

**Written Submission for the Pre-Budget  
Consultations in Advance of the Upcoming  
Federal Budget**

**By: Canadian Alliance of British Pensioners**

**Recommendation 1:** That the federal government strongly advocate to the Government of the United Kingdom to end the discriminatory practice of freezing pensions based solely on country of residence, and to treat all pensioners living abroad equally.

## Background

The [Canadian Alliance of British Pensioners \(CABP\)](#) is a not-for-profit organization staffed by volunteers. Our mission is to help people discover and apply for the United Kingdom state pension they are entitled to, and to advocate to the UK government to end the discriminatory practice of freezing pensions based solely on country of residence.

State pensions are typically frozen when British citizens retire and move abroad (95 per cent of them in Commonwealth countries). British pensioners in the US receive fully indexed pensions every year; this is an issue that primarily impacts Canada, Australia and New Zealand.

For example, [Anne Puckridge](#), now aged 95, a British expatriate and former second world war codebreaker, moved to Canada in 2001 to live with her daughter: In the 19 years she has lived in Canada, Ms. Puckridge has been underpaid [approximately] \$40,000.00, because she is no longer entitled to annual inflationary increases to her state pension, which was frozen at the amount the day she left.” It is worth noting that if Ms. Puckridge has opted to move to the US or the EU instead of Canada, she would have received the annual inflation increase, just as she would have if she lived in the UK. This is unfair and discriminatory.

**Recent data suggests that over one quarter of all frozen pensioners live in Canada and our organization estimates that the UK government’s refusal to unfreeze pensions is negatively impacting Canada’s GDP by almost \$1 billion annually.** For decades, Canadian citizens and residents, who have earned a British pension having worked in the UK during their careers, have had their pension entitlement unfairly frozen. There are approximately 132,000 frozen British pensioners in Canada (their British State pensions, the equivalent of CPP into which they have contributed) is frozen at the amount first received in Canada.

Our research indicates that in the early days of national insurance over 65 years ago, the UK state pension was not indexed for pensioners residing abroad. 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 late 1970s, and at that time, Canada did not have its system implemented. In the early 1980s, Canada approached the UK to sign an agreement, but the UK had unilaterally stopped signing any new agreements in 1982. Since then, the UK had historically refused to sign any new agreements that cover pension indexing, but they have recently done so with Northern Ireland and will soon be doing more with a number of EU countries - so why not with Canada?

CABP has emphasized that the UK is now the only country in the OECD that pays its pensioners differently, based on country of residence. **Interestingly, even without a governing agreement, both Canada and Australia provide annual increases to their pensioners who live in the UK.** The UK government has confirmed through a freedom of information request that no international agreement is required for them to unfreeze pensions; it is simply a matter of domestic regulation.

But the cost to the UK to unfreeze pensions in Canada would be £158 million a year, which is less than 1% of the annual pensions budget.

## **Our Recommendation**

In our ongoing advocacy efforts, we had written to the federal government several times respectfully requesting that the Canadian delegation raise the issue of frozen British pensions Commonwealth Heads of Government Meeting (CHOGM), highlighting the impact on the Canadian economy. We have also asked the government to actively raise this issue with their British counterparts vis-à-vis trade talks and in other bilateral discussions.

The [Commonwealth](#), which hosts CHOGM, is a voluntary association of 54 independent and equal countries. The Commonwealth's members work together to promote prosperity, democracy and peace, amplify the voice of small states, and protect the environment. Leaders of the Commonwealth countries meet every two years, and this year's meeting was scheduled to be held in Rwanda this past June. Due to the novel coronavirus pandemic, CHOGM was postponed.

COVID-19 has had a serious impact on our lives, and on the economies that underpin our standard of living. It is our hope that the Government of Canada will recognize how the issue of frozen pensions contribute to the enormous and ongoing annual financial impact to Canada's GDP, particularly during such an unprecedented and uncertain time.

All UK pensioners in Canada very much appreciate the assistance they receive from the Canadian government, but most of this would not be necessary if the UK paid indexed pensions as it is happy to do in other countries (including all countries in the EU, the US, Israel, Turkey and Jamaica).

This injustice has been suffered for decades by British pensioners in Canada and unfreezing has had support from senior Canadian politicians of all parties. This is a non-partisan issue which is in Canada's fiscal interest to resolve.