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# Abandoning the state pension triple lock would set a dangerous precedent for pensioners

The state pension system's complexity has allowed politicians to hide that it protects the youngest pensioners best, not the oldest and poorest



A comprehensive review of all state-pensioner support is needed, not continued political knee-jerk changes (Photographer: Peter Dazeley/Getty Images)



By Baroness Ros Altmann

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There are clear signs that the Chancellor plans to **abandon the state pension triple lock**, removing the promised protection for pensioners. This would be an attack on pensioner incomes, breaking the manifesto commitment that, until now, the Prime Minister has said was sacrosanct. I urge a rethink.

The triple lock means state pensions will rise annually by the best of price inflation, earnings rises or 2.5 per cent. The Chancellor wants to scrap the earnings link because the Treasury fears it will cost too much and the public finances have been hard hit by the pandemic, so he is looking for ways to save money.

It is really a political symbol, rather than sound policy, like so many other aspects of state support for pensioners. A 2.5 per cent minimum has no economic or social rationale and using this for next year's pension uprating is well below price and earnings inflation.

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This would set a dangerous precedent that pensioners can continue to be used as a political football, to try to help balance the Chancellor's books.

Successive Governments have fiddled with state pension uprating for decades, sometimes improving it, then removing previous protections. The changes usually reflected political judgements of pensioner voting patterns. This is no way to run state pensions on which millions of poor pensioners – predominantly women – depend.

During the 1970s, basic state pension was double-locked, tied to the highest of earnings or price inflation. By 1979, it was worth 26 per cent of average earnings. Then the earnings link was abandoned, with only price inflation increases each year. In 2001, low inflation led to a 75p rise in weekly pension, creating a political furore. So the government promised minimum uprating of at least 2.5 per cent – and also introduced pension credit for the poorest.



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With earnings rising faster than both price inflation and 2.5 per cent, the basic state pension kept falling relative to earnings, to just 16.3 per cent by 2010.

In 2010, the Coalition Government decided state pensions had fallen too far behind working age benefits. With millions of poor pensioners – predominantly women – it introduced the “triple lock’ guarantee, which allowed the basic state pension to recover somewhat, but even now it is only at 19 per cent of average earnings.

Since 2016, the new State Pension was introduced, but even that is worth just 24.8 per cent of average earnings – both well below the 26 per cent 1979 level.

Until now, the triple lock was sacrosanct as a totemic symbol of pensioner protection. However, the state pension system’s complexity has allowed politicians to hide that **it protects the youngest pensioners best, not the oldest and poorest.**

The UK pays the worst state pension in the developed world. Uprating is important, especially as the UK has huge variations in pensioner incomes. Some may be very well-off, but millions are not, and the state pension is still less than a quarter of average earnings.

Only the full new state pension (£179.60 a week), introduced in 2016 for pensioners age 70 or younger, is triple-locked, while those who are older just have the old basic state pension element triple locked. (£137.60pw). All other elements, such as Serps, S2P, additional and deferred pensions are price-indexed, while pension credit must rise with average earnings. The triple lock may, therefore, need reform, but just dropping the earnings protection because one year’s numbers are higher than expected is not right.

There are also many other elements of pensioner support. Tax-free benefits such as winter fuel payments, free travel, free eye tests, Christmas bonuses, are worth far more to wealthy pensioners than to the poorest. These separate parts still cost significant sums and perhaps could be rolled into a better state pension, without the add-ons.

A comprehensive review of all state-pensioner support is needed, not continued political knee-jerk changes, which future governments fear to undo. This should be done in a thoughtful and considered manner, rather than as a short-term reaction to one year’s numbers. With the lowest and most complex state pension in the developed world, our pensioners need proper protection.

**Baroness Ros Altmann is a Conservative peer and pensions expert. **