

STUDY

Requested by the CONT committee



MEPs' Pension Rights before and after the Members' Statute in 2009

PRE-RELEASE

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Abstract

This study presents detail on MEP pension rights, looking at arrangements in the Member States prior to the entry into force of the Members' Statute in 2009; and EU-level pension arrangements, i.e. the Provisional Pension Schemes, the Voluntary Pension Scheme, and pension rights under the Members' Statute. Moreover, a comparative analysis of the different arrangements is provided.

This document was requested by the European Parliament's Committee on Budgetary Control. It designated Ms Monika Hohlmeier to follow the study.

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LIST OF ABBREVIATIONS

CONT	European Parliament Committee on Budgetary Control
DB	Defined Benefit Pension Scheme
DC	Defined Contribution Pension Scheme
EC	European Commission
EP	European Parliament
EU	European Union
MEP	Member of the European Parliament
MP	Member of Parliament
PAYGO	Pay-as-you-go pension system
PEAM Rules	Rules Governing the Payment of Expenses and Allowances to Members

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EXECUTIVE SUMMARY

Objectives

This study focuses on the pension rights of Members of the European Parliament (MEPs) before and after the entry into force of the Members' Statute in 2009. This study aims to:

- provide the Budgetary Control Committee (CONT) with data on MEP pensions;
- analyse the national pension systems in place for MEPs at the following points in time, 1990, 1995, 2004, 2007, 2009 in all (then) Member States, and thus give a clear factual description of the pension situation of MEPs who have accrued their rights at national level and of MEPs who have pension rights under the Members' Statute;
- for broader context, the system in one third country with a dedicated pension system for Members of Parliament (MPs) is also included (United States).

EU-level pension arrangements before and after the Members' Statute

- **MEP pensions before the Members' Statute:** Before 1979 there was no need for EU-level provisions on pensions for MEPs because all MEPs held both a national and a European mandate and MEPs were covered by the provisions of their Member States. In the context of the Act on direct election no specific arrangements for MEP pensions or salaries were introduced and these remained tied to arrangements in their Member States (please note that salaries are mentioned here and throughout this study because of the linkage between pensions and salaries).
- **Provisional Pension Schemes:** Considering the linkage of MEP pensions to those of MPs, the establishment of the Provisional Pension Schemes in 1981 was motivated by shortfalls of national provisions for MEPs in comparison to those for MPs for France, Italy and Luxembourg. Consequently, the 'Rules Governing the Payment of Expenses and Allowances to Members' (PEAM Rules) established the Provisional Pension Schemes, aiming to ensure that all MEPs benefited from pension rights at the same level as MPs in their Member States. These schemes are defined benefit schemes, requiring contributions by MEPs. The schemes were funded entirely from the EP budget and the MEP contributions.
- **Voluntary Pension Scheme:** This scheme, established in 1990 under the PEAM Rules, aimed to provide an 'EU-level' pension for MEPs. The scheme is operated by the 'Pension Fund for Members of the European Parliament', a non-profit making association registered in Luxembourg in 1993, and legally separate from the EP. MEPs need to have paid contributions for at least two years to access the pension (the original length of contributions was five years); the entitlement starts at the age of 65 (originally 60). With the Members' Statute, access to the Voluntary Pension Scheme was 'ended'. As of 31 December 2018, the scheme was running a deficit of EUR 286.1 million and the scheme is expected to run out of funds. The EP has declared its liability for covering future obligations.
- **Towards the Members' Statute:** The Members' Statute was 'negotiated' over eight years until its adoption in 2005 with the support of the 'Group of Eminent Persons'. Further to Council opposition, the finally adopted text reduces MEP salary from the originally proposed 50% of the basic salary of a judge at the European Court of Justice to 38.5%, and increases the pension age from the originally proposed 60 years to 63. The Members' Statute did not integrate some of the recommendations by the Group of Eminent Persons, e.g. that the entitlement should be triggered by a term of five years (Members' Statute: one year); should start at the age of 65 years

(Members' Statute: 63); and that MEPs should contribute to one third of the pensions (Members' Statute: no contributions).

- **Pension rights under the Members' Statute:** The Members' Statute is a defined benefit scheme:
 - Members access the pension at the end of their term of office and as of the age of 63.
 - MEPs need to have exercised their mandate for at least one complete year.
 - The pension is calculated as follows: 'for each full year's exercise of a mandate, 3.5 % of the salary pursuant to Article 10 and one twelfth thereof for each further full month, but not more than 70% in total'. The salary is '38.5 % of the basic salary of a judge at the Court of Justice of the European Communities' (EUR 8,932.86 gross on 1 July 2019).
 - The entitlement to the old-age pension exists irrespective of any other pension, however, the pensions are offset against pensions from simultaneous mandates in any parliament in a Member State.
- **Co-existence of pension schemes and beneficiaries:** The pension arrangements under the Members' Statute, the Provisional Pension Schemes and the Voluntary Pension Scheme currently 'co-exist'. Indeed, with the entry into force of the Members' Statute, the Provisional Pension Schemes and the Voluntary Pension Scheme were maintained for MEPs that benefited under these schemes before 2009. The Members' Statute allowed MEPs to opt out, provided they had been MEPs prior to the entry into force of the Members' Statute and were re-elected in 2009. Only 32 MEPs opted out. It is difficult to provide information on the estimated expiry date of the schemes in place prior to the Members' Statute as this depends on the life expectancy of the beneficiaries.

The number of beneficiaries drawing their pensions under the Members' Statute remained low until 2014, increasing to 210 in 2018. The EP projects 435 beneficiaries under the Members' Statute by 2024 (with a budget of EUR 10.8 million in 2024). The number of beneficiaries under the Provisional Pension Schemes remained stable between 2009 and 2018. The number of beneficiaries under the Voluntary Pension Scheme increased from 623 in 2009 to 771 in 2018.

EU-level budgetary expenses for pensions

- Expenditure relates to different categories, i.e. contributions to the accrual of pension rights and actual pension payments. It is difficult to compare expenses before and after the entry into force of the Members' Statute as the various schemes have reached different levels of 'maturity', e.g. more rights have been generated under the Provisional Pension Schemes operating since 1981 than under the Members' Statute. Moreover, future budgetary expenses are difficult to predict as there is uncertainty as to the expenses that the Voluntary Pension Scheme might generate in the future (the scheme is expected to run out of funds). Finally, budgetary expenses must also be considered in light of the fact that until the entry into force of the Members' Statute, the bulk of expenses corresponding to pensions were born by the Member States.
- Considering this context, and looking first at the Provisional Pension Schemes and pensions under the Members' Statute (until 2013, the budget figures did not differentiate between the two; as of 2014 pensions under the Members' Statute were moved to the EC budget), expenditure (corresponding to pension payments) for this steadily increased from about EUR 2.1 million in 1990 to EUR 11.5 million in 2019. Expenditure for the Voluntary Pension Scheme

(corresponding to the EP's contributions) was first entered into the budget for 1992 (EUR 4.4 million). Expenditure then increased to EUR 14.5 million in 2008, and then dropped to EUR 9.1 million in 2009, EUR 0.2 million in 2010, and no longer appears with budget appropriations as of 2016. Finally, as of 2014, expenditure for pensions under the Members' Statute (corresponding to pension payments) was entered into the (EC) budget, increasing from EUR 0.4 million in 2014 to EUR 4.2 million in 2019.

Comparative review of Member State pensions for MEPs

- **General characteristics of pension schemes for MEPs / MPs:** All EU Member States have established statutory pension systems that cover all or most employees. However, Member States have often created separate pension schemes for civil servants and MEPs/MPs, because they define these functions as 'public service' rather than 'employment'. The first important parameter of pension provision is whether there is a separate scheme for MEPs/MPs or whether MEPs/MPs participate in the pension scheme(s) that cover the rest of the working population. A second key parameter concerns the benefit formula. The benefit formula is one of the most important indicators of pension generosity. Third, what is the minimum length of required service before pension rights accrue? Fourth, what is the minimum and maximum pension? Finally, what is the minimum pension age?
- **Cross-national differences in pension design**
 - **Separate versus general scheme:** One group of Member States places MEPs/MPs in the same category as high-level civil servants or creates a special scheme for MEPs/MPs only. Indeed, some Member States have long-standing traditions of providing more generous pension provisions to certain groups of civil servants. In these countries, MEPs/MPs are serving the public interest (the voters) and are considered to belong in a distinct category. A second group of Member States places MEPs/MPs in the statutory pension insurance schemes that include all employees in dependent employment or all income-earners. Here, the guiding principle is that the MEP/MP is an employee paid by the state or legislature. As an employee, the MEP/MP then earns pension rights on the same terms as the rest of the labour market.
 - **Benefit formulae:** Even though MEPs/MPs were largely treated the same in the period before 2009, there is very wide variation across the Member States and the USA in the benefit formula. If we look at the pension provision across the MS, we see the highest accrual rates in some of the specific defined benefit (DB) schemes. The general pension schemes that cover MEPs/MPs are, overall, less generous than the DB specific schemes. Member States that place MEPs/MPs in the DB general scheme typically have lower accrual rates than the specific schemes. Several Member States have introduced defined contribution (DC) schemes that by definition place more risk on individuals than DB schemes do.
 - Finally, it is important to emphasise that **salary levels** are central components of pension benefit formulae. The entry into force of the Members' Statute established equal pay and pensions for MEPs from different Member States. However, the Members' Statute created inequalities within Member States, because of the substantial differences between national MP salaries and pension rights and MEP salaries and pension rights. Several trends stand out: Dutch, Italian, Irish, German, and Austrian MP salaries remain slightly higher than the MEP salaries. Danish, Finnish, Greek, and Swedish MP salaries are somewhat lower than

MEP salaries, and the MP salaries for Spain, Portugal, and the new Member States are substantially lower than MEP salaries.

- The **minimum qualification periods**: Most schemes covering MEPs/MPs had short minimum qualification periods in 2009, in keeping with the emphasis on facilitating mobility across occupations. Specific schemes that require a minimum insurance period are typically specific schemes for all public sector employees that also include MPs. General schemes that cover MPs require longer periods of insurance.
- **Maximum pension**: There are also differences in the maximum pension and the number of years of service required to achieve the maximum pension. Civil servant/separate schemes generally offer more generous maximum pensions than the statutory schemes that apply to the working population.
- **Minimum Pension Ages** also show wide variation among the national MP pension schemes, and most are higher than the MEP pension age of 63. The Belgian pension scheme for MPs is an outlier (in 2009) with a pension age of 55 (it has since been increased and will rise to 67 by 2030). Denmark and Slovakia also have lower minimum pension ages for MPs (60 and 58 respectively), but all other Member States have higher minimum pension ages than the MEP pension scheme.

MEP and MP pensions in 2009: comparative evaluation

- The role of MP and MEP requires specialised knowledge and skills, so compensation is typically high, relative to average wages. If we compare MEP and MP (gross) salaries/compensation to that of average workers, it is typical for the Member States to pay MEP/MP compensation somewhere between 175% and 250% of average wages. However, the differences are sometimes enormous for the new Member States. For example, MEP salaries are more than 800% of average wages in the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovakia. Romanian and Bulgarian levels are even higher.
- These differences in wage levels directly influence pension levels. Before 2009, MEPs earned salaries/compensation that were nationally determined and aligned with national wage levels, so their pension rights were based on these national wage levels. The Members' Statute changes this dramatically for MEPs in Member States with wage levels that are significantly lower than the Member States with higher average wages. MEP salaries, and the pensions based on these salaries are aligned with a uniform salary, regardless of wage levels in the MEPs' home state. This has important effects for the new Member States and other middle-income Member States. The difference in an MEP's salary and the wage levels/cost of living in the home country matter little while the MEP serves in the EP, because the MEP resides (at least part time) in Brussels/Strasbourg where wages are high, and the cost of living is high. Assuming the former MEP retires in his/own home state, the MEP pension provides a generous benefit.
- Another important aspect of pension generosity concerns the number of years (or months) required to qualify for the minimum pension benefit. As discussed, the Members' Statute allows MEPs to claim a pension if they have served as MEP for at least one year. Most Member State pension schemes for MPs do not offer such a short contribution period to qualify for a pension. Only Denmark, Germany, Finland and Hungary allow pension receipt after one year (or less). Most other Member States require many more years of service.
- This comparative evaluation of MEP and MP pension rights in 2009 does not say anything about the long-term development of MP pension rights in the Member States since the 1990s and

especially after 2009. The report summarises deteriorations in aspects of MP pension provision in 22 of 28 Member States since 1997. For example: pension age increased in 17 Member States; special pension schemes for MPs abolished in eight Member States; length and / or rate of contributions increased in nine Member States; pension levels (e.g. accrual rates) reduced in six Member States; salaries reduced in two Member States; Required length of mandate / service increased in one Member State; early retirement option phased out in one Member State.

- Several considerations motivate the relatively high pension levels guaranteed by the Members' Statute: the high qualification levels necessary for the role; the value of public service; efforts to make the role of MEP attractive for people in all Member States; and career interruptions associated with MEP service. However, viewed against the backdrop of deteriorations in the pension provision for many MPs and the working population in many, if not most, Member States, the pension levels offered by the Members' Statute pension scheme are relatively high. And given that the Members' Statute relies on a uniform MEP salary that is substantially higher than MP and average wages in many Member States, the pension levels of the Members' Statute pension scheme are surprising. An MEP receives a pension after ten years of service (two mandates in the EP) that is higher than the benefits paid by all statutory schemes and most national MP pension schemes.

1. INTRODUCTION

1.1. Objectives and scope

The European Parliament (EP) via the Directorate-General for Internal Polices of the Union (Policy Department for Budgetary Affairs, Directorate for Budgetary Affairs) contracted Blomeyer & Sanz (Madrid), in partnership with the Institute for Public Affairs (Warsaw)¹ on 1 July 2020 to prepare a study on the pension rights of Members of the European Parliament (MEPs) before and after the entry into force of the Decision of the European Parliament of 28 September 2005 adopting the Statute for Members of the European Parliament' ('Members' Statute' in this report).

This study aims to:

- provide the Members of the Budgetary Control Committee (CONT) with solid and reliable data on MEPs' pensions;
- analyse the national pension systems in place for MEPs at the following points in time: 1990, 1995, 2004, 2007, 2009 in all (then) Member States, and thus give a clear factual description of the pension situation of MEPs who have accrued their rights at national level and of MEPs who have pension rights under the Members' Statute;
- for broader context, the system in one third country with a dedicated pension system for Members of Parliament (MPs) is also included (United States).

In terms of scope, the study focuses on the 'old-age pension' as set out in Article 14 of the Members' Statute (there is also a 'survivor's pension' and an 'invalidity pension' and these are not covered by this study).² With regard to MPs, the focus is on MPs with no specific parliamentary function other than MP (i.e. in some countries different arrangements exist for Speakers / President of Parliament, Chairpersons of Committees etc.).³

1.2. Methodology and key concepts

1.2.1. Methodology

The study was largely prepared on the basis of desk research, with information validated by interviews where required.⁴ Desk research involved a review of the relevant legal frameworks governing MEP pension rights at the European Union (EU) and Member State levels. Desk research also covered a review of EU-level budgetary expenses (to ascertain the levels of budgetary expenses corresponding to pension rights over the years covered by this study). Interviews focused on Member State

¹ Lead authors include Karen Anderson (University College Dublin), Roland Blomeyer (Blomeyer & Sanz), Małgorzata Koziarek (Institute of Public Affairs). Data collection in some of the Member States was supported by Margarita Sanz, Nicolò Franceschelli, Veronika Kubeková, Anna Manoudi, Claudia Lübbers, Janina Petelczyc, Martin Guzi, Gabor Szudi, Vassil Kirov, Inga Blaziene, Märt Masso, Krišs Karnītis, Victoria Stoiciu, Predrag Bejaković.

² Where we refer to beneficiaries of pensions other than the old-age pension, this is specifically noted in the text. For example, some of the figures on beneficiaries do not differentiate between the different categories of rights.

³ For example, Portugal counts ten different salary categories for MPs; see <https://www.parlamento.pt/DeputadoGP/Paginas/EstatutoRemuneratorioDeputados.aspx>.

⁴ The study was initiated with a (remote) kick-off meeting with the Policy Department for Budgetary Affairs on 3 July 2020. Further to the kick-off meeting, the EP provided written comments on the template for the interim report / approach to data collection (17 July 2020). A progress meeting with the Policy Department for Budgetary Affairs took place on 3 September 2020. Finally, this report addresses comments on an interim version of the report, and comments on draft versions of the final report. The Interim Report was submitted on 24 August 2020; the EP provided comments on 26 and 28 August 2020. The draft final report was submitted on 9 October 2020 and the EP provided comments on 19, 20 and 22 October 2020.

parliaments / administrations, aiming, in case of data gaps, to validate information collected on the basis of desk research.⁵

The authors of this report would like to express their gratitude to the colleagues in the Policy Department for Budgetary Affairs and the Members' Salaries and Social Entitlements Unit of the European Parliament for the support provided in terms of facilitating documentation and data access and helping with the organisation of data collection.

1.2.2. Key concepts

This subsection briefly introduces some of the key concepts relating to pension systems used throughout this report. This draws on a recent publication by our lead author Karen Anderson.⁶

- **Classification of pension systems:** This report adopts the well-established '**three-pillar system of classifying pension systems**'. The first pillar corresponds to state provision; the second pillar refers to private and employment-based pensions; and the third pillar is voluntary, private provision.
- **Main elements of pension design:** The design of pensions under all three pillars refers to **coverage** (who / which group receives the benefits?), **benefits** (how much is received?), **financing** (how are the benefits financed?) and **administration** (who administers the pension?).
- **Coverage:** Looking specifically at pensions for MEPs, the aspect of coverage relates to whether MEPs are covered by **exclusive schemes for MEPs**, or by **schemes that focus on wider occupations** (e.g. MEPs and MPs, elected officials, (senior) civil servants etc.), or by '**universal schemes** covering the entire population.
- **Financing:** Pensions may be financed by general tax revenues, earmarked contributions paid by the individual and/or the employer, or income from financial assets set aside in dedicated pension funds. Pensions are sometimes financed by a combination of all of these sources. The term 'pay-as-you-go' (PAYGO) refers to schemes where general government revenues or earmarked contributions finance the cost of outgoing pension payments. With regard to the financing of pension schemes for MEPs, this report is mainly interested in whether MEPs are required to pay **contributions and / or taxes** (and the volume of these), and whether the EP / the Member State **(co-) finance the schemes**.
- **Methods for designing pension benefits:** The main distinction here is between **defined benefit** and **defined contribution** schemes. Defined benefit schemes stipulate the payment of a specific pre-defined benefit upon retirement, based on a pre-defined calculation method. The EP's Provisional Pension Schemes of 1981 and the pension system introduced with the Members' Statute in 2009 are defined benefit schemes. On the other hand, defined contribution schemes do not promise a specific pension benefit level at retirement. Instead, defined contribution schemes pay benefits based on the sum of contributions over an individual's career and the rate of return over time on these contributions. In a capital-funded defined contribution scheme, participants' accumulated capital is invested on financial markets and the capital at retirement is (usually) converted to an annuity. Notional defined contribution

⁵ Member State data was validated in exchanges with relevant authorities for Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Germany, Greece, Ireland, Latvia, Lithuania, Luxembourg, Romania, Slovakia Republic, Spain, and Sweden. For most other Member States, the relevant authorities were approached to validate data.

⁶ See for example, the chapter 'Old-Age Pensions' in Anderson, K. (2019) Handbuch Sozialpolitik, pages 585-603, https://link.springer.com/chapter/10.1007/978-3-658-22803-3_29

schemes emulate this model by recording notional contributions in individual pension accounts and then calculating a rate of return that is usually based on wage growth and life expectancy. In a notional defined contribution scheme, there is no accumulation of capital in individual accounts and no investments on financial markets. Yet the logic is similar: notional contributions increase (or sometimes decrease) in value according to a rate of return that considers economic growth, employment, and changes in the volume of notional pension assets. The notional capital in an individual's account is then converted to an annuity at retirement. The annuity calculation is also based on the average life expectancy of the individual's birth cohort.

- **Administration:** First pillar schemes are generally administered by the state; whilst second and third pillar schemes can be administered in a variety of ways, usually involving the private sector.

Having presented the key concepts, an important caveat needs to be noted. This report looks at pension systems for the EP and across Member States, all with very different traditions with regard to the genesis of their pension systems. Therefore, the different pension systems can hardly ever be described exactly according to the concepts noted above. Indeed, there is a wealth of variations and combinations in pension design that necessarily constrain uniform presentation and comparison.

1.3. Structure of the report

The report is organised in four main sections and two annexes.

- This first section introduces the report;
- The second section provides background on MEP pension rights focusing on the EU-level, including the developments leading to the Members' Statute in 2009; detail on the EU-level arrangements for MEP pensions (Provisional Pension Schemes, Voluntary Pension Scheme); and presenting data on EU-level budgetary contributions for MEP pension rights over the years 1990 to 2020;
- The third section turns to the Member States' systems for MEP pensions, presenting a brief comparative analysis and comparative figures to allow for a quick comparison of key features across the different systems;
- Section 4 presents a comparative evaluation of MEP and MP pensions in 2009;
- Finally, detailed information on the Member States' systems can be found in Annex I, and Annex II lists the references.

2. EU-LEVEL PENSION ARRANGEMENTS FOR MEMBERS OF THE EUROPEAN PARLIAMENT AND EXPENDITURE

This section presents EU-level pension arrangements for MEPs before and after the introduction of the Members' Statute (subsection 2.1) and data on EU-level budgetary expenditure corresponding to MEP pensions (subsection 2.2). Section 2 sets the context for the comparative analysis of Member State arrangements for MEP pensions in the subsequent third section of this report.

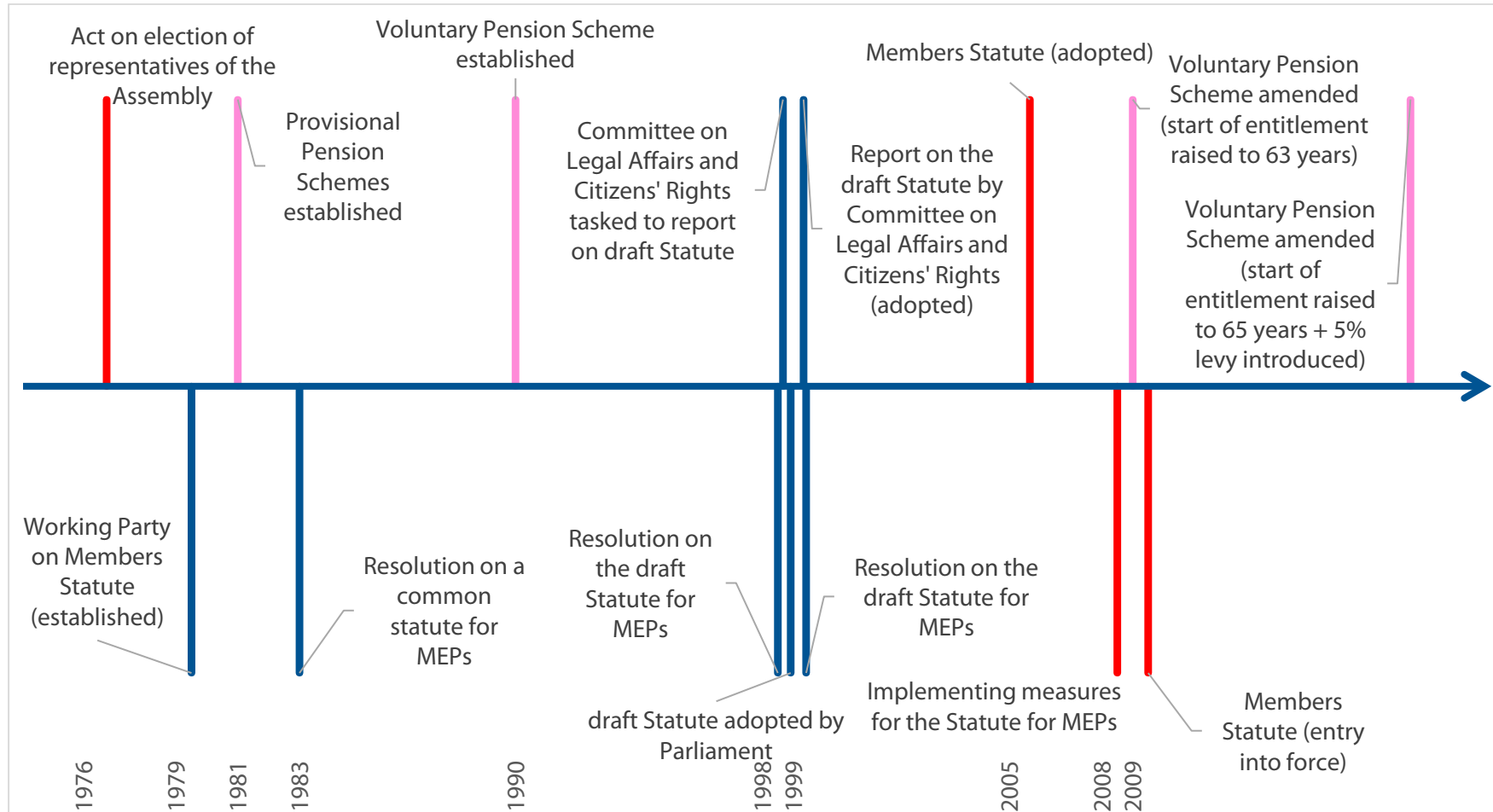
2.1. EU-level pension arrangements before and after the Members' Statute

KEY FINDINGS

- Before 1979 there was no need for any EU-level provisions on pensions for MEPs because all MEPs held both a national and a European mandate and MEPs were covered by the provisions of their Member States. In the context of the Act on direct election, MEP salaries remained tied to arrangements in their Member States.
- Considering the linkage of MEP pensions to those of MPs in their respective countries, the establishment of the Provisional Pension Schemes for France, Italy and Luxembourg in 1981 was motivated by shortfalls of national provisions for MEPs in comparison to their national-level counterparts, aiming to ensure that all MEPs benefited from pension rights at the same level as MPs in their Member States.
- The Voluntary Pension Scheme was established in 1990 and aimed to provide an 'EU-level' pension for MEPs. MEPs need to have paid voluntary monthly contributions for at least two years to access the pension; the entitlement starts at the age of 65. With the Members' Statute, access to the Voluntary Pension Scheme was 'ended'. The scheme is expected to run out of funds and the EP has declared its liability for covering future obligations.
- The Members' Statute was 'negotiated' over eight years until its adoption in 2005. Pension rights under the Members' Statute can be summarised as follows: Members access the pension at the end of their term of office and as of the age of 63. MEPs need to have exercised their mandate for at least one complete year. The pension is calculated as follows: 'for each full year's exercise of a mandate, 3.5 % of the salary pursuant to Article 10 and one twelfth thereof for each further full month, but not more than 70% in total'.
- The pension arrangements under the Members' Statute, the Provisional Pension Schemes and the Voluntary Pension Scheme currently 'co-exist'. Indeed, with the entry into force of the Members' Statute, the Provisional Pension Schemes and the Voluntary Pension Scheme were 'maintained' for MEPs that benefited under these schemes before 2009. The Members' Statute allowed MEPs to opt out, provided they had been MEPs prior to the entry into force of the Members' Statute and were re-elected in 2009. Only 32 MEPs opted out.

This subsection comments on the situation with regard to MEP pensions before 1979 (subsection 2.1.1); the subsequent developments (2.1.2) leading to the establishment of the EP's Provisional Pension Schemes in 1981 (2.1.3) and the EP's Voluntary Pension Scheme in 1990 (section 2.1.4); the preparations of the Members' Statute (2.1.5), the pension system introduced with the Members' Statute in 2009 (2.1.6), and finally, the current co-existence of different pension arrangements (2.1.7). Figure 1 presents a timeline showing key events in the development of MEP pension rights since 1976.

Figure 1: Chronology of key events⁷



Source: Author.

⁷ Key legal acts in red lines, Provisional Pension Schemes / Voluntary Pension Scheme in pink lines, EP 'preparatory steps' in blue lines.

2.1.1. MEP pensions before 1979

Before 1979 there was no need for any EU-level provisions on pensions (or salaries) for MEPs: 'Until 1979, all members of the European Parliament held both a national and a European mandate. **There was no need to arrange for a salary for their European duties, as all already received a salary for their work in the national parliament**' [bold font by the author].⁸ Please note that salaries are mentioned here and throughout this study because of the linkage between pensions and salaries, e.g. accrual rates are pegged to the salary. The only EU-level arrangement consisted of a life insurance, giving MEPs who had held this function for at least 10 years the right to a one-off payment of about EUR 10,000 at the age of 60 years. This was fully financed by the European Parliament.⁹

2.1.2. MEP pensions as of the direct elections to the EP

In the context of the Act on direct election¹⁰ no specific arrangements for MEP pensions or salaries were introduced: 'One could have expected that the Act would also include arrangements for members' remuneration. This could either have been a European statute or a decision to continue to link the members' salary to that of the national representatives of their country of origin. The text is however deafeningly silent on the matter';¹¹ 'Instead, they [the Member States] informally agreed that the members of the European Parliament **would continue to receive the same allowances, old-age pensions, survivors' pensions, and other benefits as the members of the national parliaments in the member state in which they were elected**' [bold font by the author]. Their salary remained tied to the *national* political culture'.¹² In 1978, this was reconfirmed in a letter from the President of Council to the President of the EP, noting that Member States were competent to decide on the salaries of 'their' MEPs.¹³ This linkage of MEP pensions (and salaries) to those of MPs is explored in detail in section 3 with a comparative review of Member State arrangements for MEP pensions (with additional detail for every Member State presented in Annex I).

2.1.3. Provisional Pension Schemes

Subsection 2.1.2 noted the linkage of MEP pensions to those of MPs in their respective countries. The establishment of the Provisional Pension Schemes in 1981 was motivated by **shortfalls of national provisions for MEPs in comparison to their national-level counterparts**. These shortfalls were

⁸ Buitenweg, K. M. (2016) 'The European Parliament's quest for representative autonomy: An internal perspective' in University of Amsterdam, UvA-DARE (Digital Academic Repository), p. 156, <https://dare.uva.nl/search?identifier=7abbef67-d722-427b-ae8a-7045955763a5>

⁹ See 'Note' of 20 March 1980 of the Working Party on the Members' Statute (PE 63.832), p. 3

¹⁰ Act concerning the election of the representatives of the Assembly by direct universal suffrage, Official Journal L 278/5 of 8 October 1976, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:1976:278:FULL&from=EN>

¹¹ Buitenweg, K. M. (2016) ', p. 156.

¹² Buitenweg, K. M. (2016), p. 157. [See also](https://www.cvce.eu/obj/recommendation_of_the_group_of_important_persons_on_the_statute_for_members_may_2000-en-6f11c1cb2-a0bc-4b7d-abb8-130db6ddaac8.html) European Parliament (2000) Recommendation of the Group of Eminent Persons on the Statute for Members, p. 2, https://www.cvce.eu/obj/recommendation_of_the_group_of_important_persons_on_the_statute_for_members_may_2000-en-6f11c1cb2-a0bc-4b7d-abb8-130db6ddaac8.html

¹³ See European Parliament Working Document 1-277/80 of 25 June 1980 (<http://aei.pitt.edu/100784/1/1980-81.80.277.pdf>), referring on page 8 to 'a letter from the President of Council to the President, of Parliament of 15 December 1978, which claimed that Member States were competent to decide members' salaries.

identified by an EP Working Party on the Members' Statute (established in 1979),¹⁴ drawing insights from a study by the Secretariat General of the European Parliament (see Table below).¹⁵

Table 1: Shortfalls of pension coverage of MEPs in France, Italy and Luxembourg

	France	Italy	Luxembourg
Pension of MEPs		No provisions	No provisions
Pension of survivors	Less favourable regime		
Invalidity		No provisions	No provisions

Source: Author.

Consequently, Article 1.2 of Annex III of the Rules Governing the Payment of Expenses and Allowances to Members (PEAM Rules) states: 'Pending the establishment of a definitive Community pension scheme for all Members of the European Parliament, **where no pension is provided under national arrangements or where the level and/or conditions of such pension are not identical to those applicable to Members of the national parliament of the Member State for which the Member was elected**, a provisional pension shall, at the request of the Member concerned, be paid from the European Union budget, Parliament Section.' [bold font by the author of this report].

The Provisional Pension Schemes fall in the category of defined benefit schemes, requiring contributions by MEPs. The Provisional Pension Schemes were not based on the capitalisation of MEP contributions, but were funded entirely from the EP budget and the MEP contributions (unlike the Members' Statute pensions where MEPs are not required to make contributions). Figure 2 below shows the contributions by MEPs to the financing of the Provisional Pension Schemes. Indeed, once the Members' Statute came into force in 2009, the Provisional Pension Schemes were discontinued with accrued rights maintained exclusively for those MEPs that had benefited under these schemes before 2009 (i.e. no new rights were accrued). Article 75 of the Implementing Measures reads: 'the old-age pension paid pursuant to Annexes I, II and III to the PEAM Rules shall continue to be paid pursuant to those annexes to those persons who were in receipt of the benefits in question prior to the date of entry into force of the Statute. The old-age pension rights acquired prior to the date of entry into force of the Statute pursuant to the aforementioned Annex III shall be maintained'.¹⁶ Box 1 presents the main features of the Provisional Pension Schemes.

¹⁴ We reviewed some of the documentation of the Working Party. For example, a 'Note' of 20 March 1980 (PE 63.832) documents some of the first ideas concerning an EU-level pension system for MEPs. See also European Parliament (2000) Recommendation of the Group of Eminent Persons on the Statute for Members, p. 2, https://www.cvce.eu/obj/recommendation_of_the_group_of_important_persons_on_the_statute_for_members_may_2000-en-6f11cdb2-a0bc-4b7d-abb8-130db6ddaac8.html

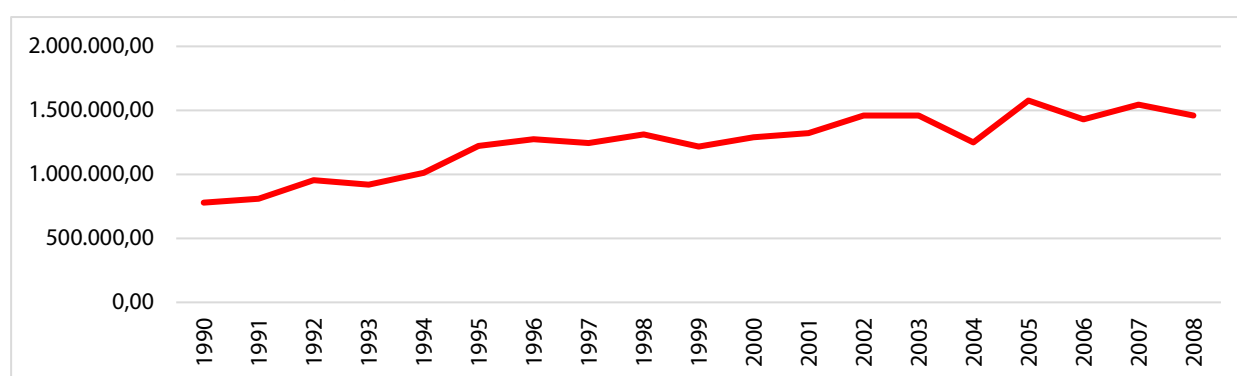
¹⁵ European Parliament Working Party on the Members' Statute, *Projet de proposition relative à un régime provisoire de pension applicable aux membres du Parlement européen*, 4 November 1981 (PE 75.063). This refers to the identification of shortfalls by a study of the Secretariat general of the European Parliament (PE 74.537).

¹⁶ Article 75 of the Implementing Measures.

Box 1: Provisional Pension Schemes (Annex III, PEAM Rules)

- Overall approach: Pensions identical to those of pensions for MPs of the lower house of parliament of the Member State for which the MEP was elected (Article 2.1).
- Contribution: The MEP needs to pay a sum calculated so that the MEP pays the same contribution as payable by a MP of the respective Member State (Article 2.2).
- Pension calculation: For the calculation of the pension, periods of office in the national Parliament may be aggregated to the period of office in the EP; simultaneous mandates count as a single period (Article 4).

Figure 2: Contributions by MEPs to the Provisional Pension Schemes (EUR)



Source: Author based on Annual Budgets.¹⁷

The framework for the Provisional Pension Schemes was 'operationalised' for MEPs from **France, Italy and Luxembourg**. This indicates that MEPs from all the other Member States were not at a disadvantage vis-à-vis MPs of the respective lower chambers of parliament in these Member States. At the end of 2019, there were 210 French, 194 Italian and 2 Luxembourg beneficiaries under the respective Provisional Pension Schemes.¹⁸

The following pages present additional detail on the Provisional Pension Schemes for MEPs from France, Italy and Luxembourg. For detail on the Member State arrangements for MEPs from these three countries, please see the respective country sections in Annex I. **French MEPs** were not covered by the pension fund for MPs managed by the French National Assembly,¹⁹ but instead were covered by two other schemes not specific to MPs, namely the general old-age pension scheme CNAV ('Caisse Nationale D'Assurance Vieillesse') and the IRCANTEC scheme ('Institution de Retraite Complémentaire des Agents Non Titulaires de l'État et des Collectivités Publique').²⁰ This approach placed French MEPs at a disadvantage vis-à-vis French MPs: 'As the pensions paid by the National Assembly's pension fund were not equivalent to those paid under the CNAV and IRCANTEC schemes, the European Parliament

¹⁸ European Parliament feedback on the interim report.

¹⁹ European Parliament (2017) Description of the Provisional French Retirement Pension Scheme, Annex included in tender dossier for European Parliament (Directorate-General for Finance) study 'Actuarial pensions studies of the provisional French and Italian retirement pension schemes' (Reference EP/FINS 2017-107).

²⁰ See the IRCANTEC website, <https://www.ircantec.retraites.fr>.

established a 'differential' scheme to even out the disparity between the pensions'.²¹ Box 2 presents the main features of the Provisional Pension Scheme for French MEPs.

Box 2: Key features of the Provisional Pension Scheme for French MPs²²

- Scope: The scheme is not limited to pension rights but also covers a survivor's pension;
- Age and other conditions of access: Retirement age is 62 (except for transitional provisions – the retirement age was progressively raised from 60 to 62); for female former MEPs, the retirement age is lowered by one year per child; likewise for male MEPs if the child is born during the term of office (this provision was abandoned as of 1 January 2018); further conditions include not serving as an MEP or an MP or a member of the Government at that time (if a member at the Senate or the Economic, Social and Environmental Council (CESE), the total of the pension and the remuneration is capped at the level of the remuneration of an MP of the National Assembly); application within time limit;
- Pension formula: Payable pension calculated on the basis of years of contributions, acquisition of a percentage of the maximum entitlement for each year of such contributions, and the basic salary payable to a MP of national parliament at the time when the pension becomes payable;
- Indexation and offsetting: Pensions are index-linked to inflation (linked to the change of the pension of retired civil servants "personnel retraité de l'État"); offsetting against pensions or remuneration under other French schemes (ensuring that the MEP receives the same pension as that of a French MP).

For **Italian MPs**, their lower house, the 'Camera', administered a specific pension scheme - 'Regolamento per gli Assegni Vitalizi dei Deputati (Camera dei Deputati)' (Regulation on life annuities applicable to Members of the Italian Chamber of Deputies) - to which MEPs did not have access. Consequently, Italian MEPs could not acquire pension rights at national level whilst serving as MEPs. The EP therefore established a Provisional Pension Scheme for Italian MEPs, ensuring that Italian MEPs received a pension identical to that of Italian MPs, i.e. the Provisional Pension Scheme was modelled on the 'Regolamento per gli Assegni Vitalizi dei Deputati' (see the country section on Italy for further detail). Box 3 presents the main features of the Provisional Pension Scheme for Italian MEPs.

²¹ European Parliament (2017) Description of the Provisional French Retirement Pension Scheme.

²² Ibid.

