

Cost Of Living Allowance



VS.



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What Is COLA



- A supplement designed to equalize purchasing power between members overseas and their CONUS-based counterparts.
- Based on “Spensible Income”
- The basic measurement is a comparison of CONUS shopping behavior and the aggregate shopping behavior at each overseas location.

What affects an individuals COLA

- Rank
- Location (29 in Italy)
- Number of Dependents
 - Maxes out at 5 dependents
- Amounts updated every two weeks to make up for currency fluctuations
 - Both increases and decreases
- Annual COLA surveys



Why do I get what I get?

- Living Pattern Survey
 - Once every 3 years
 - samples all members with command-sponsored dependents assigned to each location
 - asks which local (off-base) stores they use, and percentage of market basket items purchased from on-base and off-base facilities.

Why do I get what I get? (cont.)

- Market basket survey
 - Collects prices for approximately 120 goods and services members/dependents purchase.
 - Includes fuel, insurance, food, drinks
 - 6-9 Prices taken on each good and/or service, then averaged out.
 - Prices taken from locations identified in the Living pattern survey.

COLA and the falling \$\$\$

- **The Value of the dollar keeps falling, why doesn't COLA seem to increase at the same rate?**
 - **ANSWER:** COLA is adjusted only for the portion of income that the typical member spends on the local economy. If the site survey shows you only spend 25% off base, only 25% will be compensated.

QUESTIONS