

Luxembourg, 29 Nov 2018

EN

## 2018 Salaries update **+1.7%**

**1.** Civil servants in central government in the 11-Member-States sample lost, on the whole, **-0.4%** of their purchasing power (global specific indicator, GSI).

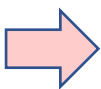
Losses were recorded mainly in ES, FR, UK, gains mainly in IT, NL. The long-expected increase in DE was largely absorbed by inflation.

**2.** The –economically meaningless– device of a Joint Belgium-Luxembourg Index (**JBLI**) (inflation) results in **+2.1%**.

Its calculation is based on the ratio between active staff in Belgium and Luxembourg, which is  
81.6 : 18.4

Of course, no account is taken of the real cost of living in Luxembourg, which is *deemed* to be equal to that of Belgium.

(Art. 64, 3<sup>rd</sup> para., StaffRegs)



**3.** The combined effect of the GSI and JBLI is **+1.7%** and this is what we will get this December with a back-pay from 1-July-2018.

**4. Pension contribution rate 10,0%**

With effect from 1 July 2018 as well, the rate of **contribution to the pension scheme** is increasing from 9.8% to **10.0%**.

This is the yearly **pension contribution rate (PCR)** necessary to finance  $\frac{1}{3}$  of the benefits payable.

It results from complex calculations of the evolution of financial and demographic assumptions.

One of these financial assumptions, the **Real Discount Rate (RDR)**, calculated over the 24 last years, was found to be **2.9%**, i.e. lower than the one used in 2017 (3.1%). To make up for this decrease, our contribution will have to be increased.

5. This will further entail an update, from 1 January 2019, of the rate for calculation of compound interest (Article 12, Annex XII Staff Regs) and affect the value of pension rights **transferred** in and out.




## 6. An assessment

From 2004 to 2018, the EU staff lost around 10.5% of their purchasing power, due to the combined effect of:

- the reforms of the Staff Regulations in 2004 and 2013; and
- cuts in salary adjustments:
  - 0% instead of 1.7% for 2011
  - 0.8% instead of 1.7% for 2012
  - salary freeze for 2013 and 2014.

Over the same period, civil servants in central governments of the Member States lost 1.8%.



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