Box 3: Key features of the Provisional Pension Scheme for Italian MEPs²³

- **Scope:** The scheme is not limited to pension rights but also covers a survivor's pension.
- **Contributions:** Minimum period of contribution for entitlement is five years (however, there are exceptional arrangements for MEPs who have contributed for less than five years).
- **Age and other conditions of access:** must be over 65 years (for each additional year in office, the age limit is reduced by one year to a minimum of 60 years); no incompatible post at the time of retirement, i.e. not being MEP, or MP, or Regional Councillor, or member of the Government or Regional Minister or any other office deemed incompatible with being an MP by the Constitution or a constitutional law; the pension is also suspended if the former MEP holds an office deemed incompatible with the mandate as MP provided that the remuneration is 50% or higher than the parliamentary allowance; application for the pension within specific deadline.
- **Pension formula:** Pensions calculated based on years of contributions paid, starting with 25% for five years, 26% for six years, then increases of 3% per additional year until 20 years of contributions, then increases of 1.5% per additional year until 25 years, then increases of 1% until maximum of 85.5% (however, maximum of 80% for MEPs elected after 31 May 2001) (not any longer since 1 January 2019).

Finally, for **MEPs from Luxembourg** it was not possible to take the pension system in place for Luxembourg MP as the basis, since Luxembourg did not provide for pensions for its MPs until 1985. Given the absence of a pension system for MPs in Luxembourg, the EP took the pension scheme in place for Belgian MPs as the basis, and established that MEPs from Luxembourg would receive a pension identical to that of Belgian MPs.²⁴ However, the requirement for a Provisional Pension Scheme for MEPs from Luxembourg became redundant in 1985. Indeed, in 1985 the 'Act creating a right to pension for members of the Chamber of Deputies, Luxembourg representatives to the Assembly of the European Communities and members of the State Council', was adopted, amending the 'Act (1954) regulating the pensions of civil servants'. Note that the 1954 Act did not cover MPs / MEPs, but did set out the basic features of the pension rights that the 1985 Act extended to MPs / MEPs (for further detail see the country section on Luxembourg in Annex I). MEPs now had access to a pension system, granting them the same pension rights as MPs.

2.1.4. Voluntary Pension Scheme

The Voluntary Pension Scheme, established in 1990, aimed to **provide an 'EU-level' pension for MEPs**, which then, in the absence of a Members' Statute for MEPs, was not otherwise available. Annex VII of the PEAM Rules sets out the main features. It is independent of all other EP schemes (Article 1.1, Annex VII, PEAM Rules). The Voluntary Pension Scheme is operated by the 'Pension Fund for Members of the European Parliament', a non-profit making association registered in Luxembourg ('association sans but lucratif', ASBL) in 1993 and legally separate from the EP: 'All contributions shall be invested in a pension fund set up by the Quaestors' (Article 1.3, Annex VII, PEAM Rules). Indeed, the Voluntary

²³ European Parliament (2017) Description of the Provisional Italian Retirement Pension Scheme, Annex included in tender dossier for European Parliament (Directorate-General for Finance) study 'Actuarial pensions studies of the provisional French and Italian retirement pension schemes' (Reference EP/FINS 2017-107).

²⁴ European Parliament College of Quaestors, Communication 27/82 for the attention of Italian, French and Luxembourg Members, 14 November 1984 (PE 81.085/QUAEST/rev.).

Pension Scheme's investments are dealt with by a 'Société d'Investissement à Capital Variable – SICAV' established in 1994, whose shares are held by the non-profit making association. This is the fundamental difference between this scheme and the other schemes (Provisional Pension Schemes and Members' Statute). The Voluntary Pension Scheme has an invested capital generating interest and the liquidity required for the pension payments is provided partly by this interest and partly over the capital itself (by the gradual selling of assets). By contrast, the Provisional Pension Schemes and Members' Statute – like the EU civil servants' pension scheme - are PAYGO pension schemes with no underlying capital where the monthly pension payments are made directly from the EU budget. The following box presents the main features of the Voluntary Pension Scheme.

Box 4: Key features of the Voluntary Pension Scheme²⁵

- Contributions: MEPs need to have paid voluntary monthly contributions for at least two years to access the pension for life (Article 1.1, Annex VII, PEAM Rules). The original length of contributions was 5 years, then reduced to 3 (Decision by the Bureau of 2005) and then 2 years (Decision by the Bureau of 2008); MEPs need to contribute to the Voluntary Pension Scheme at one third, with the remainder covered by the EP; 'This contribution shall be 15% of 40% of the basic salary of a Judge at the Court of Justice of the European Communities' (Article 1.2, Annex VII, PEAM Rules); In 2005, the Bureau decided to increase the overall contribution rate (MEPs and EP) to 45% (Decision by the Bureau of 2005); the contribution was deducted from the allowance as this was the only EU-level payment;
- Age of access: originally, the entitlement started at the age of 60 years (Article 1.1, Annex VII, PEAM Rules); this was raised to 63 in 2009, and to 65 in 2018 (Decision by the Bureau of the EP);
- Pension formula: The percentage of the rights acquired for the additional pension is 3.5% of 40% of the basic salary of a Judge at the Court of Justice of the European Communities for each full year in office plus one-twelfth of that sum for each complete month (Article 2.1, Annex VII, PEAM Rules); The maximum pension is 70% (and the minimum pension 7%) of 40% of the basic salary of a judge at the Court of Justice of the European Communities (Article 2.2, Annex VII, PEAM Rules);
- Other features: In 2018 a deduction of 5% of the pension payments was introduced for future pensioners to improve 'the sustainability of the voluntary pension scheme, address the increasing liquidity problem and reduce the actuarial deficit' (Decision by the Bureau of 2018).

With the Members' Statute, **access to the Voluntary Pension Scheme was 'ended'**. Indeed the Members' Statute introduced an EU-level pension for MEPs, thus ending the *raison d'être* of the Voluntary Pension Scheme: MEPs receiving their salary in line with Article 10 of the Members' Statute may not acquire any new rights or future entitlements (Article 27.3 of the Members' Statute); and MEPs first elected after the entry into force of the Members' Statute cannot participate in the Voluntary Pension Scheme (Article 27.4 of the Members' Statute). However, the rights of MEPs or former MEPs

²⁵ European Parliament. (2019) Information on the budgetary and the financial management of the European Parliament in 2018 and replies to the questionnaire in preparation for the EP discharge for 2018, p. 7, https://www.europarl.europa.eu/cmsdata/188528/Decharge2018_Rep%20CONT%20Questionnaire%202019-with%20replies-original.pdf.

that already acquired rights or future entitlements under the Voluntary Pension Scheme were maintained (Article 27.1 of the Members' Statute / Article 76 of the Implementing Measures). There are also a series of exceptions for MEPs elected in 2009 and who were members during a previous Parliamentary term (e.g. for 'opt-out MEPs' – see subsection 2.1.7 below).

In estimates from 2019, the EP projected 791 beneficiaries for 2019, including MEPs and survivors (widows / orphans), under the Voluntary Pension Scheme.²⁶ EP projections from 2019 estimate that by 2024 there will be 872 beneficiaries (please also see Figure 5 below).²⁷

The difference between the future obligations and the net asset value (actuarial deficit) of the pension fund as of 31 December 2018 was EUR 286.1 million.²⁸ It is worth noting that the situation of the fund is difficult to assess, e.g. future obligations can only be estimated as they depend, for example, on life expectancy of beneficiaries etc. However, at a CONT meeting in September 2020, the Secretary General of the EP stated that **the Voluntary Pension Scheme is expected to run out of funds**, however, when exactly this will be the case depends on various aspects, including the market value of the shares, the life expectancy of beneficiaries and a ruling by the European Court of Justice on the recent changes.²⁹ Indeed, the situation of the fund was negatively affected by the financial and economic crisis.³⁰ **However, the EP declared its liability for covering future obligations.**³¹ Moreover, the Bureau took measures to address the 'sharp fall in the value of the pension fund' by, inter alia, raising the retirement age from 60 to 63 years in 2009,³² and to 65 years in 2018.³³ Finally, in 2018, a levy of 5% on the pension payments was introduced,³⁴ however, this is expected to not cover more than 10% of the deficit.³⁵

2.1.5. Towards the Members' Statute

In the years following the first direct election of MEPs, the EP remained dedicated to promoting the introduction of a Members' Statute. MEP Willi Rothley, the Rapporteur on the Members' Statute,

²⁶ European Parliament. (2019) Information on the budgetary and the financial management of the European Parliament in 2018 and replies to the questionnaire in preparation for the EP discharge for 2018, p. 77-78, https://www.europarl.europa.eu/cmsdata/188528/Decharge2018_Rep%20CONT%20Questionnaire%202019-with%20replies-original.pdf.

²⁷ Ibid.

²⁸ Ibid.

²⁹ See EP CONT meeting of 28 September 2020, 18:27 to 18:30, https://multimedia.europarl.europa.eu/en/committee-on-budgetary-control_20200928-1645-COMMITTEE-CONT_vd

³⁰ 1st and 2nd recitals of the preamble to the Decision by the Bureau of 1 April 2009.

³¹ Meeting of the Bureau of Parliament of 1 April 2009: 'The EP has a legal responsibility to guarantee the right of members of the Scheme to an additional pension which could be retained after exhaustion of the Scheme's funds'. See Pension Fund – Members of the European Parliament – ASBL – Annual Report of the Board of Directors – for the year ended 31st December 2016, https://www.europarl.europa.eu/RegData/publications/divers/2016/0010/EP-PE_DV%282016%290010_XL.pdf.

³² 1st and 2nd recitals of the preamble to the Decision by the Bureau of 1 April 2009. Legal challenges against these measures by a group of MEPs were not successful. See Judgement of the General Court of 13 March 2013, Lord Inglewood and Others v European Parliament, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A62011TJ0229>

³³ Decision by the Bureau of 2018. The Bureau's decision has been challenged before the Court of Justice of European Union by a number of members of the pension fund. See Replies to and actions taken on the European Parliament resolution of 14 May 2020 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2018, https://www.europarl.europa.eu/cmsdata/211585/Suites_Resolution_Decharge2018-31-07_FINAL-FINS%20rev%20clean.pdf. A ruling is expected in early 2021. See EP CONT meeting of 28 September 2020, 18:27 to 18:30, https://multimedia.europarl.europa.eu/en/committee-on-budgetary-control_20200928-1645-COMMITTEE-CONT_vd

³⁴ Decision by the Bureau of 2018.

³⁵ See EP CONT meeting of 28 September 2020, 18:27 to 18:30, https://multimedia.europarl.europa.eu/en/committee-on-budgetary-control_20200928-1645-COMMITTEE-CONT_vd

characterised these efforts as ‘an odyssey that has, from time to time, seen us wandering far afield and sometimes finding ourselves in choppy waters’.³⁶

The main objective of the Members’ Statute was to **ensure that MEPs benefited of the same conditions (including salaries and pensions and other benefits) irrespective of their Member State**. Indeed, one of the main challenges was that conditions were based on the Member States’ different understanding of the nature of the mandate and political culture: ‘Agreeing on a single, common salary for the European Parliament consequently required nothing less than a compromise between sensitive differences in national political cultures’.³⁷ For example, there are different conceptions of the nature of the mandate of an MP. In some Member States, MPs dedicate themselves exclusively to their mandate, in others, MPs maintain their ‘original’ professional occupation. The main arguments to support common salary and pension arrangements for MEPs were **‘equal pay for equal work’ and transparency** (‘coexistence of national provisions was damaging to transparency’).³⁸

Looking at the process of the actual establishment of the Members’ Statute, the Treaty of Amsterdam of 1997 was considered to provide for a legal basis for this. Article 190(5) sets out: ‘The European Parliament shall, after seeking an opinion from the Commission and with the approval of the Council acting unanimously, lay down the regulations and general conditions governing the performance of the duties of its Members’.³⁹

The Members’ Statute in its current form was ‘negotiated’ **over a period of eight years** until its adoption in 2005. In 1998, the EP tasked the Committee on Legal Affairs and Citizen’s Rights to draft the Statute.⁴⁰ This was supported by external experts, namely the Group of Eminent Persons, issuing their report in 2000. The EP adopted the Statute in 2003 but the Council rejected this. Following a conciliation procedure, the EP adopted the Statute on 28 September 2005. **Indeed, there are a few notable differences between the text adopted by the EP in 2003 and the adopted text following the conciliation procedure in 2005.** The differences ‘lower’ the pension rights. For example, the 2003 text sets the MEP salary at 50% of the basic salary of a judge at the European Court of Justice,⁴¹ whilst the 2005 text settles on 38.5 %; the 2003 text stipulates that MEPs can draw a pension as of the age of 60, whilst the 2005 text sets the age at 63.⁴²

The recommendations regarding the salary and pensions (at the same levels, irrespective of the MEPs’ Member State) were made by the Group of Eminent Persons.⁴³ Indeed, the Members’ Statute refers to

³⁶ European Parliament (2003) Debates, Monday, 2 June 2003, Strasbourg

³⁷ Kalthéuner, F. (2013) ‘The Common Statute for the Members of the European Parliament: Wise Men and Clear Guidance’ in *Lifting the Fog*, MaRBL Research Papers, p. 254, <https://doi.org/10.26481/marble.2013.v5>

³⁸ Ibid.

³⁹ Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts

⁴⁰ European Parliament (1998) Resolution on the draft Statute for Members of the European Parliament, Official Journal C398, Volume 41, 21 December 1998; European Parliament (1999) Report on the draft Statute for Members of the European Parliament, Committee on legal Affairs and Citizens’ Rights, 3 May 1999

⁴¹ European Parliament (2003) European Parliament Decision on the adoption of a Statute for Members of the European Parliament, Article 16, <https://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A5-2003-0193+0+DOC+XML+V0//EN&language=EN#title2>

⁴² Ibid.

⁴³ The independent experts were Mr Ersbøl, former Secretary-General of the Council, Mr Klepsch, former President of the EP, Mrs Rehn, former minister, former MP and former MEP, Mr Secchi, former MEP, former Senator and former Vice-President of Bocconi University in Milan, Mr Subirats, former Senator and former longest serving member of the Court of Auditors, and Lord Williamson, former Secretary-General of the Commission and member of the House of Lords. European Parliament (2000) Recommendation of the Group of Eminent Persons on the Statute for Members, p. 3, https://www.cvce.eu/obj/recommendation_of_the_group_of_important_persons_on_the_statute_for_members_may_2000-en-6f11c1db2-a0bc-4b7d-abb8-130db6ddaac8.html

the recommendation by the Group of Eminent Persons.⁴⁴ The latter reviewed arrangements as of 2000 and concluded: 'This state of affairs [referring mainly to substantial salary differences but also more generally to all types of compensation] makes the disparities in the arrangements applicable to Members — disparities which are damaging to transparency and contrary to the principle of equality between Members — increasingly hard to justify'.⁴⁵

On pensions, the Group of Eminent Persons' report refers to Parliament's Resolution on the draft statute.⁴⁶ This established three principles with regard to pensions: the entitlement starts as of the age of 60 years; the pension formula (3.5% of the salary is accrued each year, up to a maximum pension of 70% of salary); and pensions are subject only to the tax payable to the European Communities. The Group agreed, but introduced a series of modifications, 'lowering' pension rights, principally, the entitlement should be only triggered by a term of five years; the entitlement should start at the age of 65 years; MEPs should contribute to one third of the pensions (two thirds to be borne by the EP). The Group justified the 'contribution principle' with reference to national arrangements in ten of the then 15 Member States (Austria, Belgium, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and the United Kingdom).⁴⁷ **The finally agreed Members' Statute did not endorse all of the Group's recommendations:** the entitlement is triggered by the exercise of one full year in office (instead of five); the entitlement starts as of the age of 63 years (instead of 65); and there is no contribution by the MEPs.

2.1.6. Pension rights under the Members' Statute

Having presented the developments leading to the establishment of the Members' Statute and the pension arrangements in existence prior to the Members' Statute, this subsection details the pension arrangements introduced with the Members' Statute. Please note that this subsection focuses on the regulatory framework. The subsequent subsection 2.1.7 provides detail on the actual uptake of the Members' Statute's pension arrangements and subsection 2.2 provides the corresponding expenditure data.

The current regulatory framework for pension rights, adopting a defined benefit scheme, is set out in 'Decision of the European Parliament of 28 September 2005 adopting the **Statute for Members of the European Parliament**' ('Members' Statute') and 'Decision of the Bureau of 19 May and 9 July 2008 concerning **implementing measures** for the Statute for members of the European Parliament' ('Implementing Measures'). Note that the Implementing Measures also replaced the former 'Rules governing the payment of expenses and allowances to Members of the European Parliament' (PEAM Rules), with the exception, as explained above, of certain provisions regarding, for example, the Provisional Pension Schemes and the Voluntary Pension Scheme. Box 5 presents the key provisions under the Members' Statute (including relevant provisions from the Implementing Measures).

⁴⁴ Introductory paragraph 9, Decision of the European Parliament of 28 September 2005 adopting the Statute for Members of the European Parliament

⁴⁵ European Parliament (2000) Recommendation of the Group of Eminent Persons on the Statute for Members, p. 2, https://www.cvce.eu/obj/recommendation_of_the_group_of_important_persons_on_the_statute_for_members_may_2000-en-6f11c9b2-a0bc-4b7d-abb8-130db6ddaac8.html

⁴⁶ European Parliament (1998) Resolution on the draft Statute for Members of the European Parliament, Official Journal C 398, 21 December 1998, P. 24, <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1595235401596&uri=CELEX:51998AP0426>

⁴⁷ European Parliament (2000) Recommendation of the Group of Eminent Persons on the Statute for Members, p. 13.

Box 5: Members' Statute – key provisions

- Start of the entitlement and age: Members are entitled to the old-age pension at the end of their term of office (Article 9.2, Members' Statute) and as of the age of 63 (Article 14.1, Members' Statute).
- Conditions of access: MEPs need to have exercised their mandate for at least one complete year (Article 49.1, Implementing Measures).
- Pension formula: The pension is calculated as follows: 'for each full year's exercise of a mandate, 3.5 % of the salary pursuant to Article 10 and one twelfth thereof for each further full month, but not more than 70 % in total' (Article 14.2, Members' Statute). The formula refers to the salary, and this is '38.5 % of the basic salary of a judge at the Court of Justice of the European Communities' (Article 10, Members' Statute). According to the website of the EP ('How much are MEPs paid?'): 'The monthly gross MEP salary (...) is EUR 8,932.86 (as of 1 July 2019)'.
- Offsetting of pensions: The entitlement to the old-age pension shall exist irrespective of any other pension (Article 14.3, Members' Statute). However, the pensions are offset against pensions from simultaneous mandates in any parliament in a Member State (Articles 2.2, 50.1 and 50.3, Implementing Measures). The calculations are based on the totals of the two salaries before the deduction of tax (Article 50.3, Implementing Measures).
- Suspension of payment: The payment of pensions is suspended when an MEP is re-elected. New pension entitlements are added to the 'original' entitlements. When mandates are separated by an intervening period, the periods of all mandates are added together for the calculation of the entitlement (Articles 49.2 and 49.3, Implementing Measures).
- Opting out from the Members' Statute: MEPs who were members before the entry into force of the Statute and were re-elected can choose to continue in the former national system (Article 25.1, Members' Statute), with the corresponding payments to be covered by the Member States (Article 25.2, Members' Statute), and rights acquired under national arrangements were retained (Article 28.4, Members' Statute).
- With regard to the Provisional Pension Schemes and the Voluntary Pension Scheme, as explained above in detail the PEAM Rules were maintained to allow for the exceptions. Opting-out was also open to the Member States (Article 29.1 and 2, Members' Statute), however, this option was not taken up by any of the Member States.
- Other provisions: Member States can tax the pension, provided that double taxation is avoided (Article 12, Members' Statute).

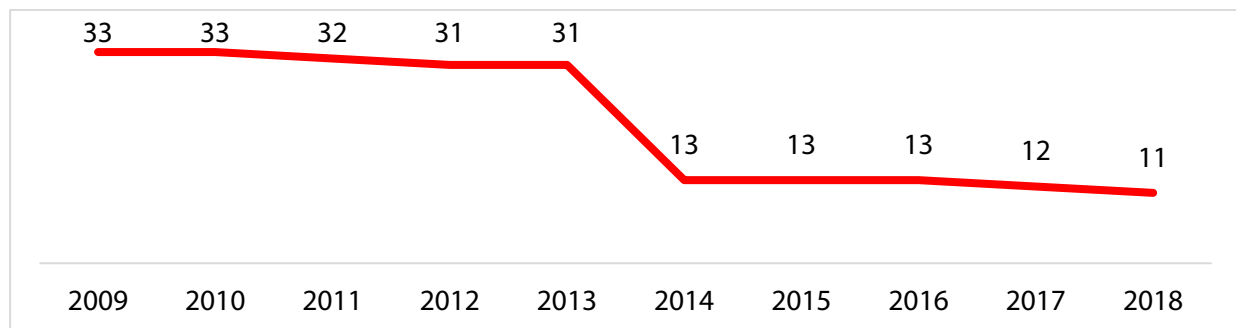
2.1.7. Co-existence of pension schemes and beneficiaries

This subsection briefly touches on the current 'co-existence' of the Members' Statute and the earlier arrangements, namely MEPs opting to remain within the national systems, the Provisional Pension Schemes and the Voluntary Pension Scheme. Moreover, the subsection provides data on the beneficiaries under the different arrangements.

Looking first at the co-existence of the different arrangements, as noted above, with the entry into force of the Members' Statute in 2009, the Provisional Pension Schemes and the Voluntary Pension Scheme were maintained for MEPs that benefited under these schemes before 2009 (Articles 75 and 76 of the Implementing Measures). As already noted in the detailed presentation of the Members' Statute in subsection 2.1.6, **the Members' Statute allowed MEPs to opt out, provided they had been MEPs prior to the entry into force of the Members' Statute and were re-elected in 2009** (Article 25.1, Members' Statute). This provision is well explained in the recitals of the Members' Statute: 'Article 25(1) is required because the very disparate national provisions to which Members have so far been subject make it impossible to solve at European level all the problems associated with the transition from an old to a new European system. Giving Members a choice will make it impossible for Members' rights to be reduced or for them to suffer financial loss as a result of the transition' (Recital 20, Members' Statute).

Only 32 MEPs opted out and remained in the national systems,⁴⁸ dropping to 11 MEPs in 2018.⁴⁹ Note that data on the nationality of the opt-outs is not available for data protection reasons. The motivations for opting out could be various, e.g. moral, political, economic or personal persuasions, a desire to deal only with national administrations in one's retirement, misunderstanding of the two options, etc. The following Figure 3 shows the number of opt-out MEPs.

Figure 3: Opt-out MEPs



Source: Author based on data facilitated by the EP (2009-2012) and European Parliament Directorate-General Finance Annual Reports for the Discharge Procedure (2013-2018).

It is difficult to provide information on the estimated expiry date of the schemes that were in place prior to the Members' Statute as this depends on the life expectancy of the beneficiaries. The following example illustrates the long-term dynamics of pension systems: a comparatively young Italian MEP elected to the 2004-2009 EP could have accrued rights under the Provisional Pension Schemes and only retire in 2042, e.g. when aged 30 in 2009, with 63 being the assumed retirement age. Those accrued rights would only translate to a pension in 25 years' time, and the potential life expectancy of another 20 years could mean that these schemes could be 'active' until 2062 and longer.

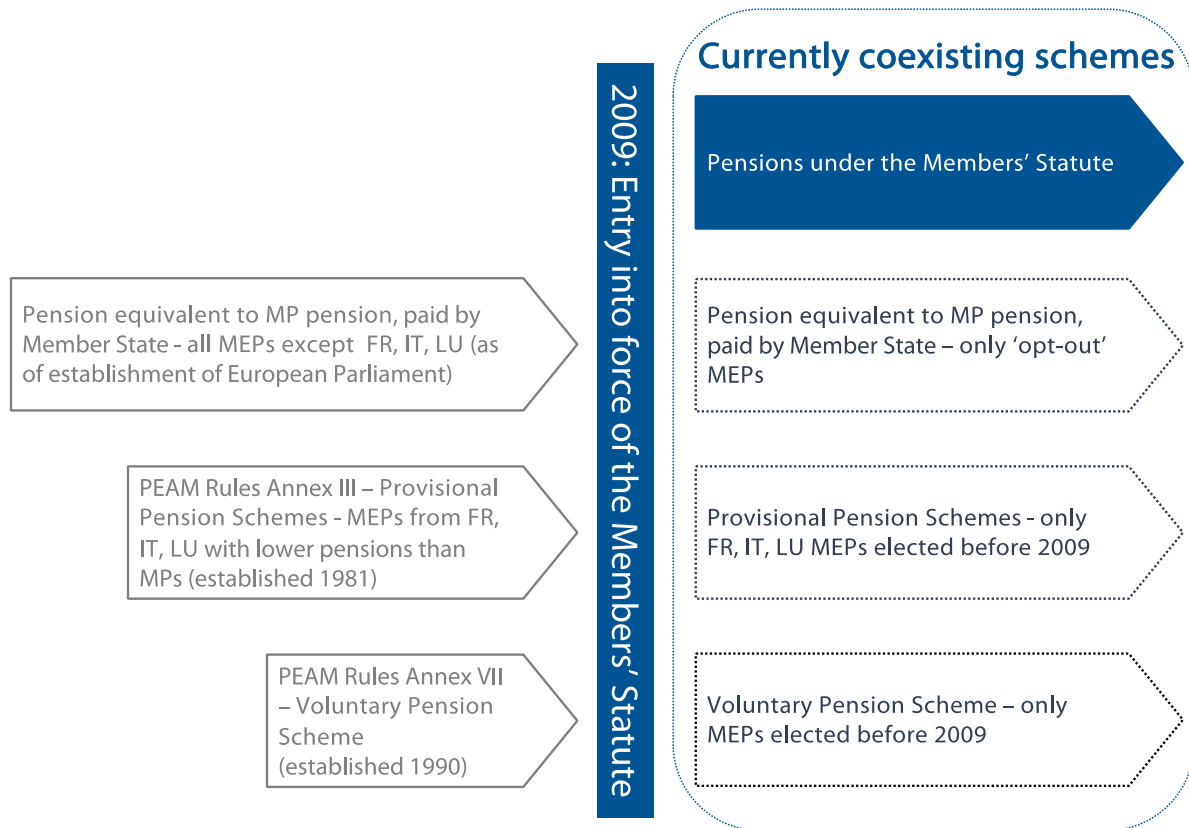
The 'co-existence' of the different pension schemes is visualised in Figure 4 below. Moreover, Table 2 summarises the general working of the different schemes. Finally, Table 3 provides information on the

⁴⁸ The European Parliament's Directorate-General Finance reports: 'The introduction of the new Statute can be considered a success. No Member State opted out from the Statute (Article 29 of the Statute) and 91.5% of the re-elected Members renounced their right to opt out according to Article 25(1) so that the Statute applies to 704 Members [of a total of 736 Members]. European Parliament (2009) Annual Activity Report 2009, DG Finance, p. 16, <https://www.europarl.europa.eu/cmsdata/183287/20100827ATT80578EN.pdf>. For turnover figures for the 2009 EP elections see Whitaker, R. (2014) 'Tenure, turnover and careers in the European Parliament: MEPs as policy-seekers' in *Journal of European Public Policy*, 21:10, 1509-1527, <http://dx.doi.org/10.1080/13501763.2014.926963>.

⁴⁹ European Parliament (2019) Annual Activity Report, Directorate-General for Finance, 2018, p. 66.

key legal features of the different schemes (the focus is on the main features; exceptions are not presented in the table to allow for easy comparison).

Figure 4: Overview of different Pension Schemes



Source: Author.

Table 2: Summary table – general working of Members’ Statute, Provisional Pension Schemes and Voluntary Pension Scheme

	Contributions	Source of funding	Pensions paid out by
Members’ Statute	No	EU Budget	EP until 2014 / EC as of 2014
Provisional Pension Scheme – French MEPs	Yes, by MEPs	EU Budget	EP
Provisional Pension Scheme – Italian MEPs	Yes, by MEPs	EU Budget	EP
Voluntary Pension Scheme	Yes, by MEPs and EP	Contributions / capital-funded	‘Pension Fund for Members of the European Parliament’ (ASBL)

Source: Author.

Table 3: Summary table – pension rights under the Members' Statute, Provisional Pension Schemes and Voluntary Pension Scheme

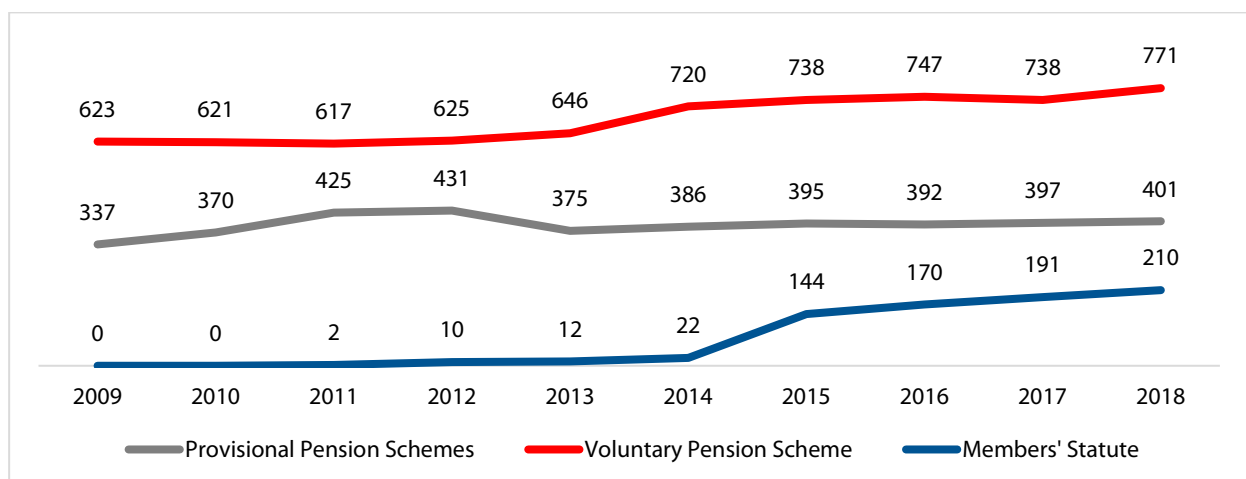
	Conditions for accessing the system	Contributions	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions
Members' Statute	1 year of office	No contribution	For each full year's exercise of a mandate, 3,5 % of the salary pursuant to Article 10 and one twelfth thereof for each further full month, but not more than 70 % in total (Article 10: The salary shall be 38,5 % of the basic salary of a judge at the Court of Justice of the European Communities)	3.5% of current salary	70% of current salary	63	Yes (but only for simultaneous national pensions)	No
Provisional Pension Scheme – French MEPs	Yes, depending on age (general social security system applies)	Yes, depending on age (general social security system applies)	Pension calculated on basis of years of contributions, acquisition of a percentage of the maximum entitlement for each year of such contributions, and basic salary payable to a MP of national parliament at time when the pension becomes payable	EUR 6,958.21 (annual in 2009)	84.4% of salary	62	Yes	Index-linked to inflation
Provisional Pension Scheme – Italian MEPs	5 years of office	5 years	Pensions calculated on basis of years of contributions, starting at 25% for 5 years, 26% for 6 years, then increases of 3% per additional year until 20 years, then increases of 1.5% per additional year until 25 years, then increases of 1% until maximum 85.5%	25%	80% for MEPs elected after 31 May 2001 (85.5% before)	65	Yes	No
Voluntary Pension Scheme	2 years of office	2 years	The percentage of the rights acquired for the additional pension is 3.5% of 40% of the basic salary of a Judge at the Court of Justice of the European Communities for each full year in office plus one-twelfth of that sum for each complete month	7%	70%	65	No	Deduction of 5%

Source: Author.

Finally, this subsection provides information on beneficiaries. Figure 5 shows developments throughout the years 2009 to 2018.⁵⁰ The number of beneficiaries drawing their pensions under the **Members' Statute** remained low throughout the years 2011 to 2014 (there were no beneficiaries in 2009 and 2010), and then rapidly increased to 144 in 2015, with a further gradual increase to 210 in 2018. The increase in 2015 can be explained with MEPs (at pensionable age) not being re-elected in 2014. Moreover, such MEPs are entitled to a minimum of six months of transitional allowance which is a higher amount and widely preferred. This explains the 'delay' between non-re-election and drawing of the pension.⁵¹ Looking at pension rights, the number of beneficiaries (MEPs and survivors / orphans from FR, IT and LU) under the **Provisional Pension Schemes** remained relatively stable throughout the years 2009 to 2018. The number of beneficiaries under the **Voluntary Pension Scheme** increased steadily from 623 in 2009 to 771 in 2018, with a small drop to 738 in 2017.

Recent data from the budget discharge shows that 'between July 2009 and October 2018 a total of **227 separate beneficiaries received a pension under the Statute for Members'** [bold font by the author of this report]; the European Commission (EC) 'currently pay pensions under the Statute for Members at a monthly total of EUR 313,247 (October 2018)'.⁵² EP projections estimate that by 2024 there will be 435 beneficiaries under the Members' Statute (with a budget of EUR 10.8 million in 2024).⁵³

Figure 5: Beneficiaries under Provisional Pension Schemes, Voluntary Pension Scheme and Members' Statute



Source: Author based on European Parliament Directorate-General Finance Annual Report for the Discharge Procedure.

⁵⁰ Data is taken from the EP's Directorate-General Finance reports on 'activity and performance indicators' (prepared in the context of the annual budget discharge procedure). These reports provide data, including on pension rights, namely the number of beneficiaries of retirement pension (including survivors) under the PEAM Rules Annex III; the number of beneficiaries of the additional pension scheme (including survivors) under the PEAM Rules Annex VII; the number of beneficiaries of "old age scheme", i.e. MEPs receiving their pensions under the Members' Statute. The 2019 report by Directorate-General Finance did not include the table of performance indicators; prior to 2013, the reports did not include the tables on performance indicators but do report some of the figures in the main body of the reports). Moreover, the European Parliament's 'Members' Salaries and Social Entitlements Unit' provided figures for the years 2014 to 2018 for beneficiaries under PEAM Rules Annex VII, drawing on annual actuarial reports.

⁵¹ See Article 13.2 of the Members' Statute on the transitional allowance.

⁵² European Parliament (2018) information on the budgetary and the financial management of the European Parliament in 2017 and replies to the questionnaire in preparation for the EP Discharge for 2017, p. 103, https://www.europarl.europa.eu/cmsdata/157202/Decharge2017_final.pdf. Note that the payment of MEP pensions under the Members' Statute were transferred to the EC from 2014 onwards.

⁵³ Ibid, p. 104.

2.2. EU-level budgetary expenses

KEY FINDINGS

- Expenditure relates to different categories, i.e. contributions to the accrual of pension rights and actual pension payments. It is difficult to compare expenses before and after the entry into force of the Members' Statute. Indeed, the various schemes have reached different levels of 'maturity'. Moreover, future budgetary expenses are difficult to predict as there is uncertainty as to the expenses that the Voluntary Pension Scheme might generate in the future (the scheme is expected to run out of funds). Finally, budgetary expenses must also be considered in light of the fact that until the entry into force of the Members' Statute, the bulk of expenses corresponding to pensions were born by the Member States.
- Considering this context, and looking first at the Provisional Pension Schemes and pensions under the Members' Statute (until 2013, the budget figures did not differentiate between the two; as of 2014 pensions under the Members' Statute were moved to the EC budget) expenditure (corresponding to pension payments) and steadily increased from about EUR 2.1 million in 1990 to EUR 11.5 in 2019. Expenditure for the Voluntary Pension Scheme (corresponding to contributions) was first entered into the budget for 1992 (EUR 4.4 million). Expenditure then increased to EUR 14.5 million in 2008, and then dropped to EUR 9.1 million in 2009, EUR 0.2 million in 2010, and no longer appears with budget appropriations as of 2016. Finally, as of 2014, expenditure (pension payments) for pensions under the Members' Statute was entered into the (EC) budget, increasing from EUR 0.4 million in 2014 to EUR 4.2 million in 2019. Looking only at contributions, total expenditure is limited to the Voluntary Pension Scheme (see data above); looking only at monthly pension payments (now summing the Provisional Pension Schemes and Members' Statute pensions), total expenditure steadily increased from about EUR 2.1 million in 1990 to EUR 15.6 million in 2019.

This subsection presents EU-level budgetary expenses before and after the introduction of the Members' Statute.

With regard to expenditure, it is worth noting that **expenditure relates to different categories, namely contributions to the accrual of pension rights and actual pension payments.**

Before presenting the budget figures it is also important to **emphasise the difficulty of comparing expenditure before and after the entry into force of the Members' Statute.** Indeed, the various schemes have reached different levels of 'maturity', e.g. more rights have been generated under the Provisional Pension Schemes operating since 1981 than under the Members' Statute (with the first two MEPs drawing pensions only in 2011). Indeed, the Provisional Pension Schemes have existed for a sufficient period to allow beneficiaries to accrue the maximum pension rights. By contrast, the Members' Statute only entered into force in 2009 and hence maximum pension rights can at the earliest be attained in 2029. Therefore, it is logical that the average pension under the former is higher than the average pension under the latter. Moreover, future budgetary expenses are difficult to predict as there is uncertainty as to the expenses that the Voluntary Pension Scheme might generate in the future. Indeed, as already noted in subsection 2.1.4 on the Voluntary Pension Scheme, this scheme is

expected to run out of funds, and the EP has declared its liability for covering future obligations.⁵⁴ Finally, budgetary expenses must also be considered in light of the fact that until the entry into force of the Members’ Statute, the bulk of expenses corresponding to pensions were born by the Member States.

Considering this context, this subsection takes note of three budget headings (in the documents on the adopted EU budget), namely ‘Retirement pensions’ (1990-2019),⁵⁵ ‘Optional pension scheme for members’ (1992-2015),⁵⁶ and ‘Pensions of former Members of the European Parliament’ (2014-2019).⁵⁷

- Expenditure allocated to the budget heading ‘**Retirement pensions**’ (appropriations): Until 2013, this corresponded to the payment of pensions under the Provisional Pension Schemes and pensions under the Members’ Statute (the budget figures did not differentiate between the two). As of the 2014 budget, this no longer includes pensions under the Members’ Statute, as the latter were moved to the EC budget – see third bullet below. Expenditure steadily increased from about EUR 2.1 million in 1990 to EUR 10.6 million in 2010, and then remained stable at between EUR 10.8 to 11.5 during 2011 to 2019. Figure 6 presents the data.

Figure 6: Expenditure for the budget heading ‘Retirement pensions’ (Appropriations in EUR)



Source: Author based on Annual Budgets.

- Expenditure allocated for the ‘**Optional pension scheme for Members**’ (appropriations): This corresponds to the EP’s contributions to the Voluntary Pension Scheme. Expenditure was first

⁵⁴ Meeting of the Bureau of Parliament of 1 April 2009: ‘The EP has a legal responsibility to guarantee the right of members of the Scheme to an additional pension which could be retained after exhaustion of the Scheme’s funds’. See Pension Fund – Members of the European Parliament – ASBL – Annual Report of the Board of Directors – for the year ended 31st December 2016, https://www.europarl.europa.eu/RegData/publications/divers/2016/0010/EP-PE_DV%282016%290010_XL.pdf.

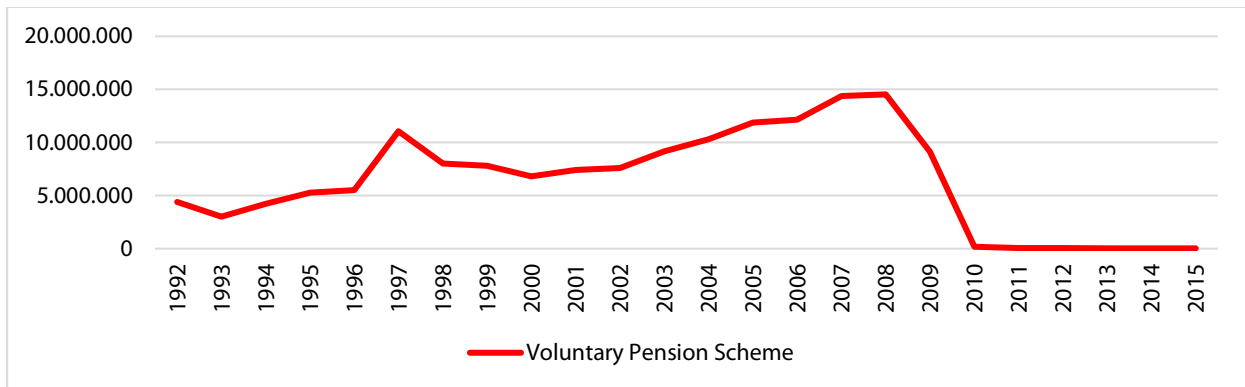
⁵⁵ European Parliament Expenditure, Title 1 Persons working with the Institution, Chapter 1 0 Members of the Institution, Heading 103 Pensions, Sub-heading 1030 Retirement pensions.

