



Eurostat
Unit C3 - Statistics for administrative purposes

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**Meeting of the Working Group
on Article 83 of the Staff Regulations**

Luxembourg, 27 June 2017, 9:30 a.m., Bech building, room Ampere

**Central government pension schemes in the EU
- Survey results –**

Item 6 of the agenda

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1 Introduction

According to the decision taken at Article 83 Working Group (Art83 WG) meeting held on 30 June 2010, a questionnaire on pension schemes in central governments of EU Member States (QPSCG) was launched in 2010 by Eurostat unit C6¹ (Verification of statistics for administrative purposes).

The target population of the survey were permanent statutory staff of the sub-sector "central governments" (S.1311 of ESA95) of MS, which included all the administrative departments but also those central agencies whose competence covers the whole economic territory, except for the administration of social security funds".

The aim of the QPSCG was to identify the main features of the pension schemes applicable to national civil servants working in the central governments of the MS.

That first survey permitted to draft a first report which was submitted at the Art83 WG 2011 meeting.

In the framework of the announced reform of Staff Regulations applicable to EU official, a slightly modified questionnaire with a different structure was addressed to the delegates in the course of 2011.

A third, fourth and fifth survey were launched in 2012, 2014 and 2016.

The present report is the outcome of the survey launched in the first half of 2017 in compliance to the decision taken by the delegates in the course of the 2016 meeting of the WG.

Eurostat strongly believes that a comparative analysis of national pension schemes represents a tough exercise in consideration of the inherent complexity of the topic, of the existence in some countries of more than one pension scheme applicable to the target population of the survey, of the challenging methodological issues.

It is useful to clarify that for those MS where more than one pension schemes exist to the benefit of the target population of the present survey, only a single scheme has been retained in the analysis. Its selection has been made according to the following criteria:

- the scheme applicable to the population having closer characteristics to those of the target population has been taken,
- the scheme applicable to most of the population with characteristics similar to those of the target population has been taken,
- the most recent scheme is taken.

¹ Now unit C3 "Statistics for administrative purposes"

While acknowledging that the choice to select only one pension scheme where several ones exist can be questionable from the statistical methodological perspective, this approach has been retained for the sake of simplification.

Finally, as relates to countries which didn't provide any reply to the present survey, the last available information (from previous survey) has been retained when allowed by the new structure of the survey with respect to preceding ones.

2 Summary of replies

Out of the 28 MS, 19 have responded to the questionnaire (68% response ratio).

In the case of five MS (CY,EE,LU,MT,PT), multiple schemes all falling within the scope of the present survey have been presented.

As regards the four MSs which didn't reply, Eurostat considers their previous replies as still actual.

3 Analysis of replies by item

The QPSCG consisted of 36 questions conceived to identify the main features of the pension schemes applicable to national civil servants working in the central governments of MS. A synthesis by **QPSCG** items is detailed next.

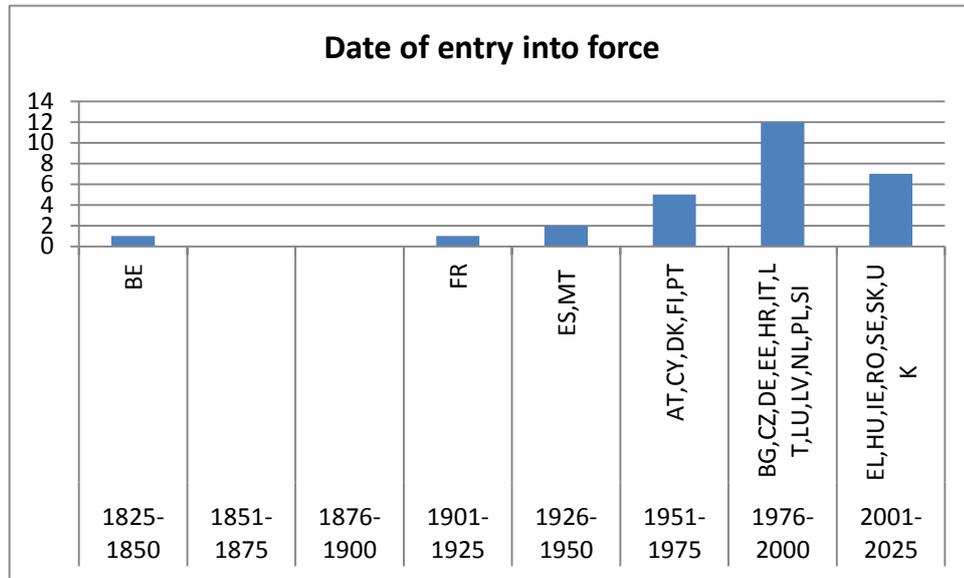
3.1 Entry into force of the pension scheme (Item 01.02)

The date of entry into force of the current pension schemes in the MS is quite variable.

The vast majority of cases the current scheme entered into force in the second half of the past century.

In the case of six countries, the pension schemes have been created more recently in the course of the current century.

CHART 1

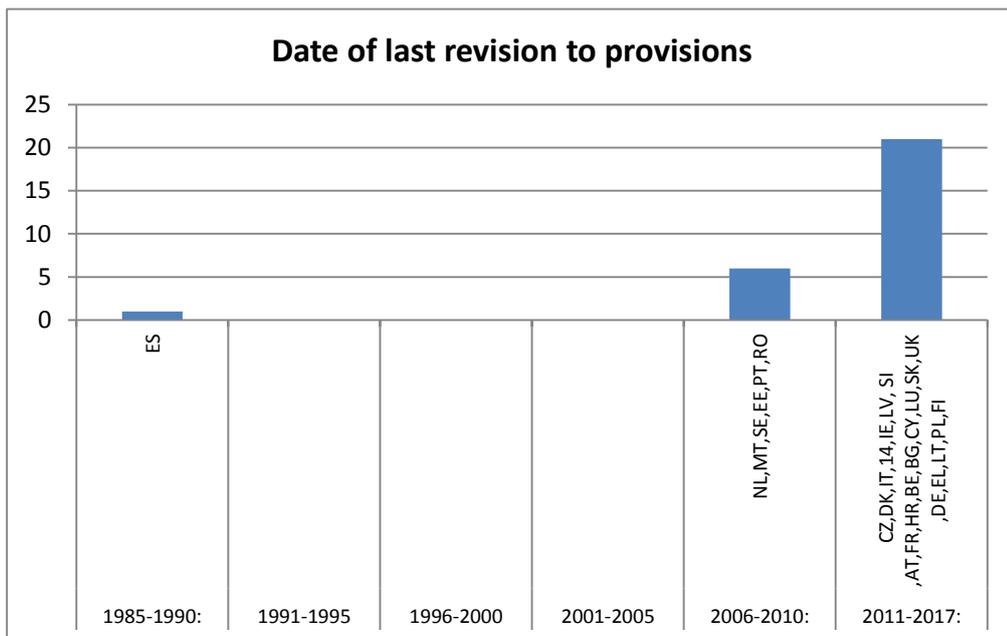


3.2 Date of last revision to provisions (Item 01.03)

The growing attention paid by MS to their pension provisions, is proved by the fact that the big majority of the countries have revised their pension schemes provisions in in the course of the last five years.

Only in the case of one MS, the latest updates were made in the past century.

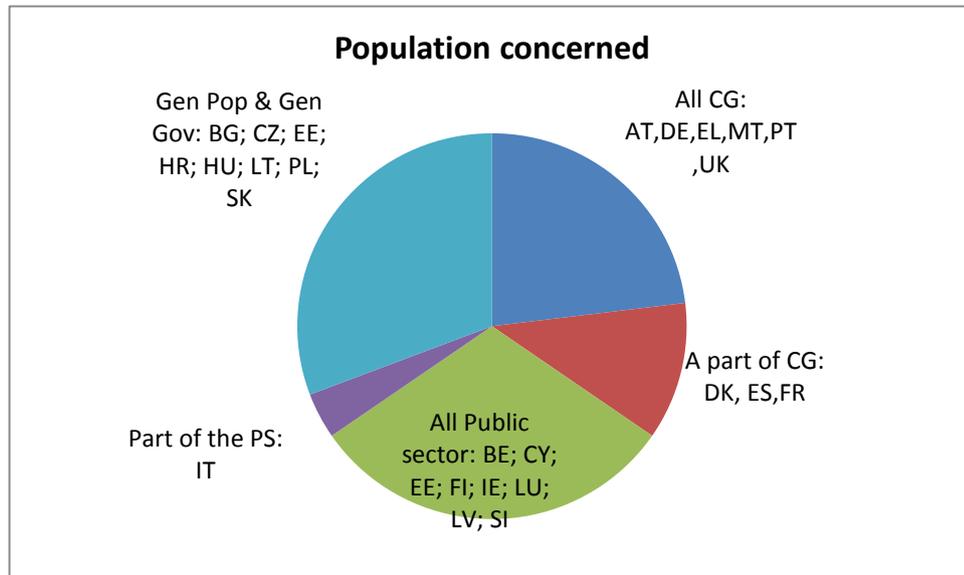
CHART 2



3.3 Population concerned (Item 02.01)

The target population of the survey are permanent statutory staff of the sub-sector “central governments” of MS. However the relevant pension schemes sometimes also cover a larger share of population as depicted in the chart below.

