Conference on Remuneration Statistics

eurostat

Structure

Title Pension Contribution Rate: three different frameworks for setting the actuarial assumptions

Author and Speaker Aldo CAMPO

Expertise Eurostat (Statistical Office of the European Union)

Conference session to which relates 7

Abstract The Pension Scheme of European Officials (PSEO) provides pension coverage to the members of around sixty entities of the European Union. At end 2018, the PSEO populations consisted of more than 88k members with almost 66k contributing members. The PSEO is a Defined Benefit Scheme with a "notional" fund. The PSEO is not a "Pay-As-You-Go" scheme: pension contributions match accruals not payments! The estimation of the yearly PCR requires the computation of a ratio between the Service Cost (SC) and the total of the annual Basic Salaries (BS). Estimating the SC means setting a full range of actuarial assumptions for injection in the model. The determination of the values for each assumption represents a challenge to the actuary who has to face the intrinsic technical complexity of the task, and additionally "rank" in a way the different sources of reference for the assumptions. Three main sources of information, reference, legal provisions co-exist in relation to the computation of the PSEO PCR: (1.) Legal framework: the Staff Regulations of Officials and Conditions of Employment of Other Servants of the European Union; (2.) Accounting framework: IPSAS 39 "Employee Benefits" and the EU Accounting Rule n. 12; (3.) Actuarial framework: best actuarial practices. Three main sources of information co-exist and are all equally necessary to permit an estimation of the PSEO PCR satisfying all the involved stakeholders: members of the scheme, political authorities, accountants, auditors, actuaries.

Keywords Remuneration, Pension Contribution, Actuarial Assumption, Ipsas39

Luxembourg

9-10

December 2019
European Convention Center
Luxembourg