

State pension set to rise by 8% but thousands of pensioners will miss out on boost

STATE PENSION payments could potentially rise by eight percent next year, however, there are some pensioners who will miss out on the boost.

By [Rebekah Evans](#) PUBLISHED: 17:50, Wed, Jul 7, 2021 | UPDATED: 21:13, Wed, Jul 7, 2021

Sunak's triple lock pension promise slammed by Portillo

[State Pension](#) payments offer important financial support to individuals who have reached state pension age. Many people will have built up substantial National Insurance contributions throughout their lifetime in order to get the biggest state pension possible. To provide support, the Government's triple lock mechanism boosts the state pension sum each year by the highest of average wages, inflation or 2.5 percent.

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But as more people get back into employment after a challenging year and a half, it is believed wages data could be warped.

As a result, the state pension could increase by the rise in wages - which is currently predicted to be eight percent.

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This has led to questions about whether the Government will be able to maintain the triple lock policy in the future.

However, regardless of a state pension triple lock rise, there will be some who are set to miss out on the boost.

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State pension: Payments set to rise by 8% but thousands will miss out on boost (Image: Getty)

This is because some individuals will see their pension impacted if they choose to retire abroad.

The Government has explained people will only see a state pension increase if they are living in certain countries overseas.

These have been confirmed as:

- **The European Economic Area (EEA)**
- **Gibraltar**
- **Switzerland**
- **Countries that have a social security agreement with the UK**

However, it is worth noting, increases will also not be available in Canada or New Zealand for expats choosing to live there.

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Despite the state pension being set to increase by eight percent, then, these individuals will not benefit from the rise.

The campaign group End Frozen Pensions has suggested nearly 500,000 people are impacted by this approach.

The only way a person will be able to increase their state pension sum is by returning to live in the UK.

Parliament documents state that in May 2020, there were 492,176 people overseas in receipt of a frozen UK state pension.



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What is State Pension?

- **You can claim the basic State Pension if you're:**
 - **A man born before April 6, 1951**
 - **A woman born before April 6, 1953**
- If you were born later, you'll need to claim the new State Pension.
- **The most you can get on the basic State Pension is £137.60 per week.**
- The full new State Pension is £179.60 per week.

State Pension UK: What is State Pension? (Image: EXPRESS)

The vast majority of these individuals were recorded as **READ MORE** living in Australia, Canada or New Zealand.

It has previously been cited the reason for not increasing overseas is due to costs, and helping pensioners in the UK.

Those who are thinking of retiring abroad will be able



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to receive advice relating to how their pension may be impacted via the International Pension Centre.

[Triple Lock policy](#)

However, increases to the state pension remain concerning for some experts.

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Tom Selby, senior analyst at AJ Bell, said: “A spike in average earnings would present a real problem to the Treasury as it would dramatically increase the value of the state pension.

“The state pension triple lock wasn’t really designed for a world where average earnings increase by eight percent - which is entirely possible as lockdown restrictions ease and the UK economy hopefully bounces back from the lows of 2020.

“Such a dramatic increase in average earnings would cost the Exchequer around £3billion – hardly loose change, even in the context of a pandemic which has seen borrowing rise by hundreds of billions of pounds.

“Chancellor Rishi Sunak has been clear that the Government intends to honour the triple lock promise, so it may simply decide to wear this extra cost.

“If it does and average earnings rise by eight percent that will represent a boon for retirees, adding just over £14 per week to the value of the flat-rate state pension.”