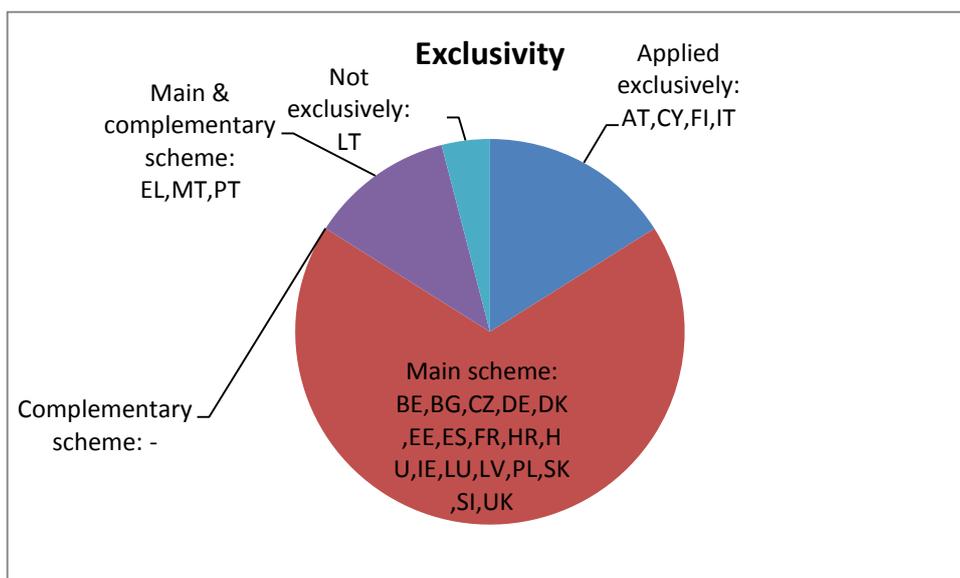
CHART 3



3.4 Exclusivity (Item 02.02)

The information above is complemented by chart 4 which addresses the exclusivity issue of the relevant pension scheme. One may conclude that in most of the cases the concerned pension scheme applies mainly but not exclusively to the targeted population.

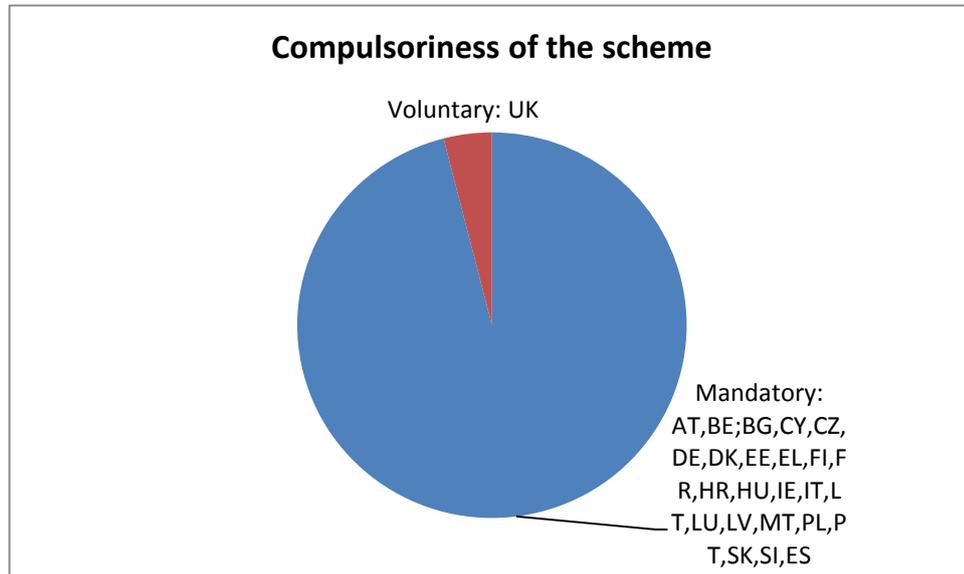
CHART 4



3.5 Compulsoriness (Item 02.03)

As to the replies received, the indicated pension scheme is mandatory in almost all cases.

CHART 5



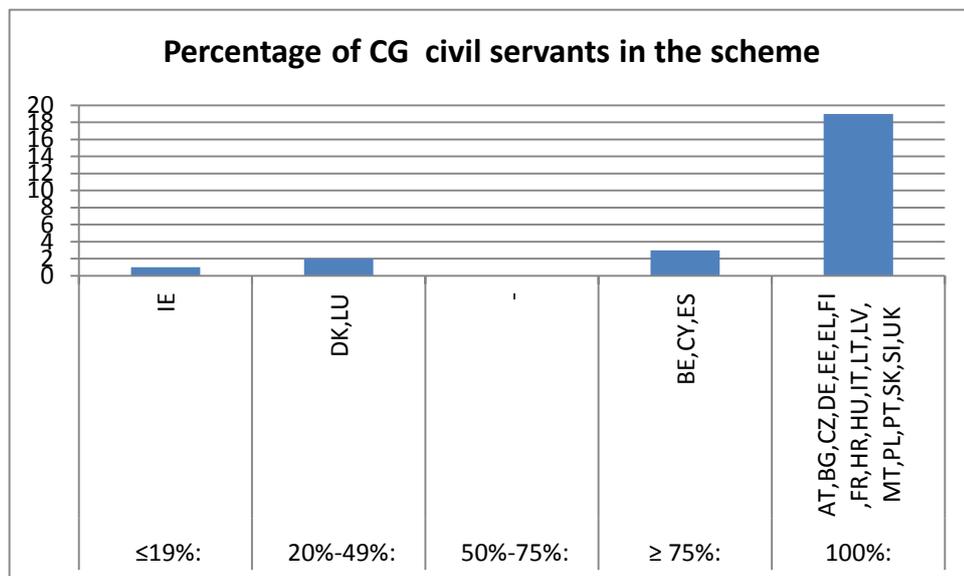
3.6 Quota (Item 02.04)

In 19 cases, the relevant pension scheme covers the totality of civil servants of Central Governments.

In three cases, the scheme covers the big majority of civil servants.

Only in three cases, a minor percentage of civil servants from Central Governments is concerned by that pension scheme and covered in other ways.

CHART 6



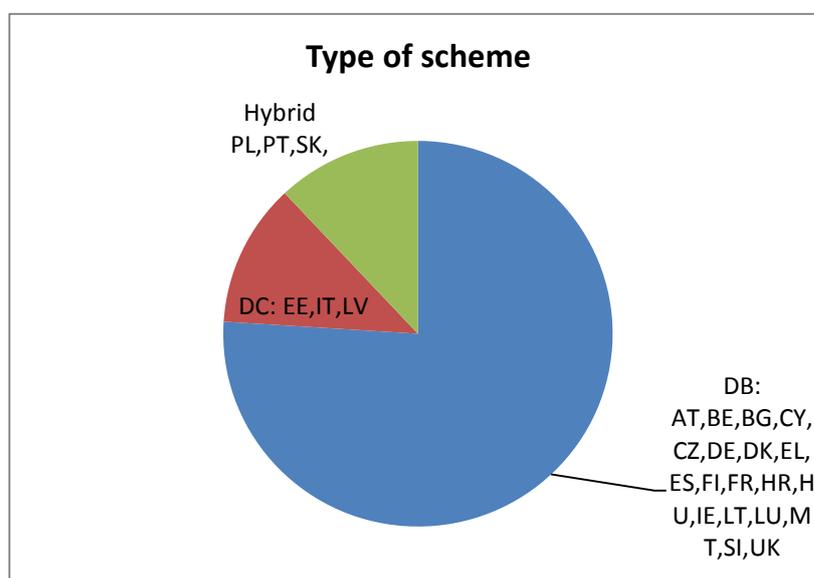
3.7 Type of scheme (Item 03.01)

Most of the pension schemes (75%) are "*defined benefit*" ones, which means that benefits on retirement are determined by a set formula and do not depend on investment returns: a certain pay-out is then guaranteed at retirement.

The remaining part is equally split between:

- "defined contribution" system where pay-out at retirement will depend on contribution made and investments performance,
- hybrid pension's scheme.

CHART 7



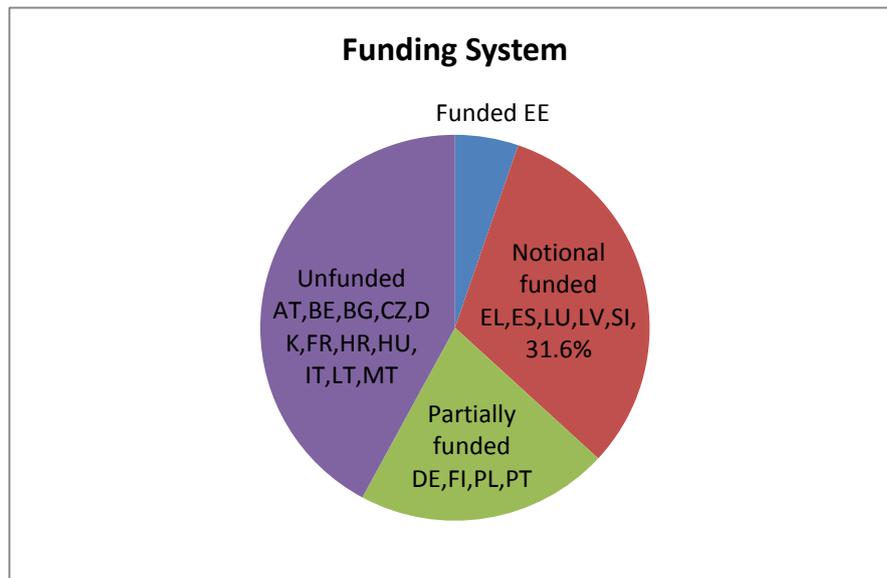
3.8 Funding system (Item 04.01)

The majority of the national pension schemes are "*unfunded*", in other terms pension contributions are not transferred to a fund.

