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Pensions - Articles - Double whammy for pensioners as old inflation figure remains

The Government has rejected calls from the House of Lords to think again over the suspension of the state pension triple lock for next year, sticking with a less generous 'double lock', meaning the state pension rise by September's CPI rate of 3.1%.

Steven Cameron, Pensions Director at Aegon, comments: "Despite valiant efforts from Baroness Ros Altmann and the support of the House of Lords, state pensioners will be disappointed that the Government is sticking with its decision to downgrade the state pension triple lock to a double lock for next April's increase. With the earnings component stripped out, state pensions will increase by 3.1% next April even though the latest inflation figures to be published this Wednesday are expected to surge to 4% or above, with further increases likely over the winter.

"Most would agree maintaining the state pension triple lock in its unadjusted form would have failed the test of intergenerational fairness, granting pensioners a 'pandemic windfall' increase of over 8% arising from distortions in earnings during furlough. The multi-billion pound cost of this would have been met from the National Insurance of today's workers. But taking away the earnings component entirely and using an inflation figure which is already past it's sell by date is a double whammy to those for whom the state pension is their main or only income in retirement.

"The House of Lords had asked the Government to think again, retaining the earnings growth figure but with the distortions from furlough stripped out. Taking this approach, or some form of averaging across 2 or more years, would have allowed the government to maintain the spirit of its triple lock manifesto commitment. But as the prices of food and fuel rise over the winter, many pensioners will now be feeling left out in the cold."