



Laga Newsflash

Year-end promotions and salary increases: effects of indexation should not be overlooked

The end of the year is often a period when companies take stock and reflect on the previous months. Therefore, closing the year in many companies involves decisions on promotions, merit increases, bonuses, etc.

Indexation should not be overlooked

January salaries usually also increase due to the **indexation mechanism** in several Joint Committees. This means that salaries will automatically increase with a percentage defined in accordance with the consumer price index's evolution.

This is, for example, the case within the auxiliary JC no. 200 for white-collar workers, JCs no. 118 and no. 220 for the food industry, and many others.

Potential side effects should be anticipated

As a general rule, salary indexation **comes on top of any salary increases** granted at company level before indexation.

Moreover, if a salary increase granted at company level took effect before or at the same time as indexation, the indexation percentage will be applied on the full salary (including the salary increase granted by the company). This will then multiply the indexation's impact.

In a context where indexation cannot be offset against previous or simultaneous salary increases, companies may be confronted with an unexpected increase of salary costs.

How can Laga help?

Laga's employment, pension and benefits team can help in determining how to best anticipate or mitigate potential side effects in a compliant manner.

The below contacts are readily available to assist with any questions and to provide additional information regarding this topic.

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