

## Are you thinking about retiring abroad?

**EMILY:** We've covered the retirement process in many forms, partial retirement, ill health retirement, planning for retirement, kick-start your retirement planning. But one thing we haven't looked at until now is what some may call the ultimate dream of retiring abroad.

**ROB:** If you're thinking of retiring abroad or if you're a non-UK citizen and are planning to return overseas when you retire, it's important to understand how it might affect your pension. To help us learn a bit more about how retiring abroad works, we're joined by Lara Muñoz-Fernández, Senior Pensions and Reward Policy Advisor at MOJ, and Peter Spain, Head of Pensions Policy and Technical from Cabinet Office.

**EMILY:** Peter, Lara, welcome to the podcast. Thank you so much for taking the time to join us today.

**PETER/LARA:** Thanks for having us

**EMILY:** Lara, I wonder if we could start by you telling us about what your plans are for retirement?

**LARA:** Currently, the plan is to explore partial retirement in the UK by reducing [my] working hours, take advantage of my premium portion while continuing to build my alpha, if I continue to be in good health. I also started to buy AVCs and EPA to start receiving alpha a little bit earlier with no reduction to then transition into full retirement in Spain. I then keep monitoring my pension in terms of checking my annual benefit statement, the retirement modeler, and also check against retirement living standards, although does the modeling in sterling, it's a simple tool to understand your retirement living style. And then you can compare a little bit with your country of origin, if only loosely. Things can obviously change, subject to finance and health matters, but early planning gives me a little bit of a peace of mind and also the possibility to make more informed decisions in conjunction with my husband, as there is a lot to think about.

**ROB:** So, it sounds like you've got quite a detailed plan then Lara. I'm going to guess given that you work in pensions, that's probably not surprising. But I'm sure you've probably still got quite a lot of questions, which I'm sure, given that we've got Peter in the room, that we'll be able to get to today. So Peter, can Lara still get her pension if she goes and lives in Spain?

**PETER:** Yes, absolutely. Personal or workplace pensions can normally be paid to you wherever you live, with annual increases paid in the same way as if you're living in the UK. We've put a long list of overseas payment mandates to enable you to receive your pension in the local currency of wherever you choose to live. There are a small number of countries that our paying agent can't send money to as part of our standard process. If you can't find yours in our overseas mandate forms, get in touch with us.

**EMILY:** Okay, so thinking about then the, kind of, practical day-to-day aspect of retiring a board, how does it work in terms of different currencies and exchange rates?

**PETER:** Well, we'll arrange for your pension to be paid to you in the local currency associated with your overseas mandate. The exchange rate is calculated using business exchange rates, which vary throughout the day depending on global markets. Payments are processed in high volumes, which means you'll get a better exchange rate than you would for individual payments.

**ROB:** So, what about tax, then, Peter? If I go and move abroad or when Lara leaves the UK, goes and moves to Spain, will she still have to pay tax on that UK pension?

**PETER:** If you live abroad, you're likely to be classed as a non-UK resident, and that might mean your tax situation is a bit complicated. You may need to pay UK tax on your pension income because it's classed as UK income, but you may also need to pay tax on it in the country you live in. If it has a double taxation agreement with the UK, you may be able to apply for a tax relief or a refund. You can find out more about what this means on the MoneyHelper website. If you're considering moving abroad or are already living abroad, it's worth getting specialist, cross-border regulated advice on your pension and how it's taxed.

**LARA:** So Peter, when it comes to cost of living increases, you touched on that a little bit earlier, are they applied automatically each year? And do you get notified so you know what to expect?

**PETER:** So, your pension increases would apply in the same way as if you were living in the UK, and you get notified in the same way as well. The best way to check on the value of your pension is to look at the Pensions Portal.

**ROB:** So, am I right in saying, you've just said that unless there's a specific agreement with the UK by a specific country, you could get taxed twice on your pension if you're living abroad?

**PETER:** Yes, that is possible.

**EMILY:** Wow.

**ROB:** Crikey.

**EMILY:** It sounds like there are some elements of retiring abroad that might mean that it's slightly less straightforward than if you were to retire in the UK. What about things like death benefits? How do those work for pensioners living abroad?

**PETER:** Death benefits would work in the same way. So, one thing to be aware of is that if there's a death certificate, if someone dies abroad, will often be in a foreign language and it might need to be translated and then certified or legally validated. Also, if you're receiving your pension abroad, usually once a year, the scheme will ask you to complete a Declaration of

Entitlement form. This is sometimes known as the Certificate of Existence, just to confirm you're still receiving your pension.

If you don't return this form, your pension payments may stop. So, if you do receive one of these, make sure you complete and return it to us as soon as possible.

**LARA:** So, just to recap on that, the pensions for dependents, if you were to be abroad, you go to the website, to the pension administrator and trigger the process in the same way as you would if you were to be in the UK.

