



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.10.2005
COM(2005) 487 final

Proposal for a

COUNCIL REGULATION (EC, EURATOM)

**adjusting, from 1 July 2005, the rate of contribution to the pension scheme of officials
and other servants of the European Communities**

(presented by the Commission)

EXPLANATORY MEMORANDUM

1) 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 annual report on this assessment, which determines the rate of contribution required to maintain actuarial balance of the pension scheme.

- **Existing provisions in the area of the proposal**

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

- **Consistency with other policies and objectives of the Union**

Not applicable.

2) 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 the rate of contribution to the pension scheme in accordance with the rules in force.

- The rules in force permit no alternative.

3) **LEGAL ELEMENTS OF THE PROPOSAL**

- **Summary of the proposed action**

In accordance with Annex XII to the Staff Regulations, Eurostat has submitted a report 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 10.3 % of basic salary.

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.

However, under Article 2(2) of Annex XII, the adjustment taking effect on 1 July 2005 may not lead to a contribution higher than 10.25%.

The Commission is therefore proposing to adjust the rate of contribution to 10.25% with effect from 1 July.

- **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.

4) 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.

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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 259/68¹, 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 Eurostat submitted a report on the 2005 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 10.3 % of basic salary.
- (2) However, under Article 2(2) of Annex XII to the Staff Regulations, the adjustment taking effect on 1 July 2005 cannot lead to a contribution higher than 10.25%.
- (3) 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 the maximum permitted, i.e. 10.25% of the basic salary,

¹ OJ L 56, 4.3.1968, p. 1. Regulation as last amended by Regulation (EC, Euratom) No (OJ ..., ..., p..).

HAS ADOPTED THIS REGULATION:

Article 1

With effect from 1 July 2005, the rate of the contribution referred to in Article 83(2) of the Staff Regulations shall be 10.25%.

Article 2

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

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

Done at Brussels,

*For the Council
The President*

**LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A
BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE**

1. NAME OF THE PROPOSAL :

Proposal for a Regulation adjusting, from 1 July 2005, 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

410 Staff contributions to the pension scheme

Amount budgeted for the year concerned :

EUR 466.7 million

EUR 239.8 million

3. FINANCIAL CONSEQUENCES:

Proposal has no financial implications

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

(EUR million to one decimal place)

Budget line	Revenue ²	12-month period from 1 July 2005	[Year n= 2005]
Article 400	<i>Impact on own resources</i>	-2.6	-1.3
Article 410	<i>Impact on own resources</i>	+12.4	+6.2

² 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.

Situation following action					
	[n+1]	[n+2]	[n+3]	[n+4]	[n+5]
Article 400	-2.6	-2.6	-2.6	-2.6	-2.6
Article 410	+12.4	+12.4	+12.4	+12.4	+12.4

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 cut = 21% of the increase in the pension contribution.