⁵⁶ European Parliament Expenditure, Title 1 Persons working with the Institution, Chapter 1 0 Members of the Institution, Heading 103 Pensions, Sub-heading 1033 Optional pension scheme for Members. Legal basis: Statute for Members of the European Parliament, and in particular Article 27 thereof. Implementing measures for the Statute for Members of the European Parliament, and in particular Article 76 thereof, and Annex VII to the Rules on Payment of Expenses and Allowances to Members of the European Parliament (‘PEAM rules’).

⁵⁷ European Commission Expenditure Title 30 Pensions and related expenditure, Chapter 30 01 Administrative expenditure of the ‘Pensions and related expenditure’ policy area, Heading 30 01 16 Pensions of former Members – Institutions, Sub-heading 30 01 16 01 Pensions of former Members of the European Parliament

entered into the budget for 1992 (EUR 4.4 million). Expenditure then increased to EUR 14.5 million in 2008, and then dropped to EUR 9.1 million in 2009, EUR 0.2 million in 2010 and no longer appears with budget appropriations as of 2016. As explained in subsection 2.1.4, the Voluntary Pension Scheme was closed to new MEPs as of the entry into force of the Members' Statute in 2009. Note that there are no payments made from the EP's budget to pay out pensions under the scheme – payments are made by the 'Pension Fund for Members of the European Parliament' (ASBL). Figure 7 presents the data.

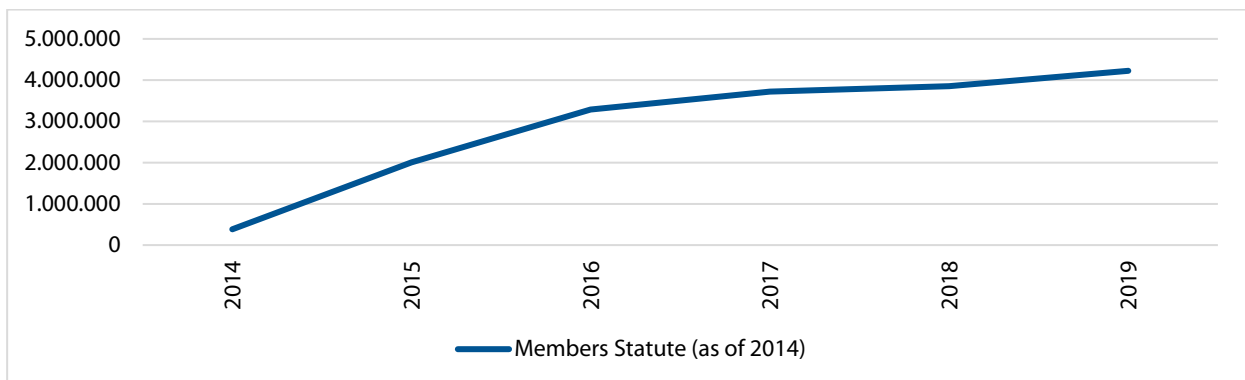
Figure 7: Expenditure for the budget heading 'Optional pension scheme for Members' (Appropriations in EUR)



Source: Author based on Annual Budgets.

- Finally, as of 2014, expenditure allocated to '**Pensions of former Members of the European Parliament**' (appropriations), i.e. the budget for the payment of pensions under the Members' Statute was entered into the (EC) budget, increasing from EUR 0.4 million in 2014 to EUR 2 million in 2015, and then steadily increasing to EUR 4.2 million in 2019. Figure 8 presents the data.

Figure 8: Expenditure for the budget heading 'Pensions of former Members of the European Parliament' (Appropriations in EUR)



Source: Author based on Annual Budgets.

- We now briefly differentiate between **contributions and payments**. Looking only at **contributions**, the total expenditure is limited to the budget heading ‘Optional pension scheme for Members’, i.e. the Voluntary Pension Scheme (see data in the second bullet point above); looking only at **monthly pension payments** (now summing the budget headings ‘Retirement pensions’ and ‘Pensions of former Members of the European Parliament’), total expenditure steadily increased from about EUR 2.1 million in 1990 to EUR 15.6 million in 2019 (with a small drop in the years 2011 to 2013). Table 4 presents the data for selected years.

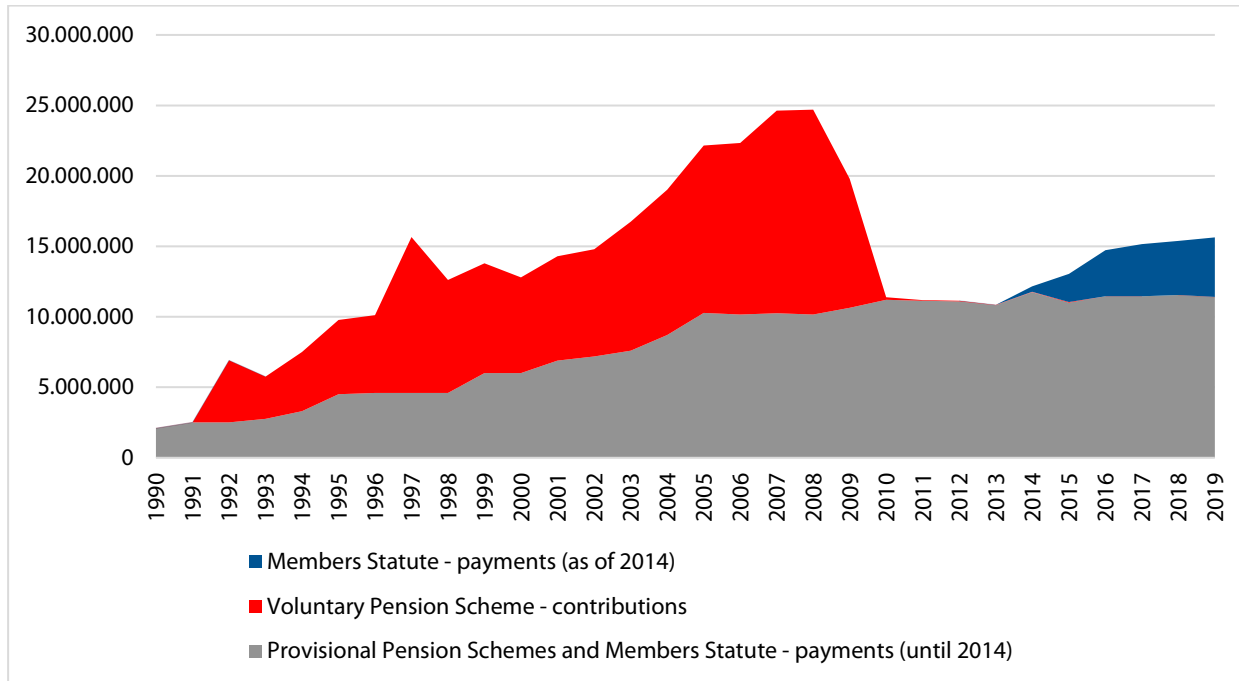
Table 4: Contributions and payments for selected years (Appropriations in EUR million)

	1990	1995	2000	2005	2010	2015	2019
Contributions	0	5.3	6.8	11.9	0,2	0	0
Payments	2.1	4.5	6	10.3	11.2	13	15.6

Source: Author based on Annual Budgets.

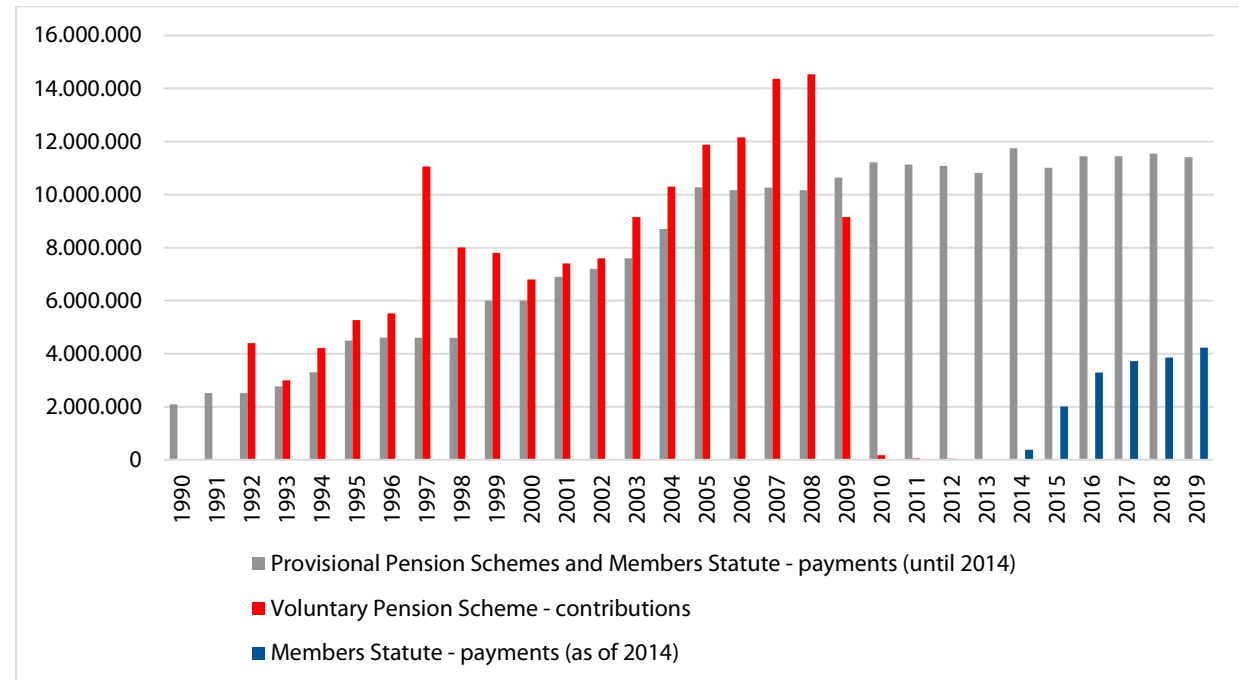
- **Total expenditure** (summing the three budget headings, ‘Retirement Pensions’, ‘Optional pension scheme for Members’ and ‘Pensions of former Members of the European Parliament’, and including contributions and payments) increased from EUR 2.1 million in 1990 to EUR 24.7 million in 2008, and then dropped to EUR 19.8 million in 2009, dropping further to around EUR 11 million throughout 2010 to 2013, before increasing again steadily, reaching EUR 15.6 million in 2019. As noted above, the drop in 2009 is explained by the closing of the Voluntary Pension Scheme and the corresponding ending of EP contributions to this scheme. The following figures present the data.

Figure 9: Expenditure for Provisional Pension Schemes (pension payments), Voluntary Pension Scheme (contributions) and Members' Statute Pensions (pension payments) (Appropriations in EUR, stacked line chart)



Source: Author based on Annual Budgets.

Figure 8: Expenditure for Provisional Pension Schemes (pension payments), Voluntary Pension Scheme (contributions) and Members' Statute Pensions (pension payments) (Appropriations in EUR, clustered column chart)



Source: Author based on Annual Budgets.

3. COMPARATIVE REVIEW OF MEMBER STATE PENSIONS FOR MEMBERS OF THE EUROPEAN PARLIAMENT

This section presents a comparative review of pension rights of MEPs before and after the introduction of the Members' Statute across the different Member States.

KEY FINDINGS

There are important cross-national differences in pension design:

- **Separate versus general scheme:** One group of Member States places MEPs/MPs in the same category as high-level civil servants or creates a special scheme for MEPs/MPs only. A second group of Member States places MEPs/MPs in the statutory pension insurance schemes that include all employees in dependent employment or all income-earners.
- **Benefit formulae:** Even though MEPs/MPs were largely treated the same in the period before 2009, there is very wide variation across the Member States and the USA in the benefit formula. We see the highest accrual rates in some of the specific defined benefit (DB) schemes. The general pension schemes that cover MEPs/MPs are, overall, less generous than the DB specific schemes. Member States that place MEPs/MPs in the DB general scheme typically have lower accrual rates than the specific schemes. Several Member States have introduced defined contribution (DC) schemes that by definition place more risk on individuals than DB schemes do.
- **Salary levels are central components of pension benefit formulae.** The entry into force of the Members' Statute established equal pay and pensions for MEPs from different Member States. However, the Members' Statute created inequalities within Member States, because of the substantial differences between national MP salaries and pension rights and MEP salaries and pension rights.
- **The minimum qualification periods:** Most schemes covering MEPs/MPs had short minimum qualification periods in 2009, in keeping with the emphasis on facilitating mobility across occupations. General schemes that cover MPs require longer periods of insurance.
- **Maximum pension:** Civil servant/separate schemes generally offer more generous maximum pensions than the statutory schemes that apply to the working population.
- **Minimum Pension Age** also show wide variation among the national MP pension schemes, and most are higher than the MEP pension age of 63.

3.1. General characteristics of pension schemes for MEPs / MPs

The purpose of a retirement pension is to provide former employees with income after they have reached the legal pension age and the employment relationship has ended. In this sense, a retirement pension represents a deferred wage or deferred compensation, because it is considered to be a central element of the employment contract. All EU Member States have established statutory pension systems that cover all or most employees. However, Member States have often created separate pension schemes for civil servants and MEPs/MPs, because they define these functions as 'public service' rather than 'employment'. The 'public service' status of MEPs/MPs is often coupled with a pension scheme that offers more advantageous pension benefits than those available to employees

participating in statutory schemes because of the perceived need to compensate MEPs/MPs for the uncertainty associated with public service.⁵⁸ The **first important parameter of pension provision is therefore whether there is a separate scheme for MEPs/MPs or whether MEPs/MPs participate in the pension scheme(s) that cover the rest of the working population.**

A second key parameter concerns the **benefit formula**:

- are benefits fixed in advance (defined benefit; DB) or do they depend on the sum of contributions (and income earned on contributions) paid into the scheme (defined contribution; DC)?
- for DB schemes, how much pension does a participant accrue for each year of service?
- what is the pensionable salary?
- how are accumulated pension rights indexed (or uprated) to reflect inflation and/or wage growth?

The benefit formula is one of the most important indicators of the pension level. In a DB scheme, participants accumulate a specific percentage of a full pension for each year of participation (the accrual rate). In general, the higher the accrual rate, the more generous the pension. DB schemes with final salary benefit formulae or those that use an average of the highest income years are typically more generous than average salary schemes, especially for those whose earnings increase over their career.⁵⁹

Third, what is the **minimum length of required service** before pension rights start to accrue? Most public service and statutory pension schemes have fairly short minimum periods (0-5 years) because longer periods hinder labour mobility.

Fourth, what is the **minimum and maximum pension**? This parameter must be viewed in the context of the benefit formula. In a DB scheme, the minimum pension may override the benefit formula by generating a pension level higher than what the benefit formula would indicate. The maximum pension in a DB scheme is typically indicated by the benefit formula (for example: a specific percentage of the final salary). In a DC scheme, there is typically no maximum pension, because the pension level depends on the level of contributions over time and the rate of return (notional or otherwise)⁶⁰ on accumulated contributions.

Finally, what is the **minimum pension age**? This parameter must also be considered in the context of the benefit formula. Statutory and separate schemes typically specify the minimum age for pension receipt and the relevant conditions. Pension receipt prior to the normal pension age often means reductions in the pension level (this is typically true for statutory schemes).

⁵⁸ For example, an MP/MEP might leave regular or self-employment to serve in Parliament, thereby interrupting their career. This may also make it more difficult to re-enter the labour market after Parliamentary service, resulting in uneven pension accumulation.

⁵⁹ This is especially true for pension schemes that include individuals with earnings profiles that increase with years of employment.

⁶⁰ Defined contribution schemes are typically based on advance funding (contributions flow into financial accounts and the capital is invested on financial markets). In a notional defined contribution scheme, there is no advance funding; instead, contributions are recorded 'notionally' in individual accounts. Notional assets then earn an internal rate of return according to the rules of the scheme.

3.2. Cross-national Differences in Pension Design

3.2.1. Separate versus general schemes

It is self-evident that all Member States consider MEP/MP service to be vital contributions to the public interest. However, this conviction does not always mean that Member States create special pension schemes for them. One group of Member States places **MEPs/MPs in the same category as high-level civil servants or creates a special scheme for MEPs/MPs only** and defines their pension rights on this basis. Several Member States have long-standing traditions of providing higher pension levels to tenured civil servants and/or high-level civil servants than the pension levels for the majority of the working population because civil service is considered to be fundamentally different from dependent employment. In these countries, the perception is that MEPs/MPs are serving the public interest (the voters) and are considered to belong in a distinct category. Some national parliaments define an MEP/MP's work not as regular salaried employment, but as public service carried out based on the democratic will of the voters. As such, MEPs/MPs receive compensation (but this is not a salary). The idea behind an MEP/MP's pension is similar: the MEP/MP should receive a pension based on previous public service.

A second group of Member States places **MEPs/MPs in the statutory pension insurance schemes that include all employees** in dependent employment or all income-earners. Here, the guiding principle is that the MEP/MP is an employee paid by the state or legislature. As an employee, the MEP/MP then earns pension rights on the same terms as the rest of the labour market. It is not possible to identify a common approach to statutory provision among the Member States. Some Member States have flat-rate statutory pensions that are supplemented by quasi-obligatory non-state occupational provision (DK, NL), flat-rate statutory pensions supplemented by voluntary non-state occupational provision (UK, IE), or statutory earnings-related schemes that cover nearly all of the working population (SE, DE, FR, AT, SP, PL, also the USA). Statutory, earnings-related schemes may be DB or DC.

In 2009, twelve Member States (BE, CY, DK, FI, DE, IE, LU, MT, NL, PT, SE, UK) and the USA relied on **separate pension schemes** for MEPs/MPs. These may have been schemes that placed MEPs/MPs in special pension schemes for high-level civil servants or they may have been schemes for public sector employees. Austria, Greece and Romania have **transitioned from separate civil servant schemes for MEPs/MPs to placing MEPs/MPs in the statutory pension system** that covers all dependent employees. In twelve Member States, **MEPs/MPs participated in the statutory pension scheme** that cover all employees and often the self-employed (AT since 2004; BG, CZ, EE, ES, HU, LV, LT, PL, RO 2009, SK, SI). The USA also places Members of Congress in the separate pension scheme for (national) public sector employees. France and Italy are unusual cases because both countries had separate pension schemes for MPs but did not provide equivalent coverage to MEPs. French MEPs received pensions from the national statutory scheme, and the European Parliament supplemented this. Italian MEPs had no pension coverage at all, so they were covered by the Provisional Pension Schemes.

3.2.2. Benefit formulae

Even though MEPs/MPs were largely treated the same in the period before 2009,⁶¹ there is very wide variation across the Member States and the USA in the benefit formula. If we look at pension benefit

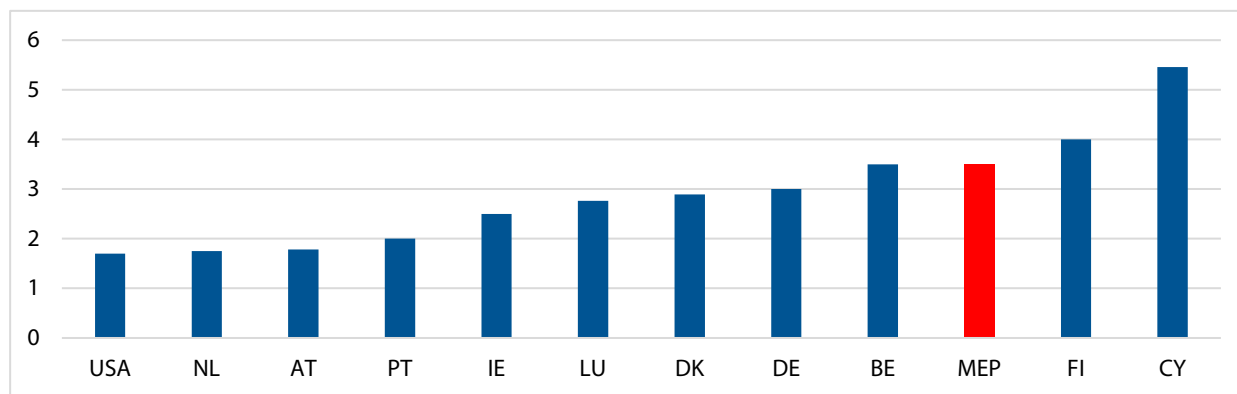
⁶¹ The large majority of Member States **treated MEPs and MPs the same** concerning their pension rights. The exceptions are France, Italy and Luxembourg, which did not provide pensions for their MEPs at the same levels as for MPs. In response, the EP set up the Provisional Pension Schemes in all three Member States. The Netherlands is also a bit of an exception, because legislation adopted in 1997 reduced MEP

formulae across the MS, we see the highest **accrual rates** in the specific DB schemes in Belgium (3.5%), Cyprus (5.46%), Finland (4%), Germany (3%), Ireland (2.5%) and Malta (4.4%). Denmark had an initially high accrual rate (3.25% for years 1-9) that gradually decreased to 1.75% in year 20. Like Denmark, the Federal Employees Retirement System (FERS) for Members of Congress in the USA has a two-step accrual rate (1.7% for the first 20 years and 1.0% per year thereafter).⁶²

The general pension schemes that cover MEPs/MPs are, overall, less generous than the DB specific schemes. Member States that place MEPs/MPs in the DB general scheme typically have lower accrual rates than the specific schemes. For example, the Austrian general DB scheme has an accrual rate of 1.78% per year. Several Member States (EE, LV, LT, PL) have introduced DC schemes that by definition place more risk on individuals than DB schemes do.

Figure 11 below shows the annual accrual rate for selected Member States that have defined benefit pension schemes for their MPs. All schemes in the figure are special schemes except for Austria and Portugal. In defined benefit schemes, the accrual rate is important because it measures the percentage of the full pension an MP earns for each year of service. The lowest accrual rate is 1.70 in the United States. The Austrian general scheme, the Portuguese general scheme, and the Irish special scheme also have accrual rates at or below 2% (but recall that the Irish scheme includes a lump sum equal to three times the annual pension). The other special schemes included in the figure have accrual rates between 2% and 3% (FI and CY are outliers). The accrual rate for MEP pensions is 3.5%, which yields a higher pension level per year of service than most of the special DB schemes that existed in 2009.

Figure 10: Annual accrual rates in selected defined benefit schemes for MPs in 2009 (% of annual salary)R



Source: Author

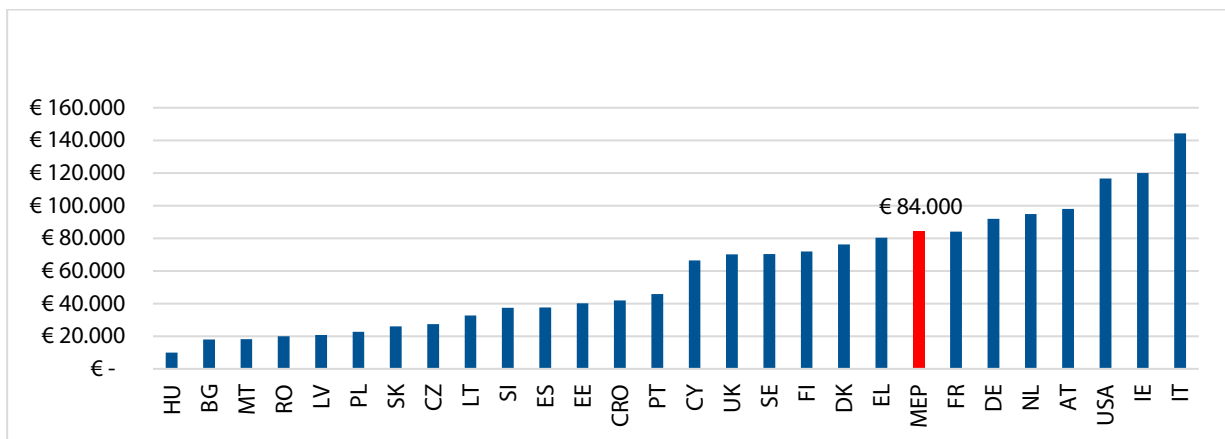
Finally, it is important to emphasise that salary levels are central components of pension benefit formulae. The entry into force of the Members' Statute established equal pay and equal pensions for MEPs from different Member States. However, the Members' Statute also created inequalities within Member States, especially the Member States that joined the EU after 2004, because of the substantial differences between national MP salaries and pension rights and MEP salaries and pension rights. These differences have to do with EU-wide differences in wage levels and MP pension levels.

compensation by an amount equal to allowances paid by the EP to MEPs to bring net income for MEPs and MPs to the same level (allowances for MPs were abolished, so their compensation was increased). This legislation meant that the pension-carrying level of compensation was slightly lower for MEPs than for MPs.

⁶² It is important to recall that this DB component is complemented by an individual DC scheme.

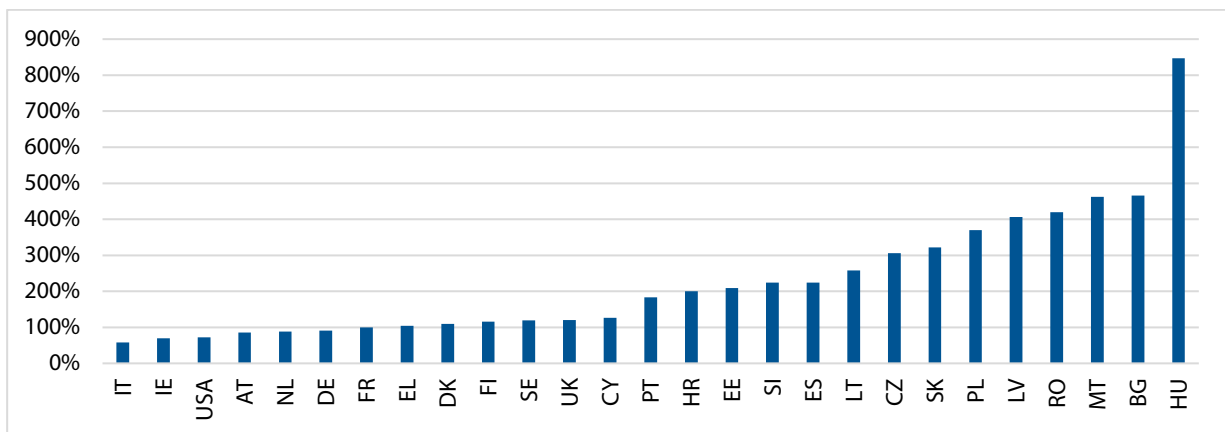
In 2009, the **MEP salary** was set at EUR 84,000 per year. This represented a slight decrease for some MEPs (IE, DE, AT) where MP salaries were higher in 2009. The decrease was even greater for Italy (annual salary for MPs was about EUR 144,000). Figure 11 below shows the wide variation in national MP salaries compared to the new uniform MEP salary in 2009. Several trends stand out: Dutch, Italian, Irish, German, and Austrian MP salaries remain slightly higher than the MEP salaries. Danish, Finnish, Greek, and Swedish MP salaries are somewhat lower than MEP salaries, and the MP salaries for Spain, Portugal, and the new Member States are substantially lower than MEP salaries. Figure 12 shows these relationships in percentages. Hungary is an outlier because of the structure of MP compensation; nevertheless, four new Member States show a more than 400% increase in salary for MEPs compared to MPs.

Figure 11: MEP and MP annual salaries in 2009 (EUR)



Source: Author (Data for Luxembourg and Belgium were not available; exchange rates for Jan. 2009 taken from www.ecb.eu)

Figure 12: MEP salary as percentage of MP salary in 2009



Source: Author

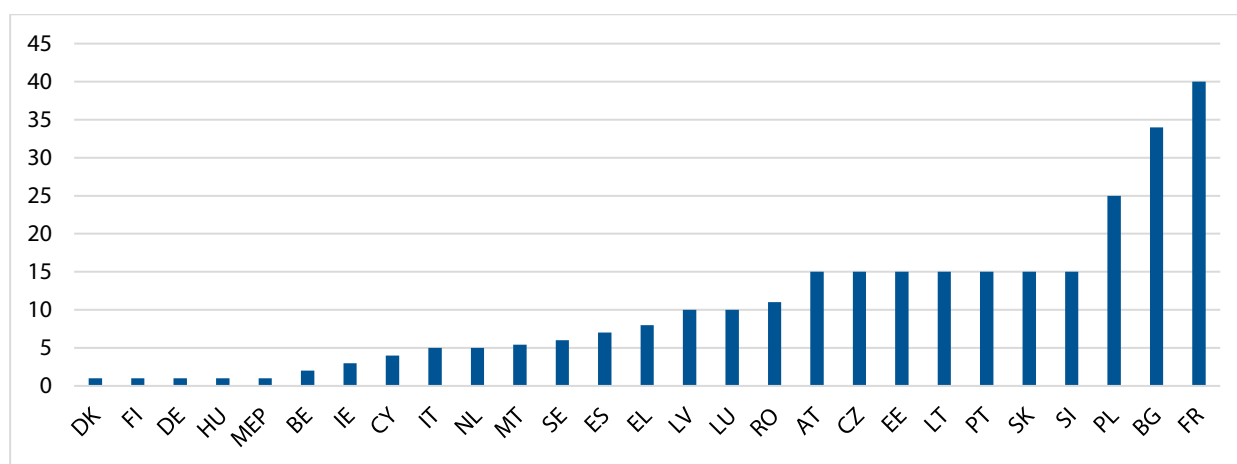
Notes: Data for BE and LU are not publicly available. Exchanges rates are from www.ecb.eu for January 2009. The 'MP' value for the USA is the annual salary (converted to euros) for a Member of Congress.

3.2.3. The minimum qualification periods

Most schemes covering MPs in 2009 had short minimum qualification periods in 2009, in keeping with the emphasis on facilitating mobility across occupations. Table 5 below shows the minimum length of insurance required to qualify for a pension and the minimum period of service as MP to qualify for a pension. These two classifications reflect the complexity of pension provision for MPs. Specific schemes

that require a minimum insurance period are typically specific schemes for all public sector employees that also include MPs (USA, NL). General schemes that cover MPs have less favourable conditions, requiring a minimum period of insurance ranging from 10 years in Latvia to 40 years in France.⁶³ This category is not relevant for special schemes for MPs and other high-level civil servants. If we look at the minimum period as MP required to qualify for a pension, we see the mirror image: when MPs participate in general schemes, their service as MP is counted as employment, so there is usually no specific minimum (France is an exception). In contrast, the special schemes for MPs include minimum periods of MP service that range from one month in Belgium and Finland to 10 years in Luxembourg. Figure 13 shows the minimum number of years required to qualify for a pension in 2009. The low threshold for MEPs stands out in figure 13.

Figure 13: Minimum number of years to qualify for an MP/MEP pension in 2009



Source: Author

3.2.4. Maximum pension

There are also differences in the **maximum pension and the number of years of service required to achieve the maximum pension**. Civil servant/separate schemes generally offer higher maximum pension levels than the statutory schemes that apply to the working population. For example:

- Belgium: 75% of reference salary and allowances with 20 years of service;
- Cyprus: 75% of compensation with 10 years of service;
- Finland: 60% of reference salary with 15 years of service;
- Germany: 69% of reference salary with 23 years of service;
- Ireland: 50% of reference salary with 20 years of service, plus lump sum (3 x annual pension);
- Luxembourg: 83% of final salary after 30 years;
- Netherlands: 70% of final salary after 40 years.

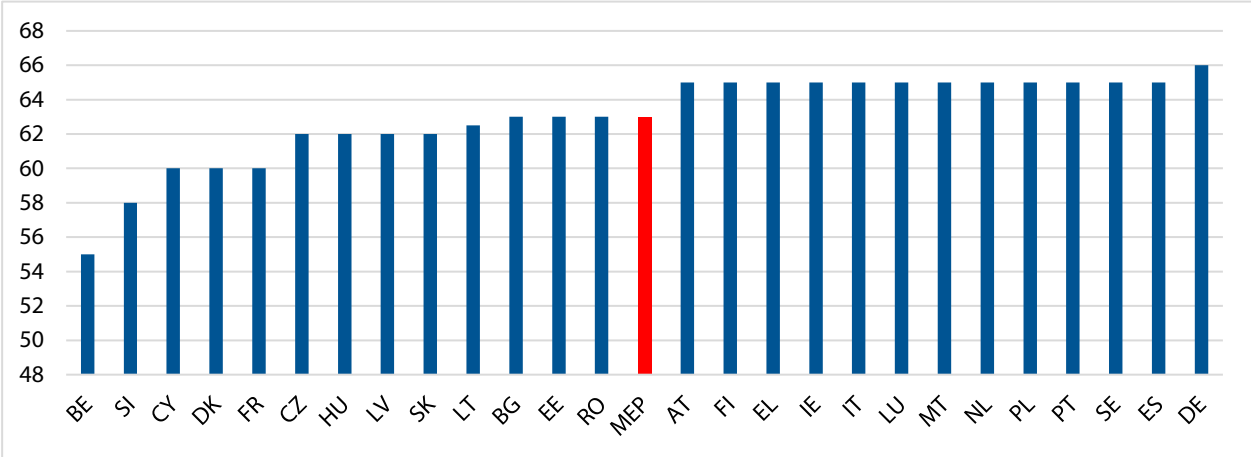
3.2.5. Minimum Pension Age

Minimum pension ages also show wide variation among the national MP pension schemes, ten are lower than the MEP pension age of 63, and three are equal to the MEP pension age. The Belgian pension

⁶³ In France, insurable periods include parental leave, sickness, disability, unemployment, and military service.

scheme for MPs is an outlier (in 2009) with a pension age of 55 (it has since been increased to 65 and will rise to 67 by 2030). Thirteen Member States have higher minimum pension ages than the MEP pension scheme (see Figure 14 below).

Figure 14: Members' Statute and MP retirement ages 2009



Source: Author

The following summary table presents the key features of MEP/MP pension schemes in 2009.

Table 5: Summary table

Situation for MEPs in 2009 before entry into force of Members Statute	Pension scheme specific to MEPs/MPs (and/or similar) versus pension scheme of general population	Type of pension system - Defined Benefit (DB) versus Defined Contribution (DC)	Contributions	Minimum length of insurance	Minimum period of service as MP	Retirement
Members' Statute	Specific	DB	No	Not relevant	1 year	63
AT	General	DB	Yes	15 years	Not relevant	60 (women) / 65 (men)
BE	Specific	DB	Yes	Not relevant	1 month	55
BG	General	DB	Yes	34 years (women) / 37 years (men)	Not relevant	60 (women) / 63 (men)
CY	Specific	DB	No	Not relevant	4 years	60
CZ	General	DB	Yes	15 years	Not relevant	56-60 (women) / 62 (men)
DK	Specific	DB	No	1 year	1 year	60
EE	General	DC	Yes	15 years	Not relevant	60.5 (women) / 63 (men)
FI	Specific	DB	Yes	Not relevant	1 month	65
FR	General	DB	Yes	40 years	Not relevant	60
DE	Specific	DB	No	Not relevant	1 year	67
GR	Specific	DB	No	Not relevant	5 years	65
HU	General	DB	Yes	15 years	Not relevant	62
IE	Specific	DB	Yes	Not relevant	3 years	65

Situation for MEPs in 2009 before entry into force of Members Statute	Pension scheme specific to MEPs/MPs (and/or similar) versus pension scheme of general population	Type of pension system - Defined Benefit (DB) versus Defined Contribution (DC)	Contributions	Minimum length of insurance	Minimum period of service as MP	Retirement
IT	Specific	DB	Yes	Not relevant	5 years	65
LV	General	DC	Yes	10 years	Not relevant	62
LT	General	DC	Yes	15 years	Not relevant	60 (women) / 62.5 (men)
LU	Specific	DB	No	Not relevant	10 years	65
MT	Specific	DB	Yes	Not relevant	5.5 years	65
NL	Specific	DB	Yes	5 years	Not relevant	65
PL	General	DC	Yes	20 years (women) / 25 years (men)	Not relevant	60 (women) / 65 (men)
PT	General	DB	Yes	15 years	Not relevant	65
RO	General	DB	Yes	11 years	Not relevant	58 (women) / 63 (men)
SK	General	DB	Yes	15 years	Not relevant	56-60 (women) / 62 (men)
SI	General	DB	Yes	15 years	Not relevant	58
ES	General	DB	Yes	15 years	Not relevant	65
SE	Specific	DB	No	Not relevant	6 years	65
UK	Specific	DB	Yes	?	?	65
USA	Specific	DB/DC	Yes	5 years	Not Relevant	62

Notes: DB/DC classification is based on the dominant design of the scheme; minimum length of insurance refers to the length of required participation in the relevant specific or general scheme (for most specific schemes, this is not relevant); minimum period of service as MP refers to length of actual service as MP in the parliament.

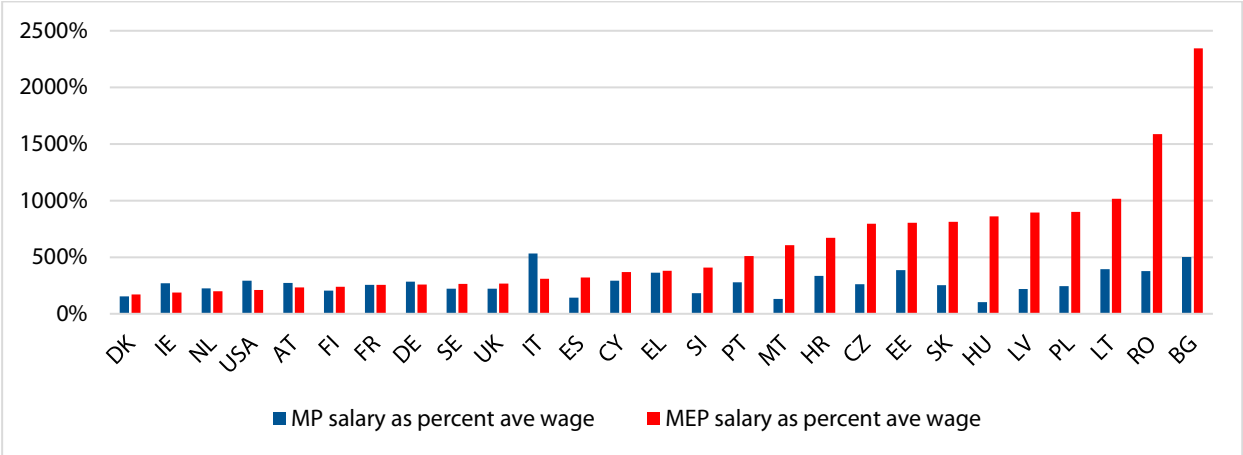
4. MEP AND MP PENSIONS IN 2009: COMPARATIVE EVALUATION

KEY FINDINGS

- If we compare MEP and MP (gross) salaries/compensation to that of average workers, it is typical for the Member States to pay MEP/MP compensation somewhere between 175% and 250% of average wages. However, the differences are sometimes enormous for the new Member States.
- These differences in wage levels directly influence pension levels. Before 2009, MEPs earned salaries/compensation that were nationally determined and aligned with national wage levels, so their pension rights were based on these national wage levels. The Members' Statute changes this dramatically for MEPs in Member States with wage levels that are significantly lower than the Member States with higher average wages. MEP salaries, and the pensions based on these salaries are aligned with a uniform salary, regardless of wage levels in the MEPs' home state. This has important effects for the new Member States and other middle-income Member States.
- Another important aspect of pension generosity concerns the number of years required to qualify for the minimum pension benefit. The Members' Statute allows MEPs to claim a pension if they have served as MEP for at least one year. Most Member State pension schemes for MPs do not offer such a short contribution period to qualify for a pension. Most other Member States require many more years of service.
- The report summarises deteriorations in aspects of MP pension provision in 22 of 28 Member States since 1997. For example: Pension age increased in 17 Member States; Special pension schemes for MPs abolished in eight Member States; Length and / or rate of contributions increased in nine Member States; Pension levels reduced in six Member States; Salaries reduced in two Member States; Required length of mandate / service increased in one Member State; Early retirement option phased out in one Member State.
- Several considerations motivate the relatively high pension levels guaranteed by the Members' Statute: the high qualification levels necessary for the role; the value of public service; efforts to make the role of MEP attractive for people in all Member States; and career interruptions associated with MEP service. However, viewed against the backdrop of deteriorations in the pension provision for many MPs and the working population, the pension levels offered by the Members' Statute pension scheme are relatively high. And given that the Members' Statute relies on a uniform MEP salary that is substantially higher than MP and average wages in many Member States, the pension levels of the Members' Statute pension scheme are surprising.

