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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the actuarial balance of the Pension Scheme for EU Officials (PSEO) and the budgetary implications of Annex XII to the Staff Regulations

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1. LEGAL BASIS

Pursuant to Article 14(1) of Annex XII to the Staff Regulations, in 2022 the Commission shall submit a report to the European Parliament and the Council on the actuarial balance of the Pension Scheme for EU Officials (PSEO) and the budgetary implications of Annex XII to the Staff Regulations.

This report implements the aforementioned provision by assessing the actuarial balance of the scheme and analysing the budgetary implications of Annex XII in the period 2014 – 2021. Whenever possible and where relevant, this report also refers to developments from 2022.

2. BASIC FEATURES OF PSEO

2.1. Legal basis of PSEO

Pursuant to Article 83 of the Staff Regulations:

- The benefits paid under the pension scheme[1] are to be charged to the Union budget;
- Member States are to jointly guarantee the payment of the benefits; and
- Officials are to contribute one third of the cost of financing the scheme.

Article 83a of the Staff Regulations provides that the balance of the pension scheme shall be ensured by the pensionable age and the rate of contribution to the scheme. It also lays down procedures for annual and five-yearly updates of the rate of contribution to the pension scheme.

Annex XII to the Staff Regulations sets out the actuarial rules for computing the contribution rate in order to ensure that the scheme is in balance.

2.2. Notional (virtual) fund principle

The PSEO is a notional (virtual) fund with defined benefits, in which staff's contributions serve to finance their future pensions. Although there is no actual investment fund, the amount that would have been collected by such a fund is considered to have been invested in the Member States' long-term bonds and is reflected in the pension liability that is registered in the annual accounts of the European Union. Member States jointly guarantee the payment of the benefits pursuant to Article 83 of the Staff Regulations and Article 4(3) of the Treaty on European Union.

[1] The benefits to be paid under PSEO are laid down in Chapter 3 of Title V and Annex VIII to the Staff Regulations. Benefits under the PSEO include retirement pensions, transfers of pension rights, severance grants, survivor's pensions and invalidity allowances.

As the PSEO is designed as a notional fund, staff 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. EU case-law has confirmed that the PSEO is a notional fund, despite finding that it also displays some features of a solidarity scheme[2].

The PSEO is different from most Member State pension schemes for public officials, in which the contribution rate or benefits are adjusted so as to ensure a balance each year between contributions collected and pension expenditure. In this type of schemes which links the contributions to the pension expenditure of the same period (known as pay-as-you-go schemes), if it is not possible to achieve a balance, the difference is covered from the budget.

The notional PSEO fund is assessed both annually and every five years as if a real fund existed, thus further guaranteeing its long-term sustainability.

2.3. Actuarial balance principle

The balance of the PSEO is ensured regularly through updates of the contribution rates and, where relevant, the pensionable age.

The PSEO follows an actuarial balance principle whereby annual staff contributions have to cover one third of the rights acquired in the year in question[3], which correspond to the future pensions that the same staff will receive after retirement, plus (under certain conditions) invalidity allowances and survivor's and orphans' pensions. The future pension benefits are evaluated at each reference date[4], which involves the calculation of their present value using an interest (discount) rate[5]. This computation is an actuarial valuation.

The Pension Contribution Rate (PCR) is the mechanism that keeps the scheme in balance from year to year. It is automatically updated if the actuarial assessment foreseen by Article 83a of the Staff Regulations shows that this is necessary in order to fully cover the pension rights acquired in a given year. Consequently, when staff members pay the updated contribution rate, they acquire pension rights for a given year protected by the principle of acquired rights.

3. ACTUARIAL BALANCE OF THE PSEO

The actuarial balance of the PSEO is ensured by the annual update of the PCR, and, where appropriate, the update of the pensionable age. The calculation methodology of the PCR is validated by national experts of the EU Member States and external actuaries (3.1). The PCR corresponds to the ratio between the service cost[6] at year N and the total annual basic salaries/allowances at 31 December of the previous year for the same population. In order to calculate the service cost, a number of parameters are employed and a full set of demographic and financial assumptions is evaluated (chapter 3.2). The actuarial balance of the PSEO is guaranteed by the PCR (chapter 3.3) and the pensionable age (chapter 3.4).

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2 See, for example, Case F-105/05, *Wils v Parliament*, paragraph 85 and Case T-439/09, *Purvis v Parliament*, paragraph 45.

3 Article 83(2) of the Staff Regulations.

4 31 December of year n.

5 The PCR is computed according to the 'projected unit credit' method, as prescribed by the International Public Sector Accounting Standard IPSAS 39 "Employee benefits". The sum of the actuarial values of rights acquired by the contributing members of staff (referred to in actuarial practice as 'service cost') is compared with the annual total of their basic salaries/allowances in order to calculate the contribution rate.

6 The sum of the actuarial values of rights acquired by the contributing members of staff (referred to in actuarial practice as 'service cost').

3.1. Technical implementation of the rules for keeping PSEO in balance

Eurostat is the authority responsible for the technical implementation of Annex XII to the Staff Regulations.

Eurostat is assisted by:

- national experts from the Member States (the "Article 83 Working Group" which meets at least once a year) concerning methodology questions raised by the implementation of Annex XII, and
- one or more qualified independent experts in carrying out the actuarial assessments of the PSEO[7].

This system ensures that the methodology and results of the actuarial assessments of the PSEO are properly reviewed and validated. This is a key aspect for the robustness of the process.

3.1.1. Activity of the Article 83 Working Group in the period 2014-2022

In the 2014-2022 period, the Article 83 Working Group has been meeting every year in compliance with the relevant provision of the Staff Regulations[8]. The Article 83 Working Group has examined, discussed, and approved the methodological documents drawn up by Eurostat.

The annual meetings of the Article 83 Working Group are also attended by the observers representing international organisations such as the ISRP (International Service for Remunerations and Pensions of the Coordinated Organisations, including the OECD, NATO, ESA, the Council of Europe), the European Central Bank, the European Investment Bank, the European Investment Fund, the European Patent Office and Eurocontrol. Eurostat exchanges relevant information on actuarial issues with these organisations.

3.1.2. Assessments by the qualified independent expert

In accordance with Article 13, paragraph 2 of Annex XII to the Staff Regulations, Eurostat is assisted by one or more qualified independent expert with regard to the methodological implementation of that Annex and to the modelling and calculation of any involved actuarial assumptions.

Following the outcomes of open call for tenders, Eurostat has been assisted by:

- EY Actuaires Conseils for the PSEO assessments 2014 to 2016;
- The Consortium of Agilis S.A. and Prudential Ltd. for the PSEO assessments from 2017 to 2022.

During the reference period, both actuaries reviewed and validated the methodology, calculations and reports related to the PSEO assessment. In particular, the input for calculations, such as the PSEO population and actuarial assumptions, were agreed with those external experts.

Eurostat has implemented in its final assessment reports the recommendations made by actuaries[9].

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7 Article 13, paragraph 2 of Annex XII to the Staff Regulations.

8 Article 13, paragraph 4 of Annex XII to the Staff Regulations.

9 The actuaries perform independent parallel calculations of the PSEO PCR and deliver an actuarial opinion, which can be either "unqualified" or "qualified" (the latter happens when the actuaries' results differ from Eurostat's results by more than the tolerated materiality threshold of 3%). In the case of all

3.2. Parameters and actuarial assumptions

The rules for the assessment of the actuarial balance of the PSEO are laid down in Annex XII to the Staff Regulations. It sets out a system based on underlying parameters and assumptions, which ensure the actuarial balance of the PSEO.

3.2.1. Statutory parameters

These are values mainly linked to the application of the Staff Regulations, including the rules on calculating pension benefits. Some of these parameters change according to certain conditions related to the individual situation of each official. Annex 1 provides the list of the main statutory parameters used for the last pension assessment in 2022.

3.2.2. Actuarial assumptions

Actuarial assumptions are split in demographic and financial / economic assumptions. Actuarial assumptions need to be modelled and estimated in accordance with the relevant provisions of the Staff Regulations and actuarial best practices.

The values of the actuarial assumptions involved are agreed by national experts from the relevant departments of the Member States at the yearly meetings of the Article 83 Working Group.

In accordance with the provisions of Annex XII to the Staff Regulations and decisions taken by the Working Group, some of these assumptions (e.g. the mortality table) are updated on the occasion of the five-yearly assessment of the scheme while others are updated every year. The latest five-yearly assessment took place in 2018.

