



| As inflation soars, retirees will 'feel the pinch' when the triple lock is suspended in 2022.

0 of 0

BY PASCAL NALAT ON JANUARY 11, 2022

FINANCE

As inflation rises, retirees will 'feel the pinch' of the triple lock suspension in 2022.

THE END OF THE TRIPLE LOCK ON THE STATE PENSION COULD MEAN A DIFFICULT YEAR FOR UK RETIRED PERSONS.

The year 2021 was a tumultuous one for British finances, with pensioners bearing the brunt of the COVID-19 pandemic.

With a cut-price increase to their state pension due in 2022, they may face even more difficult times.

The state pension triple lock policy, which has been in effect for a decade, will be suspended for the next tax year, beginning in April 2022.

The triple lock's goal is to guarantee that the state pension increases by at least 2.5 percent each year, giving retirees peace of mind that their weekly income will keep pace with inflation.

While this will remain the case in 2022, retirees will be denied a potential three-fold increase in their state pension.

The changes to the triple lock this year were explained by Adrian Lowery, a personal finance expert at Bestinvest.

“Under the triple lock, the state pension is supposed to increase by the highest of consumer price inflation, average earnings growth, or 2.5 percent every year,” he explained.

“However, with post-pandemic earnings growth exceeding 8% – and Government coffers already stretched – the Chancellor decided to suspend the earnings element for the tax year 202223.”

The earnings component was removed because the government believed the reason it was so high was due to the large number of people returning to work after being on furlough.

“This means pensions will rise by 3.1 percent, which was the rate of inflation in the UK consumer price index in the year to September 2021,” Mr Lowery explained.

An increase of more than 8% would have been the most significant boost to the state pension since the implementation of the triple lock policy.

Thérèse Coffey, Secretary of State for Work and Pensions, announced the suspension of the traditional triple lock in September 2021, and it was met with opposition from other MPs.

Baroness Ros Altmann led the charge to reintroduce an adjusted triple lock policy, recommending a five percent increase to account for the economic disruptions caused by the pandemic.

These suggestions, however, were turned down.