The role of MP and MEP requires specialised knowledge and skills, so compensation is typically high, relative to average wages. Figure 15 shows MEP and MP salaries as a percentage of average wages in 2009 after the Members’ Statute took effect. The Members Statute introduced differences in MEP and MP salaries, and we see this difference expressed as percentage of average wages in figure 15. If MEP and MP salaries were roughly equal to two times average wages, the columns representing MP and MEP salaries as percent of average wages would be equally high and reach the 200% level on the y-axis. Indeed, it is typical for the Member States to pay MEP/MP compensation somewhere between 175% and 250% of average wages (the exception is Italy), at least in the high-wage, 'old' Member States like Germany, Austria, Finland, and Sweden. Figure 15 reflects this: for example, there is not much difference in MEP / MP salaries in Germany and France. However, figure 15 also shows that differences between MP and MEP salaries (expressed as percentage of average wages) are sometimes enormous for the new Member States. For example, MEP salaries are more than 800% of average wages in Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovakia. Romanian and Bulgarian MEP salaries as percentage of average wages are even higher.

Figure 15: MEP and MP salaries as percentage of average wages in 2009



Source: Author (data for MP salaries were not available for BE and LU).

Notes: data on average wages came from the OECD and ILO; exchange rates from www.ecb.eu.

These differences in wage levels directly influence pension levels. Before 2009, MEPs earned salaries/compensation that were nationally determined and aligned with national wage levels, so their pension rights were based on these national wage levels. The Members’ Statute changed this significantly for MEPs in Member States with wage levels that are substantially lower than the Member States with higher average wages. MEP salaries, and the pensions based on these salaries, are aligned with a uniform salary, regardless of wage levels in the MEPs’ home state. This makes little difference in Member States like Belgium, the Netherlands and Germany, but it has important effects for the new Member States and other middle-income Member States like Spain and Portugal. The difference in an MEP’s salary and the wage levels/cost of living in the home country matter little while the MEP serves in the EP, because the MEP resides (at least part time) in Brussels/Strasbourg where wages are high, and the cost of living is high. Assuming the former MEP retires in his/own home state, the MEP pension provides a relatively high pension level. This is not only because of the relatively high salary it is based on, but also because of the favourable terms of the Members’ Statute pension scheme.

Another important aspect of pension provision concerns the number of years (or months) required to qualify for the minimum pension benefit. As discussed, the Members' Statute allows MEPs to claim a pension (if they have reached age 63; see below) if they have served as MEP for at least one year. Most Member State pension schemes for MPs do not offer such a short contribution period to qualify for a pension. Only Denmark, Germany, Finland and Hungary allow pension receipt after one year (or less). Most other Member States require many more years of service.

This comparative evaluation of MEP and MP pension rights in 2009 does not say anything about the long-term development of MP pension rights in the Member States since the 1990s and especially after 2009. The list below summarises deteriorations in aspects of MP pension provision in the Member States mainly since 1997 (but also includes some changes in effect after 2009). Indeed, MP pension rights 'deteriorated' in 22 of 28 Member States. For example:

- Pension age increased in 17 Member States (Austria 1997; Bulgaria 2009; Czech Republic 2007, 2009; Denmark 2011; Estonia 2007, 2009; Finland 1995, 2004; France 2003, 2010; Germany 2008; Greece 1990, 2008; Hungary 2004, 2007; Ireland 2004; Italy 1997; Latvia 2007, 2009; Lithuania 2007; Portugal 1995, 2005; Slovakia 2009; Slovenia 2012);
- Special pension schemes for MPs abolished in eight Member States (Austria 1997; Croatia 2012; Estonia 2003; Greece 2012; Hungary 2012; Portugal 2005; Romania 2007; Spain 2011);
- Length and / or rate of contributions increased in nine Member States (Czech Republic 2010; Finland 1995, 2009; France 1993, 2004; Italy; Romania; Slovakia 2008; Slovenia 2012; UK 2001, 2005, 2009; Spain 1995, 2011);
- Pension levels (e.g. accrual rates) reduced in six Member States (Croatia 2001, 2009, 2010; Denmark 1993; Finland 1995; Germany 1990, 2009; Greece 2010; Italy, 1997);
- Salaries reduced in two Member States (Hungary 2009; Latvia 2009);
- Required length of mandate / service increased in one Member State (Portugal 1995);
- Early retirement option phased out in one Member State (UK 2005);

The deterioration in pension rights for MPs in the Member States and the United States mirrors overall trends in the EU concerning statutory and mandated non-state pension provision for the working population. As the OECD (2019) and many academic publications have shown, nearly all Member States and the United States have adopted parametric, and sometimes structural, reforms of their pension systems in response to the challenge of ageing societies and declining fiscal resources.⁶⁴

Among the most important changes to statutory pension provision for the working population are:

- substantial increases in the minimum retirement age, often with automatic adjustment to increases in life expectancy;
- the introduction of, or increases in, penalties for early retirement;
- reductions in benefit levels (reductions in accrual rates, shift from final salary to average salary DB; shift from DB to DC);
- increases in the employee's share of financing (introduction of/increases in individual contributions).

⁶⁴ OECD (2019). *Pensions at a Glance*. Paris: OECD.

These changes in pension provision have often been accompanied by the introduction/strengthening of non-state occupational pensions and private provision (the second and third pension pillars) to at least partially compensate for reductions in statutory provision.

Several considerations motivate the relatively high pension levels guaranteed by the Members' Statute: the high qualification levels necessary for the role; the value of public service; efforts to make the role of MEP attractive for people in all Member States; and career interruptions associated with MEP service (in the 2019 parliament, only 39% of MEPs were re-elected). However, viewed against the backdrop of deteriorations in the pension provision for many MPs and the working population in many, if not most, Member States, the pension levels offered by the Members' Statute pension scheme are relatively high. And given that the Members' Statute relies on a uniform MEP salary that is substantially higher than MP and average wages in many Member States, the pension levels of the Members' Statute pension scheme are surprising. An MEP receives a pension after ten years of service (two mandates in the EP) that is higher than the benefits paid by all statutory schemes and most national MP pension schemes.

5. ANNEX I – MEP PENSION RIGHTS IN MEMBER STATE SYSTEMS

This annex presents the arrangements for MEP pensions in the systems of the different Member States. Information is presented in alphabetical order of Member States.

5.1. Austria

5.1.1. Wider framework

- Before 1997 MEPs and MPs were covered by a specific pension scheme reserved for selected groups of politicians and civil servants. Since 1997, there was no specific arrangement in place for MEPs, i.e. pensions for MEPs were the same as those for MPs and the general population. Austria operated a defined benefit scheme for its MEPs until 1997 and a defined contribution scheme after the pension reform. The arrangements introduced with the Members' Statute were more favourable than the Member State arrangements.
- Until 1997, MEPs / MPs were entitled to the so-called 'Politicians' Pensions'.⁶⁵ As of 1997, the 'Federal Act on the remuneration of the highest federal organs, the Members of the National Council and the Federal Council and of Austrian Members of the European Parliament' (BBezG) applies.⁶⁶ Special transitional provisions apply for the period after 31 July 1997. MEPs / MPs that had not reached the pension age at that point and who had less than 10 years of service (as National Councillor, Federal Councillor or MEP) on 1 August 1997 could opt for the 'old' pension system. Due to this option, MEPs were entitled to a partial pension under the old system for the periods of office before 1 August 1997. For the reference years 2004, 2007, and 2009, this section refers to the BBezG applying to MEPs from 1 January 1997 who do not have access to the former 'Politician's Pension'.
- The 'Pension Harmonisation Act and the General Pension Act' (APG) of 18 November 2004 unified pension rights in the different pension insurance laws and introduced uniform contributions and entitlements for (nearly) all employees. A further step was the establishment of a performance-based personal pension account within the framework of a PAYGO system for those born after 1 January 1955. The system is based on a 'notional defined contribution' model.⁶⁷ The pension reform was motivated by the expected increase in pension expenses related to demographic trends.⁶⁸

5.1.2. Key features of the pension system for MEPs

- To access the pension scheme, Austrian MEPs / MPs contributed to the pension system. In 1995, the contributions amounted to 13% of monthly salaries and allowances.⁶⁹ With the Harmonisation Act (2004), a uniform contribution rate of 22.8% of the monthly salary (plus allowances) for all employees was introduced, split between the federal government and the MEP, the latter bearing between 10.35% and 11.82% depending on the year of birth.
- In the former system of the 'Politician's Pension' the minimum period of contribution amounted to 10 years as MEP. With the change to the general pension system, the minimum

⁶⁵ Act on the remuneration and pensions of the highest federal organs and other functionaries of 1972, https://www.ris.bka.gv.at/Dokumente/BgblPdf/1972_273_0/1972_273_0.pdf

⁶⁶ Federal Remuneration Act, Bundesbezügegesetz: https://www.oeffentlicherdienst.gv.at/moderner_arbeitgeber/dienstrecht/gesetze/BBG.html

⁶⁷ See further: Knell, M., Köhler-Töglhofer, W., Prammer, D. (2006) Jüngste Pensionsreformen in Österreich und ihre Auswirkungen auf fiskalische Nachhaltigkeit und Pensionsleistungen, Geldpolitik & Wirtschaft Q2/06, p. 78: "The new system of personal pension accounts was also described as the "notional defined benefit" model, because the performance-oriented pension commitment is recorded in individual pension accounts. Terminologically however, this is not entirely correct, because such fictitious pension accounts are by definition defined contribution and therefore, strictly speaking, would also be structured in a pay-as-you-go pension system based on the "notional defined contribution" (NDC) model."

⁶⁸ https://www.parlament.gv.at/PAKT/VHG/XXV/ME/ME_00016/fnameorig_343364.html

⁶⁹ Remuneration Act § 44 BGBl of May 1995.

period covers the entire work life and not only the years of service as an MEP. This minimum period of contribution is at least 180 months of insurance, of which at least 84 months were acquired due to employment (minimum insurance period), including service as MEP and through other employment.

- In 1995, the pension was calculated on the basis of the salary plus allowances and the total length of service. The basis of payment was 80% of the reference salary of a federal civil servant, service class IX, salary step 6, plus allowance. The pension benefit amounted to 60% of the basis after 10 years of service. For each additional year, the level increased by 2% and for every remaining eligible month by 0.167% of the assessment base. With the introduction of the pension accounts in 2005,⁷⁰ the increase rate was set at 2% in 2004 and 1.78% of the contribution bases (salary plus allowances) for the following years, which is credited to the pension account for each month. The total credit is the sum of all these contributions. The pension level is calculated from the total account credit when retiring divided by 14. Employees are often paid two extra monthly salaries a year (Christmas or holiday salary), thus the calculation is based on 14 months, and pensions are paid 14 times a year. The formula is also referred to as 45/65/80: After 45 years of insurance, when reaching the standard retirement age of 65 years, a pension benefit of 80% of the contribution basis is granted.
- In 1995, the minimum pension level of 60% of the payment basis was granted after 10 years of service. Since the reform, the provisions under the General Social Insurance Act (ASVG) apply. The minimum pension level results from the minimum period of contribution of at least 180 months of insurance, of which at least 84 months were due to employment (minimum insurance period). In 1995, the maximum pension level was set at 80% of the reference salary. In 2003, the average pension level of retired civil servants was 142.4% of the average income of all employed persons. To adjust the pension level, the reform included the introduction of a maximum pension and a maximum contribution basis in 2004.⁷¹ The maximum contribution basis determines the maximum daily salary the contribution is based on. In 2004, this was set at EUR 113, and for 2007 and 2009 at EUR 118 (ASVG §108).
- According to the regulations before 1997, the pension could be drawn from the age of 55. According to the new regulations under the general pension system, the pension age is gradually increased towards the age of 65.
- According to provisions in 1995 (Remuneration Act §44k), pensions resulting from being an MEP were offset against other national pension rights, e.g. from exercising a function as a member of a state parliament, etc. Pension benefits as an MEP are then only payable to the extent that the sum of the pension benefits falls short of the maximum salary of an MEP. Following the Federal Constitutional Act on the limitation of the remuneration of public officials (BezBegrBVG) of 1997, individuals with an entitlement to a pension according to the relevant federal or state regulations were to receive a maximum of two pensions from legal entities that are subject to the control of the Court of Auditors. If there are claims to more than two such pensions, all but the two highest pensions must be suspended. This does not apply to pension benefits from the statutory social insurance or pension benefits based on voluntary contributions.

⁷⁰ For those born after 1 January 1955.

⁷¹ Knell, M., Köhler-Töglhofer, W., Prammer, D. (2006) Jüngste Pensionsreformen in Österreich und ihre Auswirkungen auf fiskalische Nachhaltigkeit und Pensionsleistungen, Geldpolitik & Wirtschaft Q2/06

- As part of the reform, the level of pensions is adjusted with a reference value which reflects the average increase in consumer prices from August of the previous year to July of the current year.

5.1.3. Comparison between the treatment of MEPs and MPs

- Following the provisions under the old Remuneration Act and the BBezG of 1997, there were no differences concerning salary or pension rights between MEPs and MPs.
- According to the Remuneration Act of 1995, the initial salary of an MP / MEP corresponded to the respective salary of a federal civil servant in the General Administration, service rank IX, salary level 1, plus allowances. Every two years, MPs/ MEPs moved up to the next higher salary level in service rank IX.⁷²
- Since 1997, the monthly salary was set at the initial amount of EUR 7,418.62 and adjusted yearly through a factor based on the inflation rate of the previous year, which is to be calculated based on the consumer price index (§3 BBezG).

Table 6: Salaries and pension rights for MEPs and MPs (Austria)

	MEP salary (EUR)	MP salary (monthly in EUR) ⁷³	MP / MEP pension rights (monthly in EUR)
1995	Same as MP	Service Rank IX, Salary Grade 1-6 + allowances	The basis of payment is 80% of the reference salary of a federal civil servant, service class IX, salary step 6, plus any cost-of-living allowances and any official allowance The retirement benefit amounts to 60% of the basis after 10 years of service For each additional year the pension entitlement increases by 2% and for every remaining eligible month by 0.167% of the basis. The pension can be drawn for the age of 55
2004	Same as MP	EUR 7,613.10	2% of the contribution basis – the salary plus allowances - is credited to the pension account for each month. The total credit is the sum of all these contributions. The pension level is calculated from the total account credit when retiring divided by 14 The pension age is gradually increasing from 60 to 65
2007	Same as MP	EUR 8,023.60	1,78% of the contribution basis – the salary plus allowances - is credited to the pension account for each month. The total credit is the sum of all these contributions. The pension level is calculated from the total account credit when retiring divided by 14 The pension can be drawn from the age of 65
2009	Same as MP	EUR 8,160	No change

Source: Author.

⁷² Remuneration Act BGBl. Nr. 273/1972 of 4 May 1995.

⁷³ Conversion rate from 'INFOREURO' average for the year, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

5.1.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 7: Pension rights for different scenarios (Austria)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1995	-	-	80% of reference salary
2004	Years of contribution as MEP counted under general pension scheme	Years of contribution as MEP counted under general pension scheme	Years of contribution as MEP counted under general pension scheme Max. 80% of contribution basis
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 8: Summary table – MEP pension rights in Austria

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	Contribution of 13% of monthly salary + allowances	10 years	10 years =60% + 2% per additional year + 0.167% per additional month of contribution basis (salary + allowances)	60% of basis	80% of reference salary + allowances	55	yes	no
1995	22.8% of monthly salary + allowances Rate split between employer / employee, MEPs bearing 13%	According to rules of previous pension insurance	2% per year of contribution basis (salary + allowances) X Pension assessment basis	ASVG ⁷⁴	80% After 40 years (maximum contribution base)	60-65	yes	yes
2004	22.8 of monthly salary + allowances (MEP bearing between 10.35% to 11.82% depending on year of birth)	According to ASVG rules as part of the general pension scheme to which the period of service as MEP is added. In total at least 180 months of insurance, of which at least 84 were acquired due to employment (also other than MEP service) to reach minimum insurance period	1.78% per year of contribution basis (salary + allowances (=Increase amount) X Pension assessment basis)	No change	80% (maximum contribution base)	60 for women / 65 for men	yes	yes

⁷⁴ §§ 292, 293 Allgemeines Sozialversicherungsgesetz (ASVG)

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2007	No change	No change	No change	No change	80% After 45 years (maximum contribution base)	No change	yes	yes
2009	No change	No change	No change	No change	No change	No change	yes	no

Source: Author.

5.2. Belgium

5.2.1. Wider framework

- MEPs / MPs were treated the same under the national old-age pension system which differs from the pension system for the general population. The pension system for MEPs can be defined as defined benefit pension system based on percentage of salary and years of service/mandate. When compared with the Members' Statute, the provisions under the national pension scheme can be considered more advantageous, given the lower minimum age (55) from which the pension can be drawn (Members' Statute: 63), maximum pension equalling 75% of the salary (Members' Statute: 70%) and higher percentage (3.75% of the salary per year) in the pension formula (Members' Statute: 3.5%).
- The legal basis of the old-age pension is laid down in the Belgian constitution which stipulates that it is the regional and federal parliaments that regulate the old-age pensions through decrees.

5.2.2. Key features of the pension system for MEPs

- The main condition for receiving the old-age pension is age (55 years in the timeframe of this study). When this condition is met, the amount of the pension depends on the number of years (length) of the mandate.
- When the legal age from which the pension can be drawn (55) is reached, there is no minimum period for contribution. Until 2009, 7.5% of the basic parliamentary allowance was deducted as a monthly contribution for the old-age pension and 1% for a so-called 'moderation contribution'.
- The pension is calculated on the basis of the length of the validated mandate where one month of mandate entitles to the minimum pension ($\frac{1}{240}$) and 240 months to the maximum pension. The amount of pension is derived from the basic indexed parliamentary allowance, with the maximum pension being 75% of this amount. Each year of mandate thus corresponds to a pension equal to 3.75% of the basic indexed parliamentary allowance. MEPs can access the full pension after having served 20 years.
- The pension cannot be higher than 75% of the basic indexed parliamentary allowance.
- The age from which the pension can be drawn was 55 years (in the years 1990-2009). An anticipated pension was possible from the age of 52 with the condition of having served at least eight years of mandate. If the condition of eight years had not been met, a reduction of 5% per year of anticipation was applied.
- MEPs can combine their parliamentary pensions with other pensions, but the accumulation is limited to an absolute ceiling, i.e. the maximum pension set at 75% of the basic indexed parliamentary allowance.
- Since the pension is calculated on the basis of the basic indexed parliamentary allowance, the level of pension is influenced by the consumer price index which is set for each year.

5.2.3. Comparison between the treatment of MEPs and MPs

- Salaries of MEPs in the national system largely correspond to those of MPs. Since 1996, MPs receive a basic annual compensation/salary fixed at EUR 53,511.10. This amount is linked to the

consumer price index, e.g. in 2009 the index was 1.4859, and therefore the basic annual allowance amounted to EUR 79,511.99 (gross). In addition, MPs receive a lump sum allowance to cover expenses incurred related to the exercise of the parliamentary mandate equivalent to 28% of their basic allowance. For MEPs the lump sum allowance differs and equals $\frac{4}{6}$ of the amount foreseen for MPs. In addition to the lump sum allowance, MPs are entitled to compensations such as for travel, children in charge, etc. The amount of lump sum allowances, however, does not impact the amount of the pension since only the basic parliamentary allowance is used for its calculation.

- There are no differences between the MP and MEP pensions.

Table 9: Salaries and pension rights for MEPs and MPs (Belgium)

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
1990	Same basic allowance as MP + $\frac{4}{6}$ of the MP lump sum allowance + travel lump sum allowance	Fixed at the amount of the basic allowance of a State Councillor 'Conseiller d'État' + Lump sum allowance 'indemnité forfaitaire' ⁷⁵ + travel lump sum allowance	Full pension after 20 years of mandate amounting to 75% of the basic indexed parliamentary allowance
1995	No change	No change	No change
2004	Same as MP	53,511.10 per year multiplied by the consumer price index + lump sum allowances 'indemnité forfaitaire'	No change
2007	Same as MP	No change	No change
2009	Same as MP	No change	No change

Source: Author.

5.2.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

⁷⁵ The lump sum allowance is given to the MPs and MEPs with objective to cover their expenses incurred by the exercise of the parliamentary mandate. They also receive a lump sum allowance to cover travelling expenses. This amount is calculated on the basis of the distance of their domicile and the parliamentary assembly their work in.

Table 10: Pension rights for different scenarios (Belgium)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	7.5% of the basic index parliamentary allowance if the legal age for pension reached (55)	18.75% of the basic index parliamentary allowance if the legal age for pension reached (55)	75% of the basic indexed parliamentary allowance
1995	No change	No change	No change
2004	No change	No change	No change
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 11: Summary table – MEP pension rights in Belgium

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	Age (55) and the number of years (length) of the mandate	No	Basic monthly allowance x 75% x number of validated months of mandate	$\frac{1}{240}$ of the maximum pension for a month of validated mandate	75% of the basic index parliamentary allowance	55	The sum of all pensions cannot be higher than 75% of the basic index parliamentary allowance	Consumer price index
1995	No change	No change	No change	No change	No change	No change	No change	No change
2004	No change	No change	No change	No change	No change	No change	No change	No change
2007	No change	No change	No change	No change	No change	No change	No change	No change
2009	No change	No change	No change	No change	No change	No change	No change	No change

Source: Author.

5.3. Bulgaria

5.3.1. Wider framework

- Prior to the entry into force of the Members' Statute there was no specific arrangement in place for MEPs, i.e. pensions for MEPs were the same as those of MPs and the general population (a defined benefit scheme with contributions), and for the period 2007-2009, the legal basis for the pension rights of MEPs was the Social Insurance Code. The arrangements introduced with the Members' Statute were more favourable than the previous Bulgarian arrangements.
- MEPs and MPs (just as all other citizens) are covered by a three-pillar system.⁷⁶ The first pillar includes the public pension system, managed by the National Social Security Institute. The second pillar includes two types of schemes:
 - the Universal Pension Fund covers employees (regardless of their job category) and the self-employed. Participation is compulsory for all workers born after 31 December 1959; older workers are excluded from this scheme.
 - Occupational Pension Funds targeting employees working in a hazardous environment in order to facilitate early retirement.

The third pillar is fully voluntary and it is operated by the Universal Pension Fund.

5.3.2. Key features of the pension system for MEPs

- In the period 2007-2009, MEPs were covered by the general national pension system. Both in 2007 and 2009, in order to retire, MEPs needed to have been insured in the pension system for at least 37 years (men) / 34 years (women).
- The old-age pension is being calculated according to the following formula:⁷⁷ Old-Age Pension = AR x IP x IC x AMII, where:
 - AR: Accrual rate - The accrual rate until the end of 2016 was 1.1% per insurance year; for periods of postponed retirement the accrual rate is 4%.
 - IP: Insurance period - This consists of the contributory and non-contributory periods; for the latter contributions have been paid by the State.
 - IC: Individual coefficient - This is the ratio of an individual's average insurable income to the national average insurable income. When calculating the individual coefficient, the individual's average is calculated from (i) their best three consecutive years out of the last 15 years of service before 1 January 1997 and (ii) the whole period after 31 December 1996. As of January 2019, the choice of the three best years was abolished and the reference period for calculation of the individual coefficient will include only the service after 1996.
 - AMII: National average monthly insurable income in the last 12 months preceding retirement. This is calculated and reported by the National Social Security Institute on a monthly basis.

⁷⁶ https://ec.europa.eu/info/sites/info/files/economy-finance/final_country_fiche_bg.pdf

⁷⁷ Ibid.

- In case of the reported length of service being less than the minimum required, but a person reaching retirement age, his/her pension will be reduced, but will not be less than the minimum pension (the minimum pension is 115% of the social pension; the social pension is for all people of 70 years or more, whose annual income per family member was less than the national guaranteed minimum income for the 12 months preceding retirement). The minimum pension level is determined every year by law for the budget of the Social Security. The minimum pension per month was EUR 47.55 in 2007 and EUR 69.58 in 2009.⁷⁸ According to the Social Insurance Code, the maximum pension could not exceed a ceiling, set yearly by the Law for the budget of the Social Security and for 2020 this amounts to 40% of the maximum insurable income. For 2007 it was EUR 250.53, until 1 April 2009 when it became EUR 368.13.⁷⁹
- The age from which the pension could be drawn in 2007 was 63 years for men and 59 years for women. For 2009 it was 63 years for men and 60 years for women.
- There are no offsetting rules,⁸⁰ and there have been no indexation mechanisms.

5.3.3. Comparison between the treatment of MEPs and MPs

- There were no major differences between MEP and MP salaries in the national system as provided for by the Rules of Organisation and Procedure of the National Assembly, in force since 23 August 2005.⁸¹ In 2007 (and until July 2009) the salaries of MEPs/MPs were set nationally, and amounted to three average monthly salaries. MEP/MP salaries were recalculated every three months.⁸²
- In addition to the basic salary, MPs might receive payments for their activity in the Parliamentary commissions. In 2007, the average salary of an MP was about EUR 1,000.⁸³ In 2009 it was about EUR 1,500. These are average figures, which include the bonuses for functions in parliamentary committees.⁸⁴
- The pension rights of the MPs were the same as those of MEPs (and the Bulgarian citizens in general) until the Members' Statute was introduced,⁸⁵ which however did not affect the previously acquired rights under the national system.

⁷⁸ BGN 93 (2007) and BGN 136.08 (2009). The exchange rate of 1 EUR is BGN 1.95583. It is fixed since 1997.

⁷⁹ See details for the respective years at: <http://trudipravo.bg/index.php/znanie-za-vas/1052-maksimalen-razmer-tavan-na-pensiite>

⁸⁰ See details at <https://www.nssi.bg/en/faqs/faqs-3>

⁸¹ "Art. 5. The Members of the National Assembly shall receive basic monthly remuneration equal to three average monthly salaries of the employed persons under labour and employment relationship in the public sector, according to the data of the National Statistical Institute. The basic monthly remuneration shall be recalculated quarterly, taking into account the average monthly salary for the last month of the previous quarter"

⁸² <https://www.dnes.bg/politika/2007/06/27/1300-lv-zaplata-za-bylgarskite-evrodeputati.38111>

⁸³ <https://dariknews.bg/novini/bylgariia/nad-12-mln.-leva-sa-zaplatite-na-deputatite-za-minalata-godina-198715>

⁸⁴ <https://news.bg/politics/gerb-zamrazyava-deputatskite-zaplata-na-nivo-2009-ta.html>

⁸⁵ For details on the pension rights please refer to the information provided by the National Social Security Institute at <https://www.noi.bg/pensions/grantpensions/1854-posv13>

Table 12: Salaries and pension rights for MEPs and MPs (Bulgaria)

	MEP salary (EUR, monthly)	MP salary (EUR, monthly)	MP pension rights
2007	Same as MP	1,000	Same as for Bulgarian citizens
2009	1,200	1,500 on average	Same as for Bulgarian citizens

Source: Author.

5.3.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

It is not possible to establish the exact figures, because the pension rights and the amount of the pension depend on the level and length of the contribution during the entire career of the person. In this sense two years, four years or five years alone are not sufficient for a pension and the person could be eligible for a social pension.

Table 13: Pension rights for different scenarios (Bulgaria)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2007	Not possible to establish	Not possible to establish	250.53
2009	Not possible to establish	Not possible to establish	368.13

Source: Author.

Table 14: Summary table – MEP pension rights in Bulgaria

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2007	General conditions apply. MEPs are covered by the system on the same basis as MPs: by paying contributions from their parliamentary salary	37 years length of insurance period for men and 34 years for women	<p>Old-Age Pension = AR x IP x IC x AMII,</p> <p>where</p> <p>AR: Accrual rate, IP: Insurance period, IC: Individual coefficient, and AMII: National average monthly insurable income in the last 12 months preceding retirement.</p>	EUR 47.17 (BGN 92.25)	EUR 250.53 (BGN 490)	Men - 63 Women – 59	None	Not relevant
2009	No change	No change	No change	EUR 63.83 (BGN 124.84)	EUR 368.13 (BGN 720)	Men - 63 Women – 60	No change	No change

Source: Author.

5.4. Croatia

5.4.1. Wider framework

- MPs who started their mandate before February 2012 ('old MPs') are covered by a special pension scheme,⁸⁶ which, due to changes in legislation,⁸⁷ no longer applies to 'new MPs', who started their mandate after February 2012. The latter have the same pension rights as provided for under the general pension system. Before joining the EU in 2013 Croatia operated a defined benefit scheme for its MPs and there was no pension scheme for MEPs. This country section therefore focuses on pension rights (and salaries) of MPs. The arrangements introduced with the Members' Statute (which applied to Croatian MEPs from the very beginning) were more favourable than the Member State arrangements for MPs.
- MP pension rights under the old system depend on the number of legislative terms served (which determine whether the age criteria are relevant) and the insurance period of the MP. In the general pension system, the entitlement to an old-age pension depends on age, gender and the length of the qualifying period. Insured persons also have the right to other types of pension. Under the general pension system, the amount of pension does not increase with the number of legislative terms served, but increases slightly with the length of the insurance period.

5.4.2. Key features of the pension system for MPs

- Under Act OG 55/00, relevant for the observation point of 2009, an 'old MP' who has served one full legislative term and 20 years of insurance can retire at the age of 55 (men) and 50 (women).⁸⁸ An MP who has served three consecutive legislative terms and during each of them performed his function for more than a half of the term and has 15 years of insurance, acquires the right to an MP pension regardless of age. The qualifying insurance period also includes the time during which an MP had suspended his/her parliamentary mandate, because he/she was elected or appointed to a position with duties which, according to the law, are not compatible with the mandate.
- For an 'old MP' who has served one full legislative term and reached the retirement age the minimum insurance period is 20 years. While for an MP who has served three legislative terms (even if none of them was served full length) it is 15 years. Under the general PAYGO system, applicable to 'new MPs' as of 2012, the minimum period of insurance is 15 years.
- The base for determining an 'old MP's' pension is the net salary the MP actually earned or would have earned, in the month preceding the submission of the request for determining the entitlement to pension. An 'old MP' who has served one full mandate, has 20 years of insurance and reaches the retirement age (55 years for men and 50 years for women) has a pension which is equal to 65% of the base stipulated for the calculation of pension amount, with a 2% increase for each subsequent year of pensionable service. The amount of an MP's pension may not exceed 85% of the base.

⁸⁶ Act of 2000 on the Rights and Obligations of the Members of Croatian Parliament' (OG 55/00).

⁸⁷ Law (OG 12/12) and decision by the Constitutional Court (OG 102/14).

⁸⁸ In the general pension system, which covers 'new MPs', the age from which the old age pension (*starosna mirovina*) can be drawn is 65 and 60 years of age for men and women respectively. The early retirement pension (*prijevremena starosna mirovina*) is available for men and women at the respective ages of 60 and 55 and the minimum qualifying period of 35 and 30 years.

- In the general PAYGO system, applicable to 'new MPs', pensions have been calculated according to the following formula based on 'value points': Pension benefit = personal points x pension type factor x actual pension value x supplement factor where: personal points = insurance period x average value point x initial factor:
 - Personal points depend on average value points and total qualifying period. A value point (for a given working year) is obtained by dividing the annual salary of the person concerned (insurance base) by the average annual salary in Croatia. For a single individual all value points are added together and divided by the number of working years. The result is the average value point. The value of initial factor depends on the time of retirement (at statutory age it equals 1, while in case of early retirement it is lowered by decrement rate of 0.2% per month of anticipation).
 - To calculate the pension benefit the personal points are multiplied by the actual pension value (the value of one personal point) which is stipulated biannually and indexed by the Croatian Pension Insurance Institute (HZMO), and by the pension type factor, which for old-age pension is set at 1. In 2007 the supplement factor was introduced to balance benefits between older and younger cohorts. For all post-2010 mono-pillar pensions (paid from the 1st pillar) it has been 1.27 (increasing the pension benefit by 27%).
- The minimum amount of an 'old MP' pension is 65% of the base (the net salary the MP actually earned or would have earned, in the month preceding the submission of the request for determining the right to pension), while the maximum is 85%. To 'new MPs' the general rule of the PAYGO system applies. The minimum pension is defined as an annual value and multiplied by the number of years of the qualifying period completed. The pension level is limited by the law setting the maximum of the average value point at 3.8, setting the maximum pension at 3.8 times the average pension.⁸⁹
- There are no rules on offsetting pensions.
- Since 2001 the pension rights have been changed and the amount of the MP's pension has been reduced several times, particularly during times of economic crisis.⁹⁰ For example, in 2001, compared to the previously received amounts, MP pensions above HRK 2,500 (EUR 333.3) have been lowered by between 8% and 20%.⁹¹ Starting with the pension for July 2009, MP pensions were reduced by 10%.⁹² Therefore, while the average pension of MPs in June 2009 was EUR 1,344 (HZMO, 2009b), it decreased to EUR 1,241 in December 2009 (HZMO, 2010). The pensions of MPs were reduced again by 10% in 2010.⁹³

5.4.3. Comparison between the treatment of MEPs and MPs

- Salaries of MEPs in the national system: Not relevant since Croatia joined the EU after the entry into force of the Members' Statute.
- There is no fixed salary for MPs; the actual salary depends on work experience. The average parliamentary net salary without allowances in 2019 was around HRK 16,000 (EUR 2,133.33),

⁸⁹ Law (*Zakon o najvišoj mirovini*) OG 162/98, 82/01.

⁹⁰ Acts of Parliament: 107/01, 86/09, 91/10 and 49/11, 12/12 and 102/14.

⁹¹ Amendments to the Rights and Duties of Members of the Croatian Parliament, OG 107/01.

⁹² Act on Reducing Pensions Determined Pursuant to the Act on the Rights and Duties of Members of the Croatian Parliament, OG 86/09.

⁹³ Act on Reducing Pensions Acquired or Determined by Special Laws, OG 71/10.

and there was no salary lower than HRK 13,000 (EUR 1,733.33) (Belak-Krile, 2019), significantly less than an MEP salary.

- Because Croatia had no MEPs in 2009, no comparison can be made between Croatian MEPs and MPs for that or previous years.

Table 15: Salaries and pension rights for MEPs and MPs (Croatia)

	MEP salary (EUR)	MP salary (monthly in EUR) ⁹⁴	MP pension rights (monthly in EUR)
2009	No MEPs from Croatia	Monthly gross 3,000- 3,500 ⁹⁵	Average pension of an MP was EUR 1,344 in June 2009 (HZMO, 2009b); then decreased to EUR 1,241 in December 2009 (HZMO, 2010).

Source: Author.

⁹⁴ Conversion rate from 'INFOREURO' average for the year, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

⁹⁵ MP salary figures for 2009 quoted from Puljiz (2009).

5.5. Cyprus

5.5.1. Wider framework

- The pension system for MEPs was not specific for MEPs/MPs, but covered several public servants holding key positions (but not the general population), and it was a defined benefit scheme. In 2011, this was replaced by a special scheme for MEPs/MPs, in the context of a general reform of salaries and pensions of public servants.
- Law 30(I) of 2008 is the main legislation providing for MEP salary and pension rights for the period starting on 20 July 2004 when the first Cypriot MEPs took office, until the Members' Statute came into force in 2009. This stipulated that MEPs enjoy the same benefits as MPs. This means that:
 - MEP pension rights are the same as those of MPs under Law 49 of 1980. The latter was the main legislation governing MP pensions from 1980 until a law in 2011 reformed pensions and salaries for key state officials including MPs;
 - MEP salary and allowances are the same as foreseen for MPs by Law 79 (1) of 1995. This is the main legislation governing MP salaries from 1995 onwards, with legal reforms in 2002 and 2005 which revised the amounts payable to MPs for their salary and allowances. These amounts are also periodically adjusted for inflation.

5.5.2. Key features of the pension system for MEPs

- Pension contributions by MPs/MEPs: mandatory 1.75% of total emoluments (Source: Law 49/1980).
- Pension formula: $\frac{3}{660}$ of annual emoluments times the months of service (but pension cannot be more than $\frac{3}{4}$ of emoluments on the date of retirement). An MP was entitled to a pension after at least 48 months of service. In case of a substitution, at least 36 months of service were required (Law 49/1980).
- Since 2011, a parliamentary pension is subject to revenue taxes at varying rates (depending on MPs' other sources of income).
- Minimum and maximum pension levels (the maximum pension level was available after two legislatures, i.e. 10 years, throughout the 2004-2009 period): In 2004, the minimum and maximum pension level was EUR 248 and up to EUR 2,773 per month, respectively; in 2007, EUR 554.6 and EUR 2,773 per month, respectively; and in 2009, EUR 604 and EUR 3,020 per month, respectively).
- For MPs and MEPs elected before 2011, a pension can be drawn from age 60 provided they are not re-elected (Law 49 of 1980).
- Between 2004 and 2009, multiple pensions were allowed (source: interview with Head of EP office in Cyprus). The FP-AP report confirms that a parliamentary pension can be combined with a paid professional activity and a parliamentary pension can be combined with another pension. The only condition is for persons who were previously civil servants or who held official posts (Minister etc.), for whom it has been decided that their pension can reach a maximum of 50% of their highest salary.
- The salaries and allowances foreseen for MPs were regularly adjusted for inflation.

5.5.3. Comparison between the treatment of MEPs and MPs

- The first Cypriot MEPs, elected for the 2004-2009 EP legislature pointed out a legislative gap in Cyprus, as there was no law covering their salary and pension rights, and asked for a law to equate their rights to those of national MPs. This law was passed in 2008, at a time when the Members Statute had already been voted and was due to come into effect in 2009. The Cyprus law addressed the gap in pension and salary status of MEPs during the 2004-2009 period, stipulated that each MEP enjoys the same benefits as MPs and stated that it had retroactive effect from 20 July 2004 until the date when the Members Statute came into force in 2009.

Table 16: Salaries and pension rights for MEPs and MPs (Cyprus)

	MEP salary (EUR)	MP salary (annual amounts in EUR) ⁹⁶	MP pension rights (monthly in EUR)
2004	Same as national MP salary except secretarial allowance, hence CYP 16,019 (EUR 27,331)*	<p>MPs Total Emoluments CYP 19619 (EUR 33474)* [includes salary CYP 1507 Jan-Jun/CYP 1511.33 Jul-Dec +13th salary CYP 1509.16 + secretarial allowance CYP 3600 + representation allowance CYP 728 Jan-Jun/CYP 730 Jul-Dec]. (Source: interview with Treasury)</p> <p>Income tax is paid on the basic Member's salary. (Source: CPA, 2005)</p>	<p>1) Source: CPA, 2005 Contributory pension scheme. In Cyprus, in case of death of a former MP whilst having a Parliamentary Pension (PP), the PP is transferable to the widow provided that the widow has not remarried and that they were married at the time the MP left office. That is why MPs pay 3% of their gross salary to a special fund. The pension plan provides ongoing benefits to Members' dependents in the form of free medical coverage. The representation allowance is linked to the cost of living allowance (COLA).</p> <p>2) Source: Law 49 of 1980 3/660 of annual emoluments times the months of service (but pension cannot be more than ¾ of emoluments on the date of retirement). The pension can be drawn after age 60, provided that the MP is not re-elected. An MP is entitled to pension after at least 48 months of service (4 years). If an MP substitutes another MP, at least 36 months of service are required. After 10 years of parliamentary mandate (2 terms in office, 120 months), an MP has a right to a full (parliamentary) pension. This is also the maximum period of entitlement: two tenures (120 months). Generally speaking, pension constituted rights are transferable to the surviving person and/or underage children (up to 16 years or the end of school and university studies up to a maximum age of 25 years), if the former MP dies before having a PP. In addition to the pension, MPs were entitled to a one-off lump sum payment ('gratuity') upon entering retirement, which is not taxed.</p>
2007	Same as national MP salary except secretarial allowance, hence CYP 35,276.6 (EUR 61,011)**	<p>Source: interview with Treasury MPs Total Emoluments CYP 42476.6 (EUR 73464)** [includes salary CYP 1764 Jan-Jun/CYP 1773.17 +13th salary CYP 1768.58 + secretarial allowance CYP 7200 + representation allowance CYP 12285].</p>	Same as above

⁹⁶ Conversion rate from 'INFOEURO' average for the year, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

	MEP salary (EUR)	MP salary (annual amounts in EUR) ⁹⁶	MP pension rights (monthly in EUR)
2009	Same as national MP salary except secretarial allowance, hence EUR 66,454.19	MP Total Emoluments EUR 78756.11 [includes salary EUR 3414 Jan-Jun/EUR 3465 +13 th salary EUR 3389.75 + secretarial allowance EUR 12301.92 + representation allowance EUR 20503.20]. (Source: interview with Treasury)	Same as above

Source: Author.