Conversely one country have a "*funded*" scheme.

In the middle stay those MS offering either a "*notional funded*" or a "*partially funded*" scheme.

CHART 8



3.9 Contribution paid by officials as percentage of the total (Item 04.02)

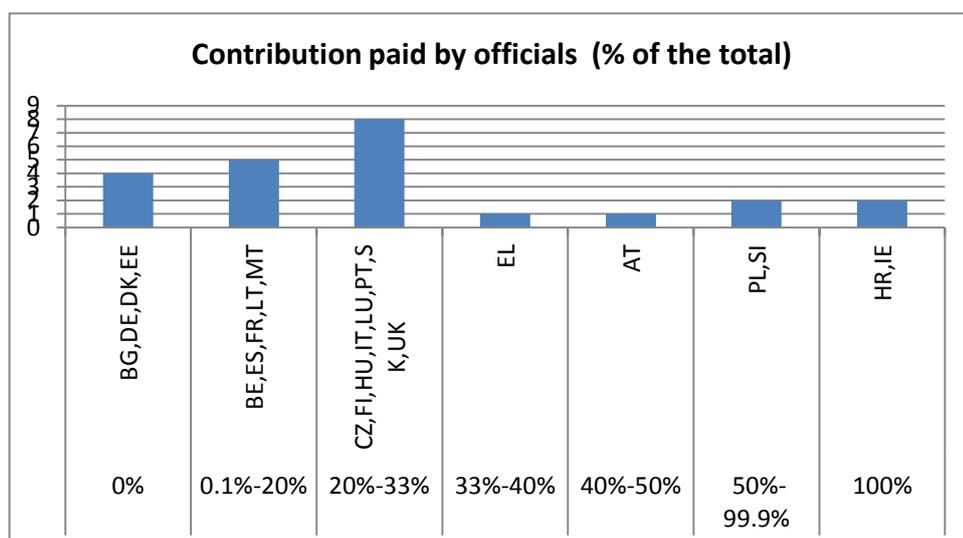
The total contribution requested to finance the pension scheme is usually shared between the employer and the official. The sharing ratios are different in the various MS.

However in four cases no pension contributions are paid by officials.

On the opposite in two MS the whole pension contributions are borne by officials.

In between is the majority of the EU MS whose officials contribute with percentages ranging from 1% to 33%.

CHART 9

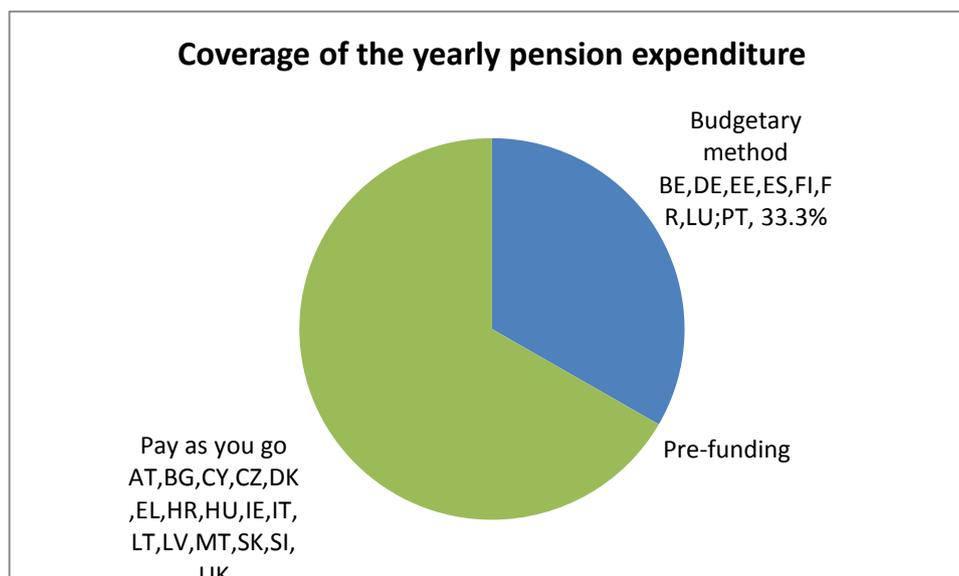


3.10 Coverage of the yearly pension expenditure (Item 04.03)

The yearly pension coverage is granted via a Pay-As-You-Go method in the two-thirds of cases.

In the rest of cases the budgetary method is implemented.

CHART 10



3.11 Current Pension Contribution Rate paid by Officials (Item 04.04)

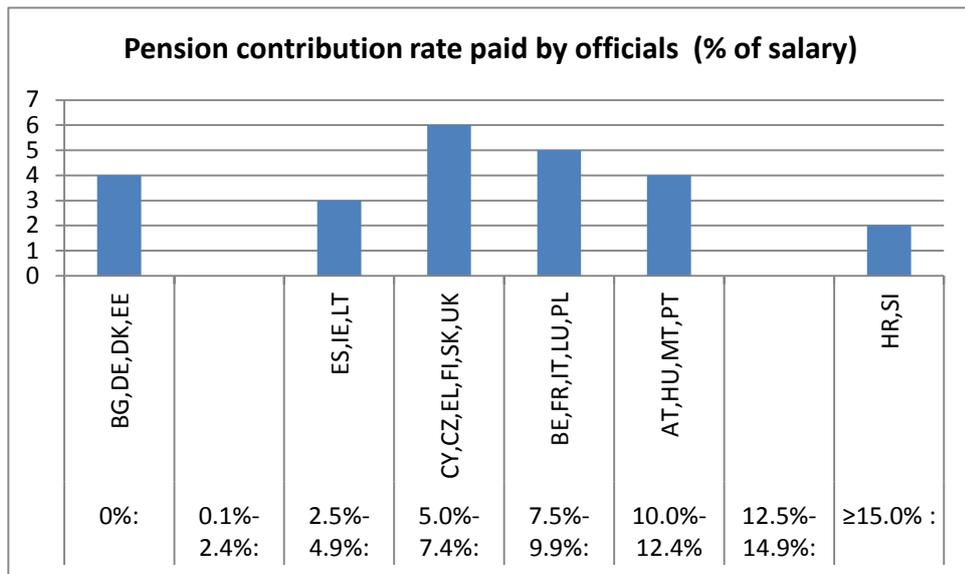
Officials generally contribute to finance the pension scheme. In all cases, this contribution is calculated as a percentage of their basic salary.

At one extreme, officials from four MSs pay zero contributions.

On the other hand officials from two MSs are subject to pension contribution rates higher than 15%.

In the middle stay the other MSs: in the majority of those countries, officials bear pension contribution rates between 2.5% and 12.5% of their basic salaries.

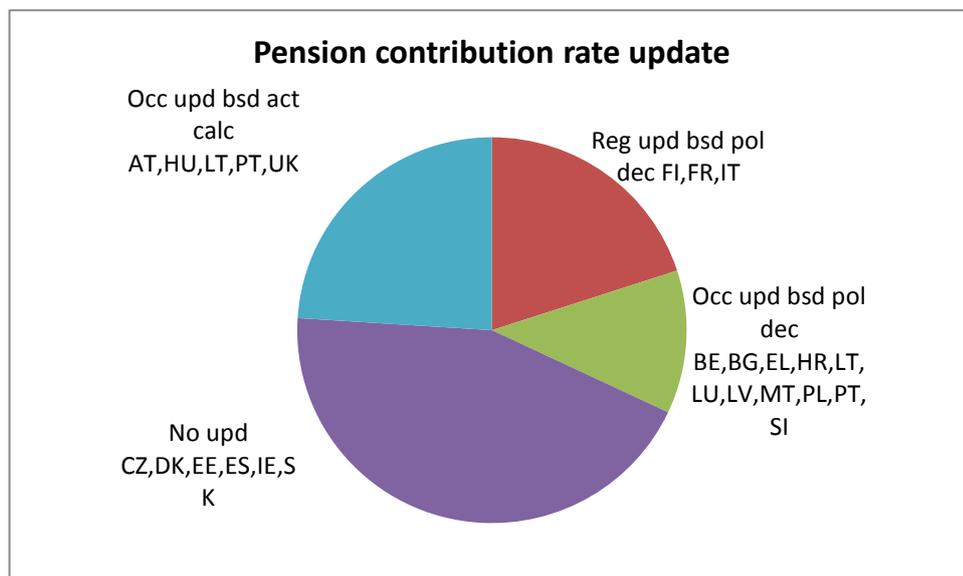
CHART 11



3.12 Pension Contribution Rate update (Item 04.05)

The contribution rate to be paid by officials is in most of the cases updated by ad-hoc political decisions which do not take place at regular intervals of time.

