EUROPEAN
COMMISSION

Brussels, 2.3.2021
COM(2021) 94 final

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

pursuant to Article 77 of the Staff Regulations of Officials

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND TO THE COUNCIL

pursuant to Article 77 of the Staff Regulations of Officials

LEGAL BASIS

Article 77 of the Staff Regulations as last amended in 2013[1] provides that the pensionable age shall be assessed every five years starting on 1 January 2014 on the basis of a report by the Commission to the European Parliament and to the Council. The report shall examine, in particular, the evolution of pensionable age for staff in the civil services of the Member States and the evolution of life expectancy of officials of the institutions.

The co-legislators also decided that where appropriate, the Commission shall make a proposal amending the pensionable age in line with the conclusions of that report, paying particular attention to developments in the Member States.

This report implements the aforementioned provision by examining notably the evolution of pensionable age for staff in the civil services of the Member States and the evolution of life expectancy of officials of the institutions between 2014 and 2018.

1. SCOPE OF THE REPORT

Under Article 77 of the Staff Regulations, the evolution of the pensionable age for staff in the civil services of the Member States and the evolution of life expectancy of officials of the institutions should be assessed every five years, thereby providing a five-year reference period between 1 January 2014 and 31 December 2018 for this report.

The co-legislators provided a material scope encompassing both the evolution of pensionable age for staff in the civil services of the Member States and the evolution of life expectancy of officials of the institutions. In addition, it specified that when assessing the possibility to amend pensionable age, the Commission should pay particular attention to the developments in the Member States.

Following the United Kingdom's withdrawal from the European Union on 1 February 2020, no data are reported for the United Kingdom. Indeed, the analysis carried out in the report will serve as a basis for future action. Therefore, whilst fully acknowledging the fact that the United Kingdom was a Member State during the reference period, it does not seem appropriate at this stage to include data referring to the situation in the United Kingdom.

2. BACKGROUND INFORMATION

2.1. Collection of data

Eurostat requested experts from the Member States to provide annually data in the framework of the Working Group on Article 83 of the Staff Regulations. The latter is competent to deal with any question concerning the methodology of implementation of Annex XII to the Staff Regulations in cooperation with Eurostat.

In order to comply with its reporting obligation and in line with Article 4(3) of the Treaty on the European Union, the European Commission requested the delegates of the Member States in the Article 83 Working Group to provide and confirm by the end of 2019 the reliability of

[1] Regulation (EU, Euratom) No 1023/2013 of the European Parliament and of the Council of 22 October 2013.

data concerning their respective civil services' pensions systems. This concerned in particular the applicable pensionable age during the reference period and other modalities of functioning of the pension schemes.

2.2. Methodological aspects

Comparison of pension benefits across Member States is only possible to a certain extent, as structural differences among pension schemes exist. In particular, schemes for civil servants in central services of Member States may not cover the same populations, i.e. schemes in the Member States cover alternatively central government officials, all public sector civil servants, or capture the general working population together with civil servants in central governments.

In addition, certain national schemes are "pay as you go" (i.e. where the pension contributions of those working are redistributed to those in retirement) by contrast to the ones in which employees contribute for their own upcoming pensions. Moreover, certain national schemes provide for gender-gapped retirement ages.

As confirmed by the case law of the EU courts[2], the pension scheme for EU officials is a notional (virtual) fund with defined benefits, in which staff member's contributions serve to finance the future pensions of those contributing. The contributions actually cover the cost of the pension rights acquired in a given year and are in no way linked to that year's pension expenditure[3].

2.3. Definition of normal pensionable age

Article 77 of the Staff Regulations refers to the pensionable age, which is also referred to as normal pensionable age. This term corresponds to the age at which EU staff automatically retire without a financial penalty. As of 1 January 2014, the normal pensionable age for the EU staff has been increased to 66 years for staff recruited as of 2014. Transitional provisions apply for staff recruited before that date.

There are two derogations to the normal pensionable age:

- First, staff members may ask for an early retirement, i.e. retirement before reaching a normal pensionable age. As of 1 January 2014, early retirement age has been increased to 58 years for all staff. Early retirement always results in a significant financial penalty[4].
- Second, staff members may, at their own request and where the appointing authority considers it justified in the interest of the service, carry on working until the age of 67. Exceptionally, staff members may work until the age of 70, in which case they shall be retired automatically on the last day of the month in which they reach that age.