**PETER:** Yes, absolutely. That's right, Lara.

**ROB:** So, obviously we're talking about Civil Service Pensions. What about the state pension, Peter? What happens to that when you move abroad?

**PETER:** Well, you can claim and receive a UK state pension while living overseas. One thing to bear in mind is whether your state pension is increased will depend on what country you're living in. You can check which countries are covered on GOV.uk. If you're receiving pension credit, it will stop when you move overseas permanently. And when you move, you'll need to notify the International Pension Centre. You'll find their details on gov.uk. And if you're from Northern Ireland, it'll be the Northern Ireland Pension Centre. You can find their details on nidirect.gov.uk

You'll also need to contact HMRC to make sure you pay the right amount of tax. Your state pension can be paid to a UK bank or building society account or to an overseas account in a local currency. You'll need the IBAN number and BIC number if you have an overseas account. Again, you'll be paid in a local currency, which could mean the amount you get may change due to exchange rates. Just like in the UK, you can choose to stop or delay taking your state pension for a while and get extra state pension.

**ROB:** And we've covered that off in another episode in this season as well, haven't we? So, Lara, you had some questions that you wanted to cover. What do you want to start with?

**LARA:** So, when it comes to payment notifications, Peter, do retirees abroad get payslips or an annual statement letter, let's say with a breakdown of the payments to expect? And do we keep, as well, access to the pensions portal?

**PETER:**

So, the good thing, all the communications will work just the same way as they would as if you're in the UK. So, you'll receive notifications in a similar way. And as I said before, definitely the best way to access all this information is on the Pensions Portal.

**ROB:** And we recommend people register with a personal email address as well, rather than a work one, which you won't have access to anymore when you retire. It's worth pointing that out.

**LARA:** So, can we clarify, as well, if you could get the pension lump sum and WPS contributions for those that are there in the classic scheme or those in the alpha scheme that decide to commute some of the pension? So, they commute some of the pension in order to receive a lump sum, and what would be the taxation regime for that?

**PETER:** So, as we talked about earlier, the UK tax side of things works the same way as it would if you were here. So, those will be paid tax free. But please do check, though, what the arrangements are for any taxation in the country you're living in, because that could affect those lump sums.

**LARA:** And last one from me. Can you transfer your Civil Service Pension into a qualifying recognised overseas pension scheme, or do you need to be a British citizen for that?

**PETER:** Yes, there is a list of schemes which are called these Qualifying Recognised Overseas Pension Schemes and you could transfer it, but only if one of those schemes is a defined benefit scheme. And as with transfers generally, you're not allowed to transfer to a defined contribution scheme from the Civil Service Pension Scheme, then that will apply wherever you live.

**LARA:** So, presumably you can explore it in terms of asking for a transfer value. And then if you are not necessarily happy with that transfer value, just leave it as it is.

**PETER:** Yes, in the same way as any member. If you go onto the website, it's got details of how to apply for transfer and you can get a quote and then decide whether or not you want to go forward with that.

**EMILY:** OK, great. Well, there's a lot of information there that we've gone through that explores the, kind of, technicalities of what it means for your pension when you move abroad at the point that you're retiring. But I'm just wondering about anything else that people might need to bear in mind, things like, you know, if you're going to be an overseas voter or, you know, additional costs, anything like that?

**PETER:** So yes, lots of things to think about. You can register as an overseas voter on GOV.uk and you'll need to renew that every three years. Additional costs, yes, for example, healthcare or insurance, you need to bear in mind because there's no NHS outside of the UK. Also think about travel and moving costs and make sure you factor these into your plans. There's lots of information available on various websites on GOV.uk, MoneyHelper and AgeUK, for example.

Just one extra thing as well, please do let your local authority know that you've moved. And it goes almost without saying, the Pensions Administrator, please let them know. And if you will move again when you're abroad, it's very important that you keep them notified.

## Civil Service Pensions Podcast: Season 4, Episode 3 Transcript

**ROB:** Great, well thank you Peter, thank you Lara, so much useful information, and I'm sure that anyone who's planning to retire overseas will find all of this extremely useful. So, thank you both very much for being with us today.

**LARA:** Thank you so much.

**PETER:** It's a pleasure, thanks for having us.

**ROB:** To find out more about anything we've talked about today or to tell us what you'd like us to cover in a future episode, head to [civilservispensionscheme.org.uk/podcast](https://civilservispensionscheme.org.uk/podcast). You can also find links to information, transcripts and accessible versions of this podcast in the episode description.

**EMILY:** Make sure to follow so you never miss an episode. We'd love to hear your thoughts and feedback on this series, so please do leave us a review wherever you get your podcasts.

**ROB:** This episode was recorded in July 2025. All information is accurate at the time of recording. Thanks for listening.