Note: Cyprus became a member of the European Union in 2004. The first Cypriot MEPs were elected in 2005. Cyprus adopted the Euro on 1 January 2008.

*Conversion of CYP to EUR made by author using the exchange rate of 2 January 2004 of 1 EUR = 0.5861 CYP

**Conversion of CYP to EUR made by author using the exchange rate of 2 January 2007 of 1 EUR = 0.5782 CYP

***The Cypriot pound was replaced by the euro as official currency of the Republic of Cyprus on 1 January 2008 at the irrevocable fixed exchange rate of 1 EUR = CYP 0.585274

5.5.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension.

Table 17: Pension rights for different scenarios (Country)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	Only possible if they replace another MP/MEP: EUR 248 per month	EUR 621 per month	EUR 1,242 per month, after two legislatures (10 years), which is the maximum available pension. Also, pension amount can be no more than $\frac{3}{4}$ of emoluments on date of retirement
2007	Only possible if they replace another MP/MEP: EUR 554.6 per month	EUR 1,386.5 per month	EUR 2,773 per month, after two legislatures (10 years), which is the maximum available pension. Also, pension can be no more than $\frac{3}{4}$ of emoluments on date of retirement
2009	EUR 604 per month	EUR 1,510 per month	EUR 3,020 per month, after two legislatures (10 years), which is the maximum available pension. Also, pension can be no more than $\frac{3}{4}$ of emoluments on date of retirement

Source: Author. Author calculations based on the amounts of total emoluments for MPs, as confirmed by the Treasury, namely:

annual emoluments of EUR 27,331 for 2004

annual emoluments of EUR 61,011, for 2007

annual emoluments of EUR 66,454.19 for 2009.

Table 18: Summary table – MEP pension rights in Cyprus

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	Same as for MPs. An MP was entitled to a pension after at least 48 months of service, while one tenure is 60 months.	In case of a substitution if a seat became vacant, at least 36 months of service were required.	3/660 of annual emoluments times the months of service (but pension cannot be more than $\frac{3}{4}$ of emoluments on the date of retirement).	EUR 645,46 per month	EUR 1,242 per month	Age 60, provided he is no longer an MP, otherwise the pension is payable on the day after the end of the MP's tenure	Multiple pensions were allowed, whereby the rights of the highest pension would be applicable	Salaries were adjusted regularly for inflation
2007	No change	No change	No change	EUR 727,51 per month	EUR 2,773 per month	No change	No change	No change
2009	No change	No change	No change	EUR 795,98 per month	EUR 3,020 per month	No change	No change	No change

Source: Author.

Note: Cyprus joined the EU in 2004. The first Cypriot MEPs were elected in 2005. Cyprus adopted the Euro on 1 January 2008.

5.6. Czech Republic

5.6.1. Wider framework

- MEPs/MPs were covered by the same pension arrangements as those for the general population, a defined contribution scheme (prior to the entry into force of the Members' Statute). The arrangements introduced with the Members' Statute were more favourable for MEPs than existing arrangements.
- The pension rights in the Czech Republic are regulated by Act No. 155/1995.

5.6.2. Key features of the pension system for MEPs

- The pension system is universal with no special conditions for MEPs. The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age.
- The minimum period of contribution was 25 years until 2010. Since 2010 the number of years of contribution is gradually increasing, reaching 35 years in 2019. Individuals without the required years of contribution but reaching at least 15 years of contribution (since 2010 gradually increasing to 20 years) can receive a pension five years later than the standard retirement age for males of the same birth cohort.
- The pension entitlement includes a basic pension and an earnings-related pension. The value of the basic pension is annually adjusted by the government and reaches approximately 9% of national average earnings. It was set at CZK 1,310 (EUR 40), CZK 1,570 (EUR 57) and CZK 2,170 (EUR 81) in the respective years of 2004, 2007 and 2009.⁹⁷ The earnings-related pension is a proportion of earnings for each year of contributions across all years since 1985. The minimum of earnings-related pension is regulated by Act No. 155/1995 and the amount of CZK 770 has not changed since. The maximum pension level is not established. The benefit formula is progressive, and the calculation of earnings-related components remained unchanged between 1996 and 2011. Individual earnings are fully counted in the pension basis up to the threshold defined at 45% of the average wage, 30% counted up to the threshold defined at 110% of the average wage and 10% counted above that threshold.
- The pension can be claimed after reaching retirement age. In 2004, the retirement age was 61 years for men and 55-59 years for women (the retirement age of women decreases with the number of children raised). In 2007 the retirement age was 61 years for men and 56 to 60 years for women, compared to 62 and 56 to 60 years respectively in 2009. Early retirement is possible maximum three years before reaching the retirement age and is subject to the condition of at least 25 years of contributions. The pension amount under early retirement is subsequently reduced by 0.9% for each 90 days of the first 720 days of early retirement (equivalent to 3.6% per year) and 1.5% for each 90 days thereafter (6% per year from 2010).
- The amount of pension above 36 times the minimum wage in a given calendar year is taxed and lower pension benefits are tax-exempt. There are no rules on offsetting pensions. Pensions are adjusted to price inflation plus at least one-third of real wage growth.

⁹⁷ Amounts in CZK are converted to EUR. Exchange rate of CZK to EUR was 32.40 on 2 January 2004; 27.53 on 2 January 2007; and 26.83 on 2 January 2009.

5.6.3. Comparison between the treatment of MEPs and MPs

- The basic salary of MEPs was initially set at CZK 64,000 (EUR 1,975) in 2004. In 2007 and 2009 the salary was set at CZK 85,000 (EUR 3,087 in 2007 and EUR 3,168 in 2009).⁹⁸
- The basic salary is equal to 2.5 times the national average earnings in the public sector recorded in the pre-previous year (Act No. 236/1995). The basic salary of MPs was: CZK 46,500 (EUR 1,435) in 2004, CZK 61,400 in 2007 (EUR 2,230), and CZK 61,400 (EUR 2,288) in 2009.⁹⁹ MPs are eligible to supplements and allowances e.g. travel allowances.
- There is no difference between MEP and MP pension rights.

Table 19: Salaries and pension rights for MEPs and MPs (Czech Republic)

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁰⁰	MP pension rights (monthly in EUR)
2004	1,975	1,435	No specific MP pension rights are defined
2007	3,087	2,230	No change
2009	3,168	2,288	No change

Source: Author.

Note: Amounts in CZK are converted to EUR. Exchange rate of CZK to EUR was 32.40 on 2 January 2004; 27.53 on 2 January 2007; and 26.83 on 2 January 2009.

⁹⁸ Amounts in CZK are converted to EUR. Exchange rate of CZK to EUR was 32.40 on 2 January 2004; 27.53 on 2 January 2007; and 26.83 on 2 January 2009.

⁹⁹ The salary of MPs were the same in 2007 and 2009. Amounts in CZK are converted to EUR. Exchange rate of CZK to EUR was 32.40 on 2 January 2004; 27.53 on 2 January 2007; and 26.83 on 2 January 2009.

¹⁰⁰ Conversion rate from 'INFOREURO' average for the year, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

5.6.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 20: Pension rights for different scenarios (Czech Republic)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age	The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age	No maximum pension is defined
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 21: Summary table – MEP pension rights in the Czech Republic

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age	Not defined (15 years of service in general)	The pension entitlement includes basic pension and earnings-related pension	CZK 2,080 (EUR 64)	Not defined	Women: 55-59, men: 61. Retirement age of women is decreased with the number of children raised	No	Pensions are adjusted to price inflation plus at least one-third of real wage growth
2007	No change	No change	No change	CZK 2,340 (EUR 85)	Not defined	Women: 56-60, men: 61. Retirement age of women is decreased with the number of children raised	No	No change
2009	No change	No change	No change	CZK 2,940 (EUR 110)	Not defined	Women: 56-60, men: 62. Retirement age of women is decreased with the number of children raised	No	No change

Source: Author.

Note: Amounts in CZK are converted to EUR. Exchange rate of CZK to EUR was 32.40 on 2 January 2004; 27.53 on 2 January 2007; and 26.83 on 2 January 2009.

5.7. Denmark

5.7.1. Wider framework

- There was a specific arrangement in place for MEPs (pensions for MEPs were not different from pensions for MPs, but different from the system for the general population. Denmark operated a defined benefit scheme for MEPs (prior to the entry into force of the Members' Statute). The arrangements introduced with the Members' Statute were more favourable than Member State arrangements.
- The pension rights of the Danish MEPs are regulated by the Act on remuneration and pension etc. for Danish representatives in the EP (§3),¹⁰¹ stipulating that provisions on pensions and supplementary income for MPs under the Parliamentary Election Act of Denmark¹⁰² apply to MEPs. Periods of membership in the EP are equated with periods of membership in Denmark's Parliament.

5.7.2. Key features of the pension system for MEPs

- Since 1986, the right to a pension was earned after the first year of the mandate, and there are no contributions.
- From 1986 to 1993, the pension formula allocated for each full year of mandate a pension amounting to 5% of the highest pension at any given time for a civil servant at pay grade 36.¹⁰³ In 1993, the formula changed,¹⁰⁴ and the following percentages of the basic remuneration at the time of retirement were credited to the MEP pension: For years 1 to 9, 3.25% per year; for years 10 to 17, 2.9 % per year; for years 18 to 19, 1.8% per year; for year 20, 1.75%.
- A pension percentage is credited from the first year of the mandate. Thus, for the period until 1993, the minimum of 5% of the pension at grade 36 was earned after one year. Since 1993, the minimum pension amounts to 3.25% of the basic remuneration after one year. Before 1993 a full pension corresponded to the highest pension at any given time for a civil servant at scale 36. With the amendments of 1993, the maximum pension level was set at 57% of the basic remuneration at the time of retirement. This was achieved after 20 years of mandate.
- Until 2007 the retirement age was 60 years. In the context of the 2007 welfare reform, the retirement age for MPs/MEPs was set at the ordinary early retirement age, which applies according to §74 of the Unemployment Insurance Act. In 2007 and 2009 the early retirement age was still reached at the age of 60. As part of further reforms of the pension system, the early retirement age increased from 2011 to the age of 64.¹⁰⁵ This change affects those who served as MEP for the first time on 1 July 2007 or later.
- MP/MEP pensions are offset against other national pension rights (Parliamentary Election Act of Denmark (§118 (3))). The total pension from a position as civil servant, from a position in a primary school, the Established Church of Denmark, a municipality, a concessionary company, other government activities or from a state-subsidised pension fund, shall not exceed the

¹⁰¹ Act on Remuneration and Pension etc. of Danish Representatives of the European Parliament <https://www.retsinformation.dk/eli/ta/1979/225>

¹⁰² Parliamentary Election Act of Denmark, <http://aceproject.org/ero-en/regions/europe/DK/denmark-parliamentary-election-act/view>

¹⁰³ LOV nr 311 af 04/06/1986 Lov om ændring af lov om valg til folketinget

¹⁰⁴ Act nr. 1087 of 22 December 1993 on the Amendment of the Parliamentary Election Act (Ændring i pensionsbestemmelserne)

¹⁰⁵ ASISP, Pensions, Health and long-term care, Denmark, March 2014.

highest pension obtainable under the Public Service Pensions Act. The pension shall in such a case be reduced by the surplus.

- Further adjustments that might influence the level of pensions are regulated in section 27(1) and section 27a in the Public Service Pensions Act, which applies to MP and MEP pensions and states that the Minister of Finance shall determine the percentage adjustment of pensions and subsequent income from pensions (Chapters 2-6 of the Act).¹⁰⁶ These adjustments concern in applicable cases, the recognition of accumulated pension years based on other employment in civil servant positions and the adjustment of the pension age.

5.7.3. Comparison between the treatment of MEPs and MPs

- There is no difference between salaries and pension rights of MEPs and those of MPs (§3 of the Act on remuneration and pension etc. for Danish representatives in the EP).
- As of 1 January 2000, a number of changes were made to the remuneration rules. The salary was increased from pay grade 36 to pay grade 38.

Table 22: Salaries and pension rights for MEPs and MPs (Denmark)

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁰⁷	MP pension rights (monthly in EUR)
1990	pay grade 36	pay grade 36	5% of pension of a civil servant at grade 49 per year, entitlement at the age of 60, max. pension level after 20 years
1995	No change	No change	From 1 st year The pension increased by the following percentages per year: For years 1 to 9 = 3.25 % per year For years 10 to 17 = 2.80% per year For years 18 to 19 = 1.80% per year For year 20 = 1.75% Entitlement from the age of 60 Maximum pension at 57% after 20 years
2004	DK 43,213 EUR 5,618	DK 43,213 EUR 5,618	No change
2007	DK 45,913 EUR 5,968	DK 45,913 EUR 5,968	No change to formula Early retirement age (60)
2009	DK 48,877 EUR 6,354	DK 48,877 EUR 6,354	No change

Source: Author.

¹⁰⁶ LBK nr 724 af 09/09/1993 Tjenestemandspensionsloven

¹⁰⁷ Conversion rate from 'INFOREURO' average for the year, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

5.7.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 23: Pension rights for different scenarios (Denmark)

	MEP with two years of contribution	MEP with full legislature	MEP maximally available pension
1990	10% of pension of a civil servant at grade 36	25% of pension of a civil servant at grade 36	After 20 years pension of a civil servant at grade 36
1995	6.5% of basic salary grade 38	16.25% of basic salary grade 38	57% of basic salary grade 38
2004	No change	No change	No change
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 24: Summary table – MEP pension rights in Denmark

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	From 1st year	From 1st year	5% per year of the pension of a civil servant at grade 36	5% of basic salary at retirement	After 20 years	60	yes	yes
1995	No change	No change	The following percentages of the basic salary (grade 36 step 49) were credited per year: years 1 – 9: 3.25 % years 10 – 17: 2.80% years 18 – 19: 1.80% year 20: 1.75%	3.25% of basic salary at retirement	57% of basic salary (after 20 years)	60	yes	yes
2004	No change	No change	No change in formula Higher salary: grade 38	No change	No change	60	yes	yes
2007	No change	No change	No change	No change	No change	Early retirement age (60)	yes	yes
2009	No change	No change	No change	No change	No change	No change	yes	yes

Source: Author.

5.8. Estonia

5.8.1. Wider framework

- There was no specific arrangement in place for MEPs in Estonia, i.e. pensions for MEPs were generally not different from pensions for MPs / the general population. Estonia operated a 'defined contribution' scheme for MEPs (prior to the Members' Statute); the arrangements introduced with the Members' Statute were more favourable than Member State arrangements.
- In 2003, the system of Estonian MP pensions was abolished. This system was based on an MP's whole career, including service as MP. It was specifically designed for MPs and members of the Supreme Council.¹⁰⁸ Since 2004, the general pension system applies. Therefore, pension rights for MPs (and MEPs who were MPs before 2003) somewhat differ, based on circumstances, such as their seniority and previous experience as MP. For those who have not been an MP before 2003, the general pension system applies. In 2008 the State Pension Insurance Act allowed for contributions to national pension schemes whilst working in the EU institutions (both MEPs and civil servants).¹⁰⁹
- As of 2004, Estonian MEPs had access to Estonia's general pension system which is largely based on what a person contributes (defined contribution). The Funded Pensions Act (2004) established a pension system with three pillars:¹¹⁰ the Pillar I: State pension; the Pillar II: Mandatory funded pension; and the Pillar III: Supplementary funded pension.

The Pillar I pension is paid by the state from the funds collected from the social insurance contributions (PAYGO). For Pillar II, an employee pays a monthly 2% of gross salary to the pension fund they have selected, and the state adds 4% out of the current social insurance contribution that is paid by the employee. Subscribing to Pillar III is mandatory for persons who were born in 1983 and later. Pillar III was created with the aim of providing people with an additional opportunity to insure their retirement.¹¹¹

5.8.2. Key features of the pension system for MEPs

- To receive the state pension, one must have reached the pensionable age and have at least 15 years of employment in Estonia. The pension is paid also when one continues working.¹¹²

¹⁰⁸ Riigikogu (2007) Comments for Status of Members of the Riigikogu Act, RT I 2007, 44, 316.

¹⁰⁹ Riigikogu (2020) State Pension Insurance Act, RT I 2001, 100, 648, consolidated version of year 2020.

¹¹⁰ Riigikogu (2004) Funded Pensions Act, RT I 2004, 37, 252 and Pensionikeskus (2020) 'Pension system', accessed: 8.2020.

¹¹¹ Ibid.

¹¹² Pensionikeskus (2020) 'The pillars and their difference'.

- The state pension (P) consist of three components: the flat rate base amount (B), the pensionable length of service component (s) (covering periods up to 1998), and the insurance component that is based on individual social tax payments to the state pension scheme (ΣK) (covering periods from 1999 onwards). Each year individual social tax payments are converted into points (K) using comparison with the average payment of the pension insurance part of the social tax. Both the length of service component and points are multiplied by the cash value (V).¹¹³

$$P_t = B_t + s \times V_t + \sum K \times V_t$$

- The pension is redistributive through the flat rate base amount (B). In addition, the length of service component (s) takes into account only employment periods up to 1998; its role is gradually diminishing for new pensioners. There are pension rights for some non-active periods (e.g. caring for children), either adding values to s when people retire or by paying social tax (i.e. contributing to ΣK) on behalf of some socio-economic groups. Both the base amount (B) and the cash value (V) of one year of pensionable service and the pension insurance coefficient are indexed every year.¹¹⁴
- Regarding Pillar II, the amount of pension benefits depends on total contributions over the working career and yields of pension funds. Participation in the scheme is mandatory for people born in 1983 or later, whereas those born in 1942-1982 had the option to join the scheme. In 2010, those born in 1980-1982 had to decide whether to participate in the pension scheme. Pillar III plays a minor role in Estonia.¹¹⁵
- Considering that the pension system consists of three pillars, the minimum pension would correspond to coverage under Pillar I alone, and the maximum to all three pillars combined, with the exact amount of the pension dependent on the contribution.¹¹⁶ The minimum old-age pension for Estonian citizens is equal to the small flat-rate residence-based national pension, which is aiming to guarantee a minimum income for those who are not entitled to the employment-based pension. In the reference years (2004, 2007, 2009), if the amount of the old-age pension granted to a person is less than the national pension rate, the old-age pension shall be paid to the person at the national pension rate. The national pension will not be assigned if a person is entitled to a pension from another country.¹¹⁷
 - Between 1 April 2003 and 31 March 2004 it was EUR 59.5 per month; between 1 April 2004 and 31 March 2005 it was EUR 63.3.¹¹⁸
 - Between 1 April 2006 and 31 March 2007 it was EUR 81.1 per month; between 1 April 2007 and 31 March 2008 it was EUR 91.¹¹⁹

¹¹³ The cash value is a certain amount established by the government (e.g. EUR 6.161 in 2019) that will be indexed each year to calculate the pension. This helps to address the time value of the money. Võrk, A., Piirits, M., Jõgi, E. (2015) 'The impact of introduction of funded pension schemes on intragenerational inequality in Estonia: a cohort microsimulation analysis' by Praxis Centre for Policy Studies.

¹¹⁴ Ibid.

¹¹⁵ Ibid.

¹¹⁶ Pensionikeskus (2020) 'The pillars and their difference', accessed: 8.2020.

¹¹⁷ Riigikogu (2020) State Pension Insurance Act, RT I 2001, 100, 648, consolidated version of year 2020.

¹¹⁸ Tiit, E.-M., Leppik, L., Võrk, A., Leetmaa, R. (2004) 'Euroopa Liidu ühiste pensionieesmärkide mõju Eesti pensionisüsteemile' by Praxis Centre for Policy Studies.

¹¹⁹ Government of Republic of Estonia (2007) 'Keskmine vanaduspension suureneb 2007. aastal 20% võrra', in Republic of Estonia Government news.

- Between 1 April 2008 and 31 March 2009 it was EUR 121.4 per month; between 1 April 2009 and 31 March 2010 it was EUR 128.4.¹²⁰
- In 2004 the statutory pension age was 63 (men) and 59 (women). The pension age of women was gradually increased, reaching 63 years in 2016. The pension age is set to increase to 65 for men and women by 2026. In 2007 the pension age was 60 for women and 63 years for men. In 2009 it was 60 years and 6 months for women and 63 years for men.¹²¹
- There is no offsetting.¹²² Pensions are indexed annually on 1 April.

5.8.3. Comparison between the treatment of MEPs and MPs

- As of 29 October 2004, the European Parliament Election Act (§75)¹ determined an MEP salary to be that of an MP. No other benefits were paid.¹²³ The salary of an MP was the Estonian monthly average gross salary multiplied by the coefficient of 4.¹²⁴
- In 2004 there were no differences between MEP and MP salaries (EUR 1,822 from 1 March 2004 to 28 February 2005).¹²⁵ In 2007 the salary for both MPs and MEPs was EUR 2,612.¹²⁶ In 2009, MP salaries followed the previous pattern, with a salary of EUR 3,352,¹²⁷ but MEP salaries started to diverge from those of MPs, as the Members' Statute entered into force in July 2009.
- Under the old MP pension scheme, discontinued in 2003, the age from which an MP pension can be drawn was the same as under the general pension system unless the mandate expired two years or less before pensionable age. Conditions for receiving the MP pension were 25 years of general working experience, including at least three years of service as an MP. In case the MP mandate ended because he/she was appointed a minister in a government, regarding his/her pension rights, the working experience still counted as that of an MP. Pension size was dependant on the time serving as an MP.¹²⁸
 - at least 3 years – 40% of current MP salary;
 - at least 6 years – 60% of current MP salary;
 - at least 9 years – 75% of current MP salary.

¹²⁰ Lepp-Väiku, E. (2008) 'Il samba maksete arvestamisest praegu ja tulevikus' in news published by Pensionikeskus; Ministry of Social Affairs of Republic of Estonia (2009) 'Report of 1.07.08 – 30.06.09'.

¹²¹ Riigikogu (2001) State Pension Insurance Act, RT I 2001, 100, 648.

¹²² Riigikogu (2020) State Pension Insurance Act, RT I 2001, 100, 648, consolidated version of year 2020.

¹²³ Riigikogu (2003) European Parliament Election Act, RT I 2003, 4, 22.

¹²⁴ Riigikogu (2007) Status of Members of the Riigikogu Act, RT I 2007, 44, 316.

¹²⁵ Riigikogu (2004) Supplementation Act for European Parliament Election Act, RT I 2004, 71, 503 and Government of Republic of Estonia (2004) 'Valitsus toetab Euroopa Parlamendi valimise seaduse täiendamise seaduse eelnõud', in Republic of Estonia Government news. Statistics Estonia (2020) PA001: Average gross wages (salaries), labour cost, hours actually worked and number of employees by economic activity section (quarterly).

¹²⁶ Statistics Estonia (2020) PA001: Average gross wages (salaries), labour cost, hours actually worked and number of employees by economic activity section (quarterly).

¹²⁷ Statistics Estonia (2020) Average monthly gross wages (salaries) and Riigikogu (2009) Status of Members of the Riigikogu Act, RT I 2007, 44, 316, partly in force from 2009.

¹²⁸ Tiit, E.-M., Leppik, L., Võrk, A., Leetmaa, R. (2004) 'Euroopa Liidu ühiste pensionieesmärkide mõju Eesti pensionisüsteemile' by Praxis Centre for Policy Studies; Riigikogu (2018) Members of the XII composition of the Supreme Council of the Republic of Estonia and of the VII, VIII and IX composition of the Riigikogu Pension Act, RT I, 08.07.2016, 6, in force from 2018.

- Other MP pension rights have not changed since 2004. Former MPs can combine their pensions with a pension from a foreign country or a private company, but in case of entitlement to different state pensions, one of them has to be chosen.¹²⁹

Table 25: Salaries and pension rights for MEPs and MPs (Estonia)

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
2004	Same as MP	1,822	National pension scheme applies, but he/she can also choose instead the MP pension, when being entitled to it according to his/her previous experience as an MP before 2003
2007	Same as MP	2,612	No change
2009	Same as MP	3,352	No change

Source: Author.

Estonia changed its currency to EUR in 2011, therefore the salaries noted in the table have been converted to EUR with the rate of 1 EUR = EEK 15.6466 (Statistics Estonia).¹³⁰

5.8.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 26: Pension rights for different scenarios (Estonia)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	All pillars of the national pension scheme, incl. three components of Pillar I: the flat rate base amount, length of service (periods up to 1998), and the insurance component (from 1999 onwards)	All pillars of the national pension scheme, incl. three components of Pillar I: the flat rate base amount, length of service (periods up to 1998), and the insurance component (from 1999 onwards)	All pillars of the national pension scheme, incl. three components of Pillar I: the flat rate base amount, length of service (periods up to 1998), and the insurance component (from 1999 onwards)
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

¹²⁹ Riigikogu (2018) Members of the XII composition of the Supreme Council of the Republic of Estonia and of the VII, VIII and IX composition of the Riigikogu Pension Act, RT I, 08.07.2016, 6, in force from 2018.

¹³⁰ Riigikogu (2010) Act on Introduction of Euro, RT I 2010, 22, 108, and Statistics Estonia (2020) PA001: Average gross wages (salaries), labour cost, hours actually worked and number of employees by economic activity section (quarterly).

Table 27: Summary table – MEP pension rights in Estonia

	Conditions for accessing the system	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	15 years of employment in Estonia	15 years	Three components of Pillar I: the flat rate base amount, length of service (periods up to 1998), and the insurance component (from 1999 onwards)	a small flat-rate residence-based national pension: before 1 April €59,5; €63,3 after	combination of all pillars, with extensive level of working experience and contribution	63 for men, 59 for women	N/A	Yes
2007	No change	No change	No change	same as above; except for national scheme: before 1st of April €81,1; €91 since	No change	63 for men, 60 for women	No change	No change
2009	No change	No change	No change	same as above; except for national scheme: before 1st of April €121,4; €128,4 since	No change	63 for men, 60 years and 6 months for women	No change	No change

Source: Author.

5.9. Finland

5.9.1. Wider framework

- There was a specific arrangement in place for MEPs (i.e. pensions for MEPs were the same as those of MPs but different from the pensions for the general population). Finland operated a 'defined benefit' scheme for its MEPs. The arrangements introduced with the Members' Statute were more favourable than Member State arrangements.
- MP pensions are based on the 'Act on Pensions for Members of the Eduskunta' of 1967.¹³¹ According to the 'Act on Salary and Pensions for Those Elected to Represent Finland in the European Parliament' of 1994,¹³² the provisions concerning MP salaries and pensions apply to MEPs.

5.9.2. Key features of the pension system for MEPs

- Finnish MPs/MEPs contribute to the state pension fund with a percentage corresponding to the contribution of employees under the general pension scheme. Between 1995 and 2009 this increased from around 4% to 10% of the salary,¹³³ with a higher contribution for those between age 53 to 62. The average percentage between 1995 and 2009 was between 4 to 5%.¹³⁴
- Pension rights are earned from the first month of service.
- The pension is based on the MEPs' salary. The calculation of the pensionable salary has changed in 2004. Previously, the pension level was based on the salary of a sitting MEP when requesting the pension entitlement. This rule is also applying after 2004, to MEPs who served only before 2001. Since 2004, the reference salary is calculated based on the salary of the last 15 full calendar years. This may also include salaries from other political functions in those years, e.g. minister. The pension formula has not changed between 1995 and 2009. For each month of service, the pension level increases by 0.33% of the pensionable salary, thus 4% per year. Before 1995 the pension level increased by 0.36% per month, i.e. 4.4% per year.
- The minimum pension level is not defined. MPs/MEPs who at the end of their membership were not yet entitled to their old-age pension were entitled to an adaptation pension ('sopeutumiseläkkeen'), provided that they have served as members of the Eduskunta/EP for at least seven years and following their membership did not have any further employment or income. This pension should provide financial security for MPs/MEPs who might face difficulties in re-entering the job market after their mandate. The adaptation pension could be drawn at any time at the end of service. It may not amount to more than 60-66% of the salary, depending on the years of membership.
- The maximum old-age pension level has gradually decreased from 66 to 60% of the pensionable salary depending on the years of membership, following the amendment of the Act on the pension of MEP in March 1995.

¹³¹ Act on Pensions for Members of the Riksdag (329/1967), <https://www.finlex.fi/sv/laki/ajantasa/1967/19670329#a24.4.2009-271>

¹³² Act on Salary and Pensions for Those Elected to Represent Finland in the European Parliament (1184/1994), <https://www.finlex.fi/sv/laki/alkup/1994/19941184>

¹³³ Kammonen, H. (2005) Pensionsskyddet för riksdagsledamöter, ministrar oc Finlands företrädare i europaparlamentet, Riksdagens Kansli Publikationer 11/2005, p.5.

¹³⁴ Finnish Centre for Pensions Reviews. Pension contribution level in Finland 2009:2.

- Amendments of the MPs' Pension Act in 1995 and 2004 increased the age from which a pension can be drawn from 60 to 65 years. MPs/MEPs who turned 60 before 1 March 1995 are entitled to their pension from the age of 60.
- The pension rights resulting from being an MEP are offset against other pension rights. The MP/MEP pension and other pensions together may not exceed an MP/MEP salary. In the case of an MEP/MP having earned other pensions to a significant extent, the MEP pension could be offset completely. To avoid this, a so-called guarantee-amount, at half of the earned MEP pension, was introduced in 2005. Since 2005, 62.5% of the sum above the ceiling is deducted.
- The pensionable salary is adjusted with a wage coefficient to adapt the pension level to the annual income increase and increase in the cost of living.

5.9.3. Comparison between the treatment of MEPs and MPs

- Between 1995 and 2009, there were no differences in the treatment of Finnish MPs and MEPs concerning their salary and pension.
- Until 2000, the MP and MEP salaries were tied to the salary according to grade A 27 for civil servants. Now, the salary is determined by a special commission and adjusted based on the wage coefficient. MP/MEP salaries are increased based on their period of service.

Table 28: Salaries and pension rights for MEPs and MPs (Finland)

	MEP salary (EUR)	MP salary (monthly in EUR) ¹³⁵	MP pension rights (monthly in EUR)
1995	Same as MP	Ca. EUR 3,000 (ca. EUR 3,700 after 12 years) ¹³⁶	0.33% of pensionable salary per month (4% per year)
2004	Same as MP	EUR 4,541.07 (EUR 4,877 from more than 12 years)	No change
2007	Same as MP	EUR 5,860 (EUR 6,300 from more than 12 years)	No change
2009	Same as MP	Ca. EUR 6,000	No change

Source: Author.

5.9.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

¹³⁵ Conversion rate from 'INFOEURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

¹³⁶ Sveriges Riksdag, 1998/99:RFK3 Riksdagsledamöternas arvode, Internationel jämförelse, p. 65.

Table 29: Pension rights for different scenarios (Finland)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1995	8% of pensionable salary	20% of pensionable salary	60% of pensionable salary (after 15 years)
2004	No change	No change	No change
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 30: Summary table – MEP pension rights in Finland

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1995	Contribution on the same level as general pension	From first month	0.33% per month (= 4% per year)	not defined	60% of salary of a sitting MEP when requesting the pension (after 15 years)	65 From the age of 60 if turning 60 before 1995	yes	yes
2004	No change	No change	No change	No change	60% of reference salary (calculated based on the salary of the last 15 full calendar years)	No change	yes	yes
2007	No change	No change	No change	No change	No change	No change	yes	yes
2009	No change	No change	No change	No change	No change	No change	yes	yes

Source: Author.

5.10. France

5.10.1. Wider framework

- Prior to the entry into force of the Members' Statute, French MEPs were affiliated and paid contributions to the general population old-age pension scheme ('Caisse Nationale D'Assurance Vieillesse', CNAV) and to a supplementary pension scheme established for the benefit of non-permanent public sector employees ('Institution de Retraite Complémentaire des Agents Non Titulaires de l'État et des Collectivités Publiques', IRCANTEC). The pension scheme applicable to French MEPs can be defined as defined benefit, with MEPs required to pay contributions. Since the pension arrangements for French MEPs were not equivalent to those paid of French MPs, the EP introduced the Provisional Pension Scheme for French MEPs (see section 2.1.3).
- The legal basis for the old-age pension of MEPs is set out in Law n. 79-563 of 6 July 1979 'related to the indemnity of representatives to the EP establishing their affiliation to the general social security scheme and IRCANTEC'. Old-age pensions are regulated by the Social Security Code.

5.10.2. Key features of the pension system for MEPs

- To benefit from a full pension, in addition to having reached the minimum age, an MEP must have paid contributions during a number of trimesters (the number depends on the date of birth). The 1993 'Balladur' reform increased the period of contributions passing progressively from 37.5 years (150 trimesters) to 40 years (160 trimesters). The 2003 'Fillon' reform further increased the contribution period necessary to obtain a full pension, reaching 41 years (164 trimesters) in 2012.
- The old-age pension is calculated based on a formula that considers an average annual income, rate and the length of the contribution period. The 1993 reform established that the average annual salary serving as the basis for calculating the pension is calculated progressively over the best 25 years and no longer the 10 best years.
- Since 1983, the minimum full pension level has been set at FRF 26,400 per year (around EUR 4,000) and has been re-evaluated annually.
- Until 2010, the pension age was set at 60. In 2010, this increased to 62 for people born after 1955. For those born before 1955, the pension age varies between 60 and 62, depending on the year of birth.
- The pensions paid under the national CNAV and IRCANTEC schemes are offset against pensions made by the EP under the Provisional Pension Scheme for French MEPs, i.e. 'the pension will be paid in full by the European Parliament for so long as the former Member does not claim a pension from the IRCANTEC and/or the General Scheme. If a pension is obtained under these two [national] schemes, the amount of the pension paid by the European Parliament is reduced as a consequence'.¹³⁷

5.10.3. Comparison between the treatment of MEPs and MPs

- Between 1990 and 2009 there were no differences in the salaries of MEPs and MPs (Law n ° 79-563 of 6 July 1979 on the indemnity of representatives to the EP). The parliamentary allowance comprises three components: basic parliamentary allowance, residential allowance (3% of the

¹³⁷ Description of the provision French retirement pension scheme, pp.4

basic parliamentary allowance), and function allowance (25% of the basic and residential allowances). The basic parliamentary allowance of MPs is aligned with those of most senior civil servants, i.e. it is calculated as an average of the lowest and highest remuneration of civil servants in the highest category ('hors échelle').

- Pension rights of MPs differed from those of MEPs. While French MEPs are affiliated to the general pension scheme, MPs have a special scheme and pay their contributions to the pension fund of the French National Assembly. This fund is partially financed by contributions deducted from the MPs' allowances/salaries but also by a subsidy allocated to the National Assembly from the state budget. The conditions for accessing the old-age pensions are significantly different and more advantageous than those applicable to other pension schemes. The MPs' pension is calculated on the basis of the annuities (years of contributions). Until 2010, MPs could pay double contributions during the first three mandates (15 years). This meant that in return for higher contributions, they could reach the required number of annuities to receive a full pension faster. Therefore, to obtain a full old age pension it was sufficient to have been contributing only for some 22.5 years which, in comparison to other pension schemes, was significantly less. The age from which the pension could be drawn was also lower (55) than the one of MEPs affiliated in the general scheme (60). However, reforms in 2003 and 2007 changed some of these conditions, aiming to align the MPs' scheme with the general system. In 2003, the minimum age from which an MP can draw a pension was increased to the age of 60 and the period of contribution was also aligned to the general system, meaning that MPs had to justify 40 years of contribution to access the full pension. In 2007, the right of MPs to contribute to two schemes (the scheme of the French National Assembly and the scheme they were affiliated in on the basis of their former profession) was abolished. Since 2007, MPs have to justify 41 years of contribution to access the full old-age pension. The pension that the former MP receives for his parliamentary activities can be combined with other pensions to which she/he was able to contribute within the framework of a professional activity.

Table 31: Salaries and pension rights for MEPs and MPs (France)

	MEP salary (EUR)	MP salary (EUR)	MP pension rights	MEP pension rights (under the national scheme)	MEP pension rights (under Provisional Pension Scheme)
1990	Same as MP	EUR 5,549.43 ¹³⁸	Last gross allowance (salary) x number of trimesters of contributions x number of trimesters required to benefit from a full pension x 75%	Average annual income x rate x contribution period completed	Amount of salary x percentage of entitlement required

¹³⁸ A monthly gross basic indemnity equalled to FRF 28,273.25.

	MEP salary (EUR)	MP salary (EUR)	MP pension rights	MEP pension rights (under the national scheme)	MEP pension rights (under Provisional Pension Scheme)
1995	Same as MP	EUR 6,265.50 ¹³⁹	No change	No change	No change
2004	Same as MP	EUR 6,735.70 ¹⁴⁰	No change	No change	No change
2007	Same as MP	EUR 6,952.91	No change	No change	No change
2009	Same as MP	EUR 7,008.65	No change	No change	No change

Source: Author.

5.10.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 32: Pension rights for different scenarios under national pension scheme (France)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	Two years of contribution will be counted into the contributory period on the basis of which the MEPs will receive his/her pension	The full legislature will be counted as four years of contribution for the contributory period on the basis of which the MEPs will receive his/her pension	The maximum pension varies, depending on the contributions the given person has provided to the pension scheme
1995	No change	No change	No change
2004	No change	No change	No change
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

¹³⁹ A monthly gross basic indemnity equalled to FRF 31,921.56.

¹⁴⁰ Calculated on the basis of the gross monthly basic indemnity valid as of 1 December 2003.

Table 33: Summary table – MEP pension rights under French national pension scheme

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum annual pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	Completed certain age and completed certain number of contributions for a full pension	150 tri-mesters of contributions	Average annual income x rate x contribution period completed	FRF 26,400	Not defined	60	Yes	General wage trends
1995	No change	No change	No change	No change	No change	No change	No change	Consumer price index
2004	No change	150-160 tri-mesters of contributions	No change	EUR 6,511.06	No change	No change	No change	No change
2007	No change	No change	No change	EUR 6,760.82	No change	No change	No change	No change
2009	No change	161-164 tri-mesters of contributions	No change	EUR 6,958.21	No change	No change	No change	No change

Source: Author.

5.11. Germany

5.11.1. Wider framework

- There were specific pension arrangements in place for MEPs, i.e. pensions for MEPs and MPs were different from those of the general population). Germany operated a 'defined benefit' scheme for its MEPs (prior to the entry into force of the Members' Statute). The arrangements introduced with the Members' Statute are comparable to Member State arrangements.
- The old-age pension is part of the allowance to which MPs are entitled under the German Basic Law.¹⁴¹ The legal basis for pension rights of MEPs is set out in the 'Act on the Legal Status of Members of the European Parliament of the Federal Republic of Germany' (EuAbgG) of 1979 and the 'Act on the Legal Status of Members of the German Bundestag of 18 February 1977' (AbgG) of 1977, amended in 1996. This provides for the benefits for MPs to be extended to MEPs (§10 b 1 EuAbgG). In 2009, the EuAbgG was adjusted to the new Members' Statute,¹⁴² providing that MEPs who already served before the entry into force of the Members' Statute / re-elected MEPs could retain their pension rights under the AbgG.

5.11.2. Key features of the pension system for MEPs

- The AbgG provides for a pension without contributions. Pensions are funded through the state budget. The old-age pension is taxable as other income (§ 22 No. 4 of the Income Tax Act).
- The old-age pension scheme was accessible after six years of service in 1990, and after eight years between the end of 1995 and 2007. Since 2008 the old-age pension was granted after the first year of service.
- The pension formula has changed between 1990 and 2009. Until the end of 1990, the old-age pension was based on 25% of the salary after 6 years of service plus 5% for each additional year, up to 16 years. At the end of 1990, the pension was based on 35% of the salary after 8 years of service plus 4% for each additional year, up to 18 years.¹⁴³ In 1995 the increase rate was lowered to 3% for each year of service,¹⁴⁴ and as of 1 January 2008 this rate was further reduced to 2.5% for each year of service, however, the access to an old-age pension was granted from the first year of service as MEP/MP.
- The maximum pension level has decreased between 1990 and 2009. Until the end of 1990, the maximum pension level was 75% of the salary after 16 years of service; in 1995 this was reduced to 75% of the salary after 18 years; in 2004 and 2007, the maximum pension level was 69% of the salary after 23 years; and in 2009 the maximum level was 67.5% of the salary after 27 years. The minimum pension levels also decreased since the end of 1995. In 1990, the minimum level of 25% of the salary was reached after 6 years of service, in 1995 35 % after 8 years, and in 2004 and 2007 24% after 8 years. Since 2008 the pension is guaranteed from the first year, at 2.5% of the salary.

