What happens to my State Pension if i leave the UK?

If you are leaving the UK and currently have a State Pension, you don't need to worry you will still be able to receive your State Pension. However, there are a few factors and benefits which may vary. But don't worry, we have you covered and have put together the guide below to help you find out everything you need to know about how your State Pension works when you leave the UK.

Claiming your State Pension whilst living abroad

If you leave the UK and move abroad you are still able to claim your UK State Pension, however one of the major differences is that it will not increase every year (subject to where you stay). To find out which countries pay annual increases into your state pension, you can visit the Government website.

When you move abroad there are two options to how you would like to receive your State Pension, the Government can :

1. Pay the money into a bank account in the country you live.
2. Pay the money to a bank or building society account back in the UK.

If you chose option 1, it is important to note that you will be paid in the local currency, which means the amount you get may change due to exchange rates.

When you move abroad, it is common you will become a non-UK resident for tax purposes, however, if your pension stays in the UK, the government will tax it as UK income. If the country you currently live in does not have a double-taxation agreement with the UK, you will also have to pay tax on it there.

Withdrawing money from your State Pension from abroad

When withdrawing money from your State Pension from abroad, and you decide to leave your pension savings invested in the UK, the Government can either:

- Pay your pension income into your UK bank account.
- Pay it into a bank account in your new country.

Both choices can come with their own problems, so it is important that you talk through your plans with your bank or pension provider to help you make the best decision suited for you.

Am I eligible for the State Pension?

To qualify for the State Pension you must have at-least 10 qualifying National Insurance years. This means you wont get any State Pension if you have not made up the 10 years by the time you reach State Pension Age. However, it is important to note that in some countries you will be able to make this up if they have a reciprocal agreement, so for example, if you work in the UK and earn 8 years of NI years, then move to Italy and earn a further 8 years of NI years, your previous 8 earned back in the UK will still count and you can claim. **It is extremely important to note that this is only relevant in countries with a reciprocal agreement, so please carry out further research.

Please note, DAM are regulated by the Financial Conduct Association (FCA) in the UK. The FCA rules imposed on providers state that they can only provide services to individuals resident in other countries where they have the necessary FCA permissions to 'passport' their services into that country. DAM do not have the permissions and as such we only provide guidance in this area.

Also, DAM are not tax advisers so can only offer guidance on the matter.