

State pension payouts increase as inflation soars

State pensions are on course for a bumper hike with some payouts increasing by £1,000 a year.

Martin Lewis answers question about state pension

Experts expect the September rate of inflation, used to set payments from next April, will continue to soar after already hitting double digits.

Statepension



Some payouts are expected to increase by £1,000 a year (Image: Getty)

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The new basic state pension, available to those retiring since April 2016, will top £200 a week even at the current 10.1 percent rate.

At today's level, the basic rate would rise to £156 a week.

Lord Foulkes, Co-Chair of the All-Party Parliamentary Group for Older People, said: "This is a long overdue increase which will help pensioners to catch up with the cost of living increase they have already experienced."

"However if there is no immediate action to curb increased energy costs they will fall behind yet again."

"We must guard against any attempt to cut back on the increase by the penny pinchers on the Treasury and also reject any attempt to set other groups who are struggling to make ends meet against pensioners in an inter-generational battle."

“While the rich have seen their fortunes grow rapidly in the past year every generation of the poorer in society has seen their standard of living slump.”

Silver Voices director Dennis Reed said the £1,000 a year increase will only apply for around six per cent of pensioners.

“Nearly nine out of 10 pensioners receive £142 per week or less and even a restoration of the triple lock is nowhere near enough to compensate for the surge in food and energy prices.”

“Unless all state pensioners receive a guaranteed minimum of £200 pw pension immediately, millions will fall into poverty and destitution, and thousands will die from a combination of cold and hunger this winter.”

The hike will be calculated under the triple lock, which is pegged to average earnings and inflation, going up by whichever is greatest.

There is also a floor of 2.5 percent to make sure pensioners are protected if the other measures drop too low.

The guarantee was introduced by the coalition government and the Conservative governments that followed stuck with it until it was suspended for a year in the wake of the pandemic.

Both Liz Truss and Rishi Sunak have committed to meet the pledge if they are elected Prime Minister.

Andrew Tully, technical director at Canada Life, said: “The Government has recommitted to the triple lock this year and it would be very brave or even foolhardy for the incoming Prime Minister to renege on that deal so soon into taking up office.”

“Our state pension system isn't generous by any measure with the UK ranking below the average as measured by gross replacement rates according to the OECD.”

“But the Government does face pressure from all sides and for each percentage point added to the state pension costs in the region of £900million a year.”