

# PENSION

**Our pension systems:  
10 responses from R&D  
to your questions**

**Faced with the recent virulent controversy between two unions about our pension system, many of you have expressed your distress, concerns and fears, and asked for R&D views.**

**In line with its commitment to always inform the staff rigorously and serenely, R&D answers your questions.**



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- A REAL STAFF POLICY INCLUDING
- A REAL DETECTION OF TALENTS
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- A REAL LADDER PLANNING

On 24, 25 & 26 October 2018  
**VOTE R&D**

List  
**N°5**

**TALENT MANAGEMENT**

**YOUR PROGRAMME**  
2018 – 2021

Local Staff Committee - Brussels

0:04 / 9:23

Talent Management / Programme 2018-2021

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# 1

***Our pension system as established by the Staff Regulations is far from being a sinking Titanic but is in perfect balance and already provides for all the mechanisms to ensure that this balance is ensured at all times.***

Indeed, the actuarial balance of our scheme is examined every year and, in depth, every five years.

Thus, our pension scheme is not a pay-as-you-go system where one-year contributions must cover pension expenses in the same year!

Our pension scheme, on the other hand, is a sui generis capitalization system. There is no pension fund placed on the capital markets.

As a result, our scheme is not subject to significant and dangerous risks that may

affect the capital markets, whereas this would be the case for any traditional pension fund.

In particular, the salary contributions (1/3) and employer contributions (2/3) are determined annually by an actuarial calculation equivalent to a pension fund placed on the financial markets. Thus, they correspond each year to the pension rights acquired in the same year and the interest rate used for this actuarial calculation is that observed for the long-term public debt of the Member States.



# 2

***The pensions of retirees are not paid by young colleagues on duty***

In fact, when he/she retires, the total amount of the pension expected from a new retiree until her/his death is already fully covered by contributions withheld from her/his salary during her/his working life.

The calculation of this amount is made statistically, taking into account various parameters such as life expectancy, ca-

reer perspective, fluctuations in interest rates, etc. For further detail [link](#)

Our system is not a distribution system but a capitalization system. Our pension is a deferred salary.

# 3

***Member States are not free to decide at any time not to pay or no more pay their contributions and pretend to forget that they benefit from the advantages offered by the making available of the contributions paid.***



Indeed, this accounting fund constituted by all the contributions paid is included in the public debt of the Member States and constitutes in fact "a loan" from the former and active colleagues to the budget and to the Member States.

Compared to an investment of this fund in the financial markets, the liquidity gain by the budget and the Member States since the entry into force of the Staff Regulations is considerable and is - according to the level of interest rates - several tens of billions of euros.

The repayment of this debt of the Member States - which is an undisputed acquired right of the retired and active staff - spreads over the coming decades according to the payment due date of the pensions.

In the purely theoretical case that the budget would not be able to pay these pensions, the Member States collectively guarantee the payment of these benefits (Article 83 of the Staff Regulations).

# 4

***Acquired pension rights are not a heinous privilege, but a founding legal principle of any rule of law, recognized and protected by all jurisdictions.***

Thus, both in 2004 and in 2014, even the Council's slicer was obliged to respect the acquired rights of active staff by establishing very long transitions taking into account proportionally the rights acquired by existing staff.

Thus, it is the younger colleagues and even more the new recruits who "paid the bill" and suffered most of the negative consequences of these reforms.

And that would be the case again for any new reform of our pension system.

This is not because the negotiation would be monopolized by "selfish dinosaurs blinded by their privileges", as in its caricatural and hateful analyses

G2004 seems to believe, but simply because the acquired rights protect more colleagues with more seniority and this especially with regard to pension rights.



And this is a basic principle of law in every state of law and recognized by all jurisdictions and which can not be

challenged and to which even the Council's "slicer-vacuum cleaner" must comply.

Thus, to promote or encourage a reform of our pension system means in fact to

amplify the serious and indisputable harm that post 2004 and 2014 colleagues already suffer and to make more of it to new recruits.