CHART 12



3.13 Sustainability (Item 04.06)

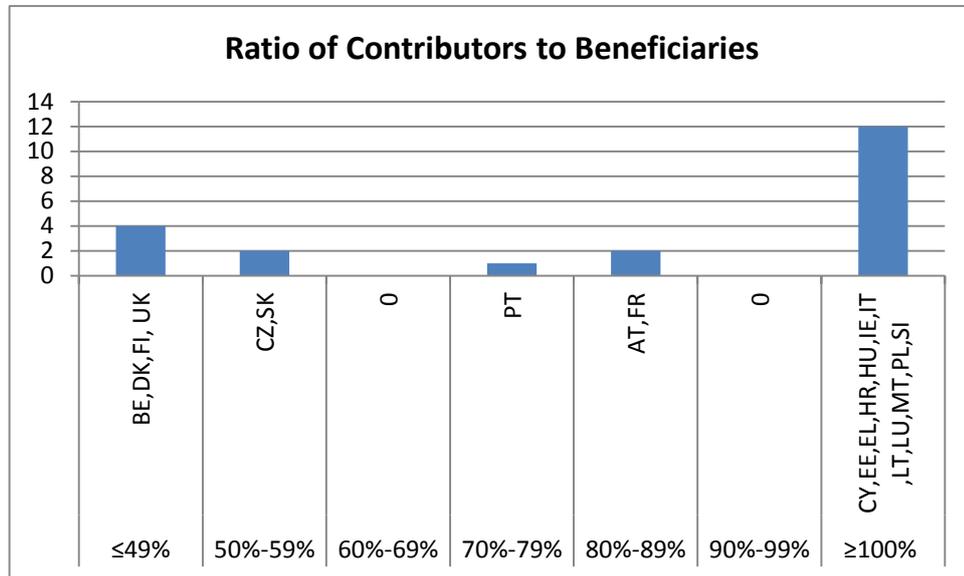
An indicator of the sustainability of the pension scheme is represented by the ratio between contributors and beneficiaries.

Chart 13 suggests that the majority of schemes present a ratio over 80% witnessing either very good health of the system or simply the fact that the scheme is very young.

In particular twelve MSs show a ratio equal or over 100%.

A ratio below 50% is presented in the case of four MS.

CHART 13



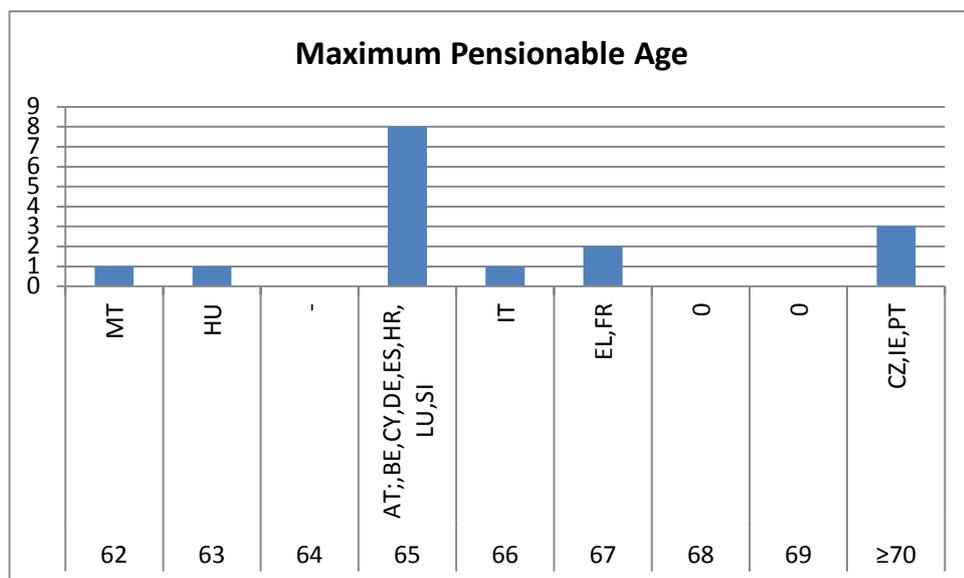
3.14 Maximum pensionable age (Item 05.01)

The lowest maximum pensionable age (age at which officials are obliged to retire) is 62.

At the other extreme, in the case of three MSs, officials may stay at work over 70.

A maximum pensionable age is not defined in the case of eight MS.

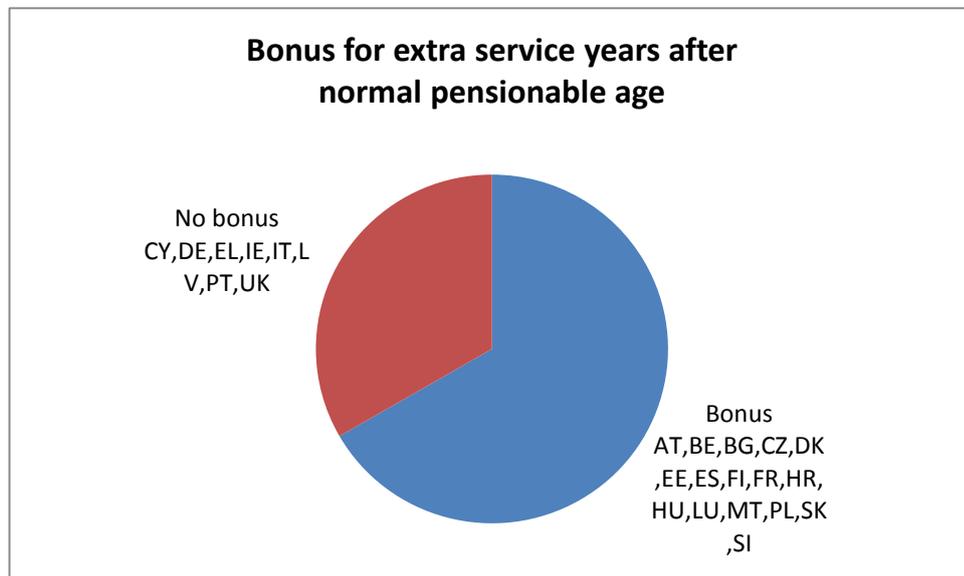
CHART 14



3.15 Bonus for extra-years (Item 05. 02)

A bonus for extra years of service after the normal pensionable age is foreseen in 70% of cases.

CHART 15



3.16 Normal pensionable years (Item 05.03)

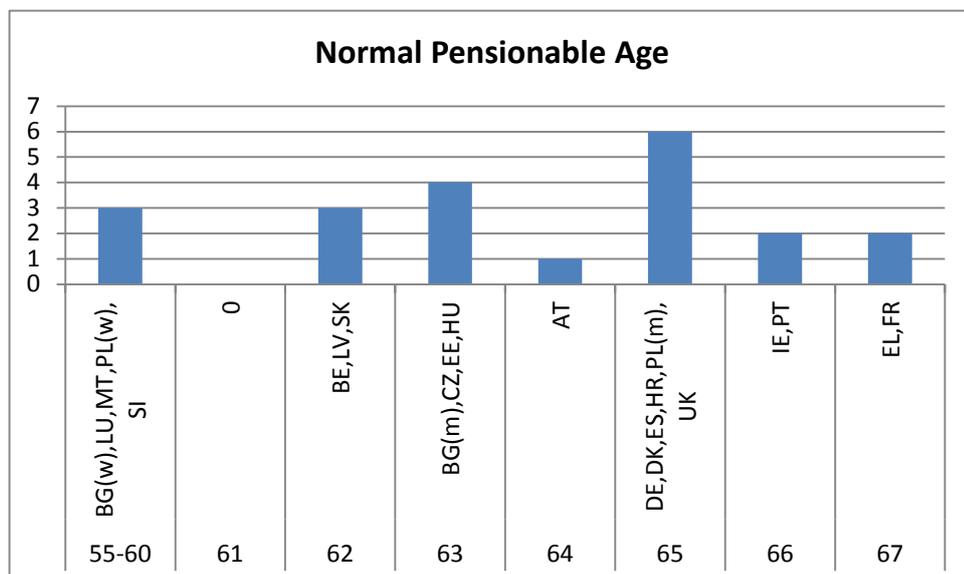
The normal pensionable age is that allowing the official to retire without penalties.

In the case of three MS officials are allowed to retire at ages between 55 and 60.

By contrast, officials from four MS are required to stay at work till age 66 at least.

In the majority of cases the normal pensionable age is set at 65.

CHART 16

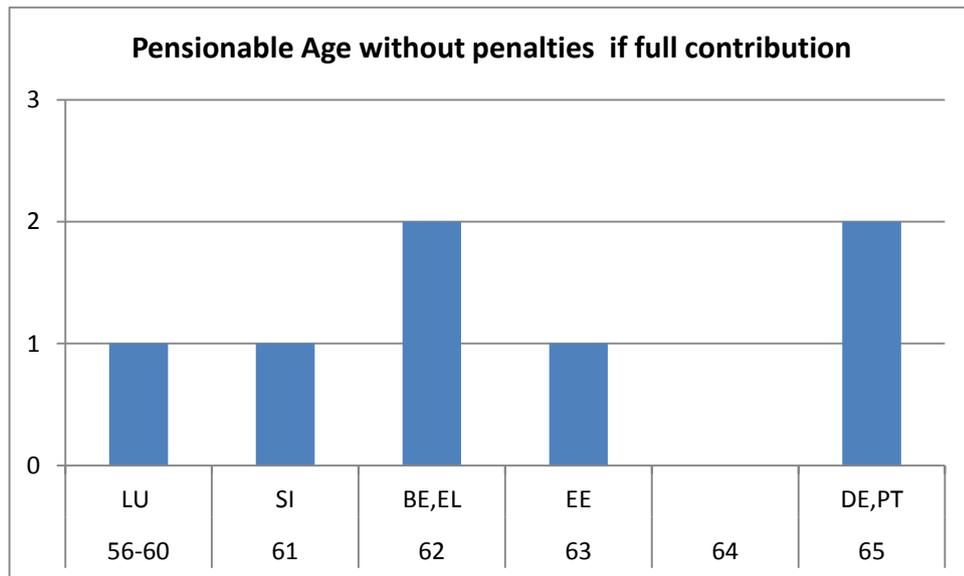


3.17 Pensionable age if full contribution (Item 05.04)

The age at which official can retire without penalties having already reached the full contribution threshold, is different in the various countries.

