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Experts think the State Pension triple lock should be reviewed

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Image source: Getty Images

The government has confirmed that the [triple lock formula](#) for annual State Pension increases will be suspended for one year. It is being replaced by a 'double lock' that is linked to either inflation or 2.5%.

So far, the announcement has received a mixed reaction. While some experts have praised the move, others feel it might be time to review the triple lock. They believe it's time to consider whether the triple lock is the best way to protect the long-term value of the State Pension. Here's the lowdown.

Why is the State Pension triple lock being suspended?

The triple lock is a formula used to guarantee that the State Pension increases every year by 2.5%, the rate of inflation or earnings – whichever is highest.

This year, an artificial spike in earnings caused by the pandemic meant that pensioners were on track to receive a State Pension boost of more than 8%.

Understandably, there were concerns that such a big boost would cause issues around intergenerational fairness, given that many people had seen their incomes fall during the pandemic. It would also ramp up the cost of pensions by billions.

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Consequently, the government has moved to suspend the triple lock system in favour of the double lock. So next year, the State Pension will rise by either 2.5% or in line with inflation, whichever is higher.

Why are experts calling for a review of the State Pension triple lock?

According to Helen Morrissey, senior pensions and retirement analyst at [Hargreaves Lansdown](#), the move to suspend the triple lock is likely to disappoint pensioners who would no doubt have been looking forward to receiving an inflation-busting State Pension increase.

She says that though the triple lock has been instrumental in boosting the incomes of pensioners over the last 10 years, the current situation has exposed its flaws.

She explains: "The time has come to look at whether it remains the best way to preserve the long-term value of the State Pension."

Morrissey is not the only expert to call for a review of the triple lock. Former Pensions Minister Ros Altmann has also expressed her opposition to any short-term changes to the system.

In an article for **This is Money**, Altmann describes plans to suspend the triple lock as a 'knee jerk reaction'. In her view, there is a need for a comprehensive review of all aspects of state support for pensions. However, she stresses that this should be done in a thoughtful and considered manner.

Altmann warns that altering the triple lock sets a dangerous precedent that pensioners can continue to be used as 'political football' to try to save costs.

How can I protect my financial future?

There is clearly no consensus on whether suspending the triple lock is the best course of action. But one thing that experts generally agree on is that the State Pension is insufficient to retire on.

Recent developments only serve to emphasise the point that pensioners should not rely solely on the State Pension to fund their retirement.

So how can you secure your financial future? Well, it all begins with doing your research to determine [how much money you need to retire](#). The second step is creating a plan to get there.

Signing up for a workplace pension, for example, and maximising your contributions, could be part of your strategy.

You could also choose to [invest in the stock market](#). Over the long term, the stock market has historically helped many investors build wealth.

Another great option for saving for retirement is a [Lifetime ISA](#). With this ISA, you can save up to £4,000 a year and get a 25% free bonus from the government.

Bear in mind that the sooner you begin saving, the larger your nest egg will be when you retire. This will reduce your likelihood of having to rely solely on benefits such as the State Pension. As recent developments prove, benefits can be subject to abrupt changes that could leave you in an unfavourable financial position.

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Sean is a personal finance writer with a strong passion for helping others become more financially literate and make better financial decisions. He covers everything from credit cards to savings to investing.