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Applying triple lock increase of 8% would still leave State Pension £730 a year short of minimum acceptable retirement income

- **Joseph Rowntree Foundation calculates a single pensioner's Minimum Income Standard to be £10,816**
- **8% increase in the State Pension would take it to £10,087 a year – leaving a gap of £730 a year to reach the Minimum Income Standard**
- **Women most likely to be impacted if Prime Minister abandons the triple lock**

If the State Pension were to increase by 8% it would still leave a £730-a-year income gap compared to the Joseph Rowntree Foundation's Minimum Income Standard, new analysis from **retirement specialist Just Group** shows.

A pensioner entitled to the full new State Pension currently receives £9,340 a year which would rise to £10,087 from next April if average earnings growth reaches 8% this year, as the Bank of England has suggested is possible¹, and the government applies the current 'triple lock' rules.

Speculation has been rife that the government may abandon the triple lock, the promise to raise State Pension by the highest of three measures – the rise in Consumer Prices Index (CPI), the rise in average earnings, or 2.5%.

However, Just Group's analysis shows that even applying a theoretical 8% rise, State Pension income would still be £730 a year short of the £10,816 Minimum Income Standard², the annual income needed to provide an acceptable minimum standard of living.

Stephen Lowe, group communications director at Just Group, said that the findings show the State Pension alone will provide a very limited retirement income and pensioners should check they are claiming all of the benefits they are due and plan ahead of retirement.

"While to many an 8% increase in the State Pension will seem extraordinarily generous, our analysis shows even this level of uplift would still not give single pensioners an income the public thinks provides an acceptable minimum standard of living," he said.

"We know the State Pension was never designed to do more than provide a very basic level of retirement income which is why building up some private pension is so important. However, for six out of 10 retired households, the State Pension makes up about half or more of their total income³.

"The challenge for many people is how to bridge the gap between what the State offers and what the public considers an "acceptable" standard of living in retirement.

"Many pensioners do not claim their full benefit entitlement and so this should be the first port of call for those who are struggling for income in retirement. Homeowners are more likely not to be claiming all that they are entitled to, with four in 10 not claiming any benefits they are entitled to and an extra fifth not claiming the full amount⁴.

"For those approaching retirement, it is vital that they take a little time to plan ahead. The government's free, independent and impartial guidance service – Pension Wise – is a great place to start and help people understand their options."

Twice as many women as men aged over 65 are either single, widowed or divorced in England - 2.77 million women compared to 1.41 million men⁵. And OECD figures estimate that women in the UK are likely, on average, to be receiving between 34% and 43% less in retirement than men⁶.

“Given women aged 65 and over are more likely to be single and have a lower income than men, any reduction in the triple lock seems set to hit women disproportionately,” added **Stephen Lowe**.

“There is already a substantial retirement income gender gap in the UK⁶ – removing some of the protections around the State Pension sends a message from government that it is happy to risk damaging financial outcomes for women in later-life even further.”

There are a range of resources available to provide information and guidance for those planning for retirement or struggling for income in retirement:

- The government provides a free, independent and impartial guidance service called Pension Wise
- The government highlights free, independent third-party benefit calculators at <https://www.gov.uk/benefits-calculators>
- Local councils provide information on financial help to pay rent or Council Tax
- Organisations such as the Money Advice Service and charities such as Citizens Advice and Age UK can be good sources of assistance.
- Professional advisers will charge but can provide regulated advice alongside information about benefit eligibility.

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Notes to Editors:

About the research

1. Bank of England, Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 22 June 2021: <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-summary-and-minutes/2021/june-2021.pdf>

2. The Joseph Rowntree Foundation, Minimum Income Standard for the United Kingdom in 2021: <https://www.jrf.org.uk/report/minimum-income-standard-uk-2021>

MIS is the income that people need to reach a minimum socially acceptable standard of living in the UK today, based on what members of the public think. It is calculated by specifying baskets of goods and services required by different types of households to meet these needs and to participate in society.

Specifically, the minimum is defined as follows, based on consultation with groups of members of the public in the original research: minimum standard of living in the UK today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.

3 – ONS, Effects of taxes and benefits on household income:

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/theeffectsoftaxesandbenefitsonhouseholdincomefinancialyearending2014>

4. Just Group Care Report 2021, Social Care – The Policy Vacuum:

<https://www.justgroupplc.co.uk/~media/Files/J/JRMS-IR/news-doc/2021/just-1045-care-report-2021-v8-spreads.pdf>

5. ONS, Population estimates by marital status and living arrangements, England:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesbymaritalstatusandlivingarrangementsengland>

6. OECD, Towards Improved Retirement Savings Outcomes for Women: <https://www.oecd.org/pensions/towards-improved-retirement-savings-outcomes-for-women-f7b48808-en.htm>

About Just

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