3. EVOLUTION OF THE RESPECTIVE PENSIONABLE AGE OF CIVILS SERVANTS IN CENTRAL SERVICES OF THE MEMBER STATES

The charts below illustrate the evolution of normal pensionable age, the minimum pensionable age and the maximum pensionable age for the staff in central civil services of the

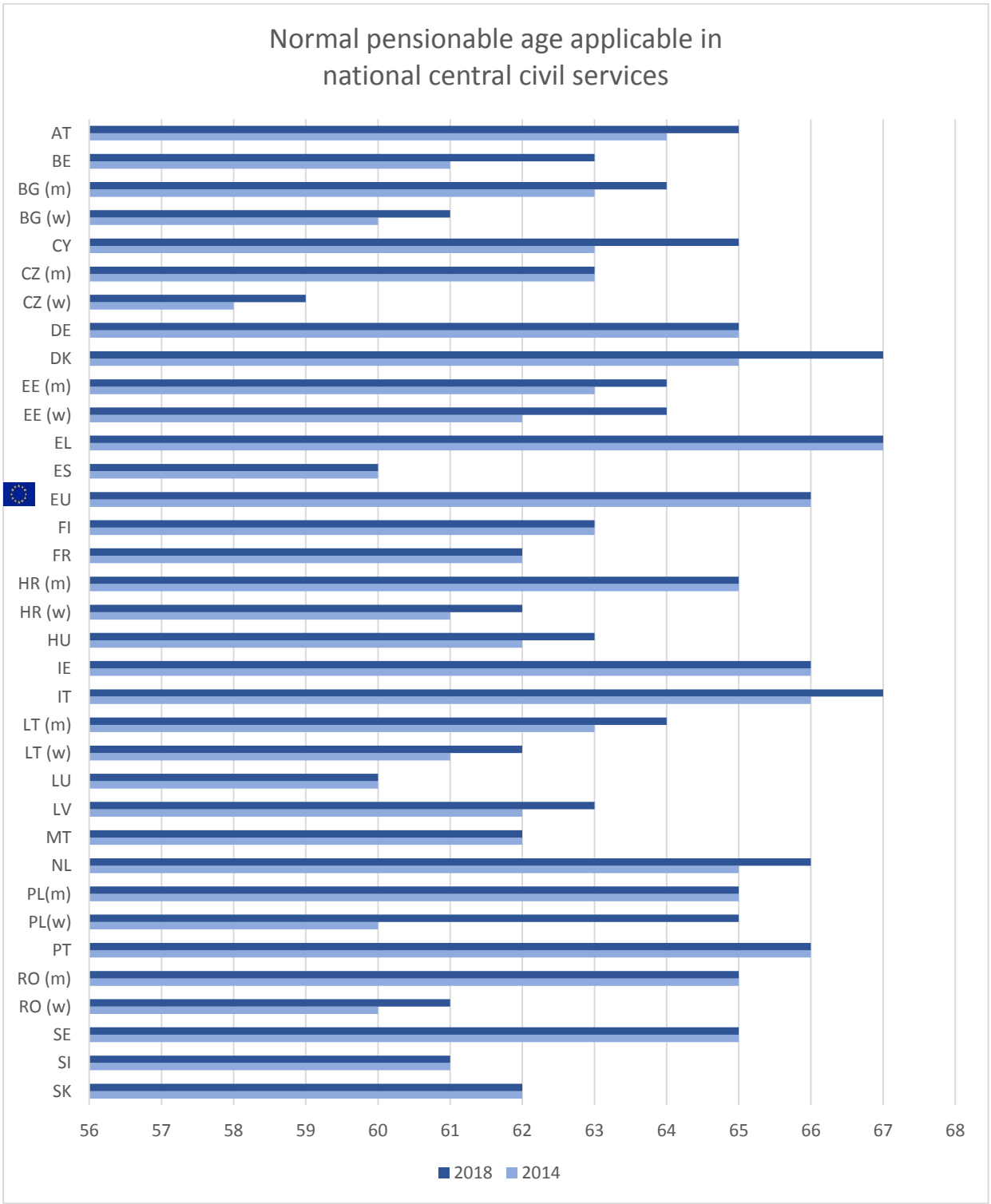
[2] See, notably Case F-105/05 *Wils v Parliament*, point 85 and Case T-439/09 *Purvis v Parliament*, point 45.

[3] Report from the Commission to the European Parliament and the Council on the application of Annex XII to the Staff Regulations, COM(2018) 829 final.

[4] Under Article 9 of Annex VIII to the Staff Regulations, the related pension is reduced by 3.5 % per year of difference between the normal and the effective retirement ages.

