State pension could hit £10,880 a year if inflation keeps surging

The state pension could soar to nearly £10,900 a year if the next Tory Chancellor honours the triple lock pledge and increases payouts in line with predicted sky-high inflation.

Triple lock: State pension is raised by the highest of price inflation, average earnings growth or 2.5%- if the Government keeps its pledge

The Bank of England has forecast the headline rate will top 13 per cent this autumn - though even at the current 10.1 per cent inflation rate pensioners could see their payments hiked to £10,600, a boost of nearly £1,000 a year.

Under the triple lock, the state pension is meant to increase by the highest of price inflation, average earnings growth or 2.5 per cent, but the Government sparked fury by ditching this guarantee last time.

Both Tory leadership contenders, Liz Truss and Rishi Sunak, have promised to reinstate the triple lock.

The elderly, who received a meagre 3.1 per cent rise in the state pension last April, are facing a tough winter as energy bills surge and the cost of living crisis causes widespread hardship.

However, Sunak's recent cost of living package provided extra payments for older people, plus enhanced top-ups for the worst off.

A row broke out among top politicians earlier this summer over whether the elderly should get a bumper state pension increase when workers are handed below inflation pay deals.

But former Pensions Minister Ros Altmann, who led a doomed effort to save the triple lock last time, has warned the Government not to betray pensioners again.

Ministers scrapped the earnings element from last April's stage pension rise because wage growth was temporarily distorted to more than 8 per cent due to the pandemic.

How much could YOU get in state pension next April?

The full flat rate state pension for people retiring from April 2016 onwards is currently £185.15 per week, or around £9,630 a year.

The basic rate is £141.85 per week, or around £7,370 a year, which is topped up by additional state pension entitlements - S2P and Serps - if accrued during working years.

The CPI inflation rate in September is set to determine the state pension rise in April 2023, assuming the Government sticks to its promise to reinstate the triple lock, because it is currently 10.1 per cent while average earnings growth including bonuses is 5.1 per cent.

The crunch CPI figure will be announced in mid-October, and if it is 13 per cent pensioners on the post-2016 full rate would see a rise to around £209.20 a week, or £10,880 a year.

Those on the basic rate would see a jump to around £160.30 or £8,340 a year.

The 10.1 per cent CPI figure for July announced yesterday would put pensioners on the post-2016 full rate on around £203.85 a week or £10,600 a year.

Those on the basic rate would get around £156.20 a week or £8,120 a year.

What do pension experts say?

'The key inflation figure is that for the year till September, which will be announced mid October,' says Steven Cameron, pensions sirector at Aegon.

'The Bank of England is predicting inflation will hit 13 per cent later this year, so the precise increase depends on what happens in the next two months.

'The most recent earnings inflation figures (including bonus) had fallen to 5.1 per cent, so almost half the price inflation figure.

'Granting a double digit increase to state pensioners when those of working age are receiving average wage increases of around half this will no doubt raise questions around whether the triple lock should go ahead.

'Because the state pension is "pay as you go", it's those who are working today who pay for today's state pensions through their National Insurance.

'However, last April, state pensioners received an increase of only 3.1 per cent, significantly below current inflation, so will justifiably expect to receive the full benefit of the triple lock.

'Furthermore, Liz Truss recently recommitted to this, as did Rishi Sunak when Chancellor.'

'The bigger question is whether the triple lock, which in current volatile times has proven very costly, will survive in its existing form in the manifestos of all parties ahead of the next general election.