

Cost-of-Living Adjustment Frequently Asked Questions

What is a Cost-of-Living Adjustment (COLA)?

COLA is an adjustment in pension payments to offset a change in inflation or purchasing power, as measured by the *Alberta Consumer Price Index (ACPI)*.

What is the COLA for 2012?

The COLA increase for 2012 is 1.2 per cent.

How is the increase determined?

According to pension plan legislation, the increase is based on a comparison of the 12-month average of the monthly *ACPI* for the year just ended, to the 12-month average of the monthly *ACPI* for the previous year. This 12-month period is from November 1 to October 31.

The 2012 adjustment is calculated using the following formula:

$$\frac{\text{Total ACPI (Nov. 2010 to Oct. 2011)}}{\text{Total ACPI (Nov. 2009 to Oct. 2010)}} - 1 \times 60\% = \text{COLA}$$

$$[(1,500.4 / 1,470.9)^* - 1] \times 60\% = 1.2\% \quad \text{January 1, 2012}$$

*Result is rounded to three decimals.

Who determines the adjustment rate?

Statistics Canada uses the *Consumer Price Index (CPI)* to measure the retail prices of goods and services including food, housing, transportation, clothing, energy, and recreation. The index is “weighted,” meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the *CPI* are also referred to as increases in the cost of living.

What is the CPI for other provinces?

CPI by province can be found on the Statistics Canada website: www.statcan.gc.ca

Why is the COLA based on Alberta CPI?

The pension plan legislation (plan rules) for each plan indicates how COLA is to be calculated. In particular, the plan rules specify that the Alberta Consumer Price Index is used to determine COLA. This is true for all public sector pension plans in Alberta.

Do I have to apply for the COLA?

No, COLA is automatically applied to your pension.

If COLA is below zero, what happens?

No adjustment is given and pensions will not be reduced.



How do I update my personal information?

Please mail or fax your new information.

Mail: Alberta Pensions Services Corporation
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Fax: 780-415-8792