

UK State Pension

Rule Changes for Expats as a Result of Brexit



Many readers of my blogs are long-term expats, having lived and worked in many different parts of the world during their careers.

Therefore, this may be well-worth reading and reflecting on if you are British, or have lived in the UK during your working life.

With state retirement benefits providing a small but significant part of many expat retirees' income, it pays to know about changes effecting your pension planning.

UK state pension eligibility for UK claimants is earned based on the number of years of National Insurance (NI) contributions paid, but these rules can be complicated by time spent abroad.

In early August, the Department for Work and Pensions (DWP) confirmed changes will be introduced in the coming months. Apparently, this is because of Brexit.



For the new state pension, at least 10 qualifying years will be required to receive anything at all from a state pension, with 35 years' contributions needed for the full amount of £179.60 per week.

For those who have lived or worked in another country, it may be possible to contribute to that country's own state pension scheme. It therefore follows that they may be eligible for that country's state pension as well as a UK state pension.

A UK state pension will still need 10 years of UK NI contributions but it may be possible to use time spent abroad to add qualifying years. This is typically done by making voluntary (Class 2 or 3) NI contributions. However, for those who have worked in the EEA, Switzerland, Gibraltar, or certain other countries that have a social security agreement with the UK, contributions to those countries' state schemes also count as contributions to the UK state pension.

The county list is here <https://www.gov.uk/government/publications/reciprocal-agreements/reciprocal-agreements>

However, Brexit has somehow forced new rules on how UK state pensions are calculated and claimed from abroad and the DWP confirmed there will be new rules for affected retirees from January 1, 2022.

The DWP said: 'The rules on how the UK state pension is calculated are changing if you move to live in, or move between, an EU or EEA country or Switzerland and you have previously lived in Australia, before 1st March, 2001, Canada or New Zealand'.



'This is because the UK has left the EU'.

'From 1st January 2022, you will no longer be able to count periods living in Australia (before March 1, 2001), Canada or New Zealand, when calculating your UK state pension if both the following apply:

- You are a UK national, EU or EEA citizen or Swiss national.
- You move to live in the EU, EEA or Switzerland on or after January 1, 2022, including if you move to live in another EU, EEA country or Switzerland on or after January 1, 2022

‘The change will affect you whether or not you have claimed your UK state pension yet. Your UK state pension will be calculated, or recalculated if already in payment, using only UK National Insurance contributions’. UK state pensions can be claimed abroad, though.

The DWP went on to confirm people will not be affected by the change if they either live in the UK, whatever their nationality, or if they are a UK national, EU or EEA citizen or Swiss national who was living in the EU, EEA or Switzerland by December 31, 2021.



This seems to suggest that a person who, for example, worked in Canada for 18 years, but now plans to retire in France in 2023, could find his UK state pension has just halved in value.

So long as people in these circumstances continue to live in the same country, they will be able to count time living in Australia (before March 1, 2001), Canada or New Zealand to calculate a UK state pension.

If a person lives in an EU or EEA country or Switzerland, their UK state pension will continue to be increased each year in line with the rate paid in the UK. (This is not the case, of course, for expats retired in many other countries).

To make a claim for a UK state pension while living abroad, a person must be within four months of their state pension age. You can check your pension age here <https://www.gov.uk/state-pension-age>

To check your National Insurance contribution record and eligibility for state pensions contact HMRC here <https://www.gov.uk/check-state-pension>, or <https://www.gov.uk/check-national-insurance-record>