3.2.2.1. Demographic assumptions

The demographic assumptions are an essential element in the calculation of the actuarial balance of the PSEO. With regard to the future pension benefits, the actuarial demographic assumptions are fundamental to update the structure of the population, the average age of retirement and the invalidity table, following the provisions of Article 9 of Annex XII to the Staff Regulations.

The main demographic actuarial assumptions are:

- The mortality tables: The 2018 EU Life Table (EULT), developed by Eurostat, is a prospective table[10] which incorporates a trend of life expectancies over a 20 years' time horizon (same time length as the PSEO duration as estimated at end 2017) based on the evolution of mortality of the PSEO population. The 2018 EULT is thus a life table built on a population entirely relevant to the PSEO. Annex 2 is an extract from the EULT.
- The invalidity tables developed by Eurostat based on past observations.
- The assumed retirement age; in accordance with Article 4, paragraph 3 of Annex XII to the Staff Regulations, it is assumed that retirements will occur at a fixed average rate that varies based on the date of entry into service of each staff member.
- The probability of being married at the retirement date.

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the PSEO assessment reports issued between 2014 and 2022, the actuaries released an "unqualified" opinion.

[10] The prospective life tables used by Eurostat correspond to the actuarial best practices as they include future changes in mortality by taking into account observed and projected changes in mortality for the PSEO population through its lifetime.

- The coefficients for orphans and divorced spouses, etc.

Actuarial demographic assumptions intervene into the calculation of the service cost based on which the PCR is calculated so as to ensure the actuarial balance of the PSEO. Annex 3 provides the list of demographic assumptions used for the last pension assessment in 2022.

3.2.2.2. Financial assumptions[11]

The actuarial financial assumptions such as the real discount rate and the general salary growth have a significant impact on the functioning of the PSEO.

The real discount rate reflects the real average interest rates of long term public debt of Member States, while the general salary growth looks at the rate of annual change in the salary scales. In both cases a 30-year moving average of the corresponding rates is used[12]. In the 2022 yearly PSEO assessment, the values of the real discount rate and general salary growth were respectively 2.7% and -0.1%.

The individual salary progression table is another key actuarial financial assumption. The individual salary progression captures the effect of the salary increase linked to the career advancement of the EU staff due to promotions and seniority steps. The 2014 reform of the Staff Regulations reinforced the link between grade and function. For example, access to the highest grades in function groups AD and AST was severely restricted. Additionally a new category of staff was introduced: Secretary and Clerks (AST/SC). These evolutions have been reflected by the individual salary progression.

Annex 4 provides the list of financial assumptions used for the last pension assessment in 2022 as well as a sensitivity analysis of the variation of these assumptions.

3.3. Implementation of the principle of actuarial balance

The balance of the PSEO is ensured through the updates of the PCR pursuant to the provisions under Annex XII to the Staff Regulations and, where appropriate, the pensionable age. In light of this, the PSEO is by definition always in actuarial balance. Whereas the pensionable age may be updated every five years, the PCR is assessed every year by Eurostat.

The Staff Regulations lay down a system for the update of the PCR based on two thresholds: a "floor" and a "ceiling" threshold. The floor threshold refers to the minimum gap between the rate in place and the rate needed to keep the actuarial balance (0.25 points). This provision, on the one hand significantly reduces administrative burden by updating the PCR only when its changes would significantly impact the actuarial balance of the PSEO, and on the other ensures that the PCR remains stable and predictable for staff. The ceiling threshold establishes that the PCR shall not be updated by more than one percentage point above or below the valid rate of the previous year. This provision ensures that staff is protected from abrupt changes of the PCR in short periods and that the contribution to the EU budget remains relatively stable.

Annex 5 demonstrates that the PSEO has been kept in actuarial balance throughout the period 2014-2022. The balance was ensured by the PSEO yearly assessments conducted by Eurostat and the resulting PCR change, i.e. the PCR value corresponds to one third of the ratio between the total of the service cost and the total of the annual basic salaries/allowances. In

[11] Sometimes referred to as "economic actuarial assumptions".

[12] Articles 10 and 11 of Annex XII to the Staff Regulations.

addition, the difference between the calculated and applied PCR did not imply a significant material consequence and therefore the PSEO remained in actuarial balance.

3.4. Assessment of pensionable age

The system of regular assessments of the pensionable age laid down by the co-legislator in 2014 also ensures the sustainability of the PSEO. By establishing a clear link between the EU staff life expectancy and the EU staff pensionable age, the Staff Regulations ensure that the PSEO is adequate in a context of general ageing population.

The normal pensionable age, which is defined as the age allowing staff members to retire without penalties, is set at 66 years by the Staff Regulations. Pursuant to Article 77, paragraph 7 of the Staff Regulations, the pensionable age shall be reviewed every five years on the basis of a Commission report assessing 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 EU institutions.

In its 2021 assessment of the pensionable age[13] the Commission observed that life expectancy of the PSEO population, as assessed by Eurostat's Life Tables, did not increase significantly. Moreover, the EU officials' pensionable age is among the highest compared to the pensionable ages applicable in the EU Member States' public services. As a result, this report concluded that the current pensionable age of 66 years for EU staff was appropriate and corresponded to the highest standards applicable in the national civil services of the Member States.

4. BUDGETARY IMPLICATIONS OF THE PSEO

4.1. Background

4.1.1. Historical context of the PSEO

In the 1960s, the Council decided that staff contributions would not be set aside in an actual pension fund, but would instead be credited to the EU budget at the time when they are collected and spent in accordance with the decisions of the budgetary authority, i.e. not assigned to any particular policy field.

At the same time, the Council decided that the employer's share of the contribution would not be collected. Instead, the EU institutions undertook to pay future pension benefits (to be charged to the Union budget) when staff retire. Although there is no actual investment fund, the amount that would have been collected by such a fund is considered to have been invested in Member States' long-term bonds and is reflected in the pension liability that is registered in the annual accounts of the European Union.

As Member States jointly guarantee the payment of the benefits pursuant to Article 83 of the Staff Regulations and Article 4(3) of the Treaty on European Union, the budget is, in effect, borrowing this money from the members of the scheme, in return for a guarantee to pay future benefits.

[13] Report from the Commission to the European Parliament and the Council pursuant to Article 77 of the Staff Regulations – COM(2021) 94.

4.1.2. Creation of an actual pension fund

Four possibilities for establishing an actual pension fund for the EU institutions have been explored by the Commission in 2012[14]. Each option entailed various costs depending on the envisaged transition. However, in 2013, when agreeing on the 2014 reform of the Staff Regulations, the co-legislator decided to maintain the principle of a notional pension fund for EU institutions.

In order to create an actual pension fund, the EU budget would have to transfer part of the PSEO liability into the fund. However, the current value of the liability, as calculated on the basis of the latest interest rates, is very unfavourable for such a move. In addition, the creation of an actual pension fund would necessarily increase the yearly pension expenditure and lower the revenues to the EU budget. Therefore, in light of the current availabilities under the multiannual financial framework (MFF), such an approach is not feasible. Moreover, even if an actual pension fund would have been created, financial markets' volatility could question the opportunity of investing the reserve of such a fund.

4.2. Population of the PSEO

4.2.1. Active staff

4.2.1.1. Evolution of staff

In the Interinstitutional Agreement of 2 December 2013[15], EU Institutions agreed on a 5% reduction of posts in the respective establishment plans. In 2017, the European Court of Auditors (ECA) confirmed that all EU Institutions and agencies implemented the 5% staff reduction between 2013 and 2017, albeit with some delays[16].

At the same time, as already observed by the ECA in 2017, the budgetary authority granted new posts and credits for the recruitment of contract agents to the institutions, bodies and agencies in the framework of the annual budgetary procedure. These posts were made available mostly to cater for the additional tasks granted to EU institutions (this explains the significant increase in the number of posts granted to agencies), and the accession of Croatia.

Hence, whilst the Commission staff slightly decreased between 2014 and 2021, the overall active population of EU Institutions increased from 58.567 to 66.120 (Annex 6). The increase mainly stems from the executive and decentralised agencies and Joint Undertakings as a result of the decisions taken by the budgetary authority to extend certain fields of activity (e.g. Frontex) and to create new bodies and agencies, e.g. the Single Resolution Board[17], the European Public Prosecutor Office[18], the European Labour Authority[19] and the European Health and Digital Executive Agency[20].

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14 Report from the Commission to the European Parliament and the Council on the Pensions Scheme of Officials and Other Servants of the European Union, COM(2012)37 final.

15 Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

16 European Court of Auditors Rapid case review on the implementation of the 5 % reduction of staff posts.

17 Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.

18 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO').

