Generations divided over triple lock reform

By Amy Austin

There is a large generational divide when it comes to keeping the triple lock in its current form, with over 50s more keen for it to stay than younger people.

Research from Canada Life, published today (August 16), found out of 2,000 savers, almost half (46 per cent) believe the state pension triple lock should stay as it is, despite earnings likely to surge this year.

Under current triple lock rules the state pension is increased by the highest of earnings growth, price inflation or 2.5 per cent a year.

But with people rejoining the workforce after furlough, the Office for Budget Responsibility has forecast that earnings growth could rise to 8 per cent, thus significantly increasing the state pension.

Over 50s are much more likely to want to keep the triple lock promise with 59 per cent supporting it compared to about a third (34 per cent) of those under 50.

There is also a split with regards to gender with more than a quarter of women saying they are not sure whether it should stay, compared to 9 per cent of men.

Only 16 per cent of respondents supported a move to a less generous ‘double lock’, which would lead to an increase in line with inflation or 2.5 per cent.

Even fewer people (14 per cent) supported the idea of finding a compromise to use a lower earnings figure with the furlough impact stripped out.

But a quarter (23 per cent) said they were unsure or uninterested in the decision.

Andrew Tully, technical director at Canada Life, said: “Maintaining the triple lock has long been a manifesto promise. However, no-one could have predicted the 18 months we’ve just experienced with the effect of millions of people being placed on furlough, artificially boosting the earnings data as they return to work.

“The government has a difficult path to navigate, to ensure the state pension remains affordable in what is a difficult time for the nation’s finances, while also bearing in mind its manifesto commitments. It’s important to remember that each 1 per cent rise in state pension costs the taxpayer around £850m a year."

Baroness Ros Altmann has previously said it would be wrong to abandon the triple lock because one year’s set of figures was out of line with previous expectations but said a radical overhaul of state pension support was needed.

While she showed support for moving towards a double lock system, Altmann said purely removing the earnings link would be “another short-term politically-inspired reform” to a policy that instead needs “long-term and holistic reconsideration”. She added the triple lock was never a “sensible long-term policy”.

Meanwhile, chancellor Rishi Sunak has stopped short of promising to keep the triple lock instead saying he will ensure "fairness" when making decisions about the state pension.

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