

Sir Roger Gale, Member of Parliament.
Chairman of the All Parties Parliamentary Group,
House of Commons, Westminster.
London. UK

July 31, 2020

Dear Sir Roger,

I am writing to you in my role as Chairman of the Canadian Alliance of British Pensioners (CABP) and in response to your request for information to be submitted to the All-Party Parliamentary Group (APPG) Inquiry into frozen pensions.

First, I sincerely thank you and your colleagues for initiating this APPG Inquiry into frozen pensions. Your interest and concern for the approximately 132,000 British State Pensioners who have chosen to live in Canada for their retirement years is very welcome and at the same time vital to these pensioners' wellbeing, as the impact of this immoral, and unjust policy on these individuals is not only a loss of real income over the course of their retirement, but also a sense of dejection and abandonment by their motherland.

Second, there are various points I want to bring to you and your colleagues' attention regarding this illogical British State Pension policy that is appropriately termed "frozen pensions". These points are as follows:

The Canadian Alliance of British Pensioners (CABP), is a non-profit lobby group. Membership is composed of primarily Canadian residents who are current or future British State Pensioners. CABP exists to challenge and put an end to the UK government's lack of cost-of-living uprating of Canadian-resident British State Pensions from the day that the pension is first drawn in Canada.

CABP's perspective of the impact of the frozen pension policy on its' members

The policy is immoral: Canadian-resident British State Pensioners experience loss of real income over the course of their retirement and consequently many people notably suffer financially. This frozen pension policy threatens the wellbeing and, in many instances, represents actual harm to the elderly. These hardships accumulate as people age, because pensioners are typically less able to satisfy their own needs as easily as they could when they were younger.

At the same time, the actual purchasing power of their income decreases while the cost of living increases. Adding insult to injury, many frozen pensioners were not informed by the Department of Work and Pensions (DWP) prior to leaving the UK, that their pensions would be frozen in Canada upon their arrival. The financial impact of this frozen pension policy is deeply immoral due to its negative impact on the quality of life of 132,000 Canadian-resident frozen pensioners.

Joe Lewis is an example of suffering and hardship. Joe served in the RAF in India and Ceylon in the Second World War. He was awarded the Burmese Star and he moved to Canada at age 63

with his Canadian-born wife after working for 44 years in the UK. Over time his income fell below the poverty line and by age 93 he literally became unable to live in Canada because he could not afford living there any longer with a frozen pension. He did not want to return to England and moving back to the UK was tremendously demanding and very stressful for a very elderly man, but he now gets his full and proper pension..

The policy is unjust: Frozen pensioners, numbering approximately 510,000 worldwide, constitute 4% of all British State Pensioners and about half of all ex-pat British State Pensioners. Approximately 132,000 frozen pensioners live in Canada. All British State pensioners, both UK-residents and expats, paid mandated National Insurance contributions into the State Pension scheme during their working lives. Frozen pensioners, CABP members included - unlike the near-majority of British State Pensioners whose pensions are annually uprated - receive an unfairly dispensed pension because of where they chose to retire. The frozen pension policy is therefore enormously unjust, as it treats some pensioners notably differently on the basis of their country of residence despite the application of contribution equality into the National Insurance scheme.

The policy is illogical: While the policy is incomprehensibly true, CABP members and people within these pensioners' communities have difficulty accepting the reasons behind the frozen pension policy. The UK government doles out several reasons: namely, one, there is no reciprocal agreement with Canada and there is no intent to make any new agreements; two, the frozen pension policy is long-standing; and three, it would cost too much to uprate frozen pensions.

The first of these illogical reasons, i.e., a lack of reciprocal agreement and lack of intent to make one, was falsified recently (May 8, 2019) when the UK government signed a reciprocal agreement with Ireland. As further argument against this disingenuous stance, the post-Brexit plan is for the continued uprating of EU-resident British Pensioners. This means that the UK government will either unilaterally uprate the pensions of UK pensioners in the EU, or enter into reciprocal agreements with most of the 27 EU countries where no agreement existed prior to the UK entering the Common Market. Finally, a response from the DWP to a Freedom of Information Request 595/2103 stated, "Bi-lateral agreements are not necessary in order for pensions paid outside Great Britain and the EU to be up-rated."

Clearly, this reason that a lack of reciprocal agreement with the Canadian government presents an insurmountable barrier to pension uprating for CABP members is short of logical coherence on at least three counts. We are left wondering how the UK government can uphold this argument when it enters into reciprocal agreements with Irish and EU single country governments but not with the Canadian government?

The second of these illogical reasons, i.e., the frozen pension policy is long-standing and therefore cannot be changed is decidedly vacuous. If history were justification for discriminatory practices then the UK government would still legislate for slavery, apartheid, and against homosexuality. Logic and experience tell us that within humane societies ideologies that are cold, cruel, and fundamentally wrong can, do, and should shift in response to human suffering.