## 5 *Why is R&D against the creation of a pension fund?*

The establishment of a pension fund has always been the pretext put forward by the Council and the Trojan horse to question our system.

However, the pension fund already exists, but it is capitalized in the national treasuries, protected from the fluctuation of the rates on the financial markets.

Moreover, the draft agreement between the United Kingdom and the European Union (BREXIT) stipulates that the UK must repay the portion of its debt corresponding to acquired pension rights: the United Kingdom will contribute for its part in the Union's liability for pensions and other employee benefits as at 31 December 2020.

It is for this reason that R&D considered it irresponsible that the Commission in the context of the discussions on the financial perspectives put this aspect back on the table even if only as a mere hypothesis of discussion.

Nevertheless, we were reassured by the Commission's formal commitment not to consider any reform of the Staff Regulations before the end of its mandate. It goes without saying that we must remain vigilant.

In this regard, it is with satisfaction that R&D has received the Commission's draft communication recognizing finally that the successive reforms have definitely challenged the attractiveness of our public service and that there can be no question of degrading it more.



# 6

## ***Notwithstanding this, in case an actual fund is created, what are the possible hypotheses?***

### **There are 4 possible scenarios :**

1. full transfer of the value of the notional fund into an actual fund: this scenario is very unlikely because it is the most costly in the short term, Member States being obliged to transfer more than 60 billion euros to the creation of the fund! In the following years, the fund would then be fed by employee and employer contributions ;
2. the newly recruited staff is covered by the actual fund, while the already recruited staff continues to be covered by the notional fund: this scenario would have no financial impact on the next MFF, or even the following one. In the medium term, when new recruits begin to retire, the cost would be higher, to decrease over the long term (more than 25 years) when this fund has reached maturity ;
3. the new pension rights are paid into the actual fund, while the rights already acquired remain covered by the notional fund. The financial impact would be significant in the short and medium term since the cost of pensions is supplemented by the payment of employer contributions and there is no revenue from the employee contributions ;
4. only the new pension rights acquired by the employee contributions of all staff are paid into the actual fund. This scenario is the least expensive of the four in the short term, but the most costly in the long run since employer contributions would still be covered by the notional fund.

**In conclusion, whatever scenario is considered, the creation of an actual pension fund would mean an additional cost in the short and medium term.**

Therefore, it is obvious that the only possibility for the Council to accept this creation would be to take advantage of it to question the fundamentals of our pension system, for example by changing the distribution 1/3-2/3 of contributions of course, first and foremost, for the youngest and the new recruits.

This is what the Council has traditionally demanded, and it is for these reasons that the establishment of an actual fund would be the Council's Trojan horse to tackle our pension system in an even more radical way.



# 7

## ***Regarding the possibility of appealing to the Council for any positive reform or even for a simple zero-cost rebalancing of our pension system, let us not fool ourselves quickly!***

***The Council is not Santa Claus, and even less Robin Hood! The Council is a relentless slicer and vacuum cleaner!***

The Council is not Santa Claus who would offer gifts gracefully, but rather a relentless **slicer** who only wants to cut.

Nor is the Council the Robin Hood aimed at restoring equity between the pensions of



the "rich" and those of the "poor". It is rather a just as **relentless hoover** who swallows up all the concessions offered without giving anything in exchange and without ever stopping to claim new ones.

Thus, no one can naively and irresponsibly imagine that the Council would be an interlocutor with whom to negotiate any favourable reform for any part of the staff.

In the eyes of the Council there is no distinction between pre and post 2004, between the young and the old ... in the Council an unfortunately growing number of Member States are simply showing a destructive political will that is not based on any serious technical analysis.

**The** only goal pursued is purely political: to make our public service less and less attractive by weakening the institutions and the European project.

In this respect, we are pleased to note that G2004 has confirmed that it does not wish any kind of reform of the Staff Regulations or to unleash this reform, which could only be negative for all colleagues,

Indeed, engaging in any reform proposal of our pension system and imagining that the result could be favourable even for a single staff member is absolutely illusory.