4.2.1.2. Composition of staff

The staff increase observed in agencies and other bodies affects the overall composition of EU staff by increasing the share of temporary and contract agents. These agents, regardless of the nature of their contracts, have lower remuneration and/or slower career advancement than officials. In addition, contract agents fall under a different salary grid than officials[21] and their pension entitlements are adjusted in case they would become officials[22].

Both, the 2004 and 2014 reforms of the Staff Regulations were subject to transitional provisions given that pension rights are protected under the principle of acquired rights. By laying down transition rules under Annex XIII to the Staff Regulations, the co-legislator provided for the coexistence of three cohorts of staff members. For instance, whilst the default annual accrual rate is 1.8% for staff recruited from 1 January 2014, it is 1.9% for staff recruited between 1 May 2004 and 31 December 2013 and 2% for those recruited till 30 April 2004.

Since the 2014 reform of the Staff Regulations, the share of active staff members falling under the pre-2004 rules decreased from 36% to 19% whilst active staff members falling under the rules in place since 1 January 2014 represent almost 48% of active staff members (Annex 7).

At the same time, and because staff members recruited after the 2004 and 2014 reforms of the Staff Regulations are the most recent active members of the PSEO, the share of the pensionable years they acquired – which will be subject to the stricter conditions defined in 2004 and 2014 – is increasing progressively. It represents 60% of all pension rights acquired. When looking only at pension rights acquired under the post-2014 rules, it already represents a significant part (22%) of the overall share of pensionable years acquired by staff members (Annexes 8 and 9). This reflects the ever-increasing effects the 2004 and 2014 reforms of the Staff Regulations will have in the future.

4.2.2. Pensioners

Since 2014, the number of pensioners increased. This results from the progressive expansion of the EU workforce resulting from the successive enlargements of the EU and the broadening of its tasks. In the longer term, as active staff move into retirement, the headcount of pensioners will necessarily increase. The increase will continue until the time when the number of retirees in a given year balances the number of actives[23].

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19 Regulation (EU) 2019/1149 of the European Parliament and of the Council of 20 June 2019 establishing a European Labour Authority, amending Regulations (EC) No 883/2004, (EU) No 492/2011, and (EU) 2016/589 and repealing Decision (EU) 2016/344.

20 Most decentralised agencies are either created by the Council on the basis of Article 352 of the Treaty on the Functioning of the European Union, or by the Parliament and the Council on the basis of a specific Treaty provision. Currently, 35 decentralised agencies have been established on this basis, over a period of 40 years.

21 Article 93 of the CEOS.

22 Article 3(d) of Annex VIII to the Staff Regulations establishes that the pensionable years of Contract Agents who later become officials must be calculated on the basis of the ratio between the last basic salary received as a member of the contract staff and the first basic salary received as an official. In other words, pension rights acquired by Contract Agents who become officials are lower than staff recruited as officials from the first day.

23 This corresponds to one of the definitions of maturity for a pension scheme.

Annex 10 shows that currently the pre-2004 cohort represents almost 90% of all pensioners, whereas pensioners falling under pre-2014 rules represent 9%, and those falling under the post-2014 rules represent only 1% of all pensioners. For the latter, this is only normal as – as a general rule – 10 years of service are required to be entitled to a PSEO pension [24]. It follows that progressively staff members falling under the post-2004 and post-2014 rules will represent the majority of retired staff, the effects of the two successive reforms introduced by the co-legislator in 2004 and 2014 will be further significantly reinforced.

4.3. Revenues from the PSEO

Since 2014, the PSEO generated EUR 5.8 billion revenues for the EU budget. These are composed of staff members' pension contributions, staff members' transfers of pension rights, contributions paid by the United Kingdom on the basis of the Withdrawal Agreement[25] and contributions by decentralised agencies and international organisations taking part to EU programmes.

4.3.1. Proceeds of the pension contribution rate

Pension contributions are based on actuarial calculations done by Eurostat to ensure the actuarial balance and the sustainability of the PSEO. Whilst in certain Member States, national civil servants do not pay any pension contribution rate, the PCR paid by EU staff represents one of the highest rates compared to pension schemes in the public services of the Member States (Annexes 17 to 20).

The calculated contribution makes that staff members finance one third of the pension rights acquired every year. The proceeds from such contributions are not assigned to any specific budget line and are used to finance EU policies, limiting contributions required from Member States for supporting the EU Institutions to deliver on the many tasks they have been entrusted with. Since 2014, this amounts to EUR 4.2 billion euros that were used to finance the budget. In 2022 alone, it represented more that EUR 500 million.

4.3.2. Revenues from staff members' transfers of pension rights

Staff members have the possibility to transfer under the PSEO the pension rights they acquired under national pension schemes or pension funds[26]. This involves the transfer of capital representing the rights which they have acquired through their professional activities performed before entering into the service of the EU. The capital equivalent to the pension rights is transferred by the original pension scheme and converted into the PSEO as years of pensionable service. These years of pensionable service are taken into account in the calculation of the retirement pension under the PSEO. These transfers represent the entirety of the capital (3/3), corresponding to the actuarial equivalent of the pension rights acknowledged under the PSEO. They brought to the EU budget EUR 950 million euros since 2014 and bring on average more than EUR 100 million per year to the EU budget (Annex 12).

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[24] The 1% of pensioners covered by the post-2014 rules represent those who either reached pensionable age whilst having less than 10 years of service or those who, whilst having completed at least ten years of service, changed contract and – as a result – fell under the post-2014 rules.

[25] Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community 2019/C 384 I/01.

[26] Articles 11 and 12 of Annex VIII to the Staff Regulation.

4.3.3. Contributions from the United Kingdom

The Withdrawal Agreement[27] provides that the contracting parties agreed that the United Kingdom shall be liable for its share of the Union's liability for pension rights and rights to other employment-related benefits accrued on or before the end of the transition period on 31 December 2020. This liability covers pension rights of all staff members regardless of their nationality.

The Withdrawal Agreement further provides that the United Kingdom shall contribute annually to the net payments made from the Union budget to each beneficiary. Alternatively, under the last paragraph of Article 142(6), the United Kingdom may request to pay the outstanding liability at 31 December of a given year.

Regarding staff pensions, the United Kingdom has chosen the option of the annual instalments. In 2022, the United Kingdom contributed EUR 235 million to the net payments made from the Union budget for pensions of former EU staff. In the coming years, the United Kingdom will continue financing its share of the pension expenditure calculated as a fixed percentage of the evolving pension expenditure.

By ensuring the United Kingdom's recognition of its liability for the pension rights acquired by all EU staff before the end of the transition period, the Withdrawal Agreement guarantees the continued contribution of the United Kingdom to the PSEO notional fund. Thus, the United Kingdom's decision to withdraw from the EU would not entail any additional cost for the EU budget.

4.3.4. Contributions from non-subsidised agencies and third parties taking part to EU programmes

In line with Article 83a, paragraph 2 of the Staff Regulations, agencies which do not receive a subsidy from the general budget of the European Union shall pay into that budget the entire amount of the contributions needed to finance the scheme.

In addition, EU programmes and actions sometimes involve the participation of third parties (e.g. third countries). Because their participation may require the recruitment of additional staff members for the implementation of programmes, the Commission ensures that third parties' contributions to the budget also cover the employer share of staff future pension entitlements.

These contributions generate revenues for the budget whilst ensuring that future pension costs have been covered. Since 2014, this represents almost EUR 400 million of revenues for the budget (Annex 13).

4.4. Expenditure from the PSEO

During the first years of its implementation, the EU pension scheme has produced – in budgetary terms – net revenue, i.e. the contributions from active staff acquiring pension rights have outweighed the benefits drawn by a limited number of retirees. Pension scheme revenue has consisted of staff and employer contributions; the latter were not paid into a fund, but only reflected in the pension liability. In this way, the EU budget was actually borrowing money from scheme members in return for a guarantee to pay future benefits.

[27] See Articles 142(2) and 142(6) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community 2019/C 384 I/01.

Annex 14 shows the evolution of the pension expenditure between 2014 and 2022. It increased at an average of 6.2% per year. This includes the effects of the update of remuneration and pensions.

The current level of pension expenditure reflects to a very large extent the payment of the pension rights acquired under the pre-2004 rules, which apply to 90% of the pensioners. These rules provided notably for a 2% yearly pension accrual rate, the application of pension correction coefficients, higher entry salaries, lower pensionable age and a staff composed of officials and temporary agents only. Annex 15 shows the evolution of the costs attached to the payment of pension correction coefficients.

