



## FFOA Information Note 2024/07

### Pension adjustments (Cost of Living) to local track pensions - 2024

May 2024

Dear Members,

FFOA has recently received a number of questions from members regarding the lack of a Cost of Living (COLA) increase in their local track/dual track pension in Italy for 2023/24. We have been in touch with colleagues in the Pension Fund to help us in understanding the calculation of the COLA and why there has been no COLA increase in local track pensions as of April 2024.

The Pension Fund informs us:

“As set out in paragraphs 2 and 3 of the Pension Adjustment System, the COLA is based on the **movements in the CPI as an index, rather than the change in the average CPI**. Each year, it is derived by the change in the CPI from December to December.

The MBS table sent through (showing 128.6 for 2023 and 127.9 for 2022) is the average of the CPI for those years. To ascertain the level of COLA, UNJSPF needs to use the monthly CPI data and specifically the index level for December. Here is the MBS data used for Italy:

The COLA from April 2024 was derived from  $(128.7/127.9) \times 100 = 100.6\%$ , so a 0.6% change (which meant 0% COLA this time). The 0.6% will be included in subsequent calculations and when the CPI Index exceeds 2% then a COLA increase will be applied to pensions.

We should also add were the COLA to be based on the average CPI rather than the index level, the COLA at April 2023 would have been **8.2%** rather than the **11.6%** that was actually given. In effect, some of the growth that the retirees may think they are due through the use of the average CPI has already been given in the 2023 COLA – the movement in the average CPI will typically lag behind the December-to-December index movement”.

6. Consumer price indices

Price indices - Consumer price indices: general (all items) 2010=100			
View the print version of the CPI table in PDF format 			
Italy	Period	Data	Footnotes
	2024MAR	129.2	1765/
	2024FEB	129.2	1765/
	2024JAN	129.1	1765/
	2023DEC	128.7	1765/
	2023NOV	128.5	1765/
	2023OCT	129.1	1765/
	2023SEP	129.3	1765/
	2023AUG	129.1	1765/
	2023JUL	128.7	1765/
	2023JUN	128.7	1765/
	2023MAY	128.7	1765/
	2023APR	128.2	1765/
	2023MAR	127.7	1765/
	2023FEB	128.2	1765/
	2023JAN	128.0	1765/
	2022DEC	127.9	1765/
	2022NOV	127.6	1765/
	2022OCT	127.0	1765/

Members can also refer to the ISTAT press releases on this topic for December of each year: <https://www.istat.it/en/archive/consumer+prices> The headline year-over-year figure quoted in these press releases are the same CPI movements to determine the COLA.

To summarize, the Pension Fund informs us that the calculation is the change in the CPI index December 2023/CPI index December 2022 - 1.00) x 100%. This gives the percentage change in consumer prices from the end of 2022 to the end of 2023, that is during the whole year of 2023. This results in a change of 0.6 % (compared to 11% during 2022). This is also the approach that the ICSC uses for cost-of-living adjustments over time in the post adjustment for professional staff.

It is important to note that this approach gave retirees a larger increase in April 2023 over the ISTAT report in that year. (as noted above).

We hope the above clarifies the situation.

**Regards,**  
**FFOA Secretariat**