When this option is allowed, the age ranges from less than 56 to 65.

CHART 17

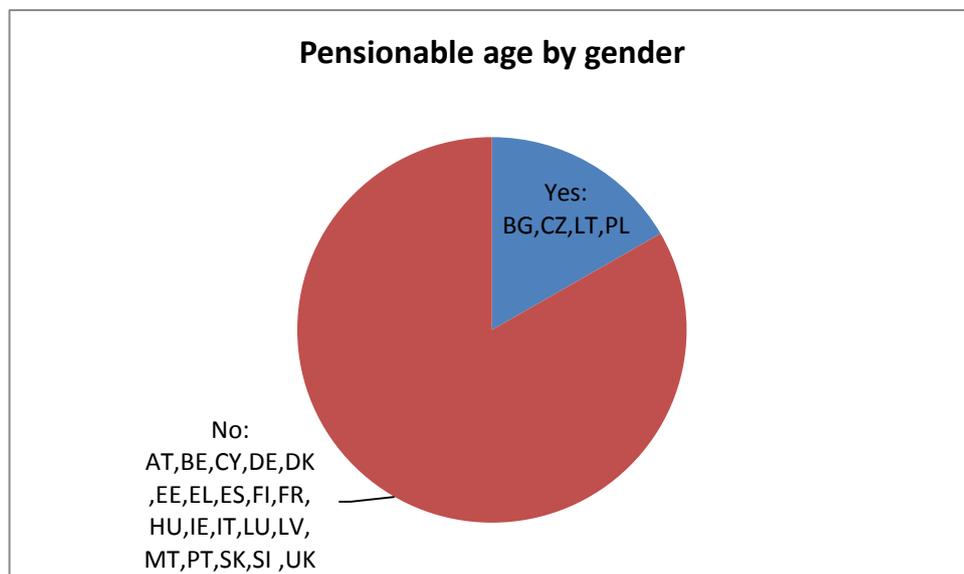


3.18 Pensionable age by gender (Item 05.05)

Usually the pensionable age is the same for men and women.

However in four cases a difference of pensionable age, was observed.

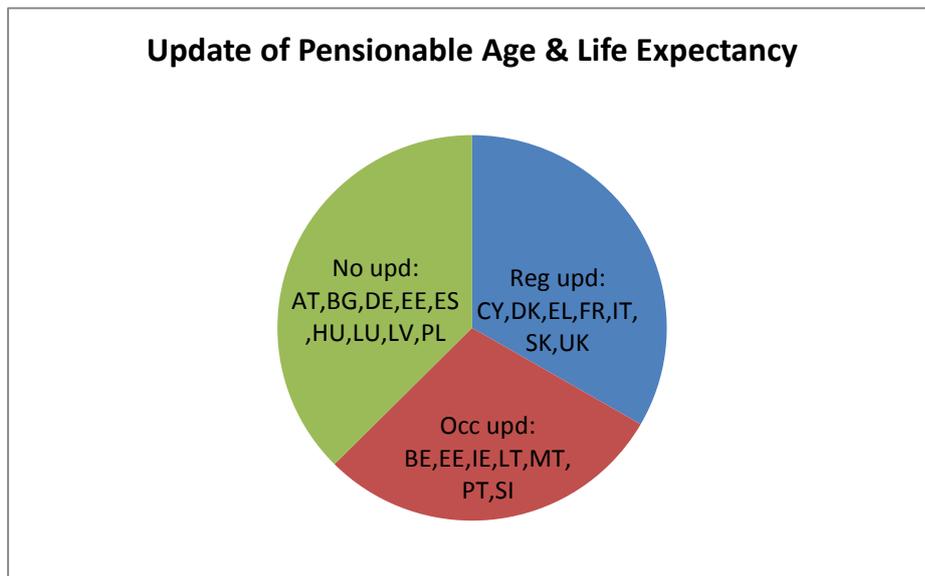
CHART 18



3.19 Pensionable age & Life Expectancy (Item 05.06)

In most of the EU MS (78%) the pensionable age is updated, either regularly or occasionally, to reflect the new life expectancy.

CHART 19



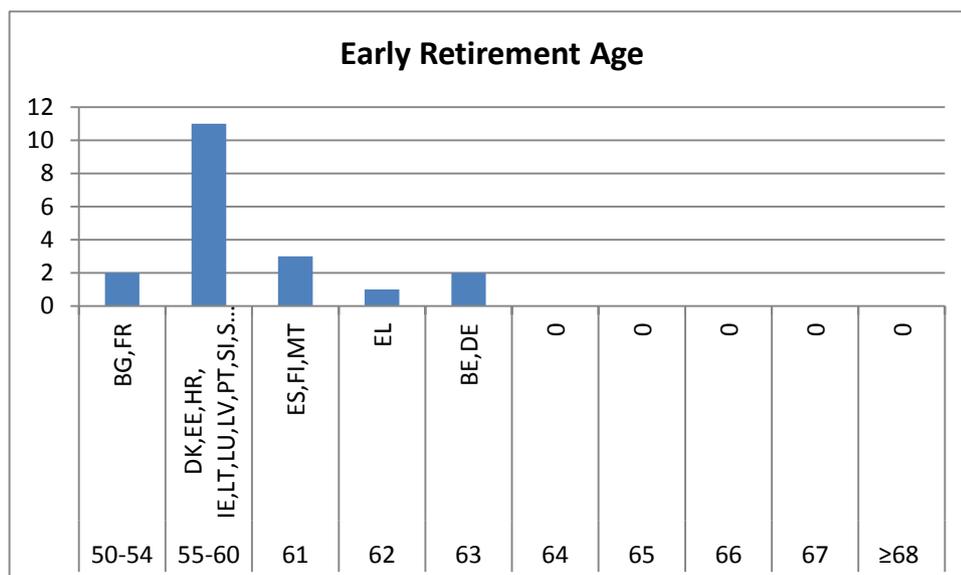
3.20 Early Retirement Age (Item 05.07)

In some MS officials are not required to wait until reaching the normal retirement age: they are allowed to retire earlier even if that usually involves penalties.

In the case of two MS, the earliest retirement age is between 50 and 54.

In several MS the early retirement age is set between 55 and 60.

CHART 20

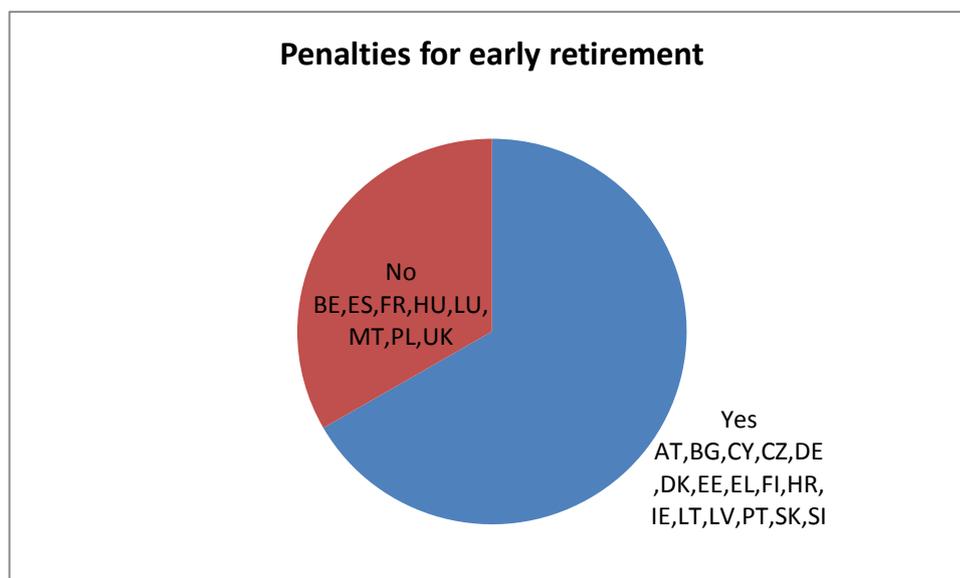


3.21 Early retirement: penalties (Item 05.08)

In the two-thirds of the cases the official retiring earlier than his normal pensionable age, has to bear consequences in terms of penalties to his pension amount.

In the remaining cases, no penalties are foreseen in that respect.