The share of pensioners falling under the scope of post-2004 rules has increased steadily. Whilst staff members recruited after 1st of May 2004 but before 1st of January 2014 currently represent 9% of the pensioners, all active staff members falling under these rules will have lower pension entitlements as a result of lower entry grades, lower accrual rate and the absence of pension coefficients. This will be fully reflected in the pension expenditure once these staff members will reach pensionable age. In the longer term, savings resulting from the 2004 reform will continue increasing, up to one billion per year in the long term[28].

Given that only 1% of current pensioners fall under post-2014 rules, the structural changes introduced by the co-legislator in 2014 (i.e. increased retirement age, reduced yearly pension accrual rate, reduced career progression, creation of a lower salary scale for secretarial and clerical jobs) will fully materialise only when staff members falling under the post-2014 pension rules will take their pensions. This means that the effects on the pension expenditure of the most recent structural changes introduced by the co-legislator in 2014 will gradually increase as an increasing share of staff members recruited after 2014 will become pensioners[29].

In light of the above, the pension expenditure will continue growing reflecting the increase of the workforce of the EU institutions, especially in agencies or through the creation of new bodies. At the same time, the two successive reforms of the Staff Regulations have already generated significant savings. These savings will keep increasing as staff members falling under the 2004 and 2014 stricter rules will start receiving a pension.

4.5. PSEO liability

The PSEO is a notional (virtual) fund with defined benefits. Because there is no actual investment fund, the amount that would have been collected by such a fund is considered to have been invested in the Member States' long-term bonds and is reflected in the pension liability that is registered in the annual accounts of the European Union.

The EU annual accounts are prepared according to accounting rules based on Internationally Accepted Accounting Standards (IPSAS 39), the highest available standards. The figure for pension and other post-employment liabilities presented on the EU balance sheet represents the actuarial valuation, at current monetary values, of the EU obligation to pay the future pensions and other rights, acquired by its staff (actives, invalids and retirees). This valuation is based on the forecasted payments to be made by the EU budget to the current and future retirees over a time horizon of several decades.

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[28] 2010 Eurostat study on the long-term budgetary implications of pension costs.

[29] In order to draw a pension under the Staff Regulations, staff members should be affiliated at least ten years or reach pensionable age whilst in service.

One of the key variables required for the calculations is the Real Discount Rate. This rate is necessary to calculate the present value of the expected future benefits. That interest rate is obtained from the nominal interest rates and the inflation rates[30], thus involving a double source of volatility. In that respect, the recent increases of the liability resulted almost entirely from the sharp decline of the long-term interest rate used to value employee benefit obligations: the real discount rate became recently even negative, meaning that any given amount is worth more today than in the future. For instance, in 2021, the real discount rate passed from -0.2% to -0.8%. This change led to an increase of the liability of almost EUR 14 billion (+14.5%) to EUR 126 billion[31].

The figure for pension and other post-employment liabilities presented on the EU balance sheet has clear accounting purposes. However, it is a very volatile figure subject to market conditions and macroeconomic fluctuations. Therefore, it has limited value in terms of assessing the real budgetary implications of PSEO.

The above conclusion is further illustrated with the following two considerations:

First, it should be noted that while the rate of interest significantly impacts the current value of the EU's future pension obligations as presented on the balance sheet at a particular point in time, it does not change the amount of pensions that will have to be actually paid – it only reflects the current value of those amounts at a particular moment in time.

Second, an estimation of the same liability calculated by using the interest rate applicable for the calculation of the PCR under the Staff Regulations would reduce drastically the amount and the volatility of the liability as calculated according to IPSAS 39 standards. For example, by applying the interest rate used for the calculation of the PCR (+2.7% in 2021), which is calculated in line with the Staff Regulations[32] and along the best actuarial standards on a long term moving average over 30 years of interest rates of long term public debt of Member States, the hypothetical value of the pension liability with the actuarial assumptions of the pension assessment would decrease from EUR 126 billion to EUR 62.6 billion, a reduction of more than a half (Annex 16).

5. THE 2004 AND 2014 REFORMS OF THE STAFF REGULATIONS AND THEIR EFFECTS

5.1. THE 2004 AND 2014 REFORMS OF THE STAFF REGULATIONS

With the 2004 reform of the Staff Regulations, the co-legislator decided to make significant structural changes to statutory rules affecting directly pension entitlements. In particular, this involved:

- increased pensionable age from 60 to 63 years,
- lower entry salary levels – in particular for administrators,
- lower yearly pension accrual rate (1.9%),
- a new staff category with a lower salary scale (contract agents),
- phasing out of correction coefficients applicable to pensions.

With the 2014 reform of the Staff Regulations, the co-legislator decided to introduce additional changes affecting significantly pension entitlements of the staff members recruited after 2014. This involved in particular:

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30 Market expectations in terms of yield of the government bonds, plus expectations as regards the inflation.

31 Chapter 2.9 "Liabilities – Pensions and other employee benefits" of the Consolidated annual accounts of the European Union.

32 Article 10 of Annex XII to the Staff Regulations.

- increased pensionable age to 66 years,
- lower yearly pension accrual rate (1.8%),
- reduced career perspectives to ensure a stronger correlation between the grade and the function,
- a new staff category with a lower salary scale (secretarial and clerical jobs).

At the same time, the co-legislator provided for a more favourable salary scale for staff members recruited before 2014, as a compensation to the limitations of careers introduced at the occasion of the 2014 reform of the Staff Regulations[33]. Finally, in addition to these structural changes, the co-legislator provided for freezes (2011, 2013 and 2014) and a lower adjustment (2012) of pay and pensions.

5.2. EFFECTS OF THE 2004 AND 2014 REFORMS OF THE STAFF REGULATIONS

5.2.1. EFFECTS ON THE FUNCTIONING OF THE SCHEME

The two successive reforms of the Staff Regulations generated and will continue to generate significant savings. These reforms have put the PSEO at the forefront when compared to national pension schemes. At the same time the reforms of the PSEO impacted the attractiveness of the EU institutions, as the PSEO remains an essential feature of the remuneration package of the EU civil servants[34].

5.2.1.1. THE REGULAR UPDATE OF KEY PARAMETERS

The PSEO is a very flexible scheme continuously monitored, as key assumptions such as the PCR and the pensionable age are regularly assessed and updated if necessary.

The PCR is assessed every year and updated if necessary. As shown in Annex 17, only one Member State has a system based on an automatic update of the PCR as it is the case under the PSEO. Other Member States update it only occasionally, based on political decisions, rather than actuarial calculations or do not update it at all.

This automatic update mechanism ensures that the level of contribution paid by EU staff (i.e. 10.1% in 2022) is the one required to finance their accrued pension entitlements, which ensures the actuarial balance of the PSEO. The level of contributions is among the highest when compared to that paid by national civil servants (Annex 18). Moreover, in several Member States, civil servants are not subject to any contribution to finance their pension benefits.

In line with Article 77 of the Staff Regulations, the EU staff pensionable age can be adjusted. As shown in Annex 19, only one Member State has a pensionable age higher than the EU. In most of the EU Member States, the pensionable age is updated either regularly or occasionally, to reflect the evolving life expectancy. At the same time, for one third of the EU Member States, such a link does not exist. Annex 20 shows that the PSEO not only has such link in place, but also that the rules governing the PSEO envisage regular updates of the pensionable age, as underlined in chapter 3.4. Such updates are based on mortality tables, thereby linking pensionable age to life expectancy[35].

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33 Article 30 of Annex XIII to the Staff Regulations.

34 Court of Auditor's Special report no 15/2019: Implementation of the 2014 staff reform package at the Commission - Big savings but not without consequences for staff.

35 Eurostat used prospective life tables. The prospective EU Life Tables developed by Eurostat incorporate a trend of continuous increase of life expectancies over 20 years.

These adaptations ensure that the PSEO remains sustainable whilst corresponding to the highest standards when compared to pension schemes from the Member States.

5.2.1.2. ROLE OF THE PSEO IN THE ATTRACTIVENESS OF EU INSTITUTIONS

When being offered a job, highly qualified experienced professionals seeking employment are likely to give more consideration to the role of pensions in the reward package than are younger candidates. Also, candidates who have previously worked in the private or public sector have acquired some experience and sensitivity in dealing with retirement issues. Candidates who leave the system with which they are familiar to enter a new, unfamiliar system are likely to pay particular attention to this new system. Lastly, candidates who favour (job) security and a predictable career over top salaries in less stable employment will pay greater attention to the pension scheme. The typical staff member newly recruited by the EU Institutions is likely to fall into one of these categories. As the institutions typically employ persons who started their career elsewhere and who are therefore 36 years old on average, the importance of the pension system in the overall attractiveness of the reward package is believed to be higher than, for example, for public employees in Member States who start their careers in public administration immediately after graduating. The fact that almost all new recruits have previously worked elsewhere is also proved by the number of transfers of pension rights acquired outside the EU institutions to the PSEO.

