fall into poverty.

"For over 40 years, the Government of Canada has raised, and has sought to address, this issue with the United Kingdom," said Megan Fulton, spokesperson for Employment and Social Development Canada.

She said Canada asked to negotiate a comprehensive social security agreement with the U.K. at the end of 2020, but "the U.K. has declined Canada's overtures to date and continues to maintain its long-standing position that it cannot consider the indexation of U.K. pensions paid into Canada."

"The U.K. could unilaterally decide to pay indexed pensions into Canada," she added — just as Canada indexes pensions for its citizens who live in Britain.

Fulton said Canada has not calculated the total cost of the U.K.'s pension policy parsimony to the Canadian taxpayer, but agrees that many British pensioners need help. "Many scrape by without the same quality of retirement seniors in the United Kingdom enjoy because their pensions have eroded," she said.

'A lot of flannel'

The U.K. government says that it only uprates pensions in countries with which it has reciprocity agreements. It doesn't have one with Canada.

"We understand that people move abroad for many reasons and that this can impact on their finances. There is information on [GOV.UK](https://www.gov.uk) about what the effect of going abroad will be on entitlement to the U.K. State Pension," a spokesperson for Britain's Department of Works and Pensions told CBC News.

"The Government's policy on the up-rating of the U.K. State Pension for recipients living overseas is a longstanding one of more than 70 years and we continue to uprate state pensions overseas where there is a legal requirement to do so."

Gale said the U.K. has no reciprocity agreement with Canada is because it has flatly refused to grant one.

Gale said that when he demanded to know how his government was going to respond to Canada's offer of an agreement, "what we got was a lot of flannel [and] a letter from a junior pensions minister basically saying we've got no desire to change.

"I believe that we have let down Anne and many others like her who have fought, in some cases been wounded, in the service of their country and have retired around the globe. It is quite wrong. It's indefensible."

Fairness for others, not for Canada

Andexser came to Canada at age 25 in 1976 and made a career in the hotel and pub industry. "I've been a Canadian citizen longer than I was a British subject," he said.

Because he already had made pension contributions in the U.K., he chose to continue voluntary payments from Canada and eventually accumulated 29 years of contributions.

He said he was never warned he would be denied a full pension at the end of the day. He said it's time for his adopted country to get tougher with the land of his birth.



Ian Andexser (right) of Nanaimo, B.C. with Green MP Paul Manly. (Submitted)

Andexser said Canada should be particularly offended that the U.K. recently signed dozens of reciprocity agreements with other countries in Europe.

"Britain has always said we are no longer entering any new agreements. Well, they have just defied that by signing 27 agreements with the EU countries post-Brexit."

Britain also signed agreements with non-EU members Norway, Iceland and Lichtenstein and will send full pensions to all of those countries.

"They have denied Canada's request," said Andexser. "It's an absolute direct snub to the Canadian government."

A chance to ramp up the pressure

Andexser said he wants to see Canada exploit the leverage it has due to Britain's need to sign post-Brexit free trade agreements.

"While I understand that pensions cannot form part of any trade agreement, it certainly can form part of trade negotiations," he said. "We've got something that they want. And this is a perfect opportunity to use it."

Andexser said that the cost to Canada will only increase if the situation isn't fixed, because working-age British immigrants to Canada outnumber pensioners and could soon find themselves in the same position.

While the Government of Canada has insisted in the past that trade and pensions are separate issues, Andexser said he was encouraged when he was invited [to make a presentation](#) to the Commons Standing Committee on International Trade in late February.

And last month, the House of Commons unanimously carried [a motion tabled by Green MP Paul Manly](#) calling on the federal government to press Britain to change its pension policy.

When asked by CBC News whether it would make pensions an issue in trade talks, the Canadian government didn't rule it out.

"Public consultations are currently underway in Canada to gather views of Canadian stakeholders," said Fulton.

Andexser said his group plans to lobby Canadian politicians vigorously to include pensions in the talks.

"Enough noise needs to be made to make the British government realize that they cannot treat Canada as if we were still a colony."