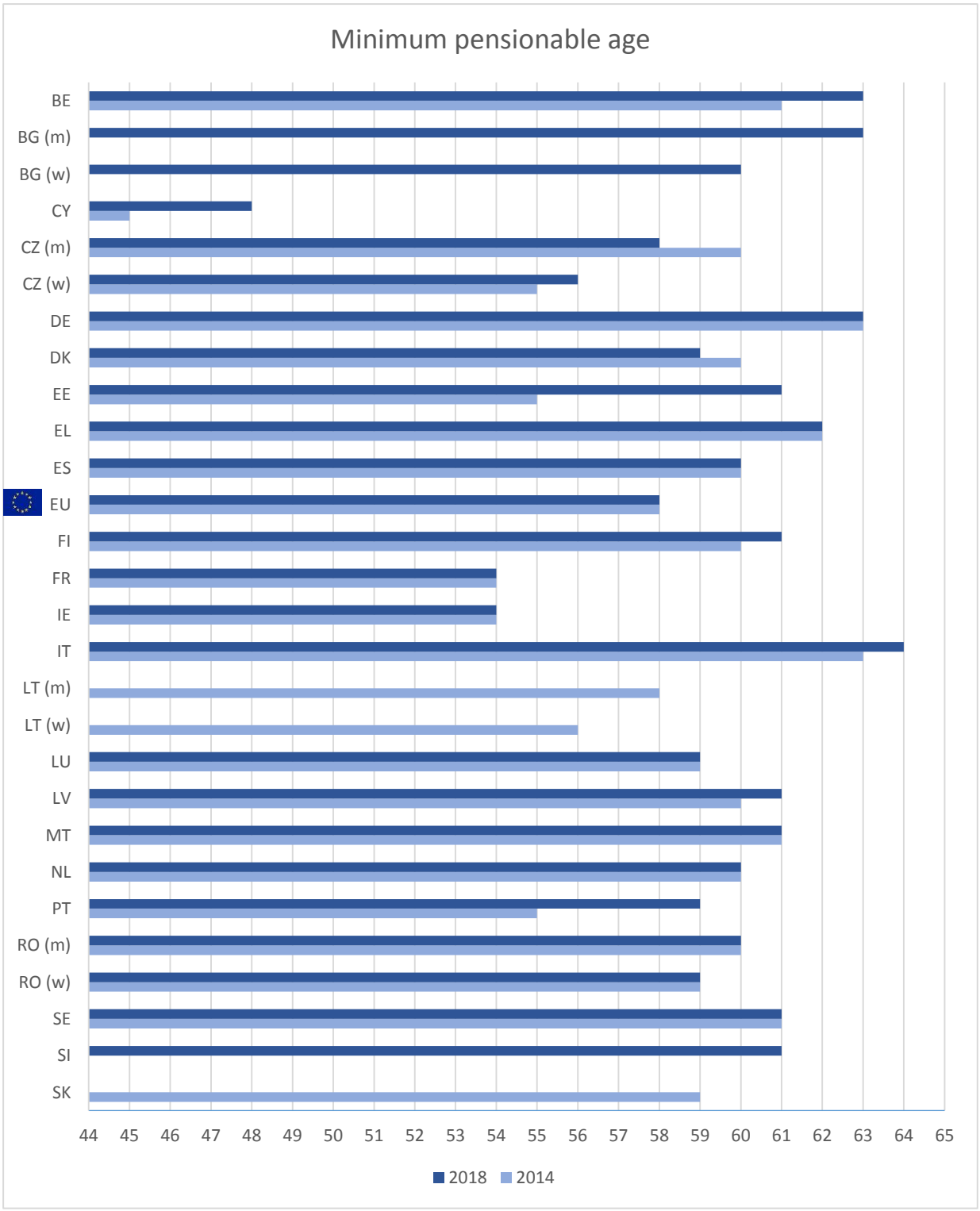
Member States[5]. Member States not referenced in the tables either did not provide Eurostat with data or do not have a minimum or maximum pensionable age.

