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# Is the state pension triple lock doomed? Failure of Lords' last-ditch battle sparks warnings of future 'tweaks' and more broken promises

- Tory MPs supported a one-year suspension in a 300-229 vote last night
- State pension will rise by 3.1 per cent next April, despite inflation forecast of 4%
- Move will 'put more pensioners into poverty', says Ros Altmann
- Pension experts warn of longer-term threat to the popular guarantee

By [TANYA JEFFERIES FOR THISISMONEY.CO.UK](#)

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Elderly people will face hardship after a last stand to save the state pension triple lock foundered, politicians and financial experts have warned.

Fears have been raised that the popular pensioner guarantee could be tweaked or even scrapped for good in future, after Tory MPs voted for a one-year suspension.

Their overturning of a rebel House of Lords amendment means the state pension will rise by 3.1 per cent next April, lagging inflation which is already thought to be running at 4 per cent.



**State pension debate: The House of Commons voted by 300 to 229 to move to a 'double lock', and increase the state pension by 3.1 per cent next April**

Under the triple lock, the state pension is meant to increase every year by the highest of price inflation, average earnings growth or 2.5 per cent.

But the Government scrapped the earnings element from next year's rise, because wage growth was temporarily distorted to more than 8 per cent due to the pandemic. The decision **sparked fury among many elderly people.**

And one pension expert warns: 'The Government says it will reinstate the triple lock after a year - but a lot can happen in a year and the risk is that the Government will renege on this promise.'

Another says: 'If it can be frozen and tweaked now, then it can be done so in the future.' *Read more reaction below.*

>>>Will axing of triple lock affect you? Find out how to have your say below

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## What happened in 'fiery' House of Commons debate last night?

The House of Commons voted by 300 to 229 to move to a 'double lock', and increase the state pension by inflation rather than the higher wage growth figure next year.

There were 'fiery exchanges' between the Pension Minister Guy Opperman and some MPs, commented a finance industry pundit.

And the **Daily Mail reported Ros Altmann, who led the revolt in the Lords, as saying:** 'Three hundred MPs voted with the Government to put more pensioners into poverty.

'Don't they understand how low our state pension is and how many elderly people rely on this for most or all their income?

'Telling people in their 90s who can't afford their heating it's just for one year doesn't help.'

Pensions Minister Guy Opperman defended the move to a double lock by saying it was 'not possible' to find an earnings figure to use for next year's increase.

'Office for National Statistics experts investigated whether it was possible to produce a single robust figure for

## What does breaking of triple lock pledge mean for you?

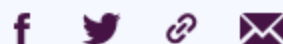
The basic state pension will now rise by £4.25 to £141.85 per week, or around £7,370 a year.

The full flat rate will rise by £5.55 to £185.15 per week, or around £9,630 a year.

With the inflation rate forecast to average 4 per cent next year, how will the 3.1 per cent increase in the state pension from April affect your finances and standard of living?

Write to This is Money and tell us your story at [editor@thisismoney.co.uk](mailto:editor@thisismoney.co.uk). Please put **TRIPLE LOCK** in the subject line. **We may publish some responses, but only anonymously.**

underlying earnings growth that stripped out impacts from the pandemic,' he said. 'They concluded this was not possible.'



## **Door is now open to scrapping triple lock for good**

'The Government refused to budge on its decision to scrap the earnings element of the state pension triple lock,' says Becky O'Connor, head of pensions and savings at Interactive Investor.

'It's disappointing for pensioners that the Treasury could not find an alternative that would better protect pensioner incomes against inflation than the measure being used this year.

'This now looks to be on the low side given sharply rising energy, food and fuel bills. There is a real risk that some pensioners will struggle to stay warm and well fed this winter.'

O'Connor warns: 'The longer-term threat is that the door is now open for the state pension triple lock to be scrapped for good. This is worrying.

'The Government says it will reinstate the triple lock after a year - but a lot can happen in a year and the risk is that the Government will renege on this promise.

'For future generations of workers, who might one day depend on the state pension for the bulk of their retirement income, the chipping away of the triple lock is concerning.'

## **Prices of food and fuel are set to rise 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 per cent arising from distortions in earnings during furlough,' says Steven Cameron, pensions director at Aegon.

'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 its 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.'

Cameron notes that the latest inflation figure for October, due to be published tomorrow, is expected to surge to 4 per cent or above, and further increases are likely over the winter.

'As the prices of food and fuel rise over the winter, many pensioners will now be feeling left out in the cold.'

## **A 3.1% rise offers little comfort in face of rapidly rising inflation**

### **Could you claim pension credit?**

Are YOU one of nearly 1m eligible pensioners not claiming credits worth thousands of pounds a year?

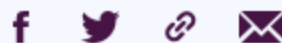
Pension credit boosts weekly income to at least £173.75 if you are single and to £265.30 for couples.

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You can apply yourself by phone, online or by post, or a friend or family member can do this on behalf of an elderly person.

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'The House of Lords' proposed changes to keep the state pension triple lock were rejected in the Commons but not without a lot of drama along the way,' says Helen Morrissey, senior pensions and retirement analyst at Hargreaves Lansdown.

'There were fiery exchanges between the pension minister Guy Opperman and a number of MPs including the head of the Work and Pensions select committee Stephen Timms, who argued that pensioner poverty is already on the rise and that even a one-year break in the earnings link risks long-term damage.

'While an 8.3 per cent increase in the state pension looks generous in the wake of earnings figures distorted by the pandemic it's also fair to say the alternative of 3.1 per cent offers little comfort in the face of rapidly rising inflation.

'The suggestion that an earnings figure could be used that strips out the distorting impact of the pandemic was rejected by the pension minister who said it was difficult to find a figure that was sufficiently robust.

'This triple lock has been in place for a decade and has played a role in boosting the state pension, but the current situation has exposed its flaws.

'If it can be frozen and tweaked now, then it can be done so in the future. The time has come to take a wider ranging look at state pension and the triple lock's role within it.'

## **Every 1 percentage point increase costs around £900m**

'The decision to row back on a clear manifesto commitment that hits pensioners in the pocket will not have been taken lightly by the Chancellor and the Prime Minister, so it is no surprise to see the Government standing firm in the face of opposition from the House of Lords,' says Tom Selby, head of retirement policy at AJ Bell.

'The fact inflation is expected to run hot over the next 12 months has added fuel



**Baroness Altmann: 'Three hundred MPs voted**

over the next 12 months has added fuel to the fire, with next year's planned 3.1 per cent rise in the state pension likely to feel like a real term cut if prices increase by 4 per cent or more.'

**with the Government to put more pensioners into poverty'**

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'Pensions Minister Guy Opperman said last night it would not be possible to produce a reliable alternative earnings measure.

'What's more, even a small extra increase in next year's planned state pension would leave the Chancellor with a sizeable hole in his spending plans.

'Every 1 percentage point increase in the state pension adds around £900 million to its cost – money which would likely have to be found from elsewhere.'