



# 2025 annual update: +3 % Pension contribution rate increased by 1%

The 2019 sanitary crisis triggered off a period of instability, following which all the –wisely devised in the Staff Regulations– safety valves were successfully put to the test: exception clause, moderation clause, intermediate update. This period ended with the payment, in April this year, of +1.2 % carried over on account of the moderation clause.

Now, we are back again to a plain annual update for the reference period 1 Jul 2024 – 1 Jul 2025.

### A fair automatic Method for us to defend

The 2014 Reform of the Staff Regulations brought significant improvements to Annex XI, namely

- (a) the update is no longer submitted for a decision to the Council; it is calculated by Eurostat and rubber-stamped by the Commission.
- (b) the 2014 Method does not allow for subjective interpretations; the possibility of triggering <u>a</u> <u>moderation or an exception clause</u> (Articles 10 and 11) or an <u>intermediate update</u> (Articles 4 to 7) depends purely on fixed mathematical parameters applied by Eurostat.

This is an achievement to be safeguarded by all means!

#### GLOSSARY

Global <u>Specific Indicator</u> (**GSI**) – Changes in the purchasing power of salaries of civil servants in central government (calculated on a **sample of 10 Member States**), after deducting the respective country's inflation.

<u>Joint Index</u> (JBLI) – Represents a weighted average of changes in the cost of living in **Belgium** and **Luxembourg**, rate of inflation (or deflation).

**PCR** – Pension contribution rate

**PSEO** – Pension Scheme for European Officials

- **1.** Every update of pay and pension necessarily involves a combination of two variables: The **GSI** and the **JBLI**.
- **2.** Annual update The actual figures for the whole 1 Jul 2024 1 Jul 2025 period proved to be positive in both its components: **GSI** and **JBLI**.
- **3. GSI** In fact, real net salary increases for civil servants in most Member States in the sample (notably IT 3.2, PL 14.3, SE 3.7), with three exceptions, BE -0.8, -DE 4.9, NL -1.3, ended up in a weighted average of +0,5%.

- **4. JBLI** During the July 2024 to July 2025 reference period, the cost of living of the EU staff working in Brussels and Luxembourg –shared according to a ratio of 80.9% to 19.1%– increased by **+2.5** % (BE 2.5 % / LU 2.4 %).
- 5. Therefore, the annual update paid in December with effect from 1 July 2025 will be:

#### 6. A 1% increase in the PCR

In order to guarantee the equilibrium of the PSEO, the yearly PCR necessary to finance 1/3 of the benefits payable would be 13.6% of the basic salary.

This year, changes to the PCR result from the combined effect of changes in financial assumptions and changes due to the contributing population.

The **Real Discount Rate** (**RDR**) of government bonds yield increased by 0.7%. ◆ The previous year's gain in the purchasing power of national civil servants (+3.2%) led to a 0.7% increase of the **General Salary Growth** ◆ Finally, a -0.1% is due to an increase in the **population of contributing members**. → Global change +1.3%.

Calculated PCR (2025 vs 2024 calculated rates)			
Items	Change		
	breakdown		
2024 Assessment	12.3%		
2025 Assessment	13.6%		
Global change	+1.3%		
Change due to the RDR of Gvt bonds yield	0.7%		
Change due to the General Salary Growth	0.7%		
Change due to the updated population	-0.1%		
Global change	+1.3%		

**HOWEVER**, "Any update shall not lead to a contribution being more than one percentage point above or below the valid rate of the previous year" (Art. 2 (1) Annex XII Staff Regs).

Therefore, the increase of the PCR will be *capped* at  $+1.0\% \rightarrow$  The *applied* PCR will rise from 12.1% to 13.1% in December as of July 2025.

The past *calculated* PCR was 12.3%, but the past *applied* PCR was 12.1%.

⇒ The PCR taking effect on 1 July 2024 shall be capped at 13.1%.

## 7. Impact on net salary

For contributing members of the PSEO, the 1% increase to the PCR **only** applies to the basic salary. Its real impact on your net remuneration will be approx. -0.7%.

Overall average net effect on remuneration +2.3 %

<u>The Method</u> was largely achieved and defended, through negotiation and struggle, by our union family, the USF. Find out more ➤ <u>Ludwig Schubert 1935-2018 The Method (FR-EN-DE)</u>.

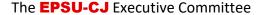
The challenge lying before us now is how to defend – in an uncertain social and political environment – and consolidate *the binding character* of this Method. To do so, we will all need strong, representative and trustworthy staff unions. Your membership matters! **Join EPSU-CJ!** 

#### Information unrelated to the annual update -

Difference in the cost of living between Brussels and Luxembg		
TOTAL	LUX > BRUX	+20,1%
Rents	LUX > BRUX	+72,2%
Total excluding rents	LUX > BRUX	+ 3,2%

The above data for Luxembourg are purely indicative: per EU Staff Regulations, official PPP BXL = LUX = 1 July 2025, Eurostat

**EPSU-CJ** hopes that this update will help to make your end-of-year holidays as enjoyable as possible





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#### As a union member, you are better informed and better defended

USF/EPSU-CJ Affiliated to Union Syndicale Fédérale			
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