¹⁴¹ This was confirmed by the Federal Constitutional Court in its decision of 21 October 1971 (2 BvR 367/69) and in the so-called 'Diäten Urteil' on parliamentary allowances of 5 November 1975 (2 BvR 193/74).

¹⁴² 22nd amendment of the EuAbgG of 23 October 2009.

¹⁴³ 11th amendment of the AbgG of 1990.

¹⁴⁴ 19th Amendment Act of 15 December 1995.

- The pension age has increased gradually from 65 to 67 since 2008 (the pension entry age between 65-67 is adjusted in smaller monthly steps depending on the year of birth). However, MPs born between 1947 and 1957 are guaranteed an old-age pension at the age of 65, and members born between 1958 and 1963 at the age of 66.¹⁴⁵
- The pension benefits under the EuAbgG are suspended, if an additional pension is granted under the Federal or State AbgG, to the amount of this pension (unless the law of representatives of the federal government or a state has stipulated otherwise, § 13). This applies also to the pension as an MEP, granted according to the relevant laws of other Member States, up to the amount of this pension.
- The pension level depends on the level of remuneration which is tied to the salary of full-time major of Grade B6 and a top federal judge of grade R6 (AbgG). Annual adjustments were guided by the economic and financial situation and departed from the development of the reference value. The Parliament determined the development of compensation 'based on the expected rate of price increases' to 2003.¹⁴⁶ As with the adjustments in previous years, the amounts deviated from the above-mentioned benchmarks (B 6 / R 6). In 2007, a notional adjustment factor was established, aiming to adjust the remuneration to the benchmarks.¹⁴⁷ In 2014, the pension level became subject to indexation.¹⁴⁸

5.11.3. Comparison between the treatment of MEPs and MPs

- There are no differences in the treatment of MPs and MEPs concerning salary and pension rights (§10 b 1 EuAbgG). As a benchmark, the MEP/MP salary corresponds to the salary of full-time major of Grade B6 and a top federal judge of grade R6 (AbgG of 1977). The calculations of the pension level are based on this remuneration.

Table 34: Salaries and pension rights for MEPs and MPs (Germany)

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁴⁹	MP / MEP pension rights (monthly in EUR)
1990	Same as MP	DM 9,664 (EUR 4,929)	After 6 years the MP is granted 25% of salary, with an increase of 5% for each further year, to the 16th year Maximum level after 16 years = 75% of salary / Accessible after at least 6 years of service / Pension entitlement from the age of 65 In the case of service as MP for more than six years, the entitlement arises one year earlier with each further mandate year up to the 16 th year (=at age of 55 earliest)
1995	Same as MP	DM 10,366 (EUR 5,287)	After 8 years the MP is granted 35% of salary, with an increase of 4% for each further year, to the eighteenth year

¹⁴⁵ Siebenundzwanzigstes Gesetz zur Änderung der AbgG

¹⁴⁶ 22nd amending law of 19 December 2000.

¹⁴⁷ 27th Amendment Act of the AbgG of 22 December 2007. See: Entwurf eines Siebenundzwanzigsten Gesetzes zur Änderung des Abgeordnetengesetzes vom 06.11.2007, BT-Drs. 16/6924, Begründung, S. 7.

¹⁴⁸ 30th Amendment Act of 2014.

¹⁴⁹ Conversion rate from 'INFOEURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁴⁹	MP / MEP pension rights (monthly in EUR)
			<p>Maximum level after 18 years = 75% of salary / Accessible after at least 8 years of service / Pension entitlement from the age of 65</p> <p>In the case of service as MP for more than eight years, the entitlement arises one year earlier with each further mandate year up to the 18th year (=at age of 55 earliest)</p> <p>An electoral term is counted as four years, as long as it lasts over two years.</p>
2004	Same as MP	EUR 7,009	<p>3% of salary for each year</p> <p>Accessible after at least 8 years of service / Maximum after 23 years = 69% of salary / Pension entitlement from the age of 65</p> <p>In the case of service as MP for more than eight years, the entitlement arises one year earlier with each further mandate year, but not before the age of 57.</p>
2007	Same as MP	EUR 7,009	<p>3% of salary for each year</p> <p>Accessible after at least 8 years of service / Maximum after 23 years = 69% of salary / Pension entitlement from the age of 65</p> <p>In the case of service as MP for more than eight years, the entitlement arises one year earlier with each further mandate year, but not before the age of 57.</p>
2009	Same as MP	EUR 7,668	<p>2,5 % of salary for each year</p> <p>Maximum after 27 years = 67,5 % of salary / Pension entitlement from the age of 67</p> <p>from the age of 65 for MEPs born 1947-1957</p> <p>from the age of 66 for MEPs born 1958-1963</p> <p>In the case of service as MP for more than eight years, the entitlement arises one year earlier with each further mandate year</p>

Source: Author.

5.11.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 35: Pension rights for different scenarios (Germany)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	-	-	75% of monthly salary
1995	-	-	75% of monthly salary
2004	-	-	69% of monthly salary
2007	-	-	69% of monthly salary
2009	5% of monthly salary	12.5% of monthly salary	67.5% of monthly salary

Source: Author.

Table 36: Summary table – MEP pension rights in Germany

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	-	From 6 years of service	25% of salary after 6 years + 5% for each additional year	25% of salary	75% of salary =After 16 years	65, 1-year earlier for each year over 6 years up to 16th year	Yes	-
1995	-	From 8 years	35% of salary after 8 years + 4% for each additional year	35% of salary	75% of salary =After 18 years	65, 1 year earlier for each year over 8 years up to the 18th year	Yes	-
2004	-	No change	3% of the parliamentary allowance for each year of membership	24%	69% of salary after 23 years	65, 1 year earlier for each year over 8 years up to the 18th year	Yes	-
2007	-	No change	No change	No change	No change	65, 1 year earlier for each year over 8 years up to the 18th year	Yes	-
2009	-	Min 1 year as MP/MEP	2.5% of the parliamentary allowance for each year of membership	2.5%	after 27 years =67,5% of the parliamentary allowance	67, from 65 for MEPs born 1947-1957 from 66 for MEPs born 1958-1963 1 year earlier for each year over 8 years up to the 18th year	Yes	-

Source: Author.

5.12. Greece

5.12.1. Wider framework

- From 1990 to 2012, MPs / MEPs were entitled to a Parliamentary Pension. This meant that in some cases MPs / MEPs could be receiving two pensions, the Parliamentary Pension (a defined benefit pension, awarded by the Parliament to MPs /MEPs) and a pension from the profession they had performed during their working life. The Parliamentary Pension was abolished in 2012 for all those elected after 1 January 2013; those elected prior to 2012 continue to be entitled to Parliamentary Pension.
- From 2001-2009: In addition to the entitlement to the Parliamentary Pension, MPs / MEPs accrued pension rights according to the profession that they performed before being elected. The mandate was considered as years of insurance (contribution) and MPs / MEPs paid contributions to the pension scheme where they were already contributing prior to being elected.
- Between 2003 and 2008, MPs and MEPs were not allowed to continue their professional activity because of the 'Professional Incompatibility' of MPs / MEPs which was in effect during that time (Constitution, Article 57 par. 1). The 'Professional Incompatibility' was abolished in 2008, after which point MPs / MEPs could maintain a professional activity during their legislature.
- However, MPs and MEPs were still allowed to accrue multiple pension rights during 2003-2008, a) according to the profession that they performed before being elected, whereby their mandate counted as a normal contributory period and b) at the same time they could accrue rights according to the Parliamentary Pension scheme.
- MP pensions and salaries were cut significantly between 2010 and 2013, due to cuts applicable to all government posts (caused by the economic crisis). Since 2010, the total reductions in the pension of a former MP may exceed 60%.¹⁵⁰

5.12.2. Key features of the pension system for MEPs

- The MEP pension system was broadly the same as that for MPs in the 1990-2009 period. The key difference was that by 1995, the pension rights of MEPs were much more advantageous than those of MPs.
- Up to 1992, an MP / MEP could access a pension after one tenure of 48 months, irrespective of their age and even if the 48 months were not consecutive. With the pension reform in 1992, for the first time, the concept of differentiation of insurance conditions based on the year of first insurance was introduced (Law 2084/1992). MPs and MEPs were henceforth considered similar to other employees. All insured persons were divided into three categories with different rights:
 - a) those who were insured for the first time until 31 December 1982;
 - b) those who were insured for the first time until 31 December 1992;
 - c) those who were insured for the first time after 1 January 1993.
- This law changed significantly the calculation of insurance contributions and the age of pension entitlement for all employees. Before the enactment of Law 2084/1992, employees

¹⁵⁰ FP-AP report 2015.

were entitled to full retirement under certain conditions, without age limit. After the enactment of Law 2084/1992:

- employees acquire different insurance rights depending on the date of first insurance;
 - pensions without age limit are abolished; an employee can secure a pension but is not entitled to receive it if s/he does not meet the age limit set by the law;
 - early retirements were drastically reduced;
 - the amount of pension in the early years was significantly reduced.
- As a result, the reform also affected the pension entitlements of MPs and MEPs, as they could still establish pension rights but would have to wait until the age of 60 to access their pension. Previously, MPs and MEPs could access their pension, regardless of their age.
 - The pension formula is minimum pension at 20% of MP / MEP salary; maximum pension up to 80% of MP / MEP salary. In 1995, minimum and maximum pension levels were GRD 150,000 and GRD 800,000 (EUR 440 and EUR 2,348) respectively.¹⁵¹ In 2009, the minimum pension (for those elected prior to 2007) with a 4-year legislature was EUR 1,476 gross per month while the minimum pension (for those elected after 2007) with 8 years of contributions was EUR 2,952 gross per month.
 - There was no age limit in 1990; 60 years of age in 1995 and 2004; 65 years of age from 2008 onwards.
 - Enjoying multiple pensions (i.e. receiving a Parliamentary Pension together with a pension from a profession exercised, such as professor, lawyer etc.) was possible for MPs and MEPs elected until 31 December 2012. Since 1 January 2013, the Parliamentary Pension can be cut by 20% if the MP receives a second pension from any institution or by 30% if s/he receives a third pension.

5.12.3. Comparison between the treatment of MEPs and MPs

- There was no difference between MEP and MP salaries during the period under review. The salaries of MPs and MEPs were equal to the total of salaries and allowances enjoyed by the highest judicial officers in Greece, i.e. the President of the Supreme Court.
- In 1990, there were no differences between MEP and MP pension rights: an MP / MEP could access a pension after one tenure of 48 months, irrespective of their age and even if the 48 months were not consecutive. By 1995, the pension rights of MEPs compared to MPs were much more advantageous as MEPs were entitled to a **full** pension after just one full tenure of 5 years, available from the age of 60. On the other hand, after the 1992 pension reform, MPs were only entitled to a **full** pension after 17 years of tenure and only after age 60 (instead of the previous 'without age limit') and were entitled to a **partial** pension after one full tenure (4 years, starting from 20% of total emoluments) (Law 2084/1992).

¹⁵¹ Conversion rate 1 EUR = 340.750 GRD.

Table 37: Salaries and pension rights for MEPs and MPs (Greece)

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
1990	Same as MP	MP salary equal to the that of the Supreme Court President. EUR 930 per month (GRD 316,899) per month ¹⁵²	Up to 1990, a partial pension was available after one full tenure (4 years), regardless of age. MPs could claim a full pension, regardless of age, after just two tenures (i.e. a total of 8 years).
1995	Same as MP	MP salary equal to that of the Supreme Court President. EUR 2,289 per month (GRD 780,000 per month in 1996) ¹⁵³	<p>1) Law N.2084/1992 of 1992: This law abolished pensions without age limit for all employees. An employee could secure a pension but would not be entitled to receive it before reaching the age limit set by this law. As a result, MPs were entitled to a partial pension after one full tenure (4 years), but the age of pension entitlement was set to 60 years of age (instead of 'without age limit'). Full pension rights were constituted after a tenure of 17 years. Severely disabled MPs (disability of over 67%) could constitute pension rights after a tenure of 2 years, and after age 55.</p> <p>2) Source: Newspaper article from 18 October 1997 (tanea.com): Prior to 2001, it was possible for an MP to receive multiple pensions (e.g. the MP pension plus a pension from any profession they were performing). MP pension ranged from 20% to 80% of MP emoluments, that is from GRD 150,000 to GRD 800,000 (EUR 440 to EUR 2348) (conversion rate used: 1 EUR = 340.750 GRD).</p>
2004	Same as MP	MP salary equal to that of the Supreme Court President EUR 5,500 gross per month. ¹⁵⁴ In addition, MPs receive allowances for travel, postal and telecommunications, and office admin/secretarial expenses	<p>Partial pension after one legislature (4 years), accessed after age 60.</p> <p>MPs insurance and pension rights are maintained in full during the time that they are acting MPs. MPs contribute to the social security institution where they contributed prior to being elected. The legislature is counted as pensionable years and the Greek Parliament covers the insurance contributions.</p>
2007	Same as MP	Circa EUR 66,572 (£47,000) per year for the years 2007-2008 ¹⁵⁵	No change
2009	EP Member Statute into force	EUR 6,700 per month (EUR 80,400 per year) ¹⁵⁶	The pension of an MP (elected for the first time before 2012) is equal to 1/4 of the salary, with a surcharge of 25% for each year of parliamentary term beyond the 4th year and up to the 10th year. Thus, for a 10 year tenure, the pension reaches EUR 3,500. From the 10th to the 17th year it is increased by 10%. The full, maximum pension is acquired with a 17 year tenure. Tenure in the European Parliament, but also of any tenure as a non-

¹⁵² Source: Kathimerini Newspaper Article, 10 November 2006

¹⁵³ Ibid

¹⁵⁴ Ibid

¹⁵⁵ Source: Directorate General of the European Parliament (05 January 2009), Record sheet on the relative pay of members of National Parliaments 2007-08

¹⁵⁶ Source: Ta nea newspaper, 25 Nov 2008

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
			<p>parliamentary minister is counted towards the 17-year tenure of an MP.</p> <p>In 2008, the minimum tenure for MPs to constitute pension rights, was increased from one legislature (4 years) to two legislatures (8 years), and from 2 years to 4 years for the severely disabled MPs (disability of 67% and above).</p> <p>Minimum pension (for those elected prior to 2007), possible with a 4 year legislature = EUR 1,476 gross per month</p> <p>Minimum pension (for those elected after 2007), possible with 8 years of contributions = EUR 2,952 gross per month</p>

Source: Author.

5.12.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 38: Pension rights for different scenarios (Greece)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	Not possible for MEPs (only possible for MPs with severe disability)	MPs/MEPs elected prior to 1990 could access a pension after one tenure (4 years), regardless of age	
1995	No change	MEPs entitled to a full pension after just one full tenure of 5 years, available from age 60	MEPs entitled to a full pension after just one full tenure of 5 years, available from age 60
2004	Only possible if the MEP replaced an MEP who left a vacant seat	MEPs entitled to a full pension after just one full tenure of 5 years, available from age 60	No change
2007	No change	No change	No change
2009	No change	EUR 1,400 ¹⁵⁷	Amount of maximum pension was circa EUR 5,200 (80% of salary of EUR 6,500-7,000).

Source: Author.

¹⁵⁷ in 2011 after pay cuts - source: Pontiki Newspaper Article, 3 Oct 2011

Table 39: Summary table – MEP pension rights in Greece

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	Those elected prior to 1990 established pension rights after 48 months of contributions without age limit and even if the period of 48 months was not continuous.	48 months (4 years)	10% of emoluments (Law 99/1974)	20% of MP salary	Up to 80% of MP salary	No age limit	Up to 2001, it was possible to receive multiple pensions, that is the PP plus another pension from the MP/MEP's profession.	Level of salary and allowances of the President of the Supreme Court influenced PP, which was a proportion of this total
1995	Established pension rights after one tenure (5 years), accessed the pension after age 60	one tenure (5 years)	No change	No change	No change	Those elected after 1.1.1993 are entitled to a full pension after completing their 60th year. Those who have been MPs/MEPs for 20 years are entitled to a full pension, irrespective of their age	No change	No change
2004	No change	No change	Contributions according to profession prior to being elected	No change	Up to 80% of MP salary	Entitled to a full pension after age 60	No change	No change
2007	No change	No change	No change	No change	No change	No change	No change	No change

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2009	Member Statute came into force	No change	No change	Amount: EUR 182 (with 4 years)	Up to 80% of MP salary	Entitled to a full pension after age 65 (age increased to 67 in 2013)	Applicable since 1 January 2013, the Parliamentary Pension can be cut by 20% if the retired MP receives a second pension from any institution or by 30% if he receives a third pension.	No change

Source: Author.

5.13. Hungary

5.13.1. Wider framework

- There were no specific pension arrangements in place for MEPs, i.e. pensions for MEPs were the same as those for MPs and the general population. This general Hungarian system can be considered a defined benefit scheme. The pensions were basically defined in terms of percentage of salary and years of employment ('service time'). The arrangements introduced with the Members' Statute were less favourable than Member State arrangements in terms of retirement age (63 with no option for an earlier pension payment) but generally more favourable in terms of contributions and pensions received by the MEPs.
- The legal basis for pension rights of MEPs is the 'Act LVII of 2004 on the Status of the Hungarian Members of the European Parliament', which defines their legal status in terms of labour rights and social security. In terms of social security, MEPs are treated as persons in employment relationship (similar to MPs, 'Act LXXX of 1997 on Eligibility for Social Security Benefits and Private Pensions and the Funding for These Services').

5.13.2. Key features of the pension system for MEPs

- The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age – the service time as an MEP counts the same as for any other employment relationship. As a general rule, in addition to reaching the pension age, a minimum 20 years of service is needed for a full old-age pension (and minimum 15 years for a partial pension) (Act LXXXI of 1997 on Social Insurance Pensions). Until 2012, there was an opportunity to receive an early old-age pension: all MEPs whose mandate ended at the end of term of the EP were entitled to an old-age pension in case they reached the statutory old-age pension age by the end of the following fifth calendar year (Section 7 of Act LVII of 2004). In case this age was not reached in the next five calendar years, no such pension could be granted. Service time as MEP counts the same as any other employment relationship. In case MEPs apply for the pension in Hungary, but lack the required minimum recorded employment period of 15 years, the period of the EP mandate is taken into consideration as part of the minimum contribution period required in Hungary. This aggregation of the records might be relevant for those elected to the EP both before and after the entry into force of the Members' Statute.
- The pension is earnings-related and its amount depends on the person's average salary and the length of service time (insurance period). The average salary that is used as the basis for calculating the old-age pension is determined, as a general rule, on the basis of the person's income subject to pension contributions between 1 January 1988 and the date of retirement (Section 7 of Act LXXXI of 1997). This pension is calculated as 33% of average earnings for the first 10 years of coverage. Each additional year of coverage adds 2% from year 11 to 25, 1% from year 26 to 36, 1.5% from year 37 to year 40 and 2% thereafter (Section 21 of Act LXXXI of 1997).
- The minimum pension is regulated by Government Decree 168/1997 on the implementation of Act LXXXI of 1997 on Social Insurance Pensions: the specific amount can vary year by year: it was HUF 23,500 in 2004 (EUR 92.18),¹⁵⁸ HUF 28,500 in 2007 and 2009 (EUR 113.4 and EUR 101.57

¹⁵⁸ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2004: 251.68 HUF/EUR: <http://www.mnbkozeparolyam.hu/arfolyam-2004.html>

respectively).¹⁵⁹ The maximum amount of pension depended on a daily threshold of individual pension contributions that were taken into account when calculating pensions (this threshold was abandoned as of 2013). The annual threshold was HUF 5,307,000 in 2004 (EUR 21,086),¹⁶⁰ HUF 6,748,850 in 2007 (EUR 26,855),¹⁶¹ and HUF 7,446,000 in 2009 (EUR 26,538).¹⁶²

- The pension age between 31 December 1997 and 1 January 2009 was 62 for men, and for women – due to a gradual compulsory retirement age increase at the time – it was 59 in 2004 and 61 in 2007, and 62 for both sexes in 2009. Due to the changing nature of retirement rules at the time, there were some exceptions to access a full old-age pension at all three dates: women and men who reached the age of 55 and 60 respectively before 1 January 1991 and had at least 10 years of service time were eligible for the full old-age pension. In addition, there used to be several possibilities for accessing a partial old-age pension with a shorter service time, or various early retirement pensions, due to hazardous working conditions, miners' pensions, artists' pensions etc., which were all discontinued in 2012.
- MEPs who had already been serving between 2004-2009 and were re-elected from 2009 may decide to be entitled to pensions (as well as salaries and other reimbursements) based on the Hungarian rules (Act LVII of 2004). If he/she decides not to do so, then pensions (and other remunerations) are paid according to the Members' Statute. This temporary measure was adopted to offset pensions of MEPs against the Hungarian pension rights (Act XCV of 2008 on modifying Act LVII of 2004).
- The Hungarian pension system is one of the more complicated in the EU with many factors influencing the level of pensions. This mainly concerns specific details of calculating the average salary and period of service time. The following factors are of importance here: what specific earnings shall be considered, how many days can be taken into account for different employment types during the service time, observing the maximum daily pension contribution per each year, and calculating the final net salary through valorisation (i.e. the amounts from each year must be aligned to the salary level of the last calendar year before retirement) and degression (i.e. after a certain amount only a proportion of the salary can be taken into account when calculating the pension).

5.13.3. Comparison between the treatment of MEPs and MPs

- The salaries of MEPs were set at a much higher level in 2004, 2007 and 2009 than the salaries of MPs. However, this large difference is misleading since this amount only refers to the basic salaries of MPs and does not take into account the various supplements and allowances received under various titles, such as travel allowances or supplements for specific functions held in the Parliament. This much-criticised system was changed in 2014 when the salaries of MPs more than tripled, aligning the two salary levels with each other.
- There were no differences between MEP and MP pension rights in 2004, 2007 and 2009.

¹⁵⁹ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2007: 251.31 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2007.html>. Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2009: 280.58 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2009.html>

¹⁶⁰ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2004: 251.68 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2004.html>

¹⁶¹ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2007: 251.31 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2007.html>

¹⁶² Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2009: 280.58 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2009.html>

Table 40: Salaries and pension rights for MEPs and MPs (Hungary)

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁶³	MP / MEP pension rights (monthly in EUR)
2004	HUF 1,072,500 (EUR 4,261.36) ¹⁶⁴	HUF 198,000 (EUR 786.72) ¹⁶⁵	Same pension rights as for persons in employment relationship under Act LXXX of 1997
2007	HUF 1,196,000 (EUR 4,759) ¹⁶⁶	HUF 220,800 (EUR 878.59) ¹⁶⁷	No change
2009	HUF 1,256,125 (EUR 4,476.88) ¹⁶⁸	HUF 231,900 (EUR 826.5) ¹⁶⁹	No change

Source: Author.

5.13.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 41: Pension rights for different scenarios (Hungary)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age	The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age	Annual HUF 5,307,000 (EUR 21,086) ¹⁷⁰
2007	No change	No change	Annual HUF 6,748,850 (EUR 26,855) ¹⁷¹
2009	No change	No change	Annual HUF 7,446,000 (EUR 26,538) ¹⁷²

¹⁶³ Conversion rate from 'INFOEURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

¹⁶⁴ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2004: 251.68 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2004.html>

¹⁶⁵ Ibid

¹⁶⁶ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2007: 251.31 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2007.html>

¹⁶⁷ Ibid

¹⁶⁸ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2009: 280.58 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2009.html>

¹⁶⁹ Ibid

¹⁷⁰ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2004: 251.68 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2004.html>

¹⁷¹ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2007: 251.31 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2007.html>

¹⁷² Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2009: 280.58 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2009.html>

Source: Author.¹⁷³

¹⁷³ Act LVII of 2004 on Status of the Hungarian Members of the European Parliament & https://nyugdijbiztositas.tcs.allamkincstar.gov.hu/m/pdf/2020.nyugszammell/1.-mellklet---Jrulkfizetsi-felshatr_2020.pdf

Table 42: Summary table – MEP pension rights in Hungary

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	Number of years of contribution and reaching the retirement age – the service time as a MEP counts the same as any other employment relationship.	Not defined. Each month of service as MP counts towards the service time as in case of any other employment relationship – min. service time for full old-age pension is 20 years (partial pension: 15 years)	The pension amount is calculated as a percentage of the average income (salary) as basis for pension contributions, according to a scale determined by length of service	Monthly HUF 23,200 (EUR 92.18) ¹⁷⁴	Monthly HUF 442,250 (EUR 1,757)	Women: 59, men: 62	No	Specific rules for calculating average salary and valid service time, observation of maximum amount of pension contribution, valorisation, degression
2007	No change	No change	No change	Monthly HUF 28,500 (EUR 113.4) ¹⁷⁵	Monthly HUF 562,404 (EUR 2,238)	Women: 61, men: 62	No change	No change
2009	No change	No change	No change	Monthly HUF 28,500 (EUR 101.57) ¹⁷⁶	Monthly HUF 620,500 (EUR 2,211.5)	62	Yes	No change

Source: Author.

¹⁷⁴ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2004: 251.68 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2004.html>

¹⁷⁵ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2007: 251.31 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2007.html>

¹⁷⁶ Average MNB (Hungarian National Bank) exchange rate of HUF/EUR in 2009: 280.58 HUF/EUR: <http://www.mnbkozeparfolyam.hu/arfolyam-2009.html>

5.14. Ireland

5.14.1. Wider framework

- There was a specific arrangement in place for MEPs, i.e. pensions for MEPs were the same as those of MPs, but different from pensions for the general population. Ireland operated a 'defined benefit' pension scheme for its MEPs (prior to the entry into force of the Members' Statute). Before 2009, the Member State's pension arrangements for MEPs were equal to those for MPs; the arrangements introduced with the Members' Statute were more favourable than Member State arrangements.
- The 'European Assembly (Irish Representatives) Pension Scheme' of 1979,¹⁷⁷ laid down the legal provisions for Irish MEPs' pensions before 2009, specifying that MEPs should be paid an allowance equal to that of Members of the Dáil Éireann (the Lower House) with pensions as applicable to members of the Oireachtas (section four of the 1979 Act). The Oireachtas pension rights are stipulated in the 'Houses of the Oireachtas (Members) Pensions (Amendment) Scheme' (1986),¹⁷⁸ and the 'Houses of the Oireachtas (Members) Pensions (Amendment) (No. 2) Scheme' (1992)¹⁷⁹ made under the 'Oireachtas (Allowances to Members) Act' (1938). The scheme has been amended several times since 1992, increasing the retirement age. In 2009, the 'European Assembly Act' was repealed by the 'European Parliament (Irish Constituency Members) Act',¹⁸⁰ laying down the conditions for former MEPs under the old scheme. The 1979 Act remains in force to discharge existing and preserved benefits.

5.14.2. Key features of the pension system for MEPs

- MEPs paid a contribution of 6% of their salary to the pension scheme. Following the 1992 Amendment Order, a minimum period of contribution of 3 years is required to access the pension.
- MEP pensions were calculated based on $\frac{1}{40}$ of salary per year of service. In addition, MEPs may receive a Pension Lump Sum, payable at the commencement of the pension. The lump sum is calculated at three times the value of the annual pension. The value of the lump sum cannot exceed 1.5 times annual salary, including salary allowances, and is non-taxable.
- Minimum pension levels were not defined. However, considering the minimum of 3 years of contribution it can be assumed to be $\frac{3}{40}$ of the salary. Maximum pension levels were reached after 20 years of service at $\frac{20}{40}$ of the salary.
- The pension age was first set at 50 years. MEPs first elected after 1 April 2004 cannot receive a pension or pension lump sum until they reach 65 years unless they served in a public service body prior to 1 April 2004 and served as a public servant up to the date of their election or to a date within 26 weeks prior to their election.¹⁸¹

¹⁷⁷ European Assembly (Irish Representatives) Pensions Scheme 1979, SI 387 of 1979. Established under the European Assembly (Irish Representatives) Act of 1979, <http://www.irishstatutebook.ie/eli/1979/act/19/enacted/en/html>

¹⁷⁸ Houses of the Oireachtas (Members) Pensions (Amendment) Scheme, 1986. S.I. No. 431/1986 <http://www.irishstatutebook.ie/eli/1986/si/431/made/en/print>

¹⁷⁹ Oireachtas (Members) Pensions (Amendment) (No. 2) Scheme, 1992 <http://www.irishstatutebook.ie/eli/1992/si/354/made/en/print>

¹⁸⁰ European Parliament (Irish Constituency Members) Act of 2009, <http://www.irishstatutebook.ie/eli/2009/act/17/enacted/en/print.html>

¹⁸¹ Public Service Superannuation (Miscellaneous Provisions) Bill 2004

- Different provisions applied for benefits under other pension schemes financed from public funds. Following the 1992 Amendment Order,¹⁸² an MEP was not entitled to reckon the same period of time both for the purposes of a pension under the MEP scheme and also for the purposes of a pension or other benefit under any other pension scheme or arrangement which is financed wholly or mainly from public funds. However, this did not apply to pensions payable under the Ministerial and Parliamentary Offices Acts, 1938 to 1992, or under the European Assembly (Irish Representatives) Pensions Scheme of 1979, or to periods of time preceding the operative date as defined in Clause 2 of the Houses of the Oireachtas (Members) Pensions (Amendment) (No. 2) Scheme, 1992. The 1998 Amendment Order¹⁸³ deleted the provision which prohibited reckoning of periods of service as pensionable service for the purposes of the Oireachtas (Members) Pensions Scheme, where the same periods were also reckonable for the purposes of another pension paid wholly or in part out of public funds.

5.14.3. Comparison between the treatment of MEPs and MPs

- MEPs shall be paid allowances equal to those of MPs (European Assembly Act). In 2000, MP/MEP salaries increased significantly.¹⁸⁴
- Following the interpretation of the MP and MEP pension rights as presented above, there are no differences between MP and MEP pension rights.

Table 43: Salaries and pension rights for MEPs and MPs (Ireland)

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
1990	Same as MP	EUR 3,190	minimum of 8 years of service $\frac{1}{40}$ of the annual amount of the Parliamentary Allowance per year Pension entitlement from the age of 50
1995	Same as MP	EUR 4,500 (in 1996)	Access: has not less than 3 years of actual reckonable service, and has contributed to the Fund Formula: $\frac{1}{40}$ of salary per year of service + lump sums to three times the amount of the pension from 50 Pension age for 50
2004	Same as MP	EUR 8,900 ¹⁸⁵ (IEP 6,900)	No change to formula Pension and lump sum payment from 65
2007	Same as MP	EUR 10,300	No change

¹⁸² Oireachtas (Members) Pensions (Amendment) (No. 2) Scheme, 1992 <http://www.irishstatutebook.ie/eli/1992/si/354/made/en/print>

¹⁸³ Houses of the Oireachtas (Members) Pensions (Amendment) Scheme, 1986. S.I. No. 431/1986

¹⁸⁴ Ministerial, Parliamentary and Judicial Offices And Oireachtas Members (Miscellaneous Provisions) Act, 2001, No. 33/2001. Review Body in Report No. 38 of 25 September 2000.

¹⁸⁵ Parliamentary Debates Dáil Éireann, 27 October 2010. <https://data.oireachtas.ie/ie/oireachtas/debateRecord/dail/2010-10-27/debate/mul@/main.pdf>

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
		(IEP 7,950)	
2009	Same as MP	EUR 10,000 (IEP 7,700) (in 2010)	No change

Source: Author.

5.14.4. Illustration of pension rights of an MEP

Table 44: Pension rights for different scenarios (Ireland)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	-	-	$\frac{26}{40} + \frac{1}{60}$ of salary
1995	-	$\frac{5}{40}$ of salary + termination agreements	$\frac{20}{40}$ after 20 years half of salary
2004	-	No change	No change
2007	-	No change	No change
2009	-	No change	No change

Source: Author.

Table 45: Summary table – MEP pension rights in Ireland

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	rate of 6% per annum of the assembly allowance	completed at least 8 years as a member	1/40th of the amount of the Assembly allowance in respect of each completed year	-	After maximum of 27 years of service the amount of pension in respect of the 27th year of service shall be $\frac{1}{60}$ of the amount of the Assembly allowance	50	No provisions	-
1995	No change	3 years	$\frac{1}{40}$ of the amount of the salary per year	-	After 20 years at half of the salary	No change	-	-
2004	No change	No change	No change	-	No change	65	-	-
2007	No change	No change	No change	-	No change	No change	-	-
2009	No change	No change	No change	-	No change	No change	-	-

Source: Author.

5.15. Italy

5.15.1. Wider framework

- Italian MPs have always been contributing to a special pension scheme administered by the Italian lower house, while MEPs did not contribute to any national pension scheme and had therefore no access to it. In this context, the EP introduced a Provisional Pension Scheme for Italian MEPs further to Annex III of the Rules governing the payment of expenses and allowances to Members (PEAM Rules), which was based on the Italian MP pension scheme.¹⁸⁶ The Provisional Pension Scheme equates the level and conditions of the MEP pensions to those applied to MPs. Prior to 2009, the pension scheme for Italian MEPs can be defined as a defined benefit scheme with MEPs required to pay contributions to the EP (around 9% of the gross salary). Italian MEPs paid the same overall contribution as that payable by MPs. The pension scheme for Italian MEPs before 2009 was funded entirely from the EP's budget (see section 2.1.3 on the EP's Provisional Pension Scheme for Italian MEPs). The arrangements introduced with Members' Statute were less favourable than the Member State arrangements.

5.15.2. Key features of the pension system for MEPs

- To access the scheme MEPs had to meet two main requirements related to: a) the minimum period; b) age. The level of these requirements was modified on a few occasions between 1990 and 2009 (see below for further details). However, these modifications were not based on the initiative of the EP. Indeed, the PEAM scheme reflected any changes that applied to the Italian MPs in their own national system.
- The minimum period of contributions (two years and half) was introduced in 1997;¹⁸⁷ in 2007 the minimum period of contributions was increased to five years. If MEPs did not pay the contribution for the required minimum period (e.g. if MEPs ended their mandates earlier) the total contribution paid to the EP (plus interest) was refunded and MEPs did not acquire pension rights. Alternatively, MEPs could purchase entitlements for the remainder of the five-year period, if the contributions were paid to the EP for more than two-and-a-half years.¹⁸⁸
- The pension age was raised from 60 to 65 in 1997. However, for each additional year completed after the first legislature, the age limit could be reduced by one year, to a minimum of 60 years.
- The pension is calculated on the basis of the number of years of contributions. Parts of a year are counted as a full year if contributions have been paid for over six months. 5 years of contribution correspond to 25%; 6 years to 26%; each subsequent contribution year adds 3% up until 20 years of contributions (corresponding to 68%), then each additional year adds 1,5% until 25 years (75.5%), then each year beyond 25 years adds 1% until the maximum of 85.5% for 35 years and more is reached.
- The minimum pension level is 25% of the salary; in 1997 the maximum pension level was reduced from 85.5% to 80%.¹⁸⁹

¹⁸⁶ 'Regolamento per gli Assegni Vitalizi dei Deputati (Camera dei Deputati)' (Regulation on life annuities applicable to Members of the Italian Chamber of Deputies).

¹⁸⁷ Amendment to the Regulation on life annuities applicable to Members of the Italian Chamber of Deputies.

¹⁸⁸ In 1990 and 1994 it was possible to purchase entitlements for the remainder of the five-year period even if contributions were paid to the European Parliament for less than two-and-half years.

¹⁸⁹ Amendment A to the Regulation on life annuities applicable to Members of the Italian Chamber of Deputies.

As of 1997, pension rights could be suspended if former MEPs occupied certain incompatible positions, i.e. after having left the EP; the list of incompatible positions was gradually extended and in 2009 it included: being member of the national government, the EC, any regional or provincial councils, any other institutional role that the Italian Constitution considers to be not compatible with the MP mandate,¹⁹⁰ being member of the High Council of the Judiciary etc.

5.15.3. Comparison between the treatment of MEPs and MPs

- Until 2009, MEPs received the same salary as MPs. The required minimum period of contribution and the age limit do correspond to those noted for MEPs above.
- A difference is that as of 1995 MEP applications to join the Provisional Pension Scheme had to be presented within six months of the start of the MEP's term of office, while MPs had no time-limit for joining the pension scheme.
- Until 2012, MP pensions were calculated according to the length of their period of contribution. Until 1997, the maximum pension level for MPs was 85.5%; this percentage was reduced to 80% in 1997 and then to 60% for MPs elected as of 2008 (each completed year adds 4% until the maximum until the maximum of 60% for 15 years and more is reached). The minimum pension level was also reduced from 25% to 20% for MPs elected as of 2008. In 2012, the system to calculate MP pensions was changed and a new contributory pension system was introduced. Namely, as of January 2012 the amount of the MP pension is determined by the amount of their contribution, the age, the life expectancy, the liquidator (coefficient) and the GDP. The new contributory system was not retroactive, and it did not apply to MPs who retired before 2012. The new system applied in full to MPs elected after 1 January 2012. While for MPs in office, as well as for MPs who had already left office and were subsequently re-elected, a pro-rata system was applied, determined by the sum of the pension rights accrued as at 31 December 2011, and a portion corresponding to the contribution increase referring to further years of parliamentary mandate exercised.

Table 46: Salaries and pension rights for MEPs and MPs (Italy)

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁹¹	MP pension rights (monthly in EUR)
1990	Same as MP	5,140	60 years old
1995	Same as MP	5,468	60 years old; minimum level 25%; maximum level 85,5%;
2004	Same as MP	11,767	65 years old; minimum level 25%; maximum level 80%; minimum period of contribution 2 years and half

¹⁹⁰ Article 65 of the Italian Constitution

¹⁹¹ Conversion rate from 'INFOEURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁹¹	MP pension rights (monthly in EUR)
2007	Same as MP	12,017	No change
2009	Same as MP	12,017	No change

Source: Author.

5.15.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP. As noted in section 1.15.1, MEPs were not entitled to access the Italian MPs’ pension scheme, and all changes noted in the tables below regarding the treatment of MEPs in the PEAM scheme reflected approved changes in the national provisions for MPs.

Table 47: Pension rights for different scenarios (Italy)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	No pension rights	25% of pension rights	85,5% of pension rights
1995	No change	No change	No change
2004	No change	No change	80% of pension rights
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 48: Summary table – MEP pension rights in Italy

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	Age	/	% of salary corresponding to number of years served	25% of pension rights	85,5% of pension rights	60	No	/
1995	Age	/	No change	No change	No change	No change	No	/
2004	Minimum period of employment and age requirements	2 years and half	No change	No change	80% of pension rights	65	No; Pension rights can be suspended if former MEP becomes MP or member of a regional council	/
2007	No change	No change	No change	No change	No change	No change	No change	/
2009	No change	5 years	No change	No change	No change	No change	List of positions incompatible with acquired pension rights is expanded	/

Source: Author.

5.16. Latvia

5.16.1. Wider framework

- Prior to the Members' Statute, there was no specific arrangement in place for MEPs, i.e. pensions for MEPs were the same as those of MPs and the general population. This was a defined contribution scheme. Indeed, MEPs acquired their pension rights just as all other beneficiaries of the national pension system, which since January 1996, has been based on insurance principle and defined contribution. The system consists of three tiers. The first tier is a PAYGO system that is based on individualised income records. The second tier is based on the state mandatory pension fund. In parallel to the state mandatory pension fund, there is also the third tier private pension fund. The arrangements introduced with the Members' Statute are more favourable than arrangements in Latvia.
- The pension system is based on two main laws: the general law 'On Social insurance' of 1 October 1997 and special law 'On State pensions' of 2 November 1995.

5.16.2. Key features of the pension system for MEPs

- The general condition for access to the pension system has not changed in the years 2004, 2007, and 2009. A person who concurrently has the right to a state pension and a pension that is disbursed of the State budget in accordance with another law, shall be granted one pension taking into consideration the person's chosen option if different procedures have not been laid down in other laws (amendment to the law on state pensions of 20 October 2005).
- The minimum required period of contribution was at least 10 years in 2004, 2007, and 2009. It applied to all beneficiaries of the state pension system, including MEPs. The period of work in the EP during which the MEP participated in the Latvian social insurance system was included in the total length of the insurance period, regardless of the number of legislative terms served or whether they were complete.
- In all reference years (2004, 2007, 2009) the pension formula was: $P = K/G$, where
 - P - annual pension, the twelfth part of which is the monthly pension;
 - K – individual pension capital, which has been recorded in the personal account of a person and updated, taking into account annual 'Insurance Contribution Wage' indices, i.e. the wage subject to social insurance contributions, and used to calculate the social insurance contribution;
 - G - the time period (in years) from the year of granting the pension and planned disbursement of the pension. The period of planned disbursement of the pension is set according to data on life expectancy for the population aged 40 to 90.
- The explanation of the components has changed in the reference periods. In 2004, the individual pension capital, to which the Insurance Contribution Wage index was applied, was supplemented with the funded pension capital from the mandatory state and voluntary privately funded pension systems. From January 2006 (for reference years 2007 and 2009), pension capital in private pension funds has not been indexed.
- In the general legislation, the pension cannot be less than the state social security benefit that is corrected by a coefficient depending on the length of the insurance period. In the national pension system, the maximum pension level is not established; however, the highest pension

level is indirectly limited by the ceilings of mandatory and voluntary social contributions. Currently, the maximal annual amount of mandatory and voluntary social contributions is EUR 62,800 (set by the Cabinet of Ministers). This rule has not changed in the reference years, whilst the coefficients applied to different insurance periods might be different.

