

Pensions: time to end the triple lock?

Ministers must decide whether to risk alienating older voters by ending guaranteed pension rises



“To govern is to choose,” said the [London Evening Standard](#). And a key choice confronting ministers today is whether or not to risk alienating older voters by ending the triple lock on pensions. This is the policy that guarantees that the state pension rises each year by whichever is the highest out of average earnings, the inflation rate or 2.5%. The policy was introduced by David Cameron in 2010, and the Tories promised in their last election manifesto to maintain it. But the [pandemic](#) has complicated things. Although earnings suffered a freak reduction and inflation rose by just 1% last year, pensions still grew by 2.5%. This year, the unwinding of the furlough scheme is expected to lead to a freak 8% increase in earnings, which – under the terms of the triple lock – means pensions would have to rise by the same, at a cost to the Exchequer of £3bn.

Critics claim this would be an outrageous gift to the relatively well-off elderly, said Andrew Fisher in [The i Paper](#), but you have to put it in context. In national spending terms, £3bn isn’t all that much: the 2021 Budget unveiled £25bn in corporate tax breaks over the next two years. And the UK

has one of the least generous state pensions in Europe. It amounts to £137.60 per week for those who reached State Pension Age (SPA) before 6 April 2016, and £179.60 for those who reach SPA after that date. By comparison, single pensioners get £254 a week in the Netherlands and £366 in Denmark. As for the idea that it's "intergenerationally unfair", that's nonsense. Young people are going to be even more reliant on state pensions than today's pensioners, who are more likely to have worked in unionised workplaces with collectively negotiated pension provisions. They should be "fighting hard to defend the triple lock – it will be the bedrock of their retirement".

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I doubt indebted students and those on universal credit who are about to lose their £20 a week Covid top-up would see an 8% pensions hike in those terms, said Will Hutton in [The Observer](#). For them, it would just look like another undeserved bonus for the baby boomers. Chancellor Rishi Sunak "can read the runes, and he also needs that £3bn". The signs are that he'll water down the triple lock commitment by fixing it to a longer-term average of wage growth. He needs to do something, said Chris Whiteside on [Conservative Home](#). "It isn't sustainable to permanently guarantee any section of society a relative income which can never get worse but can and ultimately will keep improving." The triple lock initially made sense as a way of helping pensions catch up with wages. But the correction has gone far enough.