3.1. Normal pensionable age in the central civil services of Member States

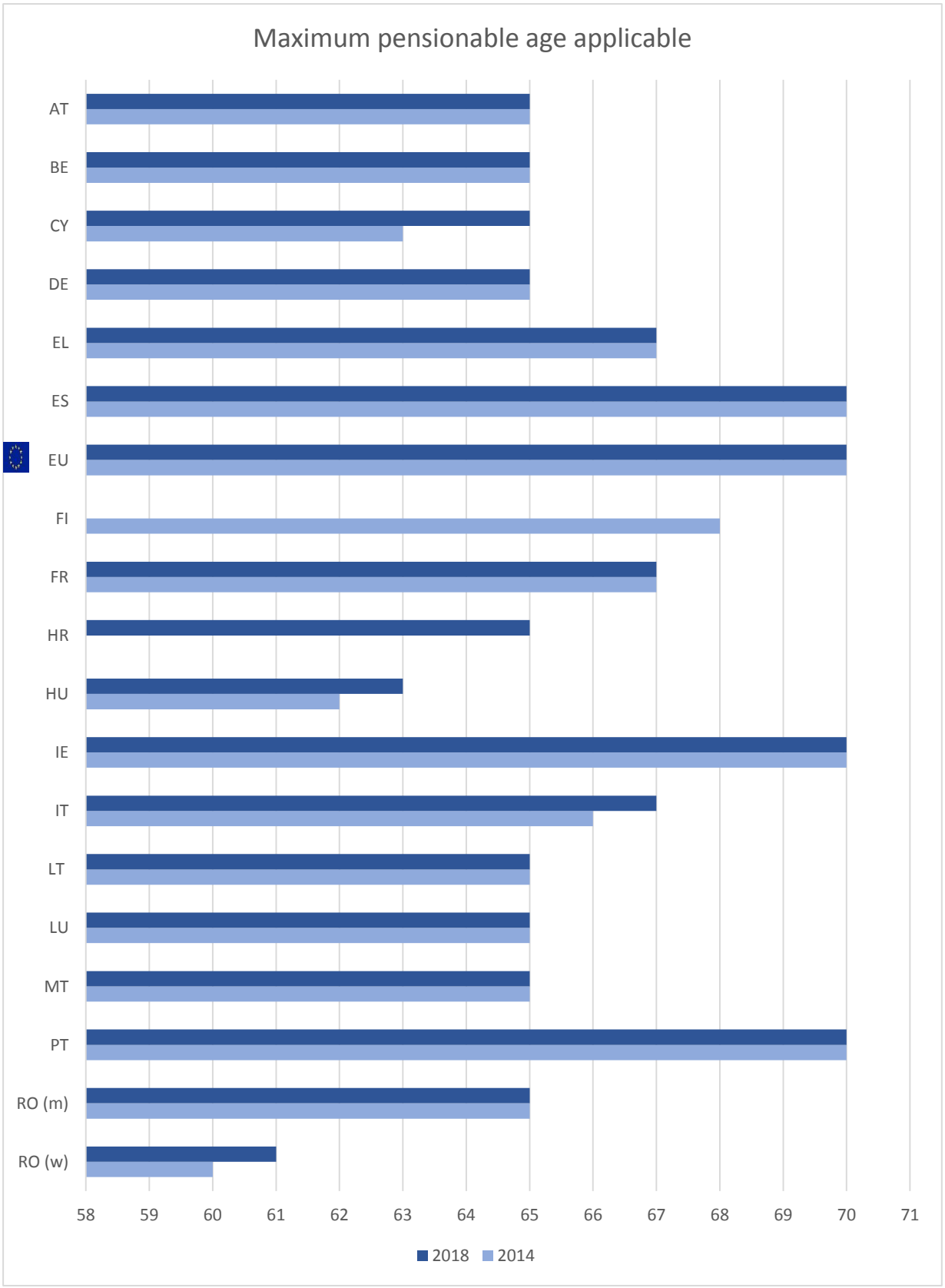


[5] In cases where Member States provided data in brackets (i.e. minimum pensionable age between 56 and 60), the highest value is referred to in the charts.

