

Further to reports that the Government is considering removing the triple lock on pensions, Later Life Ambitions (LLA) is urging parliamentarians to back our campaign to safeguard this vital income support for older people.

## **THE ISSUE**

The state pension triple lock has been critical to maintaining the standard of living of many older people across the country since its introduction in 2011. It guarantees that the basic state pension will rise by a minimum of either 2.5%, the rate of inflation or average earnings growth, whichever is largest.

The triple lock was introduced to address the long-term decline in the value of the state pension relative to earnings. Unfortunately, this is still necessary as the UK has the lowest state pension relative to earnings across 36 industrialized countries, according to the OECD study in 2017. Following the sharp recovery of wages, average earnings are now estimated to be at 8%. This artificial spike is temporary and is not a reason to remove this decade-long policy that has supported intergenerational fairness.

Removing the triple lock would be a permanent reaction to a temporary problem and will impact future generations of pensioners. We recognise that COVID-19 has put significant pressure on Government spending and the economy more generally but removing the triple lock will prevent a sustainable and fair recovery. It risks reversing many of the strides made towards reducing pensioner poverty by successive governments.

It is expected that removing the triple lock would push 700,000 pensioners into poverty.<sup>1</sup> The removal would disproportionately impact women, who may be more reliant on the state pension after stopping work to care for children. It could also have wider implications, impacting younger generations who may need to support those in later life.

Before the triple lock, state pensions were linked to price inflation only, and this often led to a raw deal for pensioners – in 2000, the state pension only rose by 75p a week.<sup>2</sup> Following the introduction of the triple lock, the value of the basic state pension has risen from 16% in 2000-2008 to 17-19% of average full-time earnings by 2020. Research suggests that had the earnings link not been broken, the value of the state pension would have been £64 a week more in 2010, which is likely to be even higher in 2021.

With the cost of living soaring – it recently rose at the fastest rate since 2018<sup>3</sup> - we cannot return to a time where pensioners are struggling to make ends meet. After giving so much to society, our older people deserve to live their later lives in financial security.

## **A FAIR RECOVERY**

We do not believe that any one age group should be responsible for paying for the cost of the pandemic. This unprecedented crisis has impacted everyone and we should work together to recover from it.

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<sup>1</sup> <https://www.tuc.org.uk/blogs/three-reasons-we-still-need-pensions-triple-lock>

<sup>2</sup> <https://www.thisismoney.co.uk/money/pensions/article-9783953/Hands-state-pensions-Fears-triple-lock-faces-axe.html>

<sup>3</sup> <https://www.standard.co.uk/news/uk/rising-cost-food-fuel-inflation-b945716.html>

Some older people have been adversely affected by the pandemic. According to the Office for National Statistics, 3.8 million people in England are classified as clinically extremely vulnerable,<sup>4</sup> and a significant proportion of those are in later life. Many people were instructed to shield, going extended periods without seeing loved ones, and often not seeing anyone at all. In January 2021, one quarter of those shielding reported having not left the house in the last seven days.<sup>5</sup> The impact this has had on older people's mental health through increased loneliness cannot be ignored. To remove the triple lock as part of the proposed economic recovery plans would see further hardship for older people as a consequence of the pandemic.

Later Life Ambitions recognises however that young people and those of working age have also experienced different but equally difficult challenges during this time. For this reason, we support policies that seek a fair solution across all age groups in society. Removing the triple lock places the burden solely on older people, which we believe will only compound intergenerational disparities.

Furthermore, dropping the triple lock in favour of a double lock will not necessarily save money on state pension costs. According to the PPI, if the UK experiences price or earnings inflation above 2.5%, the cost of the triple lock will be the same as it would be under a double lock.<sup>6</sup> Under a triple lock, average pensioner incomes could reach up to 31% of national average earnings by 2040, compared to up to 30% under a double lock and up to 29% under smoothing for one year, followed by the triple lock.

