COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 21.11.2008
COM(2008) 787 final

Proposal for a

COUNCIL REGULATION

adjusting, from 1 July 2008, the rate of contribution to the pension scheme of officials and other servants of the European Communities

{SEC(2008)2873}

(presented by the Commission)

EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

Grounds for and objectives of the proposal

The Council has to decide each year, on a proposal from the Commission, 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.

Under Article 12 of Annex XII to the Staff Regulations, the rate in Articles 4 and 8 of Annex VIII to the Staff Regulations for the calculation of compound interest must be the effective rate referred to in Article 10 of Annex XII and should be, if necessary, revised on the occasion of five-yearly actuarial assessments.

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.

CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

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

There was no need for external expertise.

Impact assessment

- The purpose of the proposal is to adjust remuneration and pensions in accordance with the legislation in force.

- The legislation in force permits no alternative.

LEGAL ELEMENTS OF THE PROPOSAL

Summary of the proposed action

In accordance with Annex XII to the Staff Regulations, Eurostat has submitted a report 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 10,9% 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 (10,25%) and the rate required to maintain actuarial balance (10.9%), 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 10,9% with effect from 1 July 2008.

Under Article 12 of Annex XII, the rate in Articles 4 and 8 of Annex VIII for the calculation of compound interest is to be adjusted to 3.1%.

Legal basis

Staff Regulations of officials of the European Communities, 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 Community. 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 have been inappropriate for the following reasons:

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

BUDGETARY IMPLICATIONS

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

Proposal for a

COUNCIL REGULATION

adjusting, from 1 July 2008, the rate of contribution to the pension scheme of officials and other servants of the European Communities

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to the Staff Regulations of officials of the European Communities and the conditions of employment of other servants of the Communities laid down by Regulation (EEC, Euratom, ECSC) No 259/68, and in particular Article 83a of and Annex XII to the Staff Regulations,

Having regard to the proposal from the Commission,

Whereas:

(1) In accordance with Article 13 of Annex XII to the Staff Regulations, on 1 September 2008 Eurostat submitted a report on the 2008 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 10,9% of basic salary.

(2) In the interests of actuarial balance of the pension scheme of officials and other servants of the European Communities, the rate of contribution should therefore be adjusted to 10,9% of the basic salary.

(3) In accordance with Article 12 of Annex XII to the Staff Regulations, the rate for the calculation of compound interest must be the effective rate referred to in Article 10 of Annex XII and should therefore be adjusted,

HAS ADOPTED THIS REGULATION:

Article 1

With effect from 1 July 2008, the rate of the contribution referred to in Article 83(2) of the Staff Regulations shall be 10,9%.

Article 2

With effect from 1 January 2009, the rate in Articles 4(1) and 8 of Annex VIII for the calculation of compound interest shall be 3,1%

Article 3

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 HAVING A BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE

1. NAME OF THE PROPOSAL:

Proposal for a Council Regulation adjusting, from 1 July 2008, the rate of contribution to the pension scheme of officials and other servants of the European Communities

2. BUDGET LINES:

Chapter and Article:

400 Tax on salaries of officials and other servants

Amount budgeted for the year concerned (Budget 2008):

EUR 529.9 million

410 Staff contributions to the pension scheme

Amount budgeted for the year concerned (Budget 2008):

EUR 350 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[1]	12 month period starting 01/07/2008	2008
Article 400	*Impact on own resources*	-4.1	-2.1
Article 410	*Impact on own resources*	19.6	9.8

Situation following action

[1] Regarding traditional own resources (agricultural duties, sugar levies, customs duties) the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% of collection costs.

	2009	2010	2011	2012	2013
Article 400	-4.1	-4.1	-4.1	-4.1	-4.1
Article 410	19.6	19.6	19.6	19.6	19.6

4. ANTI-FRAUD MEASURES

5. OTHER REMARKS

Method of calculation:

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

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