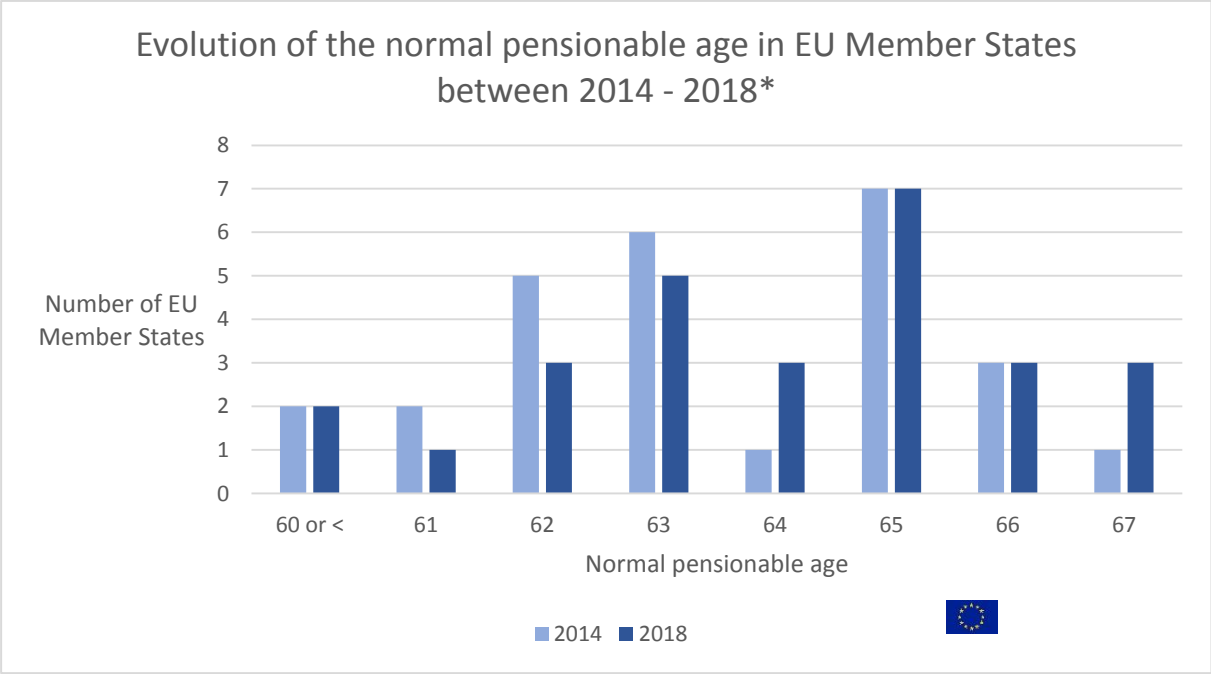
3.2. Minimum pensionable age



3.3. Maximum pensionable age



3.4. Assessment of evolution of the pensionable ages for the staff in the civil services of the Member States



** This table is built on data available in table 3.2. For countries having differentiated pensionable ages between women and men, the highest value is reflected in the above table.*

The charts above show the evolution of the minimum, the normal and the maximum pensionable age applicable to civil servants in central governments in the EU Member States between 2014 and 2018.

A divergence can be observed as some Member States do not have minimum pensionable ages whereas in others there are no differences between the maximum pensionable age and the normal pensionable age for civil servants in central services.

In view of this, although this data collection provides useful indications as regards the respective pensionable ages applicable in Member States central services, any comparison should be approached with caution.

The assessment in 2014 shows that one Member State had a normal pensionable age higher than the normal pensionable age for EU staff of 66 and that the normal pensionable ages of all Member States ranged from 58 to 67 years.

The assessment in 2018 shows that three Member States had a normal pensionable age higher than the normal pensionable age of the EU staff and the normal pensionable ages of all Member States ranged from 59 to 67 years.

In light of the above, the following observations are made:

- The current maximum pensionable age for the EU staff (70 years) corresponds to the highest standard applicable in central civil services of Member States.

- The current minimum pensionable age of EU staff (58 years) is lower than the average minimum pensionable age applicable in central civil services of responding Member States (59,4 years)[6].
- Following the increase of the normal pensionable age of EU staff from 60 to 66 between 2004 and 2014, a catching-up effect in Member States can be observed.
- Persisting differences among Member States can be observed during the reference period.
- Between 2014 and 2018, the average normal pensionable age among responding Member States increased by less than one year.
- In 2018, 89% of responding Member States had a normal pensionable age equal or inferior to the normal pensionable age for EU staff.
- Since the 2014 Reform, the normal pensionable age applicable to statutory staff pursuant to Article 77 of the Staff Regulations remains among the highest applicable compared with those applicable to central civil services of the Member States.

4. EVOLUTION OF LIFE EXPECTANCY OF OFFICIALS OF THE INSTITUTIONS

The assessment of the evolution of the life expectancy of the staff of the EU institutions is based on the demographic parameters laid down in Annex XII to the Staff Regulations. The same parameters are used for the annual and the 5-yearly actuarial assessment of pension scheme for EU officials.

Eurostat annually collects these demographic parameters based on observations of the population of participants in the scheme, comprising staff in active service and pensioners. The information is received from the institutions and agencies whose staff are members of the scheme.

In particular, the life expectancy of officials and other agents of the institutions is assessed based on the life table established by Eurostat for the actuarial assessment of pension scheme for EU officials. The lifetable reflects the characteristics of the full population of members of the scheme and thus it is built on a population entirely relevant to the scheme, which prevents any biasing effect. The life tables reflecting mortality experiences are updated every five years to also reflect most recent mortality observations[7].