- In 2004 the legal pension age was 59.5 years until 30 June, and 60 years as of 1 July for women; and 62 years for men. In 2007 the respective numbers were for women 61 years until 30 June and 61,5 years as of 1 July; and for men: 62 years. In 2009 for both men and women the pension age was 62. There are several additional rules on the pension age, for example, early retirement for persons with insurance periods not less than 30 years, for parents of many children etc.
- Special rules on offsetting pensions resulting from being an MEP against other (national) pension rights are not established. The period when MEPs are involved in the EP pension system is normally not included in the total insurance period. However, it could be partly included (time, but not social contributions) under defined conditions, if a person does not meet minimum insurance requirements due to the state mandated work abroad.
- MEP pensions are adjusted (indexed) with regard to the part that is awarded and paid in Latvia for the period while the MEP was involved in the Latvian pension insurance system. Pension indexation is a complicated system that is often changing depending on the availability of finance and the current pension policy. If financial resources are scarce, pension indexation is postponed for all pensioners, including MEPs. The index used to adjust pensions is the ratio of the total wage amount subject to social insurance contribution in the current year to the one of the previous years.

5.16.3. Comparison between the treatment of MEPs and MPs

- From 2004 to 2013, MEP salaries were set by the Latvian government, based on the 'Law on the order of financing of activities of members of the European Parliament', stipulating that MEPs receive a salary during the period when he or she has fulfilled MEP duties (Article 2). The MEP salary was tied to the average salary in the public sector in the previous year, and multiplied by the coefficient of 3.2. It had to be recalculated every year and the recalculated salary was paid starting on 1 April. The MEP salary was taxed according to general national rules. Although different laws were applied, MEP salaries were calculated in the same way as those of MPs. All amendments to the law were made to align the MEP salary to the MP salary during the financial crisis.
- Salaries of MPs and MEPs are calculated according to different laws. Salaries of MPs are set forth by two normative acts: 'Law on remuneration of officials and employees of state and local government authorities' (since 2010) and 'The Saeima (Latvian Parliament) Rules of Procedure'. The Saeima Rules of Procedure prescribe that the amount of MP salary is tied to the average salary in the public sector in the previous year and is multiplied by the coefficient of 3.2, which is the same calculation as for MEPs. In 2009 due to austerity measures caused by the financial crisis the MP salary changed three times: from January to February the salary amount was EUR 1,752, from March to June it was EUR 1,489, from July to December it was EUR 1,402. The monthly average salary for 2009 was EUR 1,723.95 (LVL 1,211.67). On top of the nominal salary MPs receive salary additions for fulfilling special duties. An MP may legally get additional income from work as a teacher, scientist, doctor, professional athlete and creative work.

Table 49: Salaries and pension rights for MEPs and MPs (Latvia)

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁹²	MP pension rights (monthly in EUR)
2004	Same as MP	EUR 1,020 (LVL 717)*	According to the national pension legislation.
2007	Same as MP	EUR 1,593 (LVL 1,120)**	According to the national pension legislation.
2009	Same as MP	EUR 1,723.95 (LVL 1,211.67)	According to the national pension legislation.

Source: Author.

* Deviņiem eiroparlamentāriešiem algās no budžeta šogad izmaksās 44 000 latu. 20 July 2004, <https://www.delfi.lv/news/national/politics/deviniem-eiroparlamentariesiem-algas-no-budzeta-sogad-izmaksas-44-000-latu.d?id=8653650>

**Koalīcija rosina 'iesaldēt' Saeimas deputātu algu kāpumu, 29 October 2007 <https://www.delfi.lv/news/national/politics/koalicija-rosina-iesaldet-saeimas-deputatu-algu-kapumu.d?id=19330156>

***Savelk jostu arī Saeima un valdība, 30 June 2009, <https://lvportals.lv/norises/194010-savelk-jostu-ari-saeima-un-valdiba-2009>

5.16.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 50: Pension rights for different scenarios (Latvia)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	Pension depends on the length of the total insurance period and total wage amount subject to social insurance contribution	Pension depends on the length of the total insurance period and total wage amount subject to social insurance contribution	Not determined
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

¹⁹² Conversion rate from 'INFOREURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

Table 51: Summary table – MEP pension rights in Latvia

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	A person should be a subject to the State mandatory pension insurance scheme	No less than 10 years of insurance period in total	The amount of annual pension is equal to the individual accumulated capital divided by the timespan (years) between the granting and disbursement of a pension	No less than the state social security benefit (LVL 35 / EUR 49,8), adjusted by the length of the insurance	Indirectly limited by maximum mandatory social contribution. The maximum level of social contributions is determined by the Cabinet of Ministers	Women: 59,5 years as until 30 June and 60 years as from 1 July 2004 Men: 62 years**	None	State pensions adjusted according to the procedure set by the Cabinet of Ministers once a year taking into account real consumer price index and 50% of the real increase of the wage amount subject to social contribution obligation
2007	No change	No change	No change	No less than the state social security benefit, adjusted by the length of the insurance	No change	Women: 61 years as until 30 June and 61,5 years as from 1 July; Men: 62 years	No change	No change
2009	No change	No change	No change	No change	No change	Women and men: 62 years	No change	State pension should be reviewed once a year on 1 October taking into account real consumer price index. If index is less than 1, pensions are not revised.

Source: Author.

5.17. Lithuania

5.17.1. Wider framework

- Until the entry into force of the Members' Statute MEPs had the same pension rights as MPs and as the general population in Lithuania. Lithuania operated a 'defined contribution' scheme. The Lithuanian arrangements were less favourable than those introduced with the Members' Statute.
- The old-age pension system, applicable to MEPs elected in Lithuania in the period of 2004 to 2009, comprises four main parts where pensions are accumulated differently. For the period discussed in the study, MEPs were covered mainly by Pillar 1 and Pillar 2 pension systems:
 - **Pillar 1** is the State Social Insurance old-age pension based on contributions (PAYGO) and financed mainly from the separate State Social Insurance Fund.
 - **Pillar 2** is a defined contribution pension scheme, introduced in 2004. It was reformed in 2013 and 2019 when new accumulation sources were introduced: individual contribution (3% from the person's gross wage) and the state's contribution (1.5% from the national average wage). Once a pension fund scheme has been set up, the capital cannot be withdrawn before reaching pension age.
 - **Pillar 3** is the voluntary contribution system to a pension fund or participation in a life insurance scheme. Everyone can participate, including those who do not pay contributions to the State Social Insurance Fund and who do not participate in Pillar 2.
 - **State pensions** payable from the state budget only for certain individuals under special laws, and including state assistance pensions (if someone was not able to attain the minimum period of contributions due to disability or unemployment) and pensions for certain professions (judges, soldiers and others).
 - The study focuses on the Pillar 1 as the dominant and obligatory part of the pension system influencing pension rights of MEPs the most.
- MEPs did not have any specific pension system in Lithuanian law in the period 2004-2009.¹⁹³ MEPs had 'the same social guarantees' (including old age pension) as MPs (Law No IX-2025 on the Status and Employment Conditions of MEPs elected in the Republic of Lithuania).¹⁹⁴ Lithuanian MEPs, like MPs, and other residents of the country were covered by the general legislation on pensions until July 2009, i.e. MEP wages were subject to obligatory State Social Insurance contributions to accumulate pensions (Pillar 1); MEPs could decide and exercise the

¹⁹³ As the Decision of the European Parliament of 28 September 2005 adopting the Statute for MEPs and Decision of the Bureau of 19 May and 9 July 2008 concerning implementing measures for the Statute for MEPs came into force only in July 2009 (EP decision), the national pension provisions were applicable until then.

¹⁹⁴ Law No IX-2025 of February 17, 2004 on the Status and Employment Conditions of MEPs elected in the Republic of Lithuania. Article 6 of the Law No IX-2025. There is only one exception of this provision - if corresponding rights related to the social guarantees are provided in the EU law. Other relevant legislation includes: Law No IX-2025 of 17 February 2004 on the Status and Employment Conditions of MEPs elected in the Republic of Lithuania; Law No XI-473 of 12 November on Preserving and Transferring Pension Rights of EU Institutions' Employees and MEPs; Law No I-549 of 18 July 1994 on Social Insurance Pensions; Law No I-675 of 29 November 1994 on Social Assistance Pensions; Law No IX-1691 of 4 July 2003 on Pension Accumulation; Law No IX-1215 of 3 December 2002 on Pension System Reform; Law No I-2025 of 22 December 1994 on State Pensions; Law No X-745 of 4 July 2006 on Accumulation of Occupational Pensions; Temporal Law No I-732 of 22 December 1994 on State Pensions for Scientists; Law No I-693 of 13 December 1994 on Officers and Soldiers State Pensions; Law No IX-1011 of 2 July 2002 on State Pensions for Judges; Law No XIII-2697 of 17 December, on Approval of Indicators of the Budget of the SSI Fund for 2020; Law No I-399 of 17 February 1994 on Statute of the Parliament of Lithuania (PRL); 14 Law No I-1473 of 11 July 1996 on Employment Conditions of PRL members; Law No VIII-1904 of 29 August 2000 on Remuneration of State Politicians and State Officials.

right to participate in voluntary pension schemes (2nd and 3rd Pillar); if applicable, in individual cases, MEPs could exercise the rights related to state pensions.

- Since 2009, MEP pension rights are accumulated following the Members' Statute and are 'preserved' under the Law on Preserving and Transferring Pension Rights of EU Institutions' Employees and MEPs. In practice 'preserving' MEP pension rights might be important when MEPs apply for the pension in Lithuania, but they lack the required minimum recorded contribution period of 15 years. In this case the period of performing MEP duties in the EP is taken into consideration as part of the minimum contribution period required in Lithuania. This aggregation of the records might be relevant for those elected to the EP both before and after the entry into force of the Members' Statute.

5.17.2. Key features of the pension system for MEPs

- An MEP was eligible for an old age pension if he/she met two requirements, namely reached the retirement age and had a minimum length of the obligatory insurance period of 15 years. Before the Members' Statute entered into force, MEPs accumulated their old-age pension rights while the Parliament was deducting obligatory social insurance contributions from their salaries and transferring them to the State Social Insurance. Therefore, the period of exercising MEP duties has been included in their contribution period and constituted a basis of their overall pension rights during their career as a whole.
- It is important to consider both contribution periods established by 'Law No I-549 of 18 July 1994 on Social Insurance Pensions': 1) minimum and 2) obligatory. In the years 2004 to 2009, the minimum contribution period was 15 years and has not been changed since then. The contribution period required for a full pension (and not just a basic part of it) was 30 years. The impact of both periods on pension rights is explained below.
- The old-age pension formula consisted of two parts: basic amount and supplement part (or individual amount). *The basic amount* was related to the individual contribution period and the amount of basic pension (BP)¹⁹⁵ through a formula:
 - in 2004 and 2007 it was equal to BP (LTL 172 in 2004, and LTL 266 in 2007¹⁹⁶) if a person had accumulated the obligatory contribution period of 30 years. If a person had not, but had at least the minimum one, the basic amount of the pension was calculated in a proportion to the actual individual contribution period which was divided by the obligatory period and multiplied by BP.
 - in 2009 it could not be less than 110% of BP (110% of LTL 360¹⁹⁷) if a person had a record of the obligatory 30 years of contribution. If the contribution period was less than 30, but no less than 15 years, the basic amount of his/her pension was calculated proportionately to the individual contribution period which was divided by the obligatory period and multiplied by 110% of BP.
- In 2004-2009 the supplementary part of the pension was calculated according to the following formulae: $0.005 * S * K * D$, where:
 - "S" stands for a person's recorded contribution period expressed in years;

¹⁹⁵ BP is set at national level and is the same for everyone.

¹⁹⁶ Established by the Government, no other resource publicly available, but <https://www.tagidas.lt/savadai/9010/>.

¹⁹⁷ Ibid.

- “K” is the ratio of a person’s insured income, which is calculated by dividing the annual income earned by the insured person by the country’s average annual salary; K cannot be higher than 5 (the pension ‘ceiling’); the salary used for the pension’s supplementary part calculation is capped by 5 times the average salary;
- ‘D’ stands for the so-called ‘insured income’, which is calculated as average annual income in the country from which pension insurance contributions are collected;
- Coefficient 0.005 (accrual rate) means that with each contribution year the supplementary part of the person’s future pension is increased by the amount equal to 0.5% of the person’s average wage earned in that year.

The *Minimum pension level* is related to social assistance pensions, that are payable to those who have reached retirement age, but are not entitled to old age pensions, as they did not accumulate the minimum contribution period of 15 years, or for those whose old-age pensions would be smaller than 0,9 of BP. The minimum pension level could not be less than 0,9 of BP, i.e. less than EUR 44,8 in 2004, less than EUR 69,3 in 2007 and less than EUR 93,8 in 2009. *Maximum pension level*: as indicated above, maximum level of the supplement part of the pension is equal to a level payable from contributions of 5 average wages. *Replacement rate*: in all periods, even after the pension reform in 2018, the basic amount of the pension constitutes a significant part of the pension (more than a half). Therefore, pillar 1 pensions are mainly described as flat. Approximately, a person who earned a minimum wage with the contribution period of 35 years would receive a pension which, on average, would amount to 70% of his/her previous earnings. However, a person whose earnings were high would receive 30–35% of his/her previous earnings.

- The retirement age in the period 2004-2009 was: for women: 59 years in 2004, 60 years in 2007 and 2009; for men: 62 years 6 months.
- There are no special offsetting rules, as even money-earning activity, whether business or employment, or other sources of income are not considered to be obstacles to applying for the old age pension and receiving it.
- In the period 2004-2009 there have been ad hoc adjustments of BP and insurable income ‘K’, and other ad hoc and politically motivated decisions related to increasing of pensions. No indexation mechanisms were in place in the period 2004-2009. Only in 2019 such a mechanism was introduced. A pensioner who has attained the obligatory contribution period can postpone his application for pension benefit. In this case the pension shall be increased by 8% of the amount calculated at the moment of application for each full year passed as of the date of the eligibility for the pension. This provision was established to promote later retirement.

5.17.3. Comparison between the treatment of MEPs and MPs

- ‘An MEP shall be paid a monthly salary from the state budget equal to the salary of MP, unless otherwise provided by the legal acts of EU’ (par 1 of article 9, Law on the Status and Employment conditions of MEPs elected in the Republic of Lithuania).
- In the period from July 2004 to July 2009 there were no differences between MEP and MP salaries. The salaries of MPs in 2004-2009 consisted of (1) a basic part of salary and (2) a

supplement for years of service to the state of Lithuania¹⁹⁸ (Article 3 par. 1 of 'Law on Remuneration of State Politicians and State Officials'):

- the basic part of salary was calculated by multiplying the coefficients for the MP's salary and the amount of the minimum monthly salary approved by the Government. This provision has been changed in 2006, therefore, in 2007 and 2009 the basic part of salaries was calculated using relevant coefficients and the nationally established basic amount of basic part of salary (Article 4 of the Law).
 - The supplement for years of service to the state consisted of 3% of the basic part of salary of MP for every three years, but the amount of the supplement should not exceed 30% of the basic part of salary (Article 5 Par 3 of the Law). However, the maximum possible supplement was 12% in 2004, 15% in 2007 and 18% in 2009 as calculated starting from 11 March 1990.
- In the period July 2004 to July 2009 there were no differences between MEP and MP pension rights.

Table 52: Salaries and pension rights for MEPs and MPs (Lithuania)

	MEP salary (EUR)	MP salary (monthly in EUR) ¹⁹⁹	MP pension rights (monthly in EUR)
2004	Same as MP	EUR 1,183 (LTL 4,085) (LTL 430 x coefficient 9,5) + the supplement for years of service (supplement)	Depends on individual income of an MP during his/her career and social insurance pension record
2007	Same as MP	EUR 1,216 (LTL 4,199) (LTL 442 x coefficient 9,5) + supplement	No change
2009	Same as MP	EUR 3,137 (LTL 10,830) (from 1 to 31 January 2009) LTL 475 x coefficient 22,8 + supplement EUR 2,667 (LTL 9,215) (from 1 February to 30 April 2009) LTL 475 x coefficient 19,4 + supplement EUR 2,348 (LTL 8,108) (from 1 May to 30 July 2009) LTL 475 x coefficient 17,07 + supplement ²⁰⁰	No change

Source: Author.

5.17.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

¹⁹⁸ The same conditions for salary regulation were also applicable to the Speaker of the Parliament, officials of the Parliament, Prime Minister, ministers, mayors and deputy mayors, members of municipal councils in the period from July 2004 to July 2009

¹⁹⁹ Conversion rate from 'INFOREURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

²⁰⁰ During the economic crisis of 2009 salaries in the public sector (including those of MPs and MEPs) were (temporarily) reduced by law three times.

Table 53: Pension rights for different scenarios (Lithuania)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	Depends individually on income during the career and State Social Insurance pension record (including being an MEP)	Depends individually on income during the career and State Social Insurance pension record (including being an MEP)	Maximum level of supplement part of the pension is equal to a level payable from contributions of 5 average wages
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 54: Summary table – MEP pension rights in Lithuania

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	Retirement age and minimum length of the obligatory State Social Insurance record of 15 years	For service in general: <i>Minimum:</i> 15 years <i>Obligatory:</i> 30 (only then eligible for full pension with supplementary/ individual part)	Two parts: basic amount and supplement part	0.9 of Basic Pension (BP) ²⁰¹ = LTL 154.8 (EUR 44.8)	Maximum level of supplement part of the pension is equal to a level payable from contributions of 5 average wages	59 years for women and 62 years 6 months for men.	If a person has a right to both to a disability and old age pension, he/she has a right to choose the more favourable one. In case a of a right to 2 or more state pensions (additional to the old age pension), as a rule, he/she has to select one.	Ad hoc adjustments by the Government decrees of BP and insurable income K, ²⁰² other political decisions related to ad hoc increasing of pensions by law. Participation in voluntary pension schemes (second and third pillar)
2007	No change	No change	No change	0,9 of BP ²⁰³ = LTL 239,4 (EUR 69,3)	No change	60 years for women and 62 years 6 months for men.	No change	No change
2009	No change	No change	No change	0,9 of BP ²⁰⁴ = LTL 324 (EUR 93,8)	No change	No change	No change	No change

Source: Author.

²⁰¹ BP = LTL 172²⁰² For more details see sub-chapter "Pension formulae"²⁰³ BP = LTL 266²⁰⁴ BP = LTL 360

5.18. Luxembourg

5.18.1. Wider framework

- Within the timeframe of this study, the MEPs and MPs were treated the same under the national old-age pension system which differs from the pension system for the general population. The pension system is a defined benefit pension scheme, determined on the basis of a pensionable salary. When compared with the Members' Statute, the provisions under the Luxembourg national pension scheme can be considered less advantageous than those under the Statute.
- The legal basis for pension rights of MEPs is set out in the 'Act creating a right to pension for members of the Chamber of Deputies, Luxembourg representatives to the Assembly of the European Communities and members of the State Council', adopted in 1985, and amending the 'Act (1954) regulating the pensions of civil servants'. The 1954 Act did not cover MPs / MEPs, but did set out the basic features of pension rights that the 1985 Act extended to MPs / MEPs.

5.18.2. Key features of the pension system for MEPs

- Access to the old-age pension depends on age and length of service - after 10 years of service if the MEP has reached the age limit (65 years), after 30 years of service, if he has reached the age of 60. The conditions differ in case of a physical incapacity, invalidity, accident, etc.
- MEPs are not required to pay a contribution.
- The pension is based on the average of the MEP/MP's pensionable remuneration for the last three years of his/her mandate. If the MEP/MP dies or is entitled to a pension sooner due to his/her invalidity or working incapacity, the pension is based on the last remuneration, unless the average of all remunerations and other pensionable elements of remuneration are more favourable. An MEP having retired at the age limit of 65 or more, having completed 30 years of service is entitled to a pension equal to $\frac{50}{60}$ of the last salary. If he does not have 30 years of service, his pension will be reduced by $\frac{1}{30}$ for each year of service that is missing to complete this number.
- The minimum pension (10 years of service) is fixed at $\frac{20}{60}$ of the last salary serving as the basis for fixing the pension and it increases by $\frac{1}{60}$ of this salary for each year of service beyond ten. The pension cannot exceed $\frac{5}{6}$ of the last salary serving as the basis for fixing the pension.
- The MEP has a right to the old-age pension only if the period corresponding to his/her mandate as MEP is not taken into consideration as time of service for the granting of another pension.
- The pension level depends on the level of remuneration which is based on grades. The last pensionable salary is taken into consideration for the calculation of the pension. The pensionable salary is expressed in index points, the value of which is fixed by law and is periodically adjusted to the cost of living index. Therefore, the value of the index points has changed over the years.

5.18.3. Comparison between the treatment of MEPs and MPs

- There are no differences between MEPs and MPs with regard to salary and pension rights in the period 1990-2009 (the existence of a Provisional Pension Scheme is explained by issues prior to 1985). The relevant legal acts refer to 'parliamentarians' encompassing both MPs and MEPs.

The salaries of MPs and MEPs are regulated by Electoral Law 1924 which has been modified by the Law of 28 November 1979 fixing the compensation for MPs and MEPs. The 1924 Electoral Law was repealed and replaced in 2003. The remuneration for MPs and MEPs, however, has remained unchanged. The basic salary varies according to grade and is expressed in index points. The value of the index point is determined by law and varies depending on consumer prices. There are additional benefits such as compensation, allowance, end-of-year bonus.

Table 55: Salaries and pension rights for MEPs and MPs (Luxembourg)

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
1990	375 index points ²⁰⁵	375 index points	Same as MEP
1995	No change	No change	No change
2004	No change	No change	No change
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

5.18.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 56: Pension rights for different scenarios (Luxembourg)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	No pension rights (minimum 10 years)	No pension rights (minimum 10 years)	$\frac{5}{6}$ of the last pensionable salary
1995	No change	No change	No change
2004	No change	No change	No change
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

²⁰⁵ The monthly value of the index point is currently set at 20.1789314. A MP/MEP would therefore benefit from a salary equal to approximately EUR 7,567 gross (index points * monthly value of the index point). <https://fonction-publique.public.lu/fr/carriere/parcours-remuneration/fonctionnaire/traitement.html>

Table 57: Summary table – MEP and MP pension rights in Luxembourg

	Conditions for accessing the system / Contribution	Minimum period of service as MEP/MP	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	Years of service and age	10 years	The pension is based on the average of the pensionable remuneration enjoyed by the MEP/MP for the last three years of his/her mandate	$\frac{20}{60}$ of the last salary serving as the basis for fixing the pension	The pension cannot exceed $\frac{50}{60}$ of the last salary serving as the basis for fixing the pension	65	Yes	Yes
1995	No change	No change	No change	No change	No change	No change	No change	No change
2004	No change	No change	No change	No change	No change	No change	No change	No change
2007	No change	No change	No change	No change	No change	No change	No change	No change
2009	No change	No change	No change	No change	No change	No change	No change	No change

Source: Author.

5.19. Malta

5.19.1. Wider framework

- Until the entry into force of the Members' Statute, MEPs had the same pension rights as MPs. Indeed, MEPs and MPs were covered by a pension scheme specifically established for MPs (and different from the general population). This was a defined benefit scheme with MPs required to pay contributions. The Maltese arrangements for MEP pension rights were less advantageous than those introduced with the Members' Statute.
- Pension rights of MPs are governed by the 'Members of Parliament Pensions Act' (MPPA) of 14 August 1979. Whilst this is understood to cover MEPs, the law does not explicitly refer to MEPs.

5.19.2. Key features of the pension system for MEPs

- To access the pension MPs need to have made contributions of $\frac{1}{12}$ of their salary (Art. 5.1 and 5.2, MPPA).
- An MP needs to have served 'in at least two legislatures' for a period 'not being in the aggregate less than sixty five months' (Art. 4.1, MPPA).
- The pension formula is $\frac{1}{270}$ of the MP's salary for each completed month of service, up to $\frac{2}{3}$ of the salary (Art. 4.1 and 4.4, MPPA).
- The minimum pension is $\frac{65}{270}$; the maximum is $\frac{2}{3}$ of the salary.
- The pension can be drawn from the age of 61 years for current MPs who decide 'to cease to be a member or not to seek re-election as a member, and includes the failure to be re-elected if he has sought re-election' or the attainment of the age of 65 years (Article 2.1, MPPA).²⁰⁶
- Pensions are offset against any other pensions ensuring that in aggregate terms the pension does not exceed the maximum pension level possible for MPs (Art. 4.2, MPPA).

5.19.3. Comparison between the treatment of MEPs and MPs

- There were no differences between the salaries / pensions of MPs and MEPs prior to 2009.
- MP salaries as of March / April 2008 are set out in a Cabinet Decision of 7 May 2008. Salaries of MPs are defined as a percentage of public sector salaries ('Schedule of Grades'; MPs are set at 50% of scale 1 in 2008).²⁰⁷ Note that as of 2004, MPs who are public employees can receive their salaries as public employees whilst also receiving a salary as MP.

²⁰⁶ Can be reduced to under 61 years in case of MPs retiring and not taking up any gainful activity because of mental / physical infirmity (Article 4.6, Members of Parliament Pensions Act).

²⁰⁷ Auditor General (2011) Members of Parliament Honoraria, Report by the Auditor General, p. 9. https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKewjy7cWNrPLqAhWQifWkHURLB6kQFjAAegQIAxAB&url=http%3A%2F%2Fnao.gov.mt%2Floadfile%2F6c304c64-da3f-4868-9ec7-d55ae3f928bf&usq=AOvVaw1uKY1_yVo3pBaQhAZij_Hm. According to media, MP salaries are lower, however, the basis of calculation in the media articles is not clear (e.g. gross or net salaries). See Times of Malta (2008) 'Maltese MEPs to earn EUR 84,000 per year', <https://timesofmalta.com/articles/view/maltese-meps-to-earn-euro-84-000-per-year.223880>. For the Scales see Collective Agreement for employees in the Public Service in respect of the years 2002-2004, <https://www.yumpu.com/en/document/read/34728307/collective-agreement-2002-2004> (Scale 1 set at LM 13,431 for 2004 (EUR 2,617: 50% = EUR 1,308)); Collective Agreement for employees in the Public Service, effective 1 January 2005, <https://www.yumpu.com/en/document/view/34842804/collective-agreement-20052010-final-version> (Scale 1 set at LM 13,522 in 2005, LM 13,697 in 2006, LM 14,102 in 2007 (EUR 2,737: 50% = EUR 1,369), LM 14,847 in 2008, LM 15,610 in 2009, LM 16,392 in 2010); For 2011-

- Before the Members Statute an MEP had the same salary as an MP, about EUR 1,295 per month in 2008.²⁰⁸ The low salaries of Maltese MPs were explained with the ‘part-time’ nature of the office of MP in Malta, i.e. most MPs can work in parallel to their mandate in the public or private sector.²⁰⁹

Table 58: Salaries and pension rights for MEPs and MPs (Malta)

	MEP salary (EUR)	MP salary (monthly in EUR) ²¹⁰	MP pension rights (monthly in EUR)
2004	Same as MP	1,308 ²¹¹	minimum EUR 315; maximum 872
2007	Same as MP	1,369 ²¹²	minimum EUR 330; maximum 913
2009	Same as MP	1,515 ²¹³	minimum EUR 365; maximum 1,010

Source: Author.

5.19.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

2016 see: http://www.anssek.org.mt/resources/files/collective-agreement_1373813632.pdf (Scale 1 set at EUR 38,245 in 2011, EUR 39233 in 2012, EUR 40,221 in 2013, EUR 41,209 in 2014, EUR 42,290 in 2015, EUR 43,371 in 2015).

²⁰⁸ Times of Malta (2008) ‘Maltese MEPs to earn EUR 84,000 per year’, <https://timesofmalta.com/articles/view/maltese-meps-to-earn-euro-84-000-per-year.223880>

²⁰⁹ Times of Malta (2016) ‘Maltese MPs are the lowest paid in the European Union’, <https://www.independent.com.mt/articles/2016-04-12/local-news/Maltese-MPs-are-the-lowest-paid-in-the-European-Union-6736156211>; and more recently: The Malta Independent Online (2019) Adding 12 MPs: Malta already has the most MPs per capita in the EU, <https://www.independent.com.mt/articles/2019-04-07/local-news/Adding-12-MPs-Malta-already-has-the-most-MPs-per-capita-in-EU-6736206293>

²¹⁰ Conversion rate from ‘INFOREURO’ average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

²¹¹ Calculation based on Collective Agreement for employees in the Public Service for the years 2002-2004 (50% of Scale 1; conversion from LM based on INFOREUR average rate for 2004). For 2005, a somewhat different figure is reported: Commonwealth Parliamentary Association (2005) A Survey of Remuneration paid to Members of the Parliaments and Legislatures of the Commonwealth, 2004-2005, p. 255, <https://www.agora-parl.org/sites/default/files/Salaries%20and%20Allowances%20-%202005.pdf>

²¹² Calculation based on Collective Agreement for employees in the Public Service for the years 2005-2010 (50% of Scale 1; conversion from LM based on INFOREUR average rate for 2007).

²¹³ Calculation based on Collective Agreement for employees in the Public Service for the years 2005-2010 (50% of Scale 1; conversion from LM based on INFOREUR average rate for 2008 (2009 not available as Malta had adopted the EURO by then)). See also: Auditor General (2011) Members of Parliament Honoraria, Report by the Auditor General, https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKewjy7cWNrPLqAhWQifWkHURLB6kQFjAAegQIAxAB&url=http%3A%2F%2Fnao.gov.mt%2Floadfile%2F6c304c64-da3f-4868-9ec7-d55ae3f928bf&usq=AOvVaw1uKY1_yVo3pBaQhAZij_Hm. According to media, MP salaries are lower, however, the basis of calculation in the media articles is not clear (e.g. gross or net salaries). See Times of Malta (2008) ‘Maltese MEPs to earn EUR 84,000 per year’, <https://timesofmalta.com/articles/view/maltese-meps-to-earn-euro-84-000-per-year.223880>

Table 59: Pension rights for different scenarios (Malta)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	No pension rights	No pension rights	Two thirds of salary
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 60: Summary table – MEP pension rights in Malta

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	MPs pay a contribution of one twelfth of their salary	Service in two legislatures, at least 65 months	$\frac{1}{270}$ of salary for each completed month of service	$\frac{65}{270}$ of final salary	$\frac{2}{3}$ of final salary	61 / 65 ²¹⁴	Yes	No
2007	No change	No change	No change	No change	No change	No change	No change	No change
2009	No change	No change	No change	No change	No change	No change	No change	No change

Source: Author.

²¹⁴ Can be reduced to under 61 years in case of MPs retiring and not taking up any gainful activity because of mental / physical infirmity (Article 4.6, Members of Parliament Pensions Act).

5.20. Netherlands

5.20.1. Wider framework

- There were specific pension arrangements in place for MEPs, i.e. pensions for MEPs and MPs were different from those of the general population. MEPs and MPs received compensation equivalent to high-ranking civil servants, and participated in the 'defined benefit' pension scheme for national civil servants. The arrangements introduced with the Members' Statute are comparable to Member State arrangements.
- Article 63 of the Constitution states that financial remuneration to members of the Lower Chamber (Tweede Kamer) are to be regulated by law. Two thirds of MPs present must ratify relevant legislation. The law regulating MP remuneration is the Law on Compensation to Members of the Second Chamber.²¹⁵ The implementation of this law stipulates that MPs receive compensation equal to the maximum level on scale 16 on the relevant national civil servant scale.²¹⁶ MPs also receive an allowance for business costs.
- The General Pension Law for Political Functionaries (*Algemene pensioenwet politieke ambtsdragers*; APPA) sets out the pension conditions for MPs and for MEPs (until 2009).²¹⁷
- The pension provisions for MPs and MEPs (until 2009) are considered occupational pensions that supplement the flat-rate basic pension (*Algemene Ouderdomswet*; AOW) paid to persons with 50 years of legal residence in the Netherlands between the ages of 16 and 65. Unlike occupational pensions for other employees in the public and private sector, MP/MEP pensions were not capital-funded, but were paid out of the state budget. The General Pension Law scheme, however, mimicked the scheme for public sector employees (*Algemeen Burgerlijk Pensioenfonds*, (ABP)) in several ways (employee contribution; indexation; AOW offset).

5.20.2. Key features of the pension system for MEPs

- The Law on the Compensation and Pension of Members of the European Parliament (*Wet schadeloosstelling, uitkering en pensioen leden Europees Parlement*; *Wet SEP*) states that MEPs receive the same salary and pension as MPs. As noted above, the APPA law states that MPs and MEPs receive the same pension provision. Thus, until the introduction of separate salaries and pensions for MEPs, Dutch MEPs received compensation on the same terms as MPs. An exception to this concerned legislation adopted in 1997 that increased the nominal salaries of MPs (from scale 14 to 16, national civil servant scale) and at the same time reduced allowances for business costs. The result of the legislation did not change the net income of MPs. However, because national governments do not set the level of allowances for business costs, the law introduced a slight reduction in the compensation of MEPs, because MEPs retained their business cost allowances.

²¹⁵ *Wet schadeloosstelling leden Tweede Kamer*. The current law can be found here: <https://wetten.overheid.nl/BWBR0004939/2020-01-01>.

²¹⁶ *Bezoldigings- besluit burgerlijke rijksambtenaren (BBRA)*. Starting in 2020, civil servant salaries are part of the collective agreement for national civil servants.

²¹⁷ *Algemene pensioenwet politieke ambtsdragers (APPA)*. The current law can be found here: <https://wetten.overheid.nl/BWBR0002691/2020-01-01>

- There is no minimum period of time (vesting period) for qualifying for pension rights. MPs/MEPs who serve less than three months receive six months tide-over allowance (*wachtgeld*) which is the basis for the pension-qualifying income.²¹⁸
- The accrual rate was 2% per year until the end of 2013. The APPA scheme was changed to an average salary scheme starting in 2014, and the accrual rate was set slightly higher.
- The pensionable salary is the amount above the AOW offset, which was 15,750 euros in 2006.
- The APPA pension was based on a defined benefit formula until the end of 2013 that paid a pension equal to 80% of the final pensionable salary in the first year and 70% thereafter. Starting in 2014, the APPA scheme pays a defined benefit calculated on the basis of the average salary over the individual's career.
- The contribution rate for participants mirrored that for other public sector workers, and was set at one third of the total estimated contribution, even though the employer paid no actual contributions. In 2009, for example, public sector employees paid contributions of 5.88% and employers 13.72% of pensionable income, for a total combined contribution of 19.60% of pensionable income. This means that MPs/MEPs would have paid the same individual contribution (5.88%) of pensionable income.

5.20.3. Comparison between the treatment of MEPs and MPs

- Until 2009, there were few differences (but see above).
- MP salaries have been linked to national civil servant salary scales. In 2019, MPs received an annual compensation of EUR 116,000 (including vacation pay and annual bonus). They also receive EUR 717.29 per month for secondary provisions such as disability and pension insurance.

Table 61: Salaries and pension rights for MEPs and MPs (Netherlands)²¹⁹

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
1995	Same as MP	NLG 123,780 EUR 56,168	accrual rate 3.5% for the 1st 4 years; thereafter 1.75%
2004	Same as MP	EUR 85,908	AOW offset EUR 15,450; 2% accrual rate; 80% of final salary after 40 years (including AOW)
2007	Same as MP	EUR 87,000	AOW offset EUR 15,450; 2% accrual rate; 80% of final salary after 40 years (including AOW)
2009	Same as MP	EUR 94,757	AOW offset EUR 15,450; 2% accrual rate; 80% of final salary after 40 years (including AOW)

Source: Author.

²¹⁸ According to the 2009 Appa Law, MPs/MEPs serving more than six months received a minimum of two years tide-over allowance, paid at 80% of the MP/MEP salary for the first year and 70% thereafter.

²¹⁹ Data for 1990 not available.

5.20.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 62: Pension rights for different scenarios (Netherlands)²²⁰

	MEP with two years of service (per year, EUR)	MEP with full legislature (per year, EUR)	MEP maximally available pension (per year)
1995	$56,168 - 13,118 = 43,050$ $43,050 \times .035 \times 2 = 3,013$	$56,168 - 13,118 = 43,050$ $[43,050 \times .035 \times 4] + [43,050 \times .0175] =$ $6,027 + 753 = 6,780$	AOW offset NLG 26,500NLG/EUR 13,118 accrual rate 3.5% for the 1st 4 years; thereafter 1.75% 40 years for full pension
2004	$85,908 - 14,240 = 71,658$ $71,658 \times .035 \times 2 =$ $5,016.06$	$85,908 \text{ EUR} - 14,240 = 71,658$ EUR $[71,658 \times .035 \times 4] + [71,658 \times .0175] =$ $10,032 + 1,254 = 11,286$	AOW offset EUR 14,250 accrual rate 3.5% for the 1st 4 years; thereafter 1.75% 40 years for full pension
2007	$87,000 - 15,450 = 71,550$ $71,550 \times .02 \times 2 = 2,862$	$87,000 - 15,450 = 71,550$ $71,550 \times .02 \times 5 = 7,155$	AOW offset EUR 15,450 2% accrual rate 40 years for full pension
2009	$94,757 - 17,450 = 77,307$ $77,307 \times .02 \times 2 = 3,092.28$	$94,757 - 17,450 = 77,307$ $77,307 \times .02 \times 5 = 7,730$	AWO offset EUR 17,450 2% accrual rate 40 years for full pension

Source: Author.

²²⁰ Data for 1990 not available.

Table 63: Summary table – MEP pension rights in the Netherlands²²¹

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1995	individual contribution equal to that paid by ordinary civil servants	no minimum defined	Final salary DB pension basis is compensation minus the AOW offset (NLG 26,500/EUR 13,118) accrual rate 3.5% for the 1st 4 years; thereafter 1.75% 40 years for full pension	no minimum defined	80% of final salary	65	-	indexation follows public service wages
2004	individual contribution equal to that paid by ordinary civil servants	no minimum defined	Final salary DB AOW offset EUR 14,250 accrual rate 3.5% for the 1st 4 years; thereafter 1.75% 40 years for full pension	none defined	80% of final salary	65	-	indexation follows public service wages
2007	individual contribution equal to that paid by ordinary civil servants	no minimum defined	Final salary DB AOW offset EUR 15,450 2% accrual rate 40 years for full pension	none defined	80% of final salary	65	-	indexation follows public service wages
2009	individual contribution equal to that paid by ordinary civil servants	no minimum defined	Final salary DB AOW offset EUR 17,450 2% accrual rate 40 years for full pension	none defined	80% of final salary	65	-	indexation follows public service wages

Source: Author.

²²¹ Data for 1990 not available.

5.21. Poland

5.21.1. Wider framework

- In Poland there was no specific arrangement in place for MEPs, i.e. pensions for MEPs were the same as those of MPs and the general population. The country operated a 'defined contribution' scheme. The arrangements introduced with the Members' Statute were more favourable than the Polish arrangements.
- Between 2004 and 2009, MEPs, like the rest of the working population in Poland, were covered by the Polish public pension system, which, since 1999, is based on defined contribution. The amount of future benefit is calculated on the basis of the contributions accumulated and adjusted during the whole career - including periods of service in the Parliament - divided by the life expectancy at the age of retirement.
- The legal framework for the Polish public social security system comprises:
 - Act No. 73 of 9 May 1996 on Exercising the Mandate of a Deputy and Senator;²²²
 - Act No 187 of 30 July 2004 on the salary of Members of the European Parliament elected in the Republic of Poland;²²³
 - Act No. 887 of 13 October 1998 on the Social Insurance System;²²⁴
 - Act No. 162 of 17 December 1998 on Old-Age and Disability Pensions from the Social Insurance Fund.²²⁵

5.21.2. Key features of the pension system for MEPs

- Contributions are compulsory for all workers as well as other groups, including MPs (Article 6, Act No. 887 of 13 October 1998 on the Social Insurance System). Every person that makes at least a single contribution to the system joins the retirement scheme, however the calculation of the pension depends on the date of birth (see below), on the amount of contributions paid to the system and on contribution payment periods. Polish MPs and MEPs between 2004 and 2009 received a parliamentary salary which was treated as a normal salary from employment according (Article 2, Act on the salary of Members of the European Parliament elected in the Republic of Poland). The contributions to the system were paid from their income. The contributions to the Social Insurance Institution are calculated and transferred by the parliamentary administration. The pension insurance contribution rates are: 19.52% of the salary, half (9.76%) is paid by the insured person, and the other half (9.76%) by the employer.
- There is no minimum period of contribution in the Polish system after the reform in 1999. However, to access a pension at the level of minimum state pension the following minimum contributory and non-contributory periods are required:

²²² Journal of law. 1996 no 73 item 350 with amendments.