5.2.2. SAVINGS RESULTING FROM THE 2004 AND 2014 REFORMS OF THE STAFF REGULATIONS

Both reforms of the Staff Regulations introduced structural changes affecting pension entitlements such as the increases of the retirement age, the reductions of the accrual rate, the limitations of the remuneration levels by reducing career perspectives and introducing new salary scales (e.g. contract agents and secretaries and clerks), and the suppression of pension coefficients. These changes were subject to transitional provisions given that pension rights are protected under the principle of acquired rights. The 2014 reform of the Staff Regulations also imposed freezes that affected directly the level of pensions.

The structural effects of the 2004 and 2014 reform of the Staff Regulations can be better appreciated if one looks at the active population, given that only 9% of the current beneficiaries fall under the post-2004 rules and just 1% is covered by the post-2014 rules (Annex 10).

Since 2004, the average pension rights accrued by beneficiaries of a pension decreased from 64.6% in 2004 to 61.7% at the end of 2021 (Annex 21). This resulted both from:

- the lower accrual rates introduced in 2004 and 2014 and
- the ever increasing average age of entry into the EU civil service.

Given that the share of pensioners falling under post-2004 and post-2014 rules will increase in the future, the observed sharp decrease of the average pension rights acquired by beneficiaries will continue decreasing over the next years. In addition, the progressive phasing out of pension correction coefficients will also result in considerable savings[36] (Annex 15).

[36] Since 2014, correction coefficients applied to pensions had a cost of EUR 400 million. Their progressive phasing out will represent significant savings in the future.

These structural changes are also reflected by the evolution of the average basic salary when entering the service (-15%) and when leaving the service (-11%). This confirms the far reaching effects of the two reforms of the Staff Regulations on the level of remuneration, which directly affect the level of ensuing pension benefits.

In addition to these structural changes, the 2014 reform of the Staff Regulations alone already generated around EUR 1.5 billion savings in pension expenditure as compared to the budgetary estimates preceding the 2014 reform of the Staff Regulations (Annex 22).

Finally, going beyond the actuarial logic on which the PSEO is based, from budgetary perspective it is interesting to note that the current level of the service cost (i.e. EUR 1700 million representing the sum of the actuarial values of rights acquired by contributing members of staff in a given year) is lower than the current level of the pension expenditure (EUR 2400 million). In other words, if the entirety of the pension rights acquired by staff members in 2022 were put aside in a funded pension fund, it would be a lower amount than that of pension expenditure in current prices. This is another illustration of the effectiveness of the two successive reforms of the Staff Regulations. As a result, though more staff members are acquiring pension rights, they acquire significantly lower pension entitlements.

6. Conclusions

The system put in place by Annex XII of the Staff Regulations has ensured the correct implementation of the rules by keeping the PSEO in actuarial balance, providing stability for staff and ensuring a continuous progressive pension contributions flow into the EU budget.

While PSEO has not reached maturity yet, both the 2004 and the 2014 reforms of the Staff Regulations are already generating significant savings on the current pension expenditures. Key indicators such as the average level of pension rights acquired as well as average basic salaries, confirm that the structural changes introduced by the 2004 and 2014 reforms of the Staff Regulations will progressively generate increasing savings and thus considerably slow-down the evolution of the impact of PSEO on the EU budget.

Compared to the pension systems applicable to the civil servants of the Member States, the PSEO remains at the forefront in most of the key indicators such as pensionable age, level of pension contributions, adjustment to the evolution of actuarial parameters. At the same time, the effects of the 2004 and 2014 reforms of the Staff Regulations on PSEO pose a challenge to the attractiveness of the EU public service.

In view of the assessment of the actuarial balance and the budgetary implications of the PSEO by the present report, the Commission, in line with Article 14(1) of Annex XII to the Staff Regulations, does not deem it appropriate at this stage to propose to amend Annex XII to the Staff Regulations.

ANNEXES

Annex 1: Main statutory parameters used in the 2022 actuarial assessment

Parameter	Value
Legal source	Staff Regulations in force from 01.01.2014
Reference date for the population (Annex XII Article 1)	31.12.2021
Maximum retirement age (Staff Regulations Article 52)	65 (automatically officials in service before 01.01.2014), 66 (automatically new officials) or 67 (at staff' request) or until 70 (exceptionally)
Normal retirement age (Staff Regulations Article 52 and Annex XIII Article 22)	60 to 66 depending on years of service, age and entry date in service
Minimum retirement age (Staff Regulations Article 52(b), Annex VIII Article 9 and Annex XIII Article 23)	58
Category and grade for the minimum subsistence figure (Annex VIII Article 6)	Grade AST 1 Step 1
Maximum retirement pension (Staff Regulations Article 77)	70% of the basic salary at the retirement date
Annual accrual rate (Article 77 of the Staff Regulations and Article 21 of Annex XIII)	1.8% (officials in service from 01.01.2014) 1.9% (officials in service from 01.05.2004), or 2% (officials in service before 01.05.2004), of basic salary
Bonus for officials in service after the normal retirement age (Annex VIII Article 5 and Annex XIII Article 22)	1.5% (new officials) or 2.5% of the basic salary, or 5% of the amount of pension rights acquired at 60, depending on the entry date in service, the years of service at 1st May 2004 and the age of the official on 1st May 2004
Penalty for early retirement (Annex VIII, Article 9 and Annex XIII, Article 22, point 3)	3.5% (new officials) or 1.75% (former officials) of the pension, for every year before the normal retirement age
Minimum retirement pension (Staff Regulations Article 77)	4% of the minimum subsistence figure per year of service
Invalidity allowance (Staff Regulations Article 78)	70% of the basic salary
Minimum invalidity allowance (Staff Regulations Article 78)	100% of the minimum subsistence figure
Reversion pension (Staff Regulations Article 79 and Annex VIII Article 18)	60% of the retirement pension
Minimum reversionary pension (Staff Regulations Article 79 and Annex VIII Article 18)	35% of the last basic salary
Survivor's pension (Staff Regulations Article 79 and Annex VIII Article 17)	60% of the retirement pension that would have been payable to the official
Minimum survivor's pension (Staff Regulations Article 79)	35% of the last basic salary or minimum subsistence figure

Annex 2: Extract from the EU Life Tables

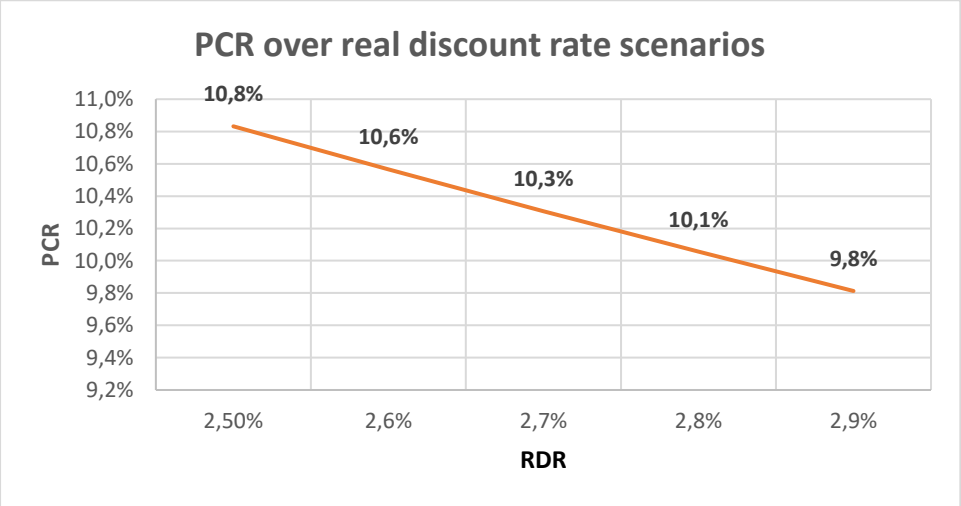
Age	Men		Women	
	Probability to die at age x	Life expectancy	Probability to die at age x	Life expectancy
40	0,00048544	44	0,00037417	46
45	0,00083219	39	0,00064198	42
50	0,00140284	34	0,00110248	37
55	0,00236193	30	0,00189106	32
60	0,00398328	25	0,00324918	27
65	0,00643074	21	0,00558535	23
70	0,01187197	16	0,00864211	19
75	0,02186383	13	0,01470951	14
80	0,04016587	9	0,02826935	11
85	0,07362888	6	0,05429701	8
90	0,12980921	4	0,10494797	5