4.1. Methodological aspects

Eurostat used prospective life tables for the five yearly assessments of pension scheme for EU officials of both 2013 and 2018. They have been approved by the external actuaries appointed under Article 13(2) of Annex XII to the Staff Regulations.

The prospective life tables factor in the mortality rates depending on both the age and the considered year. These tables take into account expected future changes in mortality by taking into account observed and projected changes in mortality for a defined population throughout its lifetime[8].

---

6 It should be recalled that as of 2014, early retirement always results in a significant financial penalty as the related pension is reduced by 3.5 % per year of difference between the normal and the effective retirement ages.

7 Article 9 of Annex XII to the Staff Regulations.

8 For example, life expectancy at age 65 years in 2018 would be updated using the observed mortality rate for age 65 years in 2018 and the expected mortality rates for age 66 years in 2019, for age 67 years in 2020 and so on, thereby anticipating future changes in the mortality pattern.

The use of prospective life tables constitutes the best actuarial practice as compared to the use of the period life tables that use mortality rates from a single year (or group of years) and assume that those rates apply throughout the remainder of a person's life. Contrary to prospective life tables, period life table do not reflect any subsequent changes to mortality rates[9]. Therefore, the chosen methodology results in a higher life expectancy increase than an approach based on period life tables.

The prospective EU Life Tables (EULT) developed by Eurostat incorporate a trend of continuous increase of life expectancies over a 20 years' time horizon based on the evolution of mortality of the pension scheme for EU officials' population. This table is based on the observation of the mortality phenomena of members of the pension scheme for EU officials thus avoiding possible external biases.

The use of a prospective life table corresponds to the best actuarial practice. This life expectancy is reflected in the assessment of the pension scheme for EU officials. On this basis, the pension contribution rate is adjusted yearly in order to ensure that the scheme is in balance.

4.2. Comparison of the 2013 and 2018 life expectancy of EU staff

Men and women have different respective mortality rates. Consequently, the 2013 and the 2018 actuarial life tables are separately computed which is in line with the best actuarial practice.

Men

Age	Life Exp. 2013	Life Exp. 2018	Increase Of the life Exp. (2014 – 2018)
18	65,7	65,8	0,078
19	64,8	64,8	0,078
20	63,8	63,8	0,078
21	62,8	62,9	0,078
22	61,8	61,9	0,078
23	60,8	60,9	0,078
24	59,8	59,9	0,078
25	58,8	58,9	0,078
26	57,9	57,9	0,078
27	56,9	57,0	0,078
28	55,9	56,0	0,078
29	54,9	55,0	0,078
30	53,9	54,0	0,078
31	52,9	53,0	0,078
32	51,9	52,0	0,078
33	51,0	51,0	0,078
34	50,0	50,1	0,078
35	49,0	49,1	0,078
36	48,0	48,1	0,078
37	47,0	47,1	0,078
38	46,0	46,1	0,078
39	45,1	45,1	0,079
40	44,1	44,2	0,079
41	43,1	43,2	0,079
42	42,1	42,2	0,079

Women

Age	Life Exp. 2013	Life Exp. 2018	Increase Of the life Exp. (2014 – 2018)
18	67,8	68,3	0,559
19	66,8	67,3	0,559
20	65,8	66,3	0,559
21	64,8	65,4	0,559
22	63,8	64,4	0,559
23	62,8	63,4	0,559
24	61,8	62,4	0,559
25	60,8	61,4	0,559
26	59,8	60,4	0,559
27	58,9	59,4	0,559
28	57,9	58,4	0,560
29	56,9	57,4	0,560
30	55,9	56,4	0,560
31	54,9	55,5	0,560
32	53,9	54,5	0,560
33	52,9	53,5	0,560
34	51,9	52,5	0,560
35	50,9	51,5	0,560
36	50,0	50,5	0,560
37	49,0	49,5	0,560
38	48,0	48,5	0,560
39	47,0	47,6	0,560
40	46,0	46,6	0,560
41	45,0	45,6	0,560
42	44,1	44,6	0,560

[9] A period life table is therefore the average number of additional years a person would live if he or she experienced the age-specific mortality rates of the given area and time period for the rest of his or her life. While the tables account for the fact that mortality on average increases with age, they do not reflect mortality evolution with time. In this case, the future mortality is supposed to be exactly the same as the observed mortality today.

