Money

Why millions of pensioners won't feel the full benefit of the pensions triple lock

The full state pension will go up by at least £550 from April - but not for those on the old version

Karl Matchett • Wednesday 17 September 2025 09:40 BST • 1 Comment

Millions of pensioners will miss out on receiving more money through the new state pension's triple lock next year due to a key difference between the old and new versions.

For the new state pension, the triple lock ensures it goes up each year in line with whichever is higher out of inflation, wage growth or 2.5 per cent.

This year, wage growth is set to be the highest of those. Inflation is set to hit around 4 per cent late this year, but wage growth is already at 4.6 per cent, meaning at least a £550 increase to a full state pension next year, from £11,973 to £12,523 from April onwards.

However, there are an estimated 8-9m people on the old state pension – that's for men born before April 6 1951 and women born before April 6 1953.

There are two parts to it – one which will rise in line with the triple lock and one which does not – meaning millions will miss out on the increase in income.

A full old pension pays £9,175 in the basic section, but 6.9m people also draw an additional earnings-related pension, known as Serps.

This part of the old state pension only rises in line with inflation, which means they will receive a lower rise in 2026 than those on the new state pension scheme.

As it is earnings-linked, it's tough to quantify exactly how much less those drawing Serps income will get, but a rise to inflation rather than wage growth will mean an increase which is around 15 per cent lower this year.

Over time, that could amount to hundreds of pounds and the gap could further widen as wages in the UK continue to grow.

The future of the triple lock is likely to be included in the pension review ordered by the government, while frozen thresholds mean pensioners drawing a full state pension next year could be subject to paying tax when they were not previously.

A basic-rate taxpayer starts owing tax after an income beyond the standard Personal Allowance of £12,570, which is only just above the estimated figures above for 2026's full state pension. Therefore almost any additional money earned - through savings account interest for example, or rental or dividend income - would push a pensioner into tax-paying territory.