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Chancellor retains State Pension triple lock

State Pension is set for a record-breaking increase from April 2023

If you're currently receiving or have been looking into the State Pension, then you've probably heard of the 'triple lock'. But what is it?

The triple lock was introduced in 2010. Its purpose is to make sure that the State Pension doesn't lose value over time. The triple lock aims to protect pensioners against the impact of inflation. If the State Pension didn't change but the price of goods and services continued to increase over time, then you wouldn't be able to buy as much with it. Meaning you'd be losing money in real terms.

In the 2022 Autumn Statement, the Chancellor confirmed that the triple lock will be reinstated from 6 April 2023. This means the State Pension will rise in line with last September's inflation rate – 10.1% – in the 2023/24 tax year. Anyone receiving the State Pension will benefit from the triple lock.

To make the guarantee even more secure, it included three separate measures of inflation, hence 'triple lock'. The three-way guarantee was that each year, the State Pension would increase by the greatest of the following three measures: average earnings; prices, as measured by the Consumer Prices Index (CPI) and 2.5%. The government usually compares the three rates in September, before implementing the correct rise the following April.

The State Pension triple lock has proved to be a burden for successive governments, as it has proven costly for the taxpayer. Because of people earning much less during the lockdowns of 2020, there was a big leap in average earnings of 8% come 2021 as people returned to work. The government announced that the triple lock would be suspended for the 2022/23 tax year. ■

WHAT WILL YOUR RETIREMENT LOOK LIKE?

It's never too early to be planning ahead. We can help you create a robust and flexible retirement plan. A plan that will consider your future expenditure and the impact of inflation, as well as making the best use of tax allowances. To find out more, please get in touch.