



## What Is The State Pension Triple Lock?

The Chancellor's decision to protect the state pension triple lock was one of the most headline-grabbing aspects of the recent Budget.

But what exactly is the triple lock and what does it mean?

In short, it's a mechanism designed to make sure the state pension doesn't lose value, so it will go up by whichever is highest of the following measures:

- Average earnings
- The rate of inflation (as per the Consumer Price Index)
- 2.5 per cent

So if, for example, average earnings went up by three per cent, the state pension would go up this amount, provided the rate of inflation was also lower than this amount.

Or if average earnings went up by two per cent and inflation increased by three per cent in the same year, the state pension would go up by the latter amount.

The Chancellor's pledge to protect the state pension triple lock was therefore very significant in light of the current cost of living crisis and inflation being at a 40-year high.

With this guarantee in place, pensioners are in a stronger position to withstand the tough economic climate and make ends meet at a time when so many people are really feeling the pinch.

However, it should be noted that Jeremy Hunt didn't commit to saying how long the measure would remain in place.

This is a costly policy for the government at a time when it wants to spend public money more efficiently and bring down public debt. So, there's every chance we could again be asking about the future of the triple lock before the end of the next financial year.

We should also stress that the full state pension is currently £185.15 per week, which works out to less than £10,000 a year.

So even though it's due to rise by £870 in April 2023, that's still far from being enough money to live off, let alone enjoy the quality of life that you aspire to during your retirement.

That's why you should make sure you have plans in place to supplement the state pension, such as workplace pensions, private pensions and other investments, and ensure that these represent the bulk of your income.

Then you can set yourself up to enjoy a much more comfortable lifestyle during your retirement, having the means to live the kind of life that you want and deserve.

If you have any questions about saving for retirement and making the most of your pensions, we're here to help and will be happy to speak with you.

Get in touch and take charge of your retirement planning today.