

Changes to the state pension

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The State Pension is set to increase commencing on 6 April 2024 due to a mechanism known as the ‘Triple Lock’. Chancellor Jeremy Hunt has announced an increase of 8.5%, which pensioners will welcome.

The State Pension is a recurring benefit paid out every four weeks by the government. This payment is made available to individuals who have reached the qualifying age and have sufficiently contributed to National Insurance.

CHANGES IN THE WEEKLY PENSION AMOUNTS

Qualifying for a full State Pension is based on your National Insurance Contributions (NICs). The number of years you’ve paid or been credited with these contributions and when you start claiming your State Pension determines the amount you receive. You can access government websites to check your personal NI record and forecast your State Pension.

This increase announced during the Autumn Statement translates to significant changes in the weekly pension amounts. For those receiving the full, new flat-rate State Pension, the weekly amount will be £221.20.

Meanwhile, for those on the full, old basic State Pension, the weekly figure will be £169.50.

THE HIGHEST OF THE THREE MEASURES

The State Pension ‘Triple Lock’ concept might seem complex, but it’s quite straightforward. It’s a system that ensures the State Pension increases each April, with the increase based on the highest of three measures.

The ‘Triple Lock’ system measures inflation as per the Consumer Price Index of the previous September, the average wage increase across the UK or a minimum of 2.5%. Whichever of these three measures is highest dictates the increase in the State Pension.

WANT TO FIND OUT MORE ABOUT YOUR RETIREMENT PLANNING OPTIONS?

Understanding your pension options thoroughly is vital to planning a comfortable retirement. Feel free to contact us if you require further insights or have specific questions regarding your State Pension or your retirement plans. We look forward to hearing from you.

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