We understand the need to rebalance the economy but targeting the income of just one section of society is not the way to do it. Tax changes and benefit removals are never temporary, and we therefore do not support suspending the triple lock either, as we believe this leaves it vulnerable to more permanent detrimental changes in the future or its removal completely.

## HOW CAN PARLIAMENTARIANS HELP

LLA needs your help to make the case for the protection of the triple lock to the Government. You can become involved by doing any of the following:

- **Tabling parliamentary questions**
- **Applying for a debate** to make the case for retention of the triple lock
- **Writing to the Chancellor** to express your support for the triple lock
- **Showing your support** via Twitter

We have included draft materials below which can assist you in taking forward these asks.

## ABOUT LATER LIFE AMBITIONS

Later Life Ambitions brings together the collective voices of over a quarter of a million pensioners through the National Federation of Occupational Pensioners, the Civil Service Pensioners' Alliance, and the National Association of Retired Police Officers.

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<sup>4</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirusandclinicallyextremelyvulnerablepeopleinengland/18januaryto30january2021>

<sup>5</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirusandclinicallyextremelyvulnerablepeopleinengland/18januaryto30january2021>

<sup>6</sup> <https://www.pensionspolicyinstitute.org.uk/media/3604/20200908-ppi-bn123-covid-triple-lock-and-sp-inflation-final.pdf>

Our members have ambitious aspirations for the next generation of pensioners. From fair pensions to safe and sustainable care services, and from accessible housing to regular bus services to promote independence, we require bold and forward-looking action from our political leaders. With your support, we want to change the terms of the debate to focus on the ambitions of pensioners rather than the perceived ‘costs’ to the rest of society. So, we urge you to join us in calling for an aspirational and ambitious future for those in later life.

## **SOCIAL MEDIA POSTS**

- I am calling on the Chancellor @RishiSunak to commit to protecting the #TripleLock on pensions. Removing it would be unfair and unsustainable. Older people should be supported during #LaterLife @laterlives
- Older people deserve sustainable pensions that provide a good quality of life during retirement, that’s why I’m supporting @laterlives’ calls to protect the #TripleLock.
- I am proud to support @laterlives in their campaign to protect the #TripleLock on pensions. Everyone has suffered during the pandemic, and we must ensure a fair and equal recovery. It cannot be right to make those in #LaterLife pay for it alone.
- #TripleLock provides a vital insurance to those in #LaterLife that their pensions will be in line with the standard of living. That’s why I’m calling on the Chancellor @RishiSunak to maintain it in his forthcoming Spending Review

## **PARLIAMENTARY QUESTIONS**

### **Oral questions**

- Will the Chancellor guarantee the financial security of our older people by reiterating his commitment to the triple lock?
- With the cost of living continuing to rise, what actions is the Secretary of State for Work and Pensions taking to ensure that older people can afford a good standard of living in retirement?
- The pandemic has affected everyone. Does the Chancellor think it would be fair to make older people bear the brunt of our economic recovery by removing the triple lock?
- How will the Secretary of State for Work and Pensions ensure that everybody’s pension provides them with decent quality of life, further to reports that the Chancellor is considering removing the triple lock?

### **Written questions**

- To ask the Chancellor of the Exchequer, what assessment he has made of the savings that will be made if he should decide to remove the triple lock on pensions?
- To ask the Chancellor of the Exchequer, what discussions his department is having around the potential removal of the triple lock?
- To ask the Secretary of State for Work and Pensions when in the Autumn the annual uprating review of the state pension will be announced, further to reports the Chancellor is considering removing the triple lock?

## LATER LIFE AMBITIONS BRIEFING FOR PARLIAMENTARIANS



- To ask the Secretary of State for Work and Pensions what assessment her department has made of the impact of the triple lock on pensioner poverty?
- To ask the Secretary of State for Work and Pensions what assessment her department has made of inevitable increase claims for pension credit and other welfare benefits should the triple lock be removed?