CHART 21



3.22 Accrual rate (Item 06.01)

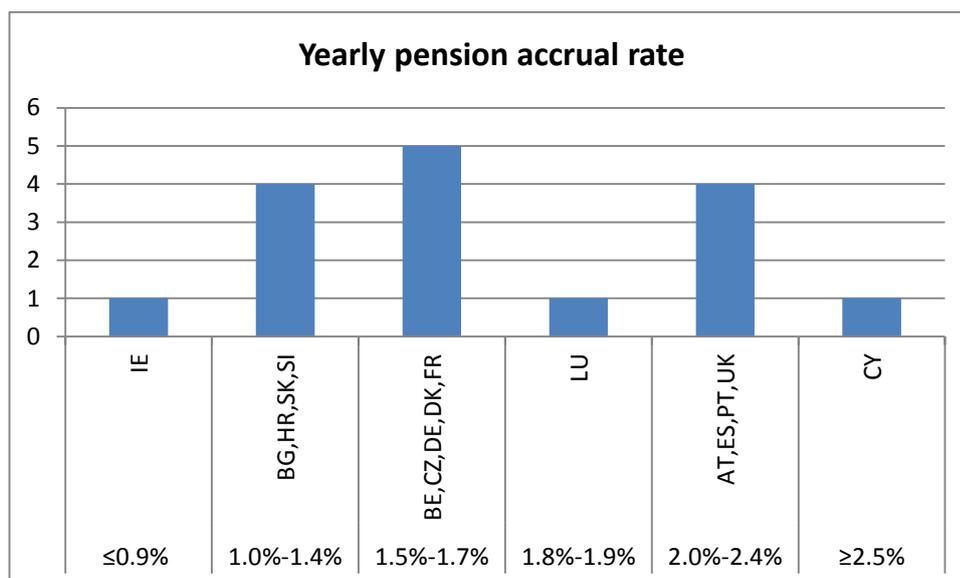
The yearly accrual rate is an indicator of the speediness in cumulating pension rights by the official (in percentage points) in the course of the working life.

The accrual rate is slower than 1% in one case.

It usually ranges from 1% to 2.4%.

In the case of one MS the accrual rate is set to 2.5%.

CHART 22



3.23 Computation period for the retirement pension calculation (Item 06.02)

The calculation of the retirement pensions is done differently in the various MS.

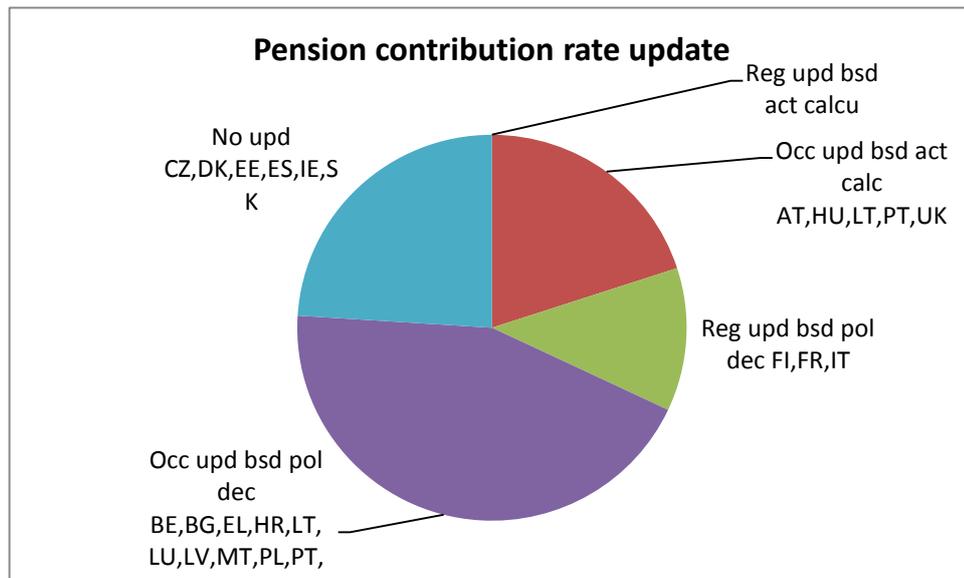
One key element is represented by the number of wages which impact the computation of the retirement pension amount.

In the case of ten MS the whole career or to a period of 16 years of service at least, are considered.

In two MS only the latest service year remunerations enter in the computations of the retirement pension.

In the case of several MS, the computation of the retirement pension is based on other parameters than the basic salaries.

CHART 23



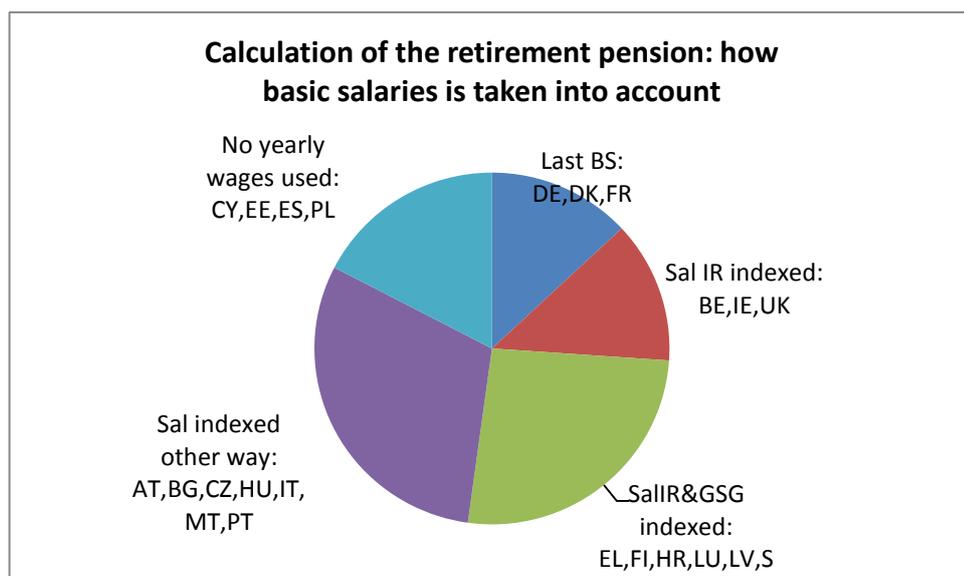
3.24 Retirement Pension computation: basic salaries indexation (Item 06.03)

When the basic salary which is used for the computation of the retirement pension, its amount is usually indexed.

Indexation is done:

- with reference to an inflation rate in the case of three MS,
- with reference to an inflation rate and to the General Salry Growth in six cases,
- otherwise in the rest of cases.

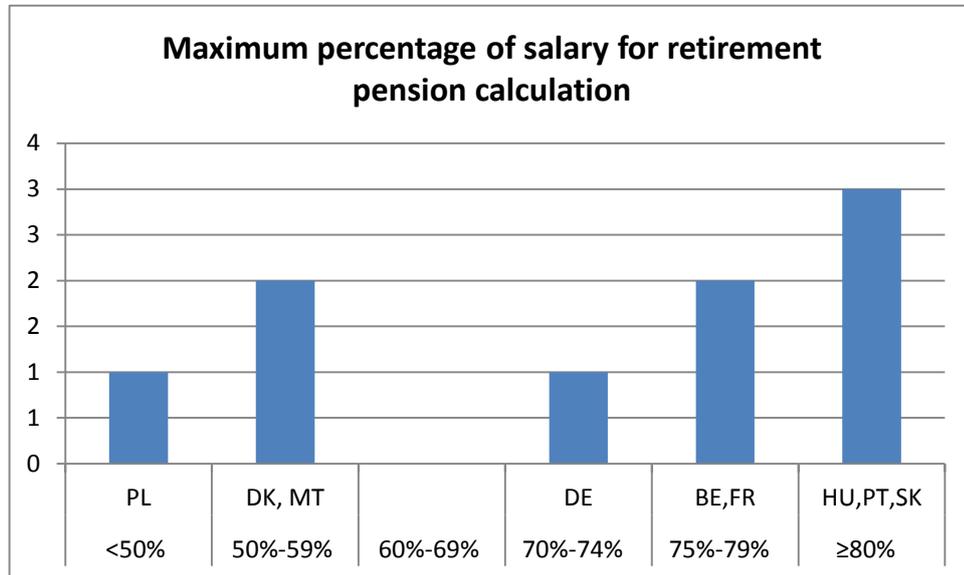
CHART 24



3.25 Maximum Retirement Pension rate (Item 06.05)

The maximum percentage of basic salary which is used for the computation of the retirement pension, is quite variable and ranges between less than 50% and 80% or more.

