

Liberal Democrats believe that British citizens who have paid their contributions are entitled to state pensions and ought to receive them in full, including annual uprating regardless of where they choose to live.

- In 2014, it was estimated that there were 1.24 million people in receipt of a UK state pension outside the UK. Just under half of these (c. 550,000, around 4% of all state pension claimants) were in countries where uprating is not currently enabled.
- In countries where no reciprocal legal agreement is in place, the pension is paid but without any uprating. Effectively, the pension's value is forever frozen at the point it was initially claimed (if already overseas) or when the claimant moved overseas.
- The reasons given by successive governments over a period of some 75 years for not providing an uprated state pension have been largely disingenuous. They include the lack of any legal reason to do so, lack of reciprocal agreements, the cost of uprating and the fact that this is how it has always been.
- The Lib Dems have been at the forefront in the campaign to unfreeze pensions. Ed Davey has written to the government voicing his support, as have Lib Dem MPs Sarah Olney and Wendy Chamberlain. There is support also from the House of Lords. Lord Rennard addressed the Australian pensioners' group on the subject in 2022 and the British Pensions in Australia and met with their representative alongside Lib Dems Abroad in the House of Lords in 2024.
- In December 2020 an All-Party Parliamentary Group published the results of a major inquiry into frozen pensions. Lib Dems Overseas contributed to the report.
- Those campaigning for the unfreezing of pensions are faced with a dilemma. Ideally, they would like to see pensions fully uprated for all. Many will accept no less. Others on the other hand feel the only chance of making any progress at all is to accept the principle of 'partial uprating' whereby the next uprating would apply to pensions at their current level. This is a much cheaper option of course but it would be next to meaningless for the oldest pensioners whose base for the increase would be a very low one. It would also mean that full uprating for all would not happen until all existing pensioners died.
- Lib Dems Overseas is currently advocating within the Lib Dem party for a full uprating of frozen overseas pensions which would be applied in stages over a five-year period. It would involve starting with a 20% increase applied to the shortfall in pensions. So those with the smallest pensions would receive the largest cash payment. A similar formula would apply each year until the end of five years when everyone would be fully uprated. It would represent a significant saving for the government in the early years.
- While full uprating based on the Lib Dems Overseas step-by-step formula (with those likely in greatest need being given priority) would be the fairest and most just solution, it might not be possible at this stage because of the current UK economic climate. Consequently, Lib Dems Overseas is pushing as a minimum for partial uprating as an interim solution, which appears aligned to the more realistic position now being taken by the overseas pensioner lobbies.
- We believe that the UK should be brought into line eventually with other OECD countries who automatically uprate their citizens' pensions irrespective of where they live.

* Full state pension uprating exists only for British citizens living in the EU; Iceland, Liechtenstein, Norway, Gibraltar and Switzerland; and countries that have a social services agreement with the UK: Barbados, Bermuda, Bosnia-Herzegovina, Jersey, Guernsey, Isle of Man, Israel, Jamaica, Kosovo, Macedonia, Mauritius, Montenegro, the Philippines, Serbia, Turkey and the USA.