43	41,2	41,2	0,079
44	40,2	40,3	0,080
45	39,2	39,3	0,081
46	38,3	38,3	0,082
47	37,3	37,4	0,083
48	36,3	36,4	0,084
49	35,4	35,5	0,086
50	34,4	34,5	0,087
51	33,5	33,6	0,090
52	32,5	32,6	0,092
53	31,6	31,7	0,096
54	30,6	30,7	0,100
55	29,7	29,8	0,105
56	28,8	28,9	0,112
57	27,8	28,0	0,120
58	26,9	27,0	0,129
59	26,0	26,1	0,138
60	25,1	25,2	0,146
61	24,2	24,3	0,155
62	23,3	23,5	0,163
63	22,4	22,6	0,172
64	21,5	21,7	0,179
65	20,7	20,8	0,184
66	19,8	20,0	0,183

43	43,1	43,6	0,561
44	42,1	42,7	0,561
45	41,1	41,7	0,562
46	40,1	40,7	0,563
47	39,2	39,7	0,564
48	38,2	38,8	0,566
49	37,2	37,8	0,568
50	36,3	36,9	0,570
51	35,3	35,9	0,573
52	34,4	34,9	0,577
53	33,4	34,0	0,582
54	32,5	33,0	0,588
55	31,5	32,1	0,596
56	30,6	31,2	0,605
57	29,6	30,2	0,616
58	28,7	29,3	0,629
59	27,8	28,4	0,645
60	26,8	27,5	0,659
61	25,9	26,6	0,672
62	25,0	25,7	0,682
63	24,1	24,8	0,690
64	23,2	23,9	0,695
65	22,3	23,0	0,697
66	21,5	22,2	0,696

The comparison of the 2013 and 2018 life expectancy for staff members in active status (18 to 66[10]) shows a limited increase of the life expectancy.

The 2018 life table for men shows a very limited increase of the life expectancy ranging from 0,078 years (28 days) at younger active ages to 0,184 years (2 months, 6 days) at normal pensionable age.

The 2018 life table for women shows a limited increase of the life expectancy ranging from 0,559 years (6 months, 24 days) at younger active ages, to 0,697 years (8 months, 14 days) at retirement ages.

On average, the evolution of the EU life table shows a limited increased life expectancy of staff members of the institutions, i.e. 4 months at younger age and 5 months at normal pensionable age.

5. DEVELOPMENTS IN THE MEMBER STATES

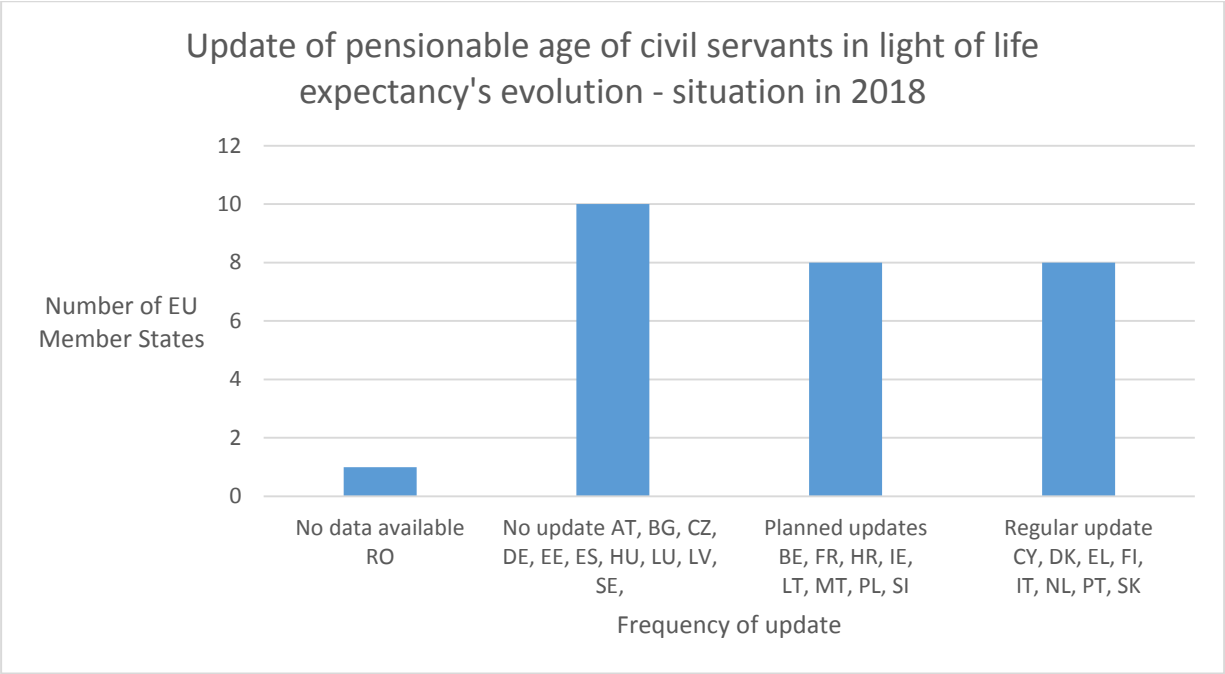
In addition to the assessment under points 3 and 4 of the present report, the Commission has also considered developments in the pension systems of the Member States.