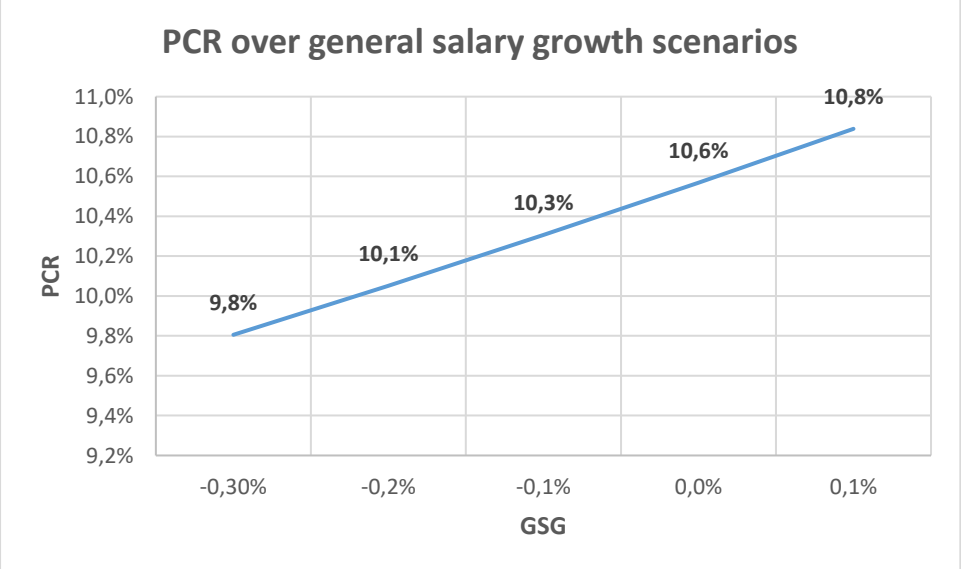
Annex 3: Demographic assumptions for the 2022 actuarial assessment

Demographic assumptions	2022 assessment
Life Table (healthy members)	2018 EULT
Life Table (disabled members)	2018 EULT + 3 years
Invalidity Table	2018 EU Invalidity Table
Current Marital Status	Marital Status at evaluation date
Probability of being married at retirement age, for men	82,0%
Probability of being married at retirement age, for women	52,0%
Average age difference between an official and his/her partner	1 year
Assumed Retirement Age	63 to 66
Turnover	2018 Turnover
Loading Coefficient for orphan's and divorced spouse's pension	9,6%

Annex 4: Financial assumptions for the 2022 actuarial assessment

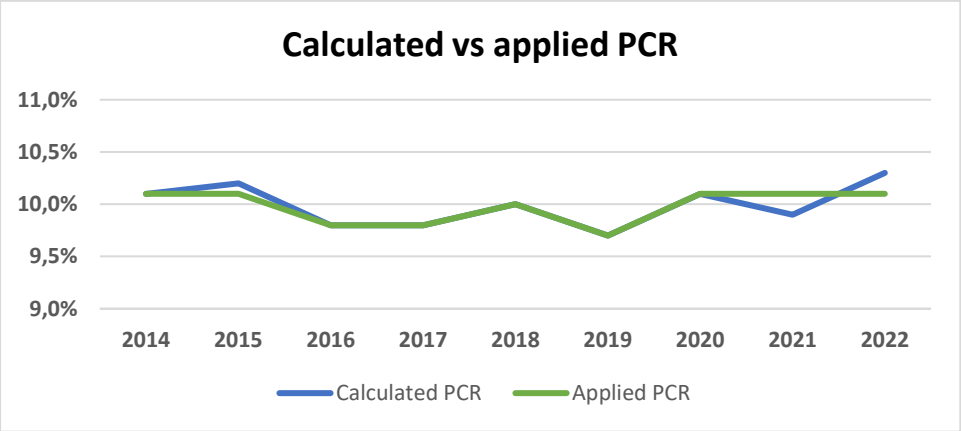
Financial assumptions	2022 assessment
Salary Grid	In force from 01.07.2021
Duration	23 years
Nominal Discount Rate (NDR)	4,6%
Inflation Rate (IR)	1,8%
Real Discount Rate (RDR)	2,7%
General Salary Growth (GSG)	-0,1%
General Pension Revaluation (GPR)	-0,1%
Individual Salary Progression (ISP)	2018 ISP Table
Correction Coefficients (art. 3.5 of Annex XI & art. 20 of Annex XIII)	0,0%





Annex 5: Pension contribution by year between 2014 and 2022

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Service cost for retirement /Basic salaries	28,3%	28,2%	27,2%	27,1%	27,4%	26,9%	27,8%	27,5%	28,6%
Service cost for invalidity / Basic salaries	1,2%	1,3%	1,3%	1,3%	1,6%	1,7%	1,7%	1,7%	1,7%
Service cost for death / Basic salaries	0,9%	0,9%	0,9%	0,9%	0,9%	0,6%	0,6%	0,6%	0,6%
Service Cost / Basic salaries	30,4%	30,5%	29,5%	29,3%	30,0%	29,2%	30,2%	29,8%	30,9%
Calculated PCR (staff share)	10,1%	10,2%	9,8%	9,8%	10,0%	9,7%	10,1%	9,9%	10,3%
Applied PCR (staff share)	10,1%	10,1%	9,8%	9,8%	10,0%	9,7%	10,1%	10,1%	10,1%

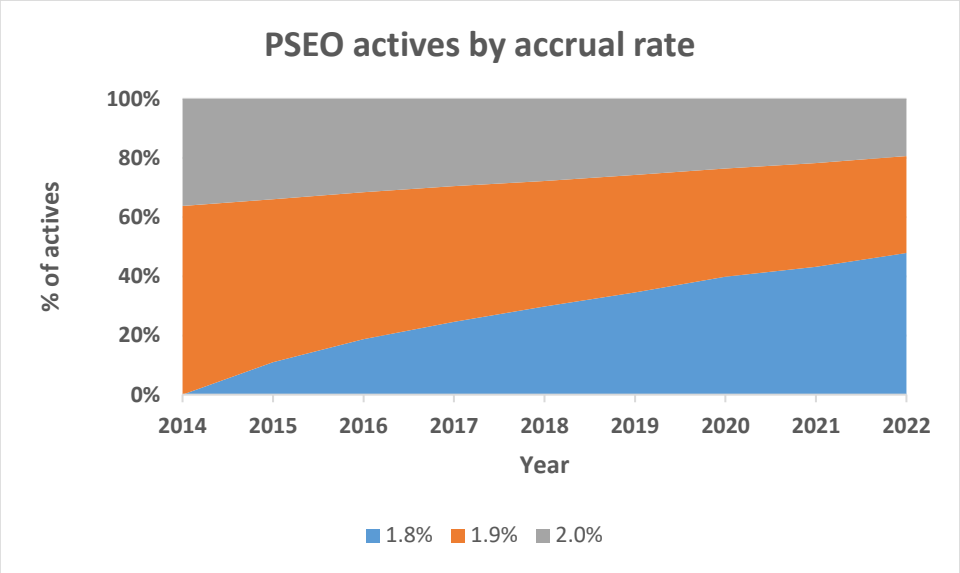


Annex 6: Evolution of active staff at the EU Institutions

Active population	2014	2015	2016	2017	2018	2019	2020	2021	Change
Parliament	9.074	9.464	9.872	9.959	10.305	9.895	9.987	10.357	14,1%
Council	2.985	3.026	3.162	3.162	3.111	3.160	3.206	3.246	8,7%
Commission	31.015	31.359	30.889	30.448	30.765	31.248	31.115	31.005	0,0%
CJEU	2.101	2.244	2.273	2.311	2.293	2.327	2.303	2.309	9,9%
ECA	902	931	934	938	943	943	945	950	5,3%
EESC	741	739	739	738	737	737	730	727	-1,9%
CoR	542	558	548	552	560	569	560	574	5,9%
Ombudsman	73	73	76	82	78	75	73	74	1,4%
EDPS	58	62	63	72	96	96	114	128	120,7%
EEAS	1.988	1.983	2.035	2.016	2.095	2.149	2.234	2.326	17,0%
Other institutions and decentralised agencies	9.088	9.595	10.337	11.007	11.646	12.272	13.093	14.424	58,7%
Total	**58.567**	**60.034**	**60.928**	**61.285**	**62.629**	**63.471**	**64.360**	**66.120**	**12,9%**