# 8

## ***Under these conditions, can the staff be reassured and have nothing to fear? Absolutely not !***

As already demonstrated by the 2004 and 2014 reforms, the Commission is perfectly capable of betraying its commitments and the confidence of the staff and presenting harmful and ill-considered proposals for reform with the claim that this would be a non-negotiable package.

On the contrary, all reform proposals are subsequently systematically made worse by the Council in difficult negotiations which are not based on any serious technical analysis: the European civil service is the real political target of the Council. And this can only get worse with eurosceptic and europhobic tendencies within a growing number of Member States which will inevitably be reflected also in the composition of the other co-legislator namely the new European Parliament, resulting from elections to be held in the spring of 2019.

Thus, new attacks are expected or are already certain. Therefore, it is essential to set all the conditions to resist, starting by denying all supposedly technical analyzes (but ostensibly demagogic ...) as those invoking the imbalance of our pension system.

By ensuring the maximum vigilance regarding the right of initiative of the Commission, as its proposal remains essential to trigger any reform of the Staff Regulations and hence also of our pension system.





# 9

## **Regarding attacks on our pension system, it is essential for R&D to:**

- not give technical alibi to manoeuvres that are purely political;
- not disseminate false information by creating unnecessary clefts and divisions which are not based on any serious technical and legal analysis;
- not be naive and amateurish, forgetting the nature of "slicer-vacuum cleaner" of the Council by imagining to be able to negotiate within the framework of a reform any favourable measure for any part of the personnel or to be able to obtain any advantage in exchange for any concession offered to the Council.

# 10

## **R&D commitments**

**Solidarity is in the DNA of R&D and the unity of action of the unions has always been the basis of our action.**

So then, R&D is always listening to ALL colleagues by answering their questions and taking into account their expectations and fears, especially those of young colleagues who, after the damages suffered for their careers, also fear those for their future pensions.

Faced with growing controversy, R&D will not respond to provocations and will reinforce its actions to also allow on this dossier an open and constructive dialogue within the staff representation.

**Immediately after the elections, R&D will organize opportunities for debate to discuss each other's proposals, rigorously address differences and reach the**

**most common positions possible.**

The highest unity of action is needed, determination and vigilance of the staff and of its representatives to prevent the Commission from yielding to the pressure of the Council, from opening the door to a new reform, while our institution has finally recognized the disastrous consequences of the reforms that our civil service has already suffered.

**And we must never forget that the costs of any new reform of the Staff Regulations will be paid again by the youngest colleagues and even more by the new recruits.**

