

Opinion



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OPINION

By Baroness Ros Altmann

Inflation has hit pensioners harder than anyone else. Of course they deserve more help

Those who would deny pensioners this basic protection should note that pensioner poverty is already rising

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Ros Altmann: 'The biggest price increases have been for basic essentials like heating and food, on which pensioners spend a higher proportion of their income than other groups' (Photo: Getty)

After soaring inflation in recent months and further rises expected, I am pleased the Government **has announced** it will ensure full cost of living rises for state pensions next year. Quite right, too!

Those **commentators suggesting it is unfair** on the rest of society to give pensioners full inflation-uprating are overlooking some important realities. Let me explain.

It would actually be a travesty if pensioners were not protected next year. They had to make do with just a 3.1 per cent increase this year, to last until April 2023, despite inflation being three times that amount. CPI is already over 9 per cent and could be 11 per cent soon, meaning state pensions have fallen way behind in the cost of living crisis engulfing us since October 2021.

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Indeed, inflation has negatively impacted pensioners far more than most working age people, because the biggest price increases have been for basic essentials like heating and food, on which pensioners spend a higher proportion of their income than other groups. They often live at home alone without family nearby, many do not take holidays or go out to eat, and they dare not turn off their heating because they must keep

warmer than younger people to protect their health.

Having broken its manifesto pledge of **triple lock safeguarding** for state pensions this year, it is only right that the Government restores protection fully next year. Pensioners, who generally had a terrible time through the pandemic, losing the support of neighbours, family or friends during lockdowns, feel badly let down.

There seems to be a mistaken belief that pensioners are wealthy and do not deserve extra help – that they have been unfairly favoured by policymakers. This does not stand up to scrutiny.

Of course there are some well-off pensioners, but they are **not the majority**, and millions rely mostly or completely on state pension payments in later life. It is therefore vital to ensure they can afford to make ends meet, but that is really difficult when they depend on the lowest state pension in the developed world. Despite being one of the richest countries, our pension, which is paid for by National Insurance contributions, is extraordinarily low. The full new state pension is only around £9,500 a year – with a basic rate of just £7,400 for people who reached pension age before April 2016.

Yet average earnings for those who can work are well over £25,000 a year. Even low-paid workers' incomes are higher than the amount the average pensioner receives from the state. Retired citizens have no other way of increasing their spending power, so clearly the Government must ensure proper protection for pensioners. They cannot work more to help meet rising bills and often spend their entire income on essentials.

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Some argue pensioners do not deserve full inflation uplifts because public sector pay is rising by less. But this is comparing apples with pears. In fact, public workers' pensions are guaranteed full inflation-linking, so it must be right to offer at least equal protection for all other pensioners.

Those with private pensions or other income may be better able to cope. However, millions of the poorest, especially women and people who had low-paid careers, had no chance to build private pensions. Just because some pensioners are well-off, does not justify society penalising the poorest.

Those who would deny pensioners this basic protection should note that pensioner poverty is already rising, reversing the social policy success of recent years in reducing pensioner penury. The test of a decent country is sometimes said to be how it treats its most vulnerable citizens. Failing to protect the poorest pensioners means we fail that test.

The Government has, commendably, introduced emergency extra help for pensioners by offering several one-off payments to those on the lowest incomes over the rest of this year. These are, of course, welcome and will help tide pensioners over the coming months as energy prices and inflation continue to rise. However, after treating them unfairly this year, it would be unforgivable for pensioners to be short-changed again.

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