The third of these illogical reasons is it would cost too much for the UK government to uprate frozen pensions. The actual cost of uprating of all frozen pensions is currently projected to be £610 million for this calendar year (Thurley and McInnes, Frozen Overseas Pensions Briefing Paper, House of Commons Library, Number CBP-1457, 12 May 2020). This sum, amounting to approximately 0.6% of the annual pensions budget, is small when the surpluses of the pension fund are accounted for. The current National Insurance Fund surplus is over £35 billion and there is a projected surplus of over £72 billion by 2025 (HM Actuary Department, 2019, projections 2024-2025, p. 17). Beyond this, UK government data demonstrates that the UK saves about £930 per annum (even beyond the gains received from Income, Council, and indirect taxes) when an individual pensioner moves away from the UK and stops receiving British in-country benefits in the form of social service support. With 1,156,134 pensioners living overseas (DWP statistics, August 2019), approximately half receiving uprated pensions, this amounts collectively to £1 billion per annum. The logic of pension uprating being unaffordable does not hold up to scrutiny when one examines the economic truth.

Three brief case studies and their financial hardship

The immoral, illogical and unjust impact of frozen pensions can be best illustrated with brief outlines of three Canadian-resident frozen pensioners: Peggy Buchanan, Anne Puckridge, and Peter Duffey

Peggy Buchanan, now aged 94, is a Bletchley Park WW11 veteran who helped break German enigma codes. After the war, she continued to serve at Naval air stations in Shropshire and Cornwall. Peggy, now living in British Columbia, Canada, receives the paltry sum of £18.47 per week. She is honoured on the “Codebreakers wall”, a memorial to veterans who served at Bletchley park but she is denied her full UK pension. She is a clear example of the absurdity of the UK Government's **illogical** approach to frozen pensions. If she lived one mile further south in the United States of America she would receive a full British State Pension. Peggy does indeed live very close to the Canada-US border but she is barely an outlier, as 85% of Canadians live within 100 miles of the US border.

Anne Puckridge, now 95 years old, is also a veteran. Anne served in the Army, Navy, and Air Force during the Second World War. Anne left the UK to live with family in Canada when she was 72 years old after she stopped working. Anne now lives in Alberta, Canada. Prior to leaving the UK, Anne contacted the DWP about receiving her pension in Canada but received no information that her £75.50 per week pension would be frozen upon arrival here. She persisted with that query for 12 years despite no reply from DWP. Finally, she received a reply stating that the policy was explained in a pamphlet but the pamphlet could not be sent to her, as it was out of print for cost-saving reasons. Now, 23 years after emigrating from the UK, Anne still receives the same amount of £75.50 per week. This is clearly **immoral**, as Anne would receive £134.25 per week if her pension were fully uprated. Over the course of her retirement in Canada to be close to her family, Anne has lost over £22,000.

Peter Duffey is aged 94. He joined the RAF in 1943 and as a pilot officer during WW11 flew many missions including returning prisoners of war from Japan. After working until 1980 as a pilot he moved to Canada to take employment as a corporate pilot, and live closer to his daughter and granddaughter.

He made the maximum National Insurance contributions to his State Pension and yet now, after 30 years of retirement, he receives only £46.90 per week. He lives a few miles from the US border (where he would receive a fully indexed pension). He was not advised by the DWP that he would never receive annual pension uprating and his pension 'loss', is estimated at approximately £50,000. This is an appalling example of the **unjust** treatment that many British pensioners living in Canada experience.

The frozen pension policy should end

The frozen pension policy is illogical, immoral, and unjust. Canadian-resident British Pensioners are being poorly treated. The very definition of a State Pensioner is a person who has reached an age at which developed nations collectively recognize the needs and vulnerabilities of their retired population and reciprocally pay them pension from a fund to which they contributed while working. Many of these British Pensioners are treated pejoratively despite their sustained, deep, and lasting contributions to the UK society in which they worked and even fought in wars when called upon. To ignore these pensioners in their remaining years constitutes improper conduct by the UK Government.

Our members are astounded that they have been dismissed and cast off by their homeland. The majority of CABP members feel a strong allegiance to their motherland and to the Canada-UK bond that is implicit to the Commonwealth of Nations. Moreover, it is incredible and shocking that we receive a truncated, unequal frozen pension *because* we live in a Commonwealth country.

In closing, I want to emphasize that where British State Pensioners choose to live out their final years has zero relevance to their pensions. The UK is the only OECD country that discriminates in this manner. The bottom line is that British State Pensioners in Canada paid in equally to the British Pension scheme and we should be treated equally.

I urge you to speak to the highest levels of your government and, on behalf of current and future British Pensioners resident in Canada, put an end to this outdated and immoral, illogical, and unjust policy.

Thank you for your attention to my letter.

Yours very truly,

Ian Andexser, Chairman
Canadian Alliance of British Pensioners