**Votez  
liste n° 5**

ELECTIONS DU CLP  
24, 25, 26 OCTOBRE 2018

 <b>TITULAIRE</b> 1 <b>SEBASTIANI CRISTIANO</b> RTD		 <b>SUPLÉANT</b> <b>GLOWACZ-DE CHEVILLY MARIA</b> COMP		 <b>TITULAIRE</b> 2 <b>CHAOUCH DHIKRA</b> HR		 <b>SUPLÉANT</b> <b>VEYRET DAMIEN</b> DEVCO		 <b>TITULAIRE</b> 3 <b>PELLISTRANDI BLANDINE</b> COMM		 <b>SUPLÉANT</b> <b>MARKOU ELENI</b> DIGIT					
 <b>TITULAIRE</b> 4 <b>ROSATI DOMENICO</b> OIB		 <b>SUPLÉANT</b> <b>BAUDOUX THIERRY</b> COMM		 <b>TITULAIRE</b> 5 <b>PETROVA VICTORIA</b> GROW		 <b>SUPLÉANT</b> <b>LAZDINIS MARIUS</b> AGRI		 <b>TITULAIRE</b> 6 <b>SPIECHOWICZ MICHAL</b> GROW		 <b>SUPLÉANT</b> <b>PINO MARCO</b> REGIO		 <b>TITULAIRE</b> 7 <b>EMSELLEM BEATRICE</b> PMO		 <b>SUPLÉANT</b> <b>JHEK MICHAEL</b> PMO	
 <b>TITULAIRE</b> 8 <b>ANAGNSTU ANASTASSIOS</b> DGT		 <b>SUPLÉANT</b> <b>MAZZA UMBERTO</b> AGRI		 <b>TITULAIRE</b> 9 <b>HOREMANS KATARZYNA</b> HR		 <b>SUPLÉANT</b> <b>BEZOTETSKAIA IOULIA</b> OIB		 <b>TITULAIRE</b> 10 <b>BRAKELAND JEAN-FRANÇOIS</b> SJ		 <b>SUPLÉANT</b> <b>RADU LUCIA</b> SJ		 <b>TITULAIRE</b> 11 <b>KEMOS ACHILLEAS</b> CNECT		 <b>SUPLÉANT</b> <b>FRANZONE DANIELE</b> ENV	
 <b>TITULAIRE</b> 12 <b>GASPARINI CHRISTINA</b> DGT		 <b>SUPLÉANT</b> <b>BLESSUM JOSEFINE</b> DGT		 <b>TITULAIRE</b> 13 <b>SKAWINSKI FILIP</b> COMM		 <b>SUPLÉANT</b> <b>TSIAMIS NIKOLAOS</b> COMM		 <b>TITULAIRE</b> 14 <b>DOCHERTY MICHAEL</b> SRSS		 <b>SUPLÉANT</b> <b>HILL RAYMOND</b> BUDG		 <b>TITULAIRE</b> 15 <b>MESZAROS ANDREA</b> COMM		 <b>SUPLÉANT</b> <b>SQUADRITO GIOVANNI</b> FPI	
 <b>TITULAIRE</b> 16 <b>DUBREUCQ FRANÇOIS</b> DGT		 <b>SUPLÉANT</b> <b>KAISAS DIMITRIOS</b> DGT		 <b>TITULAIRE</b> 17 <b>PUIJA MOREL DANA-ADRIANA</b> GROW		 <b>SUPLÉANT</b> <b>PETKOVA SVETOZARA</b> GROW		 <b>TITULAIRE</b> 18 <b>SAMANIEGO HOFFRE LUIS</b> RTD		 <b>SUPLÉANT</b> <b>BATTA DENIS</b> EAC		 <b>TITULAIRE</b> 19 <b>WYWIAL KATARZYNA</b> EMPL		 <b>SUPLÉANT</b> <b>GONZALO IGLESIAS SONIA</b> OIB	
 <b>TITULAIRE</b> 20 <b>STIEVENART THIERRY</b> JRC		 <b>SUPLÉANT</b> <b>CORTESE BRUNO</b> EMPL		 <b>TITULAIRE</b> 21 <b>VITERBO VITA</b> OIB		 <b>SUPLÉANT</b> <b>INGLESE SABRINA</b> OIB		 <b>TITULAIRE</b> 22 <b>LIGAJ PIOTR</b> SCIC		 <b>SUPLÉANT</b> <b>MATHIOUDAKIS ALEXIS</b> SANTE		 <b>TITULAIRE</b> 23 <b>CSUZDI ILDIKO</b> OIB		 <b>SUPLÉANT</b> <b>VLAYKOVA ALBENA</b> COMP	
 <b>TITULAIRE</b> 24 <b>SABATIER NICOLAS</b> RTD		 <b>SUPLÉANT</b> <b>LOIZIDIS IOANNIS</b> RTD		 <b>TITULAIRE</b> 25 <b>TUZINA MARGOT</b> COMM		 <b>SUPLÉANT</b> <b>RUIZ ARANDA RAOUEL</b> COMM		 <b>TITULAIRE</b> 26 <b>PACURAR ALINA</b> HR		 <b>SUPLÉANT</b> <b>LANGA OANA</b> ENER		 <b>TITULAIRE</b> 27 <b>LINO ANTOINE</b> OIB		 <b>SUPLÉANT</b> <b>FERRAZZOLI FRANCO</b> OIB	