Annex 7: Active population of PSEO by cohorts of accrual

Accrual Rate	2013	2014	2015	2016	2017	2018	2019	2020	2021
1,8%	0	6.438	11.280	14.972	18.250	21.618	25.280	27.815	31.671
1,9%	36.985	32.226	29.827	27.978	25.998	24.896	23.217	22.576	21.653
2,0%	20.989	19.903	18.928	17.978	17.037	16.115	14.974	13.969	12.796
Totals	**57.974**	**58.567**	**60.034**	**60.928**	**61.285**	**62.629**	**63.471**	**64.360**	**66.120**

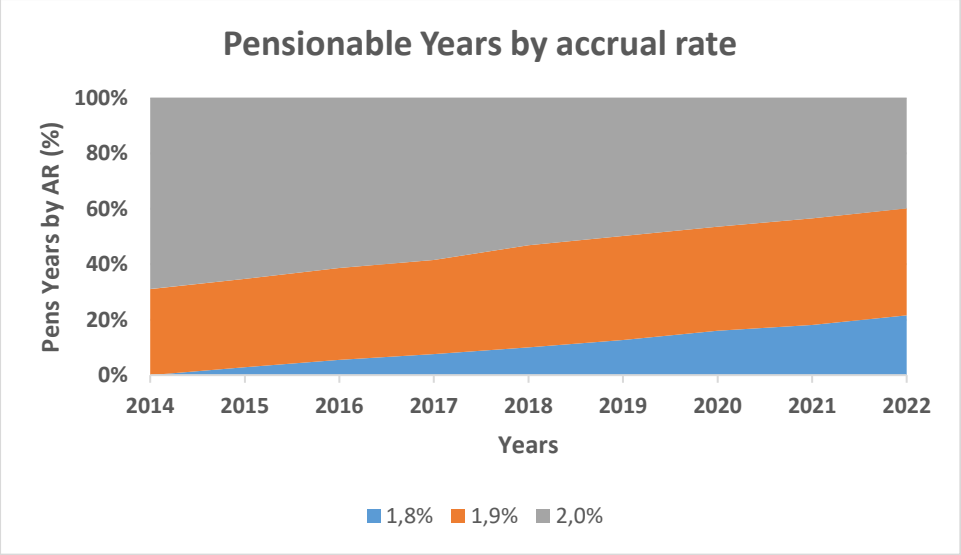


Annex 8: Number of pensionable years performed by various cohorts of active staff

Accrual Rate	2014	2015	2016	2017	2018	2019	2020	2021	2022
1,8%	0	19.476	39.805	57.077	81.336	107.914	139.360	161.680	198.108
1,9%	209.337	221.645	238.790	253.246	300.615	320.554	326.371	343.688	354.837
2,0%	464.097	453.572	440.828	436.240	433.162	424.344	403.373	387.626	365.418
Total	**673.435**	**694.693**	**719.423**	**746.564**	**815.113**	**852.812**	**869.105**	**892.995**	**918.363**

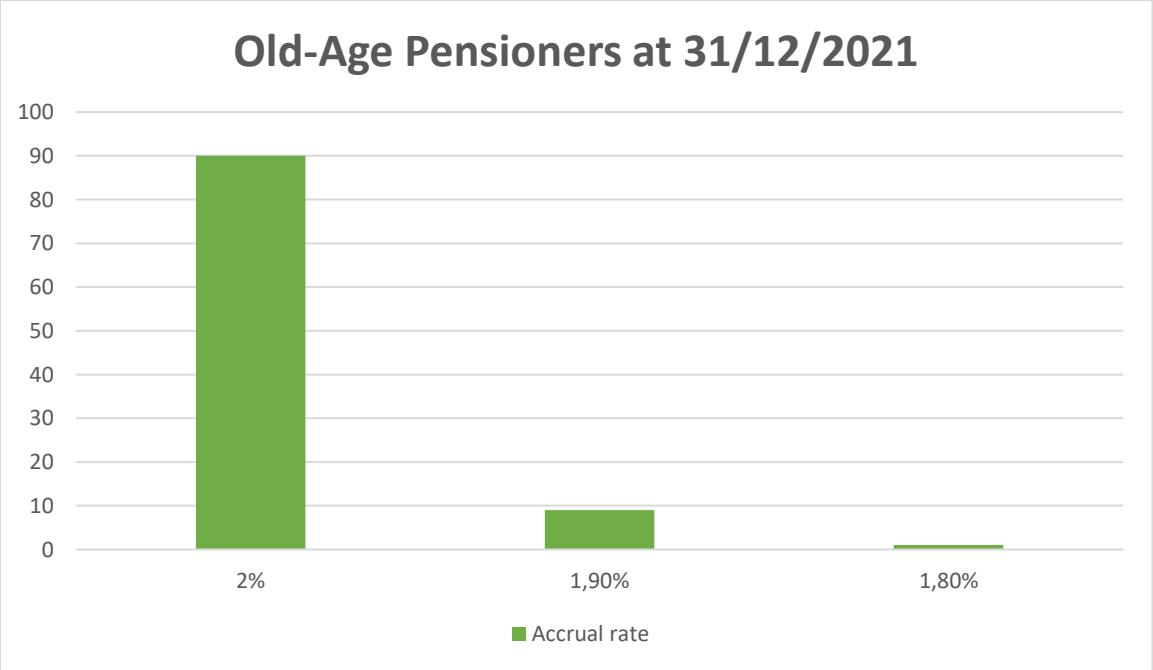
Annex 9: Share of pensionable years performed by various cohorts of active staff

Accrual Rate	2014	2015	2016	2017	2018	2019	2020	2021	2022
1,8%	0,00%	2,8%	5,5%	7,7%	10,0%	12,7%	16,0%	18,1%	21,6%
1,9%	31,1%	31,9%	33,2%	34,0%	36,9%	37,6%	37,6%	38,5%	38,6%
2,0%	68,9%	65,3%	61,3%	58,4%	53,1%	49,8%	46,4%	43,4%	39,8%



Annex 10: Number of pensioners per cohort of recruitment (pre-2004, post-2004 and post - 2014)

Date of recruitment	Number of pensioners	Share of pensioners
Until 30.04.2004	18 291	89.6%
As from 01.05.2004	1.883	9.2%
As from 01.01.2014	236	1.2%



Annex 11: Proceeds from staff members' pension contributions

Year	Proceeds from staff members' pension contributions (in million EUR)
2014	348.7
2015	425.6
2016	441.8
2017	449.2
2018	473.6
2019	485.7
2020	504.4
2021	535.2
2022	553.4
Total	**4217.6**

Annex 12: Contributions from transfers-in of pension rights

Year	Contributions from transfers-in of pension rights (in million EUR)
2014	109.4
2015	108.6
2016	139.5
2017	127.6
2018	107.3
2019	89.1
2020	82.3
2021	89.8
2022	95.5
Total	**949.1**

Annex 13: Contributions by decentralised agencies and international organisations

Year	Contributions by decentralised agencies and international organisations (in million EUR)
2014	17.6
2015	22.5
2016	40.3
2017	42.4
2018	52.6
2019	50.6
2020	52.1
2021	56.4
2022	58.2
Total	**392.7**

Annex 14: Total pension expenditure

Year	Pension expenditure (in million EUR)
2014	1.485.1
2015	1.541.2
2016	1.660.5
2017	1.774.5
2018	1.854.6
2019	1.964.5
2020	2.064.4
2021	2.173.2
2022	2.398.1
Average increase	**+6.2%**

Annex 15: Pension expenditure resulting from pension correction coefficients

Year	Part of the pension expenditure corresponding to correction coefficients (in million EUR)
2014	39.3
2015	37.8
2016	42.5
2017	45.4
2018	47.2
2019	48.4
2020	50.7
2021	56.6
2022	57.6
Total	**425.7**