CHART 25

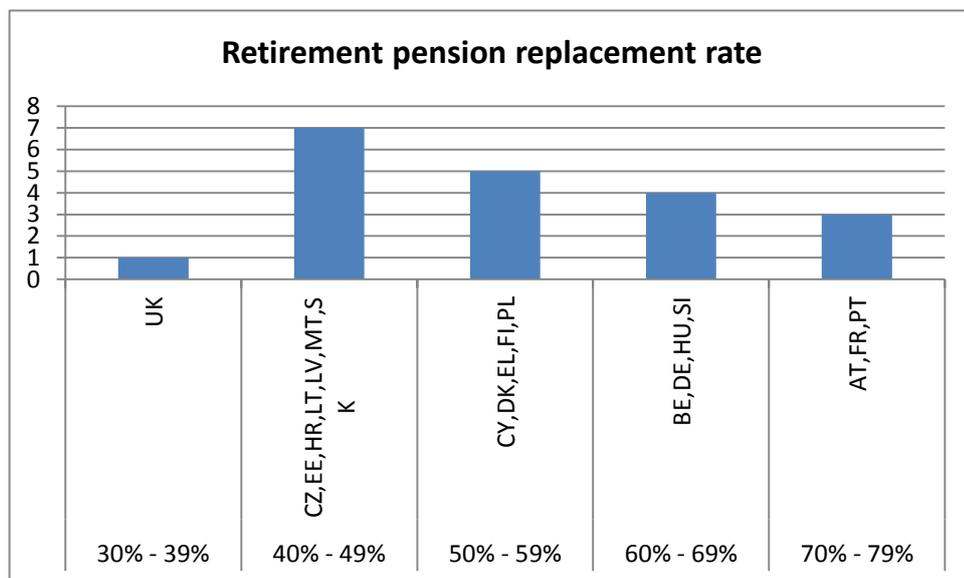


3.26 Replacement rate for the retirement pension (Item 06.06)

The replacement rate of the retirement pensions is in the case of eight MS less than 50% of the last basic salary.

Conversely it is over 70% in three cases.

CHART 26



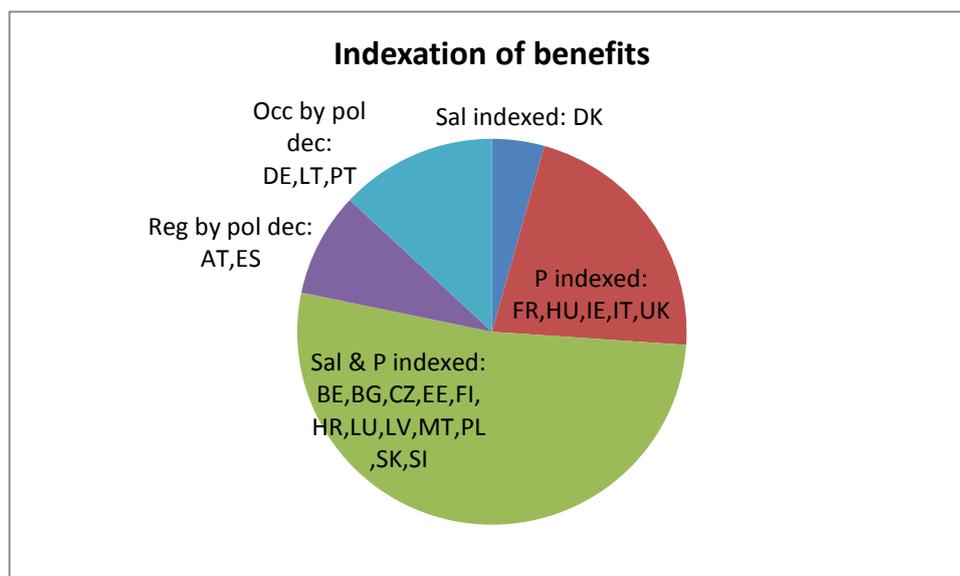
3.27 Indexation of benefits (Item 06.07)

The retirement pension benefits are updated with reference to salary and price (together considered) in twelve MS.

For other six MS, benefits are updated in relation either to salary or price evolution.

In other five cases the benefits update depends on political decision which are taken either regularly or occasionally

CHART 27

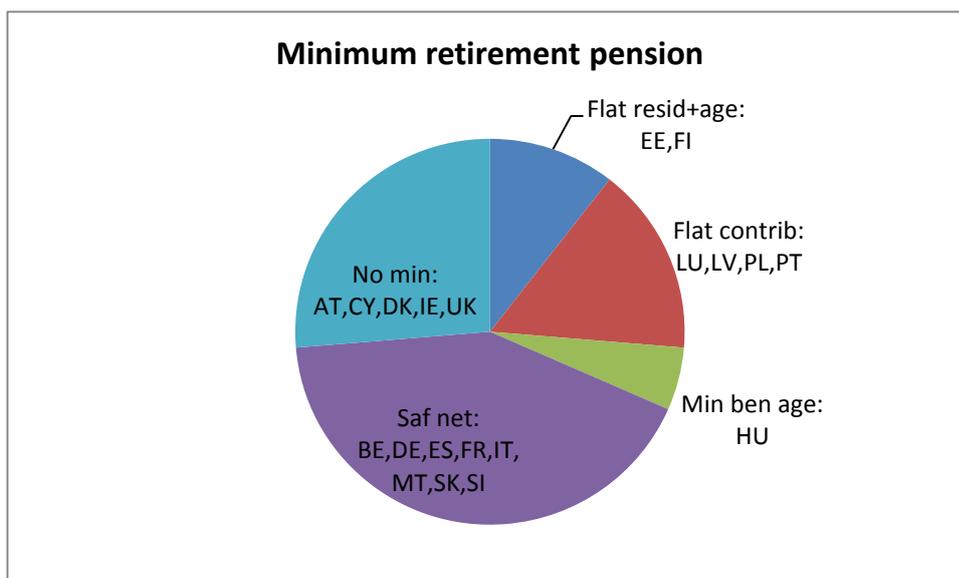


3.28 Minimum income guarantee (Item 06.08)

Apart from five cases where no minimum income guarantee is provided, the retirement pension amount foresees a minimum which depends on different parameters:

- Residency and age, in two cases;
- Contributions in three cases;
- Age in one case;
- Safety net in eight cases.

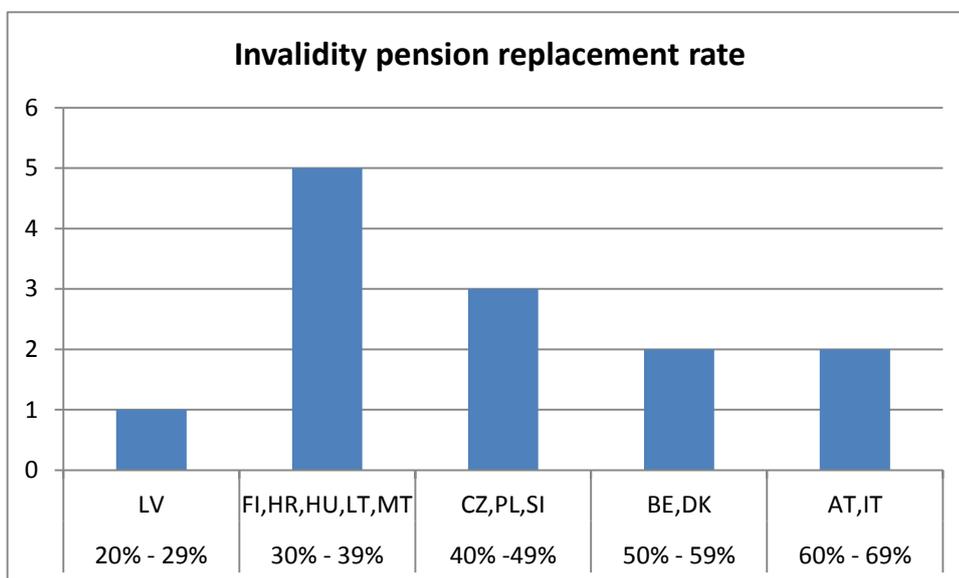
CHART 28



3.29 Invalidity pension: replacement rate (Item 07.01)

The average replacement rate for the invalidity pension is very different in the various Member States: it ranges from 20% to 70%. In most of the case it falls in the range 30%-49% of the last basic salary.

CHART 29



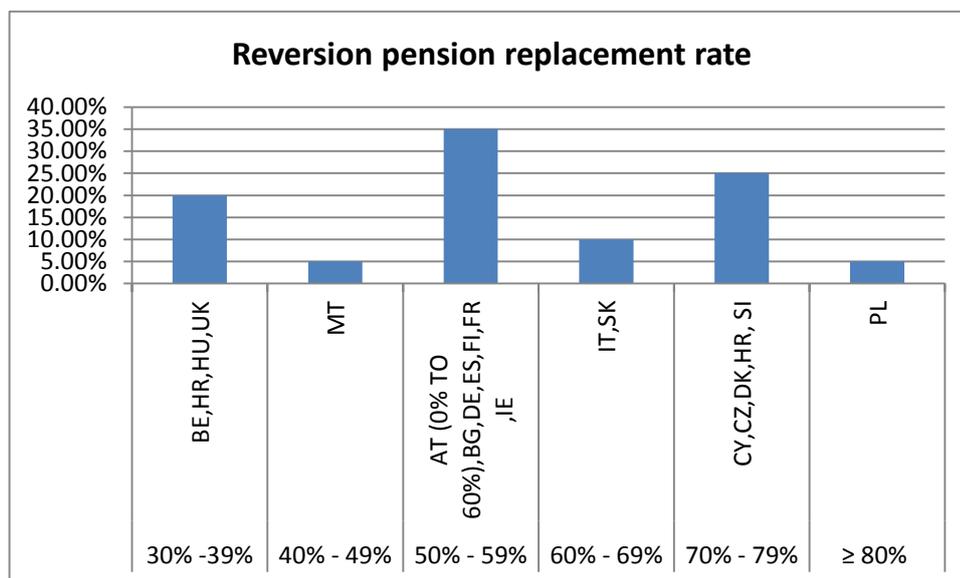
3.30 Reversion pension: eligibility criteria (Item 08.01)

The average replacement rate for the reversion pension is a figure extremely complex to determine as it is often dependent on the specific conditions and circumstances whose most important one is the number of sons living with the widow(er).

