

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 2018?

The COLA increase for 2018 is 0.78 per cent.

How is the increase determined?

COLA is determined by taking the sum of the 12 most recent *ACPI* values (leading months, ending October 2017) and dividing by the sum of the previous 12 months (trailing months, ending October 2016).

The rounded result, minus one, and multiplied by 60 per cent yields the COLA.

The 2018 adjustment is calculated using the following formula:

$$\frac{\text{Total ACPI (Nov. 2016 to Oct. 2017)}}{\text{Total ACPI (Nov. 2015 to Oct. 2016)}} - 1 \times 60\% = \text{COLA}$$

$$[(1,640.9 / 1,620.3)^* - 1] \times 60\% = 0.78\% \quad \text{January 1, 2018}$$

*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. Increases in the *CPI* are also referred to as cost-of-living increases.

Why is the COLA based on Alberta CPI?

Alberta pension plan legislation indicates how COLA is to be calculated. The plan rules specify that the *Alberta Consumer Price Index* is used to determine COLA 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.