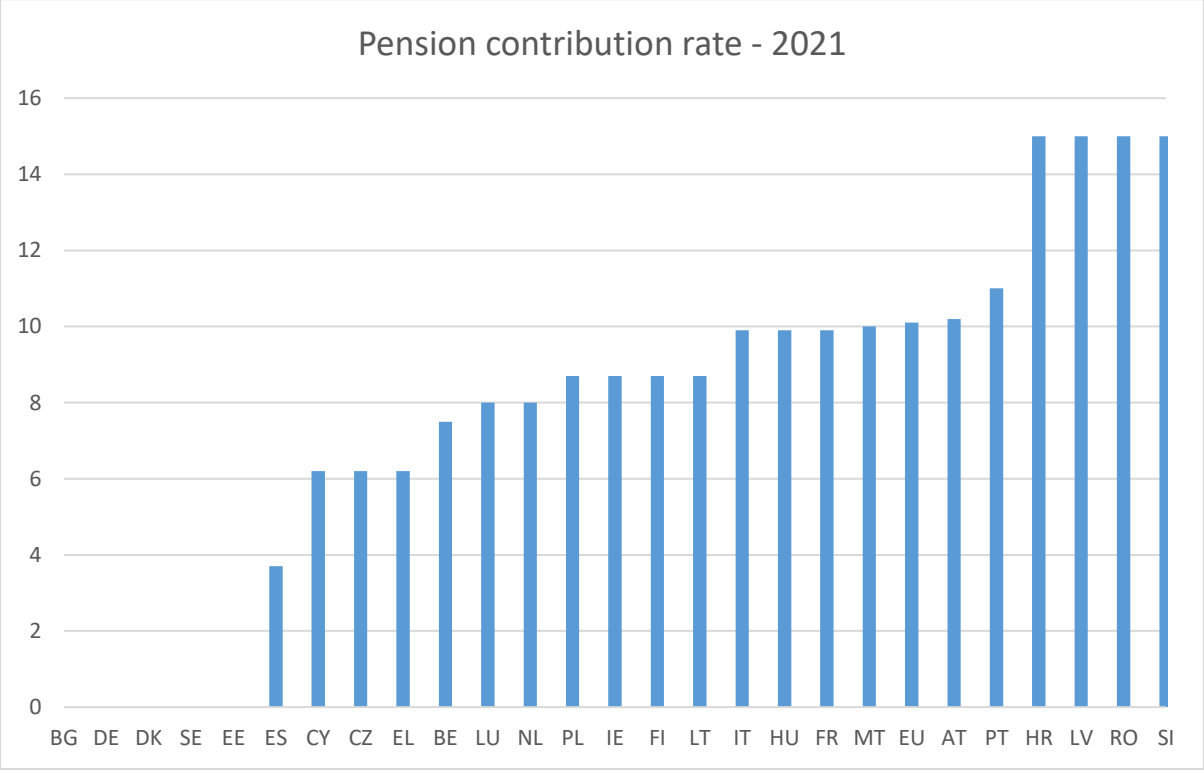
Annex 16: Pension liability with the actuarial assumptions of the pension assessment at 31 December 2021

PCR assumption	PSEO Liability (in million EUR)	Impact (in million EUR)	Impact
Liability actuarial assumptions	126 068		
Assessment actuarial assumptions	62 613	-63 455	-50.3%

Annex 17: Update of the pension contribution rate in EU Member States[37]

Conditions under which pension contribution rates are updated	**Member States**
Regular updates based on actuarial calculations	NL, EU
Occasional updates based on actuarial calculations	AT, BE, HU, LU, PT, SI
Regular updates based on political decisions	FI, PL
Occasional updates based on political decisions	BG, FR, HR, IE, LT, LV, MT, RO, SE
No updates	CY, CZ, DE, ES, EE, DK, IT, SK

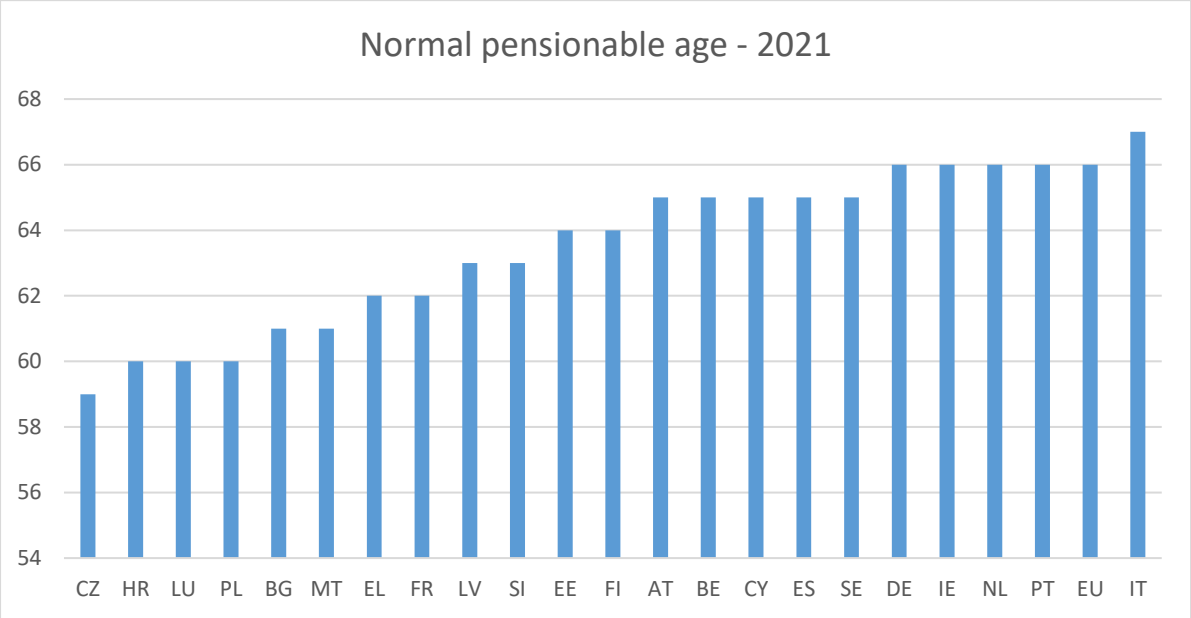
Annex 18: Pension contribution rates applicable in Member States in 2021[38]



37 The data in this table are provided by Member States' representatives in the Article 83 Working Group.

38 The tables of Annex 18 refers to data submitted by Member States in the form of country fiches for the 2021 Commission report on the ageing population (The 2021 Ageing Report: Economic and Budgetary Projections for the EU Member States (2019-2070) prepared by DG ECFIN). In addition, every year, the EU Member States provide Eurostat with data on their respective pension contribution rate: as those data are collected in ranges of values, the table reports the median value of the range where necessary.

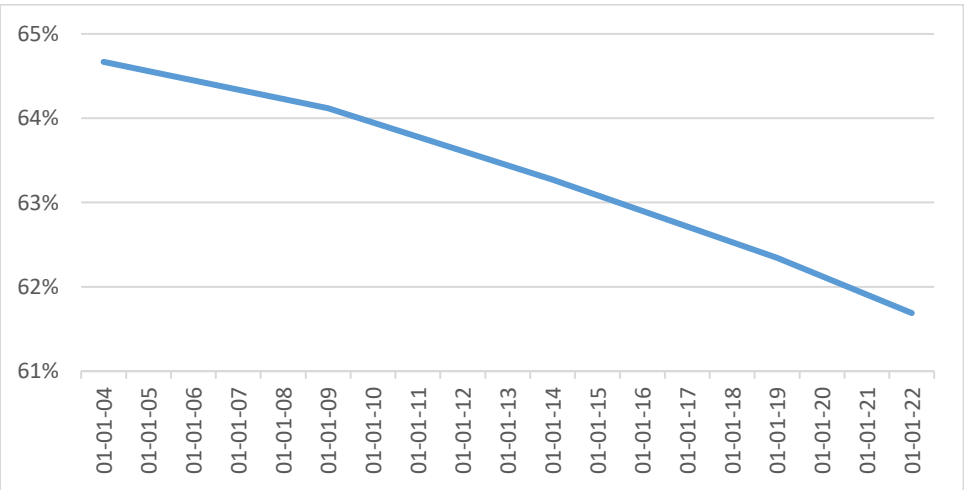
Annex 19: Normal pensionable age applicable to public servants in 2021[39]



Annex 20: Update of the pensionable age in light of life expectancy[40]

Link between the pensionable age and life expectancy	Member States
No link	AT, BG, DE, EE, ES, HU, LU, RO, SE
Weak link: occasional updates	BE, CZ, FR, HR, IE, LT, LV, MT, PL, SI
Strong link: Regular update	CY, DK, EL, FI, IT, NL, PT, SK, EU

Annex 21: Evolution of the average pension rights accrued by pensioners



39 The data in this table are provided by Member States' representatives in the Article 83 Working Group.

40 The data in this table are provided by Member States' representatives in the Article 83 Working Group.

Annex 22: Savings on the pension expenditure resulting from the measures of the 2014 measures affecting the salary grid

Year	Savings resulting from the measures of the 2014 reform of the Staff Regulations affecting the salary grid (million)
2011	24.9
2012	34.2
2013	59.6
2014	95.1
2015	116.6
2016	129.2
2017	141.4
2018	150.1
2019	162.0
2020	172.5
2021	184.0
2022	214.7
Total	**1.484.4**