3.31 Reversion pension: replacement rate (Item 08.02)

The average replacement rate for the reversion pension is very different in the various Member States: it ranges from 30% to 80% or more. In most of the cases it falls in the range 50%-60% of the last basic salary/pension.

CHART 30



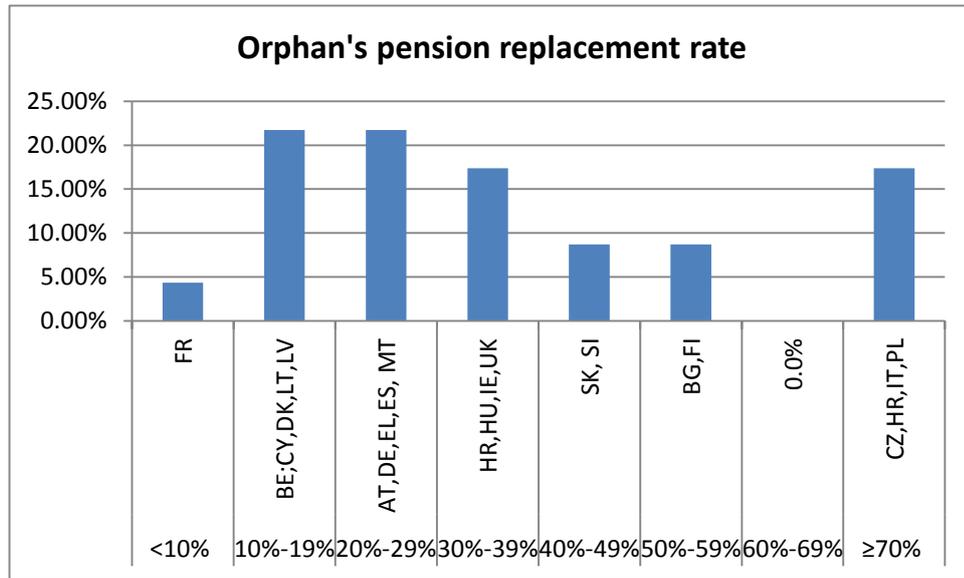
3.32 Orphan's pension: eligibility criteria (Item 09.01)

An Orphan's pension depends on the number of orphans, in addition it usually increases (doubles) in the case of full orphans. Conditions of entitlement are also different.

3.33 Orphan's pension: replacement rate (Item 09.02)

The average replacement rate for the orphans' pension is extremely variable in the various Member States: it ranges from less than 10% to more than 70%. The reference parameter is the retirement/invalidity pension of the dead parent.

CHART 31

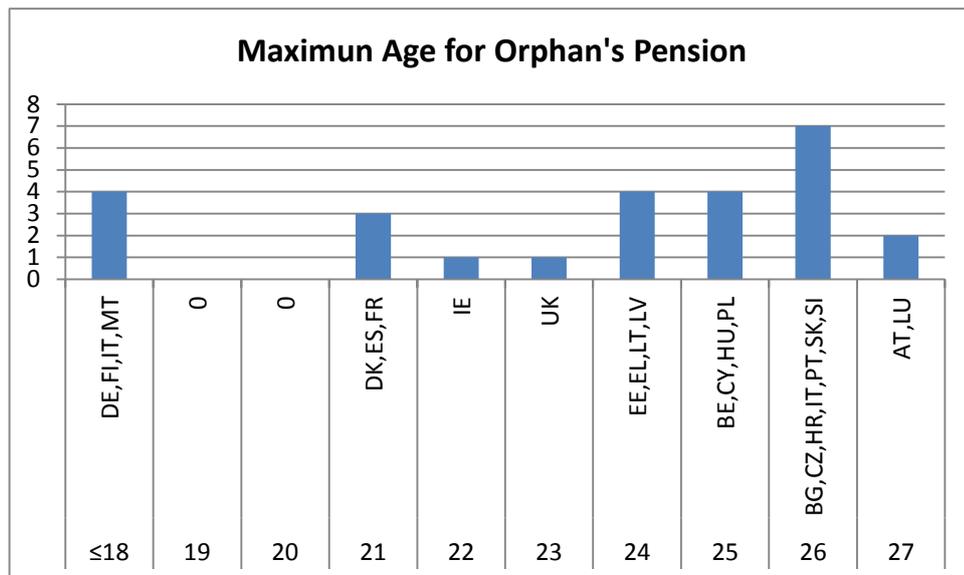


3.34 Orphan's pension: maximum age (Item 09.03)

The maximum age of entitlement to the orphans' pensions usually increases if the orphan is still studying. In the case of orphan totally disabled, no age limit is usually set.

The most favourable condition concern two MS where orphans still studying are entitled to the orphan's pension till age 27.

CHART 32



4 Conclusions

The present survey has permitted to reinforce the analysis and comparison of the existing Pension Schemes in the MS.

Eurostat will send the MS a yearly updated questionnaire to refine the comparative analyses of national pension schemes applicable to national civil servants working in the central governments of the MS: the intention is to improve the understanding, analysis and comparison of the heterogeneous national pension schemes

Thanks to the delegates' contributions and feedbacks on possible improvements to the structure of the form, it will be possible to render the exercise more effective.

5 Annex I – The QPSCG form

Reference	Subject	Question	Answer	Complementary information (if appropriate)
01	Identity			
01.01	Pension scheme name	Name of the scheme		
01.02	Date of entry into force	Date of entry into service of the scheme (dd/mm/yyyy)		
01.03	Date of last revision to provisions	Date of the most recent reform (dd/mm/yyyy)		
02	Coverage			
02.01	Population concerned	Which population is covered by the scheme?	-	
02.02	Exclusivity	Is this pension scheme exclusively applied to civil servants in central government?	-	
02.03	Compulsoriness	Is the pension scheme mandatory or voluntary?	-	
02.04	Quota	Percentage of Central Government civil servants covered by the pension scheme	-	
03	Definition			
03.01	Type of scheme	Is the pension scheme: - a defined contribution, - a defined benefit or, - an hybrid scheme?	-	
04	Financing			
04.01	Funding system	How is the pension scheme funded?	-	
04.02	Contribution paid by officials as percentage of the total	Usually employees and the employer share contributions to be paid. Which percentage of the total contribution is paid by the official?	-	
04.03	Yearly pension expenditure	How are the yearly pension payments covered?	-	
04.04	Pension contribution rate paid by officials	Pension contribution in percentage of the official's salary	-	
04.05	Pension contribution rate update	How is the pension contribution rate updated?	-	
04.06	Sustainability	Ratio of workers/contributors to pensioners/beneficiaries?	-	
05	Pensionable ages			
05.01	Maximum pensionable age	Age at which an official must retire (add information over any transitional measures in the complementary information column)	-	
05.02	Bonus for extra years worked	Is any bonus foreseen in case of additional years of service beyond the normal pensionable age? If so, how is the bonus computed?	-	
05.03	Normal pensionable age	Age at which an official can retire without penalties	-	
05.04	Pensionable age if full contribution	In case of full contribution (contribution leading to full pension entitlements), may people retire before the normal retirement age without penalties?	-	
05.05	Pensionable age by gender	Is there any difference in pensionable ages by gender?	-	
05.06	Pensionable age and life expectancy	Are pensionable ages regularly updated in line with increased life expectancy	-	
05.07	Minimum early retirement age	Earliest age at which an official can retire	-	
05.08	Penalties for early retirement	Is any penalty foreseen in case of retirement before the normal pensionable age? If so, how are the penalties computed?	-	
06	Retirement pension			
06.01	Yearly pension accrual rate	Pension rights (in percentage) earned by the official for every year of work.	-	
06.02	Calculation method for the retirement pension: computation period	Is the retirement pension based on the official's basic salary? If so, how many years are included in computation?	-	
06.03	Calculation method for the retirement pension: basic salaries amount	Is the retirement pension based on official's basic salary? If so, how are the basic salaries kept into account?	-	
06.04	Lump sum	Is any lump sum payment foreseen in the context of the retirement pension entitlements?	-	
06.05	Maximum retirement pension rate	Percentage of the salary used as basis for the pension calculation	-	
06.06	Average retirement pension replacement rate	Average retirement pension amount compared to the average basic salary (in percentage)	-	
06.07	Indexation of benefits	Are pensions regularly adjusted? Are they linked to prices, wages or other parameters?	-	
06.08	Minimum income guarantee	Is a minimum retirement pension foreseen? If so how is it computed? (Filling the complementary information column is welcome)	-	
07	Invalidity allowance / pension			
07.01	Invalidity pension replacement rate	Percentage of the invalidity allowance or invalidity pension compared to the basic salary	-	
08	Survivor pension			
08.01	Reversionary pension eligibility criteria	Which are the eligibility criteria for a reversionary pension?	-	
08.02	Reversionary pension replacement rate	Percentage of the reversionary pension compared to the basic salary or retirement pension	-	
09	Orphan pension			
09.01	Orphan's pension eligibility criteria	Which are the eligibility criteria for an orphan's pension?	-	
09.02	Orphan's pension replacement rate	Percentage of the orphan's pension compared to the basic salary or retirement pension, used as basis for calculation	-	
09.03	Maximum age for orphan's pension	Till which age the orphan is entitled to its pension?	-	