EUROPEAN COMMISSION

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COM(2010) 798 final

2010/0330 (NLE)

Amended Proposal for a

COUNCIL REGULATION

adjusting, from 1 July 2010, the rate of contribution to the pension scheme of officials and other servants of the European Union

SEC(2010) 1607 final

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Grounds for and objectives of the proposal

On the basis of a proposal from the Commission, the Council has to decide each year on the adjustment of the rate of contribution to the pension scheme effective from 1 July.

General context

Under Article 83a(4) of the Staff Regulations, the Commission has to present to the Council each year an updated version of the five-yearly actuarial assessment, in accordance with Annex XII to the Staff Regulations.

Under Article 13 of Annex XII to the Staff Regulations, Eurostat has submitted the report on this assessment, which determines the rate of contribution required to maintain actuarial balance of the pension scheme.

In order to comply with the judgment of the Court of Justice of the European Union of the 24 November 2010 (Case C-40/10), the Council adopted the Commission Proposal on the 2009 salary and pension adjustment (COM (2009) 629). As the value of the 2009 annual adjustment of remuneration and pensions is taken into account in the Eurostat calculation for the rate of contribution, the previously calculated rate of contribution to the pension scheme has to be revised.

Eurostat has drawn up an Addendum to the 1 September 2010 Eurostat report on the results of the 2010 update of the 2008 actuarial assessment.

Existing provisions in the area of the proposal

A proposal is to be presented each year for adjusting the rate of contribution to the pension scheme.

Consistency with other policies and objectives of the Union

Not applicable.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

Consultation of interested parties

Methods of consultation used, main sectors covered and general profile of respondents

The elements of the proposal have been discussed with the staff representatives in accordance with the appropriate procedures.

Summary of replies received and the way in which they have been taken into account

The proposal takes account of the opinions of the parties consulted.

Collection and use of expertise

The calculation of the pension contribution rate has been validated by an actuarial expert (external consultant).

Impact assessment

The purpose of the proposal is to adjust the rate of contribution to the pension scheme of officials and other servants of the European Union in order to maintain the actuarial balance of the scheme.

The legislation in force permits no alternative.

3. LEGAL ELEMENTS OF THE PROPOSAL

Summary of the proposed action

In accordance with Annex XII to the Staff Regulations, Eurostat has submitted a report and an addendum thereto on the actuarial assessment of the pension scheme. According to this assessment, the rate of contribution required to maintain actuarial balance of the pension scheme is 11.6% of basic salary.

Under Article 83a(4), where it is shown that there is a gap of at least 0.25 points between the rate of contribution currently applied (11.3%) and the rate required to maintain actuarial balance (11.6%), the Council is to consider whether the rate should be adapted, in accordance with the arrangements laid down in Annex XII.

Under Article 2(1) of Annex XII, the adjustment cannot lead to a contribution that is more than one percentage point above or below the valid rate of the previous year.

The Commission is therefore proposing that the rate of contribution be adjusted to 11.6% with effect from 1 July 2010.

Legal basis

Staff Regulations of Officials of the European Union and in particular Article 83a thereof and Annex XII thereto.

Subsidiarity principle

The proposal concerns an area that falls within the exclusive competence of the Union. The principle of subsidiarity does not therefore apply.

Proportionality principle

The proposal is consistent with the principle of proportionality for the following reasons:

Article 83a of the Staff Regulations provides for a Council regulation.

The proposal has no financial impact on expenditure. The impact on revenue results directly from the application of the adjustment method provided for in the Staff Regulations.

Choice of instruments

Proposed instrument: Regulation.

Other instruments would be inappropriate for the following reasons:

- Article 83a of the Staff Regulations provides for a Council regulation.

4. BUDGETARY IMPLICATION

The impact on revenue of the adjustment to the rate of contribution to the pension scheme is detailed in the financial statement annexed hereto.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other servants of the European Union laid down by Regulation (EEC, Euratom, ECSC) No 259/68, and in particular Article 83a thereof and Annex XII thereto,

Having regard to the proposal from the European Commission,

Whereas:

(1) In accordance with Article 13 of Annex XII to the Staff Regulations, Eurostat submitted a report and an addendum to that report on the 2010 actuarial assessment of the pension scheme updating the parameters referred to in that Annex. According to this assessment, the rate of contribution required to maintain actuarial balance of the pension scheme is 11,6% of basic salary.

(2) In the interests of actuarial balance of the pension scheme of officials and other servants of the European Union, the rate of contribution should therefore be adjusted to 11,6% of the basic salary,

HAS ADOPTED THIS REGULATION:

Article 1

With effect from 1 July 2010, the rate of the contribution referred to in Article 83(2) of the Staff Regulations shall be 11,6%.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union.*

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. NAME OF THE PROPOSAL:

Amended Proposal for a Council Regulation adjusting, from 1 July 2010, the rate of contribution to the pension scheme of officials and other servants of the European Union

2. BUDGET LINES:

Chapter and Article:

400 Tax on salaries of officials and other servants

Amount budgeted for the year concerned (Budget 2010):

EUR 602.4 million

410 Staff contributions to the pension scheme

Amount budgeted for the year concerned (Budget 2010):

EUR 430.5 million

3. FINANCIAL IMPACT

☐ Proposal has no financial implications

☒ Proposal has no financial impact on expenditure but has a financial impact on revenue – the effect is as follows:

(€ million to one decimal place)

Budget line	Revenue	Six-month period starting 01/07/2010	2011
Article 400	*Impact on own resources*	-1.2	-2.4
Article 410	*Impact on own resources*	5.7	11.4

Situation following action					
	2011	2012	2013	2014	2015
Article 400	-2.4	-2.4	-2.4	-2.4	-2.4

Article 410	11.4	11.4	11.4	11.4	11.4

4. OTHER REMARKS

Method of calculation:

Pension contribution = new contribution – implementation current year
New contribution = implementation x new rate/rate in force

Effect of tax decrease = 21% of the increase in the pension contribution.