5.1. Update of the pensionable age in light of the evolution of life expectancy

In most Member States, the pensionable age is updated, either regularly or occasionally, to reflect life expectancy's developments.

Based on the information provided by the responding Member States in the framework of the Article 83 Working Group, different methods have been identified among Member States as regards the practice of updating pensionable age in light of the evolution of life expectancy.

[10] It shall be noted that under Article 52 of the Staff Regulations it is possible to work until the age 67 (if justified in the interests of the service) and 70 (exceptionally).



5.2. Observed developments in the pension systems of the Member States

In the wake of the global financial crisis, many countries had taken measures to improve the financial sustainability of their pension systems. In particular, in line with the pattern of crisis and post-crisis reforms observed in the 2015 and 2018 Pension Adequacy Reports, improving pension sustainability continued to be a key focus of pension reforms during the reference period. This was done mostly by means of adjusting the pension duration to life expectancy. Yet, different Member States have done this from different starting points, with different levels of ambition and different gender emphasis[11]. In 2020, the vast majority of Member States have a pensionable age lower than EU staff pensionable age.

In addition, some recent pension reforms focused on loosening age requirements to receive a pension, increasing pension benefits including first-tier pensions and expanding pension coverage[12]. In some cases, the impact of legislated reforms was suspended or postponed (e.g. the application of the 'index for pension revaluation' and the sustainability factor) or new temporary possibilities to retire early were created[13]. In other cases, the reform momentum generated by the 2008-2012 financial crisis has recently waned and several Member States have even reversed already legislated reforms and, in some cases, reintroduced lower pensionable ages for women and men.

Furthermore, long-term projections reported by most Member States do not anticipate for increases in pensionable age beyond 66 years before 2030 at the earliest[14].

Finally, it appears that flexible retirement rules aimed at facilitating longer working lives and smoothing the transition into retirement have been recently adopted in several Member States, including flexible forms of transition from employment to full retirement[15].

---

11 European Commission and Social Protection Committee, *2018 Pension Adequacy report*, pages 101 - 102.

12 OECD, *Pensions at a Glance 2019*. In its Council conclusions on the European Court of Auditors' Special Report No 15/2019 entitled 'Implementation of the 2014 staff reform package at the Commission - Big savings but not without consequences for staff', 8 June 2020, 8635/20, the Council invited the Commission to monitor the development of the effective retirement age using up-to-date comparative data regarding Member States' pension systems by referring to the OECD study Pension at glance.

13 European Commission and Economic Policy Committee, *2021 Ageing Report*, underlying assumptions & projection methodologies, page 35.

14 European Commission and Social Protection Committee, *2018 Pension Adequacy report*, page 126, Table 10.

CONCLUSIONS

(1) Since 2014, some Member States increased the normal pensionable age applicable to their central civil servants. Yet at the end of 2018, more than 89% of the responding Member States had a normal pensionable age equal or inferior to the statutory pensionable age of 66 years for EU staff members.

(2) The evolution of the EU life tables, based on a methodology corresponding to the best actuarial practices, shows a very limited average increase of life expectancy of staff members of the institutions during the reference period.

(3) Given the observed evolution of pensionable ages in national central civil services and the limited increase of EU staff members' life expectancy, the current pensionable age of 66 years for EU staff is assessed as appropriate and corresponding to the highest standards applicable in the national civil services of the Member States.

(4) The above assessment is also confirmed by the analysis in the developments in the Member States. The EU staff pensionable age remains among the highest applicable compared to those in force in the national pension systems of the Member States. In addition, recent developments show a trend of reversing some past decisions on increasing the normal pensionable age.

(5) Therefore, at this stage there are no grounds to submit a proposal amending the statutory pensionable age of 66 years under Article 77 of the Staff Regulations.

[15] European Commission and Social Protection Committee, *2018 Pension Adequacy report*, page 103.