EPSU CJ USPE

European Public Service Union
Union pour le Service public européen
Cour de Justice

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Salaries ♦ Pension scheme ♦ Special levy

I — The Method ♦ The method for adjusting our pay and pensions is laid down in Annex XI to the Staff Regulations. It expires on *31 December 2012*. It is applied by Eurostat.

For Luxembourg, as for Brussels, our pay adjustment depends on two elements:

1. *Changes in the cost of living for Brussels*; due to an increase in the cost of accommodation for EU staff in Brussels during the reference period, the cost of living went up by +**0.9%**.

> ☑ What matters here is not the **level** of housing prices, but its **change** from one year another. It is doubtful that such a positive evolution would have occurred if the calculations were based on Luxembourg, a pure hypothesis which is excluded by the Staff Regulations.

2. *Changes in the purchasing power of salaries of national civil servants* in a basket of 8 Member States. Between June 2008 and June 2009, this increased by +**2.7%**.

> ☑ The Method is designed to keep our pay and pensions in pace with the purchasing power of civil servants in Member States. Its mandatory character protects us from the discretionary powers of Member States. Without a 'method', the mere mention of the word 'crisis' would be enough to stop any discussion about increasing pay.

➔ The joint effect of these two percentages results in an increase of +**3,6**%.

> ☑ By contrast, according to the Staff Regulations (Art. 3 (5) of Annex XI to the StaffRegs), "no correction coefficient shall be applicable in Belgium and Luxembourg". The weighting which once applied in Luxembourg, and which was lower than 100, was abolished, a fact which was hailed as a victory for the trade unions!

II — Actuarial assessment of our pension scheme ♦ In order to keep our pension scheme in balance, the Council adjusts, on the basis of Eurostat's work, our contribution rate.

That rate is strongly affected by changes in real average interest rates on long-term public debt over the 12 last years. Due to high inflation in 2008, the real interest rate dropped steeply, thus dragging that average downwards.

➔ Our contribution rate will have to be raised from 10.9% to 11.3% (– **0.4%** off our basic salaries).

> Once approved by the Council, the two above-mentioned adjustments will take effect as from 1 July 2009. A back payment will then have to be made for the last 6 months.

III — Special levy ♦ An increase of this extra tax is provided for by the StaffRegs (Art. 66a). The *gross* rate of the special levy will rise from 4.64 % to 5.07 % on 1 January 2010. In *net* terms, however, the effect on salaries of the 0.43 % increase in the special levy will vary between 0 and 0.35 % of salaries (0.20 % on average), because the accompanying high threshold – set at the basic salary of an AST 1/1 – will mean that higher salaries will be hit much harder than lower ones; basic salaries of less than EUR 3 144 will be fully exempt from this levy.