²²³ Journal of Law 2009 no 111 item 918 with amendments.

²²⁴ Journal of Law 1998 no 137 item 887 with amendments.

²²⁵ Journal of Law 1998 No 162 item 1118 with amendments.

- Women: retirement age at least 60; contributory and non-contributory periods²²⁶ amounting to 20 years. The non-contributory periods cannot be longer than $\frac{1}{3}$ of the contributory periods.
- Men: retirement age at 65; contributory and non-contributory periods amounting to 25 years. The non-contributory periods cannot be longer than $\frac{1}{3}$ of the contributory periods.
- In order to understand the Polish pension system in the years 2004-2009, when MEPs were insured in the public pension scheme, one needs to go back to the pension system reform of 1999. Its most important assumptions were the transition to the defined contribution system and diversification, i.e. the introduction of additional, capital pillars of pension insurance. The reform was implemented gradually and divided persons according to their year of birth:
 - Born before 1 January 1949: Persons born before 1 January 1949 do not participate in the new pension system. Their pension formula is more complicated and is based on defined benefit. It consists of a social part and a seniority part: $P = 24\% \times BA + 1,3\% \times BAC + 0,7\% \times B \times AnC$, where: P is pension benefit; BA – Basic amount, equal to 100% of average salary in the economy in the previous calendar year, reduced by the compulsory social insurance contributions deducted from earnings of the persons insured; BA is the same for all insured persons retiring in the same year. In 2009 BA equalled PLN 2,578.26 (EUR 605.44) (social part); BAC – Basis of assessment for contributory periods - earnings from the 10 consecutive calendar years selected from the last 20 calendar years before the year of application for pension or from 20 calendar years selected from the whole insurance period. It cannot overpass 250% of average salary in the economy in the year of application for pension; $BAnC$ – basis of assessment for non-Contributory periods – the same method as for basis of assessment for contributory periods (seniority part).
 - Born after 31 December 1948: The pension system of people born after 31 December 1949 is based on defined contribution: $nP = \frac{C}{L_e}$, where: nP - pension benefit in the new system; C - total amount of credited old-age pension insurance contributions after adjustment (+ initial capital for people working before 1999); L_e - average life expectancy for persons of an age equal to the retirement age of the insured person concerned, expressed in months.
- In 2008-2009 the level of minimum pension in Poland was PLN 636.29 gross (EUR 149.42). The period of being MP in Poland is treated as years of service. The right to the minimum pension is granted to people who meet the above conditions and the total amount of their accumulated old-age pension insurance contributions is too low to access the higher pension benefit. The maximum benefit exists only for persons born before 1 January 1949. Their pension benefit

²²⁶ "Contributory periods" are - according to article 6 of Act No. 162 of 17 December 1998 on Old-Age and Disability Pensions from the Social Insurance Fund - those of work or other forms of earning money activity (including being Member of the Parliament) in which social security contributions are paid.

"Non-contributory periods" are those special periods that are taken into account for the purposes of determining minimum pension entitlement in which the contributions were not paid. According to art. 7 of Act on Old-Age and Disability Pensions from the Social Insurance Fund they include, for example, periods of receiving maternity or accident benefits, rehabilitation benefit, parental leave, doctoral studies, and others.

may not be higher than 100% of the basis of assessment. The pension benefits calculated under the new rules for people born after 31 December 1948 may be of any amount.

- The retirement age is 60 for women and 65 for men.²²⁷ In certain cases women and men have a right to early retirement (at 55 and 60 years of age respectively).
- There are no special rules on offsetting pensions.
- The pension adjustment is carried out annually from 1 March. The adjustment rate is calculated on the basis of average annual price index of consumer goods and services and has to take into account at least 20% of real growth of the average monthly remuneration in the preceding calendar year. The adjustment rate in 2009 amounted to 106,1%, with the adjustment amount not lower than PLN 70. The guarantee of increasing benefit by at least PLN 70 does not apply to benefits below the minimum state pension. Pension contributions in the public pillar are also subject to adjustment, which consists in multiplying an amount of the pension contributions accumulated on the individual account by a contribution adjustment rate. In 2009 the contribution adjustment rate was 107.2% (Announcement of the Minister of the Family, Labour and Social Policy of 17 June 2020).

5.21.3. Comparison between the treatment of MEPs and MPs

- Between 2004 and until the introduction of the Members' Statute, Polish MEPs and MPs were receiving the same salary.
- Under the Members' Statute Polish MEPs started to receive higher salaries than the national MPs. Polish MEPs do not pay any additional national tax. Polish MPs' salary and supplements are regulated by the Act on Exercising the Mandate of a Deputy and Senator. Their main salary net (after paying tax and insurance contributions) in 2009 was equal to EUR 1,891.15.²²⁸ The salary supplements, e.g. for being the chairman of a parliamentary committee cannot be higher than 35% of parliamentary salary. In addition, there are parliamentary allowances for covering the costs of parliamentary activities (PLN 2,505.50; EUR 576,26), e.g. renting an office etc. but it does not affect the amount of contributions and future pensions.
- Between 2004 and 2009 there were no differences between MEP and MP pension rights. The new MEP pension scheme is more generous for the Polish MEPs than the previous Polish public pension insurance. The method of calculation is more favourable – defined benefit instead of defined contribution and the salaries which are the basis of the benefit calculation are higher.

²²⁷ The retirement age has started to increase in 2013 (gradually by 4 months per year to 67 years for women and men) on the basis of Act of 11 May 2012 on amending the law on pensions from the Social Insurance Fund and some other acts (Journal of Laws 2012, item 637, no longer valid). In 2015 the new government withdrew this reform and established the retirement age again at the level 60 for women and 65 for men.

²²⁸ Exchange rate of Polish National Bank on 28 July 2020

Table 64: Salaries and pension rights for MEPs and MPs (Poland)

	MEP salary (EUR)	MP salary (monthly in EUR) ²²⁹	MP pension rights (monthly in EUR)
2004	1,769.95	1,769.95	MPs and MEPs belong to public system, no special rights
2007	1,779.80	1,779.80	No change
2009	1,891.15	1,891.15	No change

Source: Author.

5.21.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 65: Pension rights for different scenarios (Poland)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	MPs/ MEPs do not belong to any special pension regime. 2 years of contribution will be counted as 2 years of contributory periods and the accumulated and adjusted contributions will be taken into account while counting the pension benefit.	MPs/ MEPs do not belong to any special pension regime. Full legislative term is 5 years which are years of contribution and counted as 5 years of contributory periods and the accumulated and adjusted contributions will be taken into account while counting the pension benefit.	No maximum. The level of benefit depends on how much a person has contributed to the system. Persons born before 1 January 1949 have a maximum pension benefit at the level of 100% of basis of assessment
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

²²⁹ Conversion rate from 'INFOEURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

Table 66: Summary table – MEP pension rights in Poland

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	MEPs are covered by the system on the same basis as MPs: by paying contributions from their parliamentary salary	Defined contribution system, without minimum periods; in order to have minimum state pension: 20 years of contributory and non-contributory periods added together for women and 25 years for men	Born before 1 January 1949: social part multiplied by individual part (calculation below). Born after 31 December 1948: defined contribution; accumulated and adjusted contributions divided by life expectancy at the age of retiring.	No minimum pension secured if contributory and non-contributory periods do not sum 20 years for women and 25 years for men. If so: 2004-2005: PLN 562,58 (EUR: 129,39) 2006-2007: PLN 597,46 (EUR 137,42)	Born before 1 January 1949: pension benefit may not be higher than 100% of the basis of assessment (see below). Born after 31 December 1948: no maximum pension ceiling	60: women 65: men	no special rules	Every year: accumulated contribution adjustment; Every year: pension benefit adjustment
2007	No change	No change	No change	Increase in minimum pension: 2008: PLN 636, 29 (EUR 146,35)	No change	No change	No change	No change
2009	Same as above until the introduction of 2009 Members Statute.	Same as above until the introduction of 2009 Members' Statute.	Same as above until the introduction of 2009 Members' Statute.	Same as above until the introduction of 2009 Members' Statute.	Same as above until the introduction of 2009 Members' Statute.	Same as above until the introduction of 2009 Members' Statute.	No change	No change

Source: Author.

5.22. Portugal

5.22.1. Wider framework

- Until the entry into force of the Members' Statute, MEPs had the same pension rights as MPs. Before 2005, MEPs and MPs were covered by a pension scheme specifically established for MPs; as of 2005 MEPs and MPs were covered by the same pension schemes as applicable to the general population. Before 2005, a defined benefit system was in place; as of 2005 the old-age pension under the general social security system assumes the form of a defined contribution system.²³⁰ The Portuguese arrangements for MEP pension rights were less advantageous than those introduced with the Members' Statute.
- Law 144/1985 on the Statute for MEPs²³¹ extends the application of Law 4/1985 on the remuneration status of public office holders²³² (including MPs) to Portuguese MEPs. More specifically, this law also extends MP pension rights to MEPs (Article 1.3 of Law 144/1985). Article 24 of Law 4/1985 provided for pensions. As of 2005, Law 52A/2005 revokes Article 1.3 of law 144/1985, and stipulates that MPs (and therefore also MEPs, Law 144/1985) are covered by the general social security pensions (Article 4.1, Law 52A/2005 in conjunction with Article 18.1 of Law 7/1993) or by any pension scheme in operation for their specific profession (Article 18.2 of Law 7/1993).²³³ In the latter case, parliament takes care of the employers' contributions.

5.22.2. Key features of the pension system for MEPs

- Before 2005, the right to a 'lifetime monthly grant' ('Subvenção mensal vitalícia') required a total of 8 years of service as MP (consecutive years or aggregate number of years) (Article 24.1, Law 4/1985), subsequently increased to 12 years (Article 1, Law 26/1995). As of 2005, MPs benefit from the general social security system, with access to the old-age pension requiring 15 years of 'employment' and contributions to the social security system (Law 52A/2005 in conjunction with Article 19, Law 187/2007). The contribution rate is 34.75% (11% covered by the employee and 23.75% by the employer).²³⁴
- Before 2005 the pension was calculated at the rate of 4% of the basic final salary per year of mandate, up to 80% (Article 25.1, Law 4/1985). The basic salary of an MP corresponds to 50% of the salary of the President of the Republic (Article 16.1, Law 4/1985).²³⁵ As of the age of 60 years, the pension was calculated at the rate of 8% of the basic final salary per year of mandate (Article 26.2, Law 4/1985). Following the reforms, as of 2005 the pension formula is $P = xNw_{\text{benchmark}}$, where:²³⁶
 - P = pension benefit;
 - X = accrual rate ('the pension accrues at 2% of the earnings base for each year of contributions for 20 or fewer years' contributions, with a lower limit of 30%. For

²³⁰ See Law no. 187/2007, of 10 May 2007, https://dre.pt/web/guest/pesquisa/-/search/520669/details/normal?p_p_auth=GXqU5BgK.

²³¹ See Law No. 144/1985, <https://dre.pt/application/conteudo/546431>.

²³² See Law No. 4/1985 of 9 April 1985, <https://dre.pt/application/conteudo/325545>.

²³³ See Law no. 52A/2005, of 10 October 2005, <https://dre.pt/application/conteudo/485267>.

²³⁴ For a detailed discussion of the Portuguese pension system, see Medeiros Garcia, M. (2017) 'Overview of the Portuguese three pillar pension system' in International Atlantic Economic Society, <https://link.springer.com/content/pdf/10.1007/s11294-017-9636-x.pdf>.

²³⁵ Article 5 of Law 4/1985 stipulates that the salary of the President of the Republic is governed by special law.

²³⁶ Medeiros Garcia, M. (2017) 'Overview of the Portuguese three pillar pension system' in International Atlantic Economic Society, p. 182, <https://link.springer.com/content/pdf/10.1007/s11294-017-9636-x.pdf>.

beneficiaries with 21 or more years of contributions, the accrual rate ranges between 2% and 2.3% depending on earnings');²³⁷

- N = number of years of contribution;
- $W_{\text{benchmark}}$ = reference salary (average of all past earnings).
- Before 1995, MPs/MEPs benefited from the pension as of the end of the mandate. As of 1995, the minimum age was 55 years (Article 1, Law 26/1995). As of 2005 the pension age is 65 years (Article 20, Law 187/2007).
- Before 2005 the pension was not offset against other pensions (Article 27.1, Law 4/1985). This did not change with the reform, i.e. as of 2005, there is no offsetting of the old-age pension under the general social security system.
- The pensions are subject to annual updates, considering GDP and the average annual variation in consumer price index.

5.22.3. Comparison between the treatment of MEPs and MPs

- There were no differences in the treatment of MEPs and MPs prior to the entry into force of the Members' Statute.

Table 67: Salaries and pension rights for MEPs and MPs (Portugal)

	MEP salary (EUR)	MP salary (monthly in EUR) ²³⁸	MP pension rights (monthly in EUR)
1990	Same as MP	2,004.17	1,603.34 ²³⁹
1995	Same as MP	2,778.30	2,222.64 ²⁴⁰
2004	Same as MP	3,448.97	2,759.18 ²⁴¹
2007	Same as MP	3,631.39	Average old-age pension in Portugal: 362 ²⁴²
2009	3,815.17	3,815.17	Average old-age pension in Portugal: 389 ²⁴³

Source: Author.

²³⁷ OECD (2017) Pensions at a glance 2017: Country Profiles – Portugal, p. 2, <https://www.oecd.org/els/public-pensions/PAG2017-country-profile-Portugal.pdf>

²³⁸ See https://www.parlamento.pt/DeputadoGP/Paginas/EstatutoRemuneratorioDeputados_anexo.aspx. The figures correspond to net remuneration ('Vencimento liquido') and exclude representation allowances.

²³⁹ Calculated for an MP of 60 years of age and with 12 years of service under Law 4/1985.

²⁴⁰ Ibid.

²⁴¹ Ibid.

²⁴² See data for 2007 in <https://www.pordata.pt/en/Portugal/Average+annual+Social+Security+pension+total++survivors++disability+and+old+age-706-5158>

²⁴³ See data for 2009 in <https://www.pordata.pt/en/Portugal/Average+annual+Social+Security+pension+total++survivors++disability+and+old+age-706-5158>

5.22.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 68: Pension rights for different scenarios (Portugal)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	No pension rights (Law 4/1985); minimum 8 years of service	No pension rights (Law 4/1985); minimum 8 years of service	80% of salary
1995	No pension rights (Law 4/1985); minimum 12 years of service	No pension rights (Law 4/1985); minimum 12 years of service	No change
2004	No change	No change	No change
2007	Depends on years of contributions to social security system (minimum 15 years required)	Depends on years of contributions to social security system (minimum 15 years required)	Depends on years of contributions to social security system
2009	No change	No change	No change

Source: Author.

Table 69: Summary table – MEP pension rights in Portugal

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	8 years of service as MEP	8 years	4% of the basic final salary per year of mandate; as of the age of 60 years, the percentage increased to 8%	4% of the basic final salary per year of mandate (8% for MEPs of 60 years of age)	80% of the basic final salary	As of the end of the mandate	No	No
1995	12 years of service as MEP	12 years	No change	No change	No change	55 years	No change	No change
2004	12 years of service as MEP	12 years	No change	No change	No change	No change	No change	No change
2007	15 years of contributions to the social security system	15 years of contributions to the social security system	Calculated on basis of social security contribution record and earnings	Calculated on basis of social security contribution record and earnings	Calculated on basis of social security contribution record and earnings	65 years	No change	Annual update (considering GDP, average annual variation in consumer price index)
2009	No change	No change	No change	No change	No change	65 years	No change	No change

Source: Author.

5.23. Romania

5.23.1. Wider framework

- Romania operated a defined benefit scheme between January and December 2007 for MPs that were nominated as MEPs. There was no specific pension arrangement in place for MEPs (same pension arrangements as MPs). Between December 2007 and July 2009, when the Members' Statute entered into force, Romanian MEPs benefited from pensions under the public pension system. The arrangements introduced with the Members' Statute were more favourable than the Romanian arrangements.
- Romania joined the EU on 1 January 2007 during the on-going term of the EP. The first Romanian MEPs were nominated from among the national MPs and were covered by the special pension scheme for MPs, based on defined benefit (Article 64, Law no. 96/2006), which entitles MPs to a pension equivalent to 80% of the average gross income of the last 12 months of activity for those holding minimum 3 mandates; for the MPs with one full legislative term, the pension is 40% of the gross average income of the last 12 months of mandate and for those with two full legislative terms the pension amounts to 60% of the gross average income of the last 12 months. Elections for Romanian MEPs, to replace their colleagues nominated among national MPs, were organised in November 2007. Following these elections MEPs received the same salaries as national MPs (Emergency Ordinance (OUG) 142/2007) but had no special pension rights. Given that it was already clear that the Members' Statute will enter into force in 2009 and that the full pension rights of MPs are accessed after 1 full mandate, for the simplicity's sake the MEPs were in the general public system pension system (Law no.19/2000). These provisions applied until 13 July 2009, when the Members' Statute entered into force.

5.23.2. Key features of the pension system for MEPs

- Between 1 January and 9 December 2007, the special pension was set at 80% of the average gross income of the last 12 months of activity for those MPs and transitional MEPs holding minimum 3 full mandates. The pension amount was diminished by 20% for those serving 2 legislative terms and by 40% serving one term. The pension amount was reduced or increased proportionally for incomplete mandates. The retirement age was set at 63 years, irrespective of gender. The January-December 2007 period counted toward the term starting in December 2004 (and ending in December 2008) (in accordance with the Romanian electoral cycle). Because of their dual status, nominated MEPs never gave up their national MP mandates unless subsequently they were elected MEPs). Between 10 December 2007 and 13 July 2009, the public pension system rules applied to MEPs, namely a minimum contribution period of 11 years and a legal retirement age of 58 years for women and 63 for men. The full contribution period for women was 26 years in 2007 and 27 years in 2009, and 31 for men in both 2007 and 2009.
- In the public system, the monthly social insurance contributions were replaced with points in the pension formula. A person accumulates pension points during his/her working life: first for each month a ratio of his/her gross income and the average gross wage is calculated; then the monthly ratios are summed up and divided by 12 to obtain the average for a given year – which represents the *pension points* earned in that year (annual score). The sum of annual scores earned during the working life divided by the entire contribution period results in the so called *average annual score* of a person. The yearly number of accumulated points cannot

be more than 5. The pension benefit represents the adjusted annual score multiplied by the value of the pension point of the current year. The adjusted annual score results from the multiplication of the annual average score with the *correction index*. The correction index is a factor introduced in the pension's law in 2013. The pension point value is determined by the Government, as a share of the average gross wage, which cannot exceed 50%. In 2007, the share was 31.2% and in 2008 – 37.5%. Upon retirement, the average number of pension points is multiplied by the correction index and the value established by law for each pension point, thus obtaining the pension amount

The current formula is:

- *Pension = Adjusted annual score x Pension point value;*
 - *Where: Adjusted annual score = Average annual score x Correction index.*
- No minimum, and no maximum pension level is set for the special pension scheme to which MEPs were entitled between 1 January and 9 December 2007. Between 10 December 2007 and 13 July 2009, MEP pension rights were subject to the provisions of the national public pension system. Under this system, a minimum pension of EUR 80 (RON 300) entered into force in April 2009. There is no fixed maximum pension amount set by the law, but the value of each pension point cannot exceed 50% of the gross national average wage and the yearly number of accumulated points cannot be more than 5.
 - Between 1 January 2007 and 9 December 2007, the law provided that MEPs must choose between a pension calculated according to the provisions of the special pension scheme applicable to MEPs or according to the public pension system formula. The law forbids the cumulation of the special pension to which the MEPs are entitled with any other pension rights gained in the public system.

5.23.3. Comparison between the treatment of MEPs and MPs

- From 2007 until the Members' Statute entered into force, MEPs received the same salaries as MPs (Law 96/2006 and Government Emergency Ordinance 142/2007). In 2007, the basic gross salary for MEPs was the equivalent of EUR 1,890.²⁴⁴ Between 1 January 2008 and 13 July 2009, the gross average wage of an MEP was the equivalent of EUR 1,665.²⁴⁵
- From 1 January to 9 December 2007 there was no difference between MEP and MP pension rights; both were entitled to a defined benefit special pension. From 10 December 2007 to 13 July 2009, MPs continued to be entitled to a special benefit defined pension, while MEPs were subject to the national public pension system provisions, which is based on a point system, as described in previous sections. Following the elections for the EP in November 2007, Romanian MEPs were assimilated to national MPs only in terms of the level of salary and had no special pension rights, but instead were covered by the national pension system. MEPs who got their mandates before the Members' Statute and were re-elected in 2009 were given the possibility to opt for the national system in respect of salary, transitional allowance and pensions for the entire duration of their European mandate. Taking into consideration that the national system

²⁴⁴ The MPs salary was RON 6,240 and was set as the equivalent of the gross minimum wage for 2007 multiplied with a coefficient of 16, in accordance with the provisions of the Law 154/1998. In 2007, the gross minimum wage was RON 390 (H.G. 1825/2006). At an average exchange rate of RON 3,3 / EUR 1, this results in a gross salary of EUR 1,890.

²⁴⁵ The MPs salary in 2008-2009 was RON 6,994. At an exchange rate of RON 4,2/EUR 1 (in 2009), this results in a gross salary of 1,665 Euro. Although the salary increased in the national currency, when expressed in euro it decreased, due to the depreciation of the Romanian leu.

was less favourable than the one offered by the Members' Statute, none of the Romanian MEPs opted for maintaining their salary at the level of the national MPs.

Table 70: Salaries and pension rights for MEPs and MPs (Romania)

	MEP salary (EUR)	MP salary (monthly in EUR) ²⁴⁶	MP pension rights (monthly in EUR)
2007	Same as MP	EUR 1,890 gross	<p>The pension rights are acquired by MPs regardless of age. The MPs pension depends on the number of legislative terms and is equal to 40%, 60%, or 80% of the gross average income of the last 12 months of legislative term for MPs who served 1, 2 or 3 full legislative terms, respectively.</p> <p>If an MP served an incomplete legislative term, the amount of pension is reduced accordingly.</p> <p>The pension of an MP who retired in 2007 and served either 1, or 2, or 3 full legislative terms was EUR 756, EUR 1,134, or EUR 1,512 respectively</p> <p>Between January and December 2007, there was no difference between the pension rights of MPs and MEPs.</p> <p>After December 2007, MEPs had no special pension rights and were covered by the general public pension scheme, where the level of benefit depends on how much a person has contributed to the system over his/her working career (at least 11 years of contribution).</p>
2009	Same as MP	EUR 1,665 gross (from 1 January until 13 July)	<p>The MP pension rights are the same as above.</p> <p>The amount of pension of an MP who retired in 2009 and served either 1, or 2, or 3 full legislative terms was EUR 666, or EUR 999, or EUR 1,332, respectively</p> <p>MEPs continue to be covered by the general public pension scheme (as described above)</p>

Source: Author.

5.23.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

²⁴⁶ Conversion rate from 'INFOREURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

Table 71: Pension rights for different scenarios (Romania)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2007	EUR 567 (for 3 years of term) ²⁴⁷	n/a, no full legislative term 2007 in the case of Romania	No formal ceiling
2009	Not possible to establish ²⁴⁸	Not possible to establish ²⁴⁹	Not possible to establish ²⁵⁰

Source: Author.

²⁴⁷ The estimation is valid only for the period 1 January-9 December 2007 and regards the December 2004 - November 2007 parliamentary term. All of the nominated MEPs were also MPs, and the 11 months they spent as transitional MEPs (until the elections) is considered as part of the term they were elected either members of the Chamber of Deputies or Senators. The estimation is based on a monthly basic income of 6,240 lei (1890 Euro), a pension formula of 80% of the basic income during the last 12 months, with a reduction of 40% for one term instead of three and a further reduction for an incomplete term (three years=36 months instead of four years=48 months). Final estimated formula is 30% of the basic monthly income. After December 2007 and until July 2009 it is impossible to estimate the pension amount, since the MEPs were part of the public pension system and their pension depended on contributions made to the system throughout their carrier.

²⁴⁸ After 10 December 2007 until the entry into force of the Members Statute (14 July 2009), the MEPs the MEP pensions were subject to the public pension calculation formula, which is a point based system and takes into consideration the overall contribution to the social insurance system throughout the 11 years minimal period, thus making impossible the calculation of the pension amount.

²⁴⁹ Ibid

²⁵⁰ Ibid

Table 72: Summary table – MEP pension rights in Romania

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2007 ²⁵¹	3 full terms for a special pension that is defined benefit. In addition, it is necessary to fulfil the retirement age and to reach the minimum contribution period required in the public system (11 years)	No minimum period of contribution as a MEP	80% of the average gross income of the last 12 months of activity for those holding minimum 3 mandates; the pension is reduced in the case of 1 or 2 mandates or incomplete mandate	No minimum level provided by law	No maximum level provided by law	63 years	Upon reaching the retirement age, the MEPs must opt between the special pension to which are entitled as a MEP and a pension calculated in accordance with the public pension system formulae. To be entitled to a special pension as a MEP, the public pension system conditions regarding the contribution period must be fulfilled.	n/a
2007 ²⁵²	A minimum period of 11 years contribution to the public pension system. In 2008, the contribution for a full pension was 26 years for women and 31 for men	Minimum 11 years of total contribution	Formula used in the public pension system: multiplication of the average number of pension points with the value established by law for each pension point	No minimum pension provided by law	No maximum level provided by law, but the value of each pension point cannot exceed 50% of the gross national average wage and the yearly number of points cannot be more than 5	58 years (women) 63 years (men)	MEPs pension rights are part of the national public pension system. Same rules apply to MEPs as to all the beneficiaries of the public pension system.	n/a

²⁵¹ 1 January to 9 December 2007

²⁵² 11 December 2007 to 31 December 2008

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2009	A minimum period of 11 years contribution to the public pension system. In 2009, the contribution for a full pension was 27 years for women and 31 for men.	Minimum 11 years of total contribution	Formulae used in the public pension system: multiplication of the average number of pension points with the value established by law for each pension point	RON 300 (EUR 80), in force since April 2009	No maximum level provided by law, but the value of each pension point cannot exceed 50% of the gross national average wage and the yearly number of points cannot be more than 5	58 years for women and 63 for men	MEPs pension rights are part of the national public pension system. Same rules apply to MEPs as to all the beneficiaries of the public pension system	n/a

Source: Author.

5.24. Slovakia

5.24.1. Wider framework

- Prior to the entry into force of the Members' Statute there was no specific arrangement in place for MEPs (MEPs / MPs were covered by the same pension system as the general population). MEPs / MPs were eligible to a pension based on their whole career, including their service as MEP / MP. This was a defined contribution scheme. The arrangements introduced with the Members' Statute were more favourable for MEPs than existing arrangements.
- The pension rights and entitlements are regulated by Act No 461/2003. The pension scheme is built on three separate pillars. The first pillar is the state administered mandatory pension insurance. The second pillar, introduced at the beginning of 2005 (Act No. 43/2004), is a defined contribution scheme administered by pension fund management companies. The third is a voluntary supplementary pension saving administered by pension companies.

5.24.2. Key features of the pension system for MEPs

- The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age.
- In 2004 and 2007 the minimum period of contribution was 10 years, increasing to 15 years in 2008. The contribution rate was initially set equally between two pillars (9% and 9% of earnings). In 2012 the contribution rate was changed to 14% and 4% of earnings in favour of the public contribution scheme. Since 2017 the contribution rate to the pension account is increasing by 0.25 percentage points each year until it will reach 6% in 2024 (contributions to public scheme at the same time decrease). The contributions and pension benefits are all tax-exempt.
- The pension scheme is point-based. The pension entitlement is determined as a product of the average personal wage point, the period of contribution and the pension-point value. The average personal wage points are calculated as the ratio of individual earnings to national average earnings. There is a ceiling to earnings for contributions, which is set at three times the national average earnings. The personal wage point in each year ranges from approximately 0.6 to 3. The pension-point value in 2004 and 2005 was stipulated by Act No 461/2003. Throughout 2006 to 2014 the pension-point value in each year was set by the Ministry of Labour, Social Affairs and Family. Since 2015 the pension-point value is indexed to national average earnings.
- The minimum pension level was only established in 2015 (Act No. 140/2015). The minimum pension level was set at EUR 334 for a person with 30 years of contribution and the amount was increased for additional years of contribution. There is no legislated maximum pension level.
- In 2004, the retirement age was 60 years for men and 53-57 years for women (depending on the number of children raised). The retirement age gradually increased, reaching 61 years for men in 2007 and 62 in 2009 and 59 years for women in 2007 and 2009. For women the increase in retirement age was spread over the period 2004-2014 until it reached 62 years. Early retirement is possible maximum two years before reaching retirement age. The conditions are: at least the 15-year contribution and the resulting pension level higher than 1.2 times the adult subsistence income level. Pension benefits in early retirement are permanently reduced by

0.5% each 30-day period earlier than the retirement age which is equivalent to 6.5% annual reduction.

- There are no offsetting rules.

5.24.3. Comparison between the treatment of MEPs and MPs

- The basic gross salary of an MEP was equal to twice the salary of an MP (Act No. 391/2004). The gross salary of an MEP was SKK 86,190 (EUR 2,095) in 2004, SKK 112,566 (EUR 3,273) in 2007 and EUR 4,338 in 2009.
- The basic gross salary of MPs is equal to three times the national average earnings in the previous year (Act No. 120/1993). The basic salary of MP was equal to SKK 43,095 (EUR 1,047) in 2004, SKK 56,283 (EUR 1,637) in 2007 and EUR 2,169 in 2009. MPs are eligible to supplements and allowances received under various titles, such as travel allowances or supplements for specific functions held in the Parliament.
- There was no difference between MEP and MP pension rights.

Table 73: Salaries and pension rights for MEPs and MPs (Slovakia)

	MEP salary (EUR)	MP salary (monthly in EUR) <small>253</small>	MP pension rights (monthly in EUR)
2004	EUR 2,095	EUR 1,047	No specific MP pension rights defined under Act No. 461/2003 Coll. on Social Insurance
2007	EUR 3,273	EUR 1,637	No change
2009	EUR 4,338	EUR 2,169	No change

Source: Author.

Note: The salary of MP is the calculated as the triple of the national average earnings in the previous year. The salary of MEP is calculated as the double of MP salary. Amounts in SKK are converted to EUR. Exchange rate of SKK to EUR was 34.383 on 2 January 2007 and 41.145 on 2 January 2004.

5.24.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

²⁵³ Conversion rate from 'INFOREURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

Table 74: Pension rights for different scenarios (Slovakia)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	10 years of contribution period in addition to reaching the pension age	10 years of contribution period in addition to reaching the pension age.	No maximum pension, but maximum basis, to which every insured person (including MPs and MEPs) have rights under the same conditions (see above).
2007	15 years of contribution period in addition to reaching the pension age	15 years of contribution period in addition to reaching the pension age.	No change
2009	No change	No change	No change

Source: Author.

Table 75: Summary table – MEP pension rights in Slovakia

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	The qualifying condition for entitlement to the old-age pension is defined by the number of years of contribution and reaching the retirement age	10 years of service in general	The pension entitlement is calculated as the sum of pension points over the career multiplied by the pension-point value	Not defined	Not defined	Women: 53-57, men: 60. Retirement age of women is decreased with the number of children raised	No	Pensions are indexed to the average of earnings growth and price inflation
2007	No change	15 years of service in general	No change	No change	No change	Women: 54-59, men: 61. Retirement age of women is decreased with the number of children raised	No change	No change
2009	No change	No change	No change	No change	No change	Women: 56-60, men: 62. Retirement age of women is decreased with the number of children raised	No change	No change

Source: Author.

5.25. Slovenia

5.25.1. Wider framework

- In the period 2004-2009, MEPs were covered by the public pension system based on defined benefit. There was no special pension system for MEPs, i.e. pensions for MEPs were the same as those of MPs and the general population. At the time (2004-2009) the public pension system was a defined benefit system based on inter-generational solidarity. Before the reform in 2012 the system had a unique feature, which was the horizontal equalisation. According to this rule people retiring under similar conditions at different times had different indexation in order to receive a similar pension. MEPs and MPs paid the same social security contributions at the level of 15.5% (paid by the employer) and 8.85% by the employee.
- In the period 2004-2009, the legal framework was set out in the 'Pension and Disability Insurance Act' (PDIA-1) of 10 December 1999 which replaced PDIA from 1992 and introduced a multi-pillar pension system; and as of 2012, the 'Pension and Disability Insurance Act 2' (PDIA-2) that simplified the Slovenian retirement system, increased the retirement age and the number of years of contribution and introduced less generous indexation, including the end of horizontal equalisation.

5.25.2. Key features of the pension system for MEPs

- Persons performing public functions, including those elected to the legislative bodies of the Republic of Slovenia were compulsorily insured if they received a salary for their office or function (Article 13 p. 2 of the PDIA from 1999 (in force till 2013)). The insurance lasted from the beginning to the end of legal relationship which was the basis for compulsory insurance (Article 30, PDIA). Thus, MPs and MEPs during the period from 2004 to 2009 were covered by the public pension system on the basis of their employment status.
- The reform of 1999 tightened the eligibility criteria, extended the required periods of seniority to access a pension, and introduced incentives for employability of older workers. The conditions for assessing the scheme were different for men and women. During 2004 to 2009, following Slovenia's EU membership, when MEPs were covered by the public Slovenian pension system, the minimum and maximum levels of contribution period and retirement age were specified in article 36 of the PDIA-1:
 - Men: 58 years old with a minimum 40 year pension qualifying period; or 63 years old with a minimum 20 year pension qualifying period; or 65 years old with a minimum 15 year insurance period.
 - Women: 58 years old with a minimum 38 year pension qualifying period; or 61 years old with a minimum 20 year pension qualifying period; or 63 years old with a minimum 15 year insurance period.
- The pension qualifying periods were insurance periods (when an individual was covered by the first pillar of the pension system) and special periods which were credited to the pension qualifying period but for which contributions had not been paid.
- The pension was calculated on the basis of the average monthly salaries in the best 18 consecutive years (or other income from which contributions were paid) of insurance after 1 January 1970. Another important factor was gender. Old-age pension was calculated as a percentage of the pension base, depending on the number of completed years of service: 35%

for men and 38% for women for the first fifteen years of service (pension base were decreased during consecutive years), and 1.5% for each additional year of service irrespective of gender. Therefore, the pension amount (P) in the studied period was the function of earnings, pension qualifying period, age and gender, total accumulated accrual rates and the indexation formula: $P = f(Pb, qp, bm, Tac, In)$, where:

- P -amount of pension benefit
 - Pb – pension base, average earnings from 18 consecutive years
 - Qp – Pension qualifying period (working periods, special periods)
 - Bm - bonuses and maluses (age, gender) e.g. pensioner could accrue additional 1% for each three months of work after fulfilment of 60 years of age and completion of 40 years of pensionable service without purchasing years (including transitional periods), i.e. additional 4% per year against the normal yearly accrual rate of 1.25%. This bonus lasts 3 years, so one could accrue additional 12%.
 - Tac – Total accumulated accrual rate (Accrual rate was set to 1.25% for each year after contributory period of 15 years; for the first 15 years the accrual rate is 35% for men and 38% for women)
 - In – Indexation (growth of net wages, equalisation of old and new accrual rates)
- During 2004-2009 there were no explicit amounts of the minimum and maximum pensions in the system. The pension amount could be, however, limited by the minimum and maximum pension base (see above). The maximum pension base equalled four times the minimum pension base (Articles 48 and 49, PDIA-1). The latter should be published by the Pension and Disability Insurance Institute of Slovenia (ZPIZ). The pension for a full pension qualifying period amounted to 72.5 % of the pension base. For all insured persons who had the full qualifying period but stopped working and retired before the statutory retirement age, the pension level was decreasing. Every missing month 0,1 – 0,3% points of accrual rate (depending on how close to the retirement age the person was). But there were also incentives from 0,1 to 0,3% of accrual rate for every month of work after the statutory retirement age.
 - In 2004-2009 the same retirement age applied to MEPs, MPs, and other insured Slovenians. As stated before, the age qualifying for pension differs, depending on the years of contribution (see above). However, in the period 2004-2009 there were exceptions. The retirement age could be decreased in the case of those individuals who were parents. The retirement age should be decreased for each born or adopted child who has the citizenship of the Republic of Slovenia (Article 37, PDIA-1):
 - 8 months in case of one child;
 - 20 months in case of 2 children;
 - 36 months in case of 3 children;
 - 20 months for each subsequent child.
 - The parents themselves could decide who (mother or father) would benefit from the decrease. The lowering of the retirement age was also possible if someone had started to work before reaching 18 years – for the whole period of work before adulthood.
 - There were no special rules on offsetting pensions.

- In order to equalise old pensions to the new ones, there was a revalorisation of the pension base. In the public sector, the calculation of the pension was less favourable for insured persons under the reform of 1999. The new law has introduced calculation based out of 18 consecutive years of service instead of 10. Therefore, the horizontal equation has been introduced. It means that using a vector of revalorisation coefficients the income from the best eighteen consecutive years was recalculated in favour of the younger pensioners.
- During 2004-2009, the pensions of persons insured in the public system in Slovenia (including MPs and MEPs) were indexed with the rate of (net) wage growth of all employed persons. The indexation took place twice a year, in February and December.

5.25.3. Comparison between the treatment of MEPs and MPs

- In 2004-2009 the salaries of MPs and MEPs were the same.
- According to art. 23 of the Act on Deputies (ZPos) every member of the Parliament has the right to salary. The basis for calculating the salaries of deputies is the average monthly salary per employee in the economy of the Republic of Slovenia according to the latest official data from the Statistical Office of the Republic of Slovenia. The salary of an MP is determined by multiplying the base by a special coefficient and increasing it by a functional allowance, and increasing the total amount by a percentage for the length of service. The salary of an MP is increased by 0.5% for each service year commenced, but by no more than 20%. In addition to the salary, which consists of the basic salary and the functional allowance, the deputies have a certain amount of resources at their disposal, including the services they use and which help them in performing the deputy function.

Table 76: Salaries and pension rights for MEPs and MPs (Slovenia)

	MEP salary (EUR)	MP salary (monthly in EUR) <small>254</small>	MP pension rights (monthly in EUR)
2004	Same as MP	2,510 ²⁵⁵	MPs and MEPs were covered by the public pension system and were contributing to and benefiting from the system according to the same rules as other insured persons in Slovenia
2007	Same as MP	2,788	No change
2009	Same as MP	3,122	No change

Source: Author

²⁵⁴ Conversion rate from 'INFOEURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

²⁵⁵ Those amounts are averages for Slovenian MPs in the studied years. The salary of MPs depends on the years of service, term of office, additional functions in the Parliament etc.

5.25.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 77: Pension rights for different scenarios (Slovenia)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
2004	The level of the salary from which contribution is paid is increased by 0,5% for each service year commenced	The level of the salary from which contribution is paid is increased by 0,5% for each service year commenced	There is no maximum pension in Slovenia, but maximum basis, to which every insured person (including MPs and MEPs) have rights under the same conditions (see above)
2007	No change	No change	No change
2009	No change	No change	No change

Source: Author.

Table 78: Summary table – MEP pension rights in Slovenia

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2004	All persons receiving salaries (including elected MPs and MEPs) were covered	MPs have the same minimum period entitling to retirement as other citizens. Years of service as an MP are included into seniority period necessary to get pension entitlements.	Pension amount was a function of earnings, pension period, age and gender, total accumulated accrual rates and indexation formula	No minimum pension, but minimum pension base: published every year by ZPIZ	No maximum amount of pension, but a maximum pension base equal to 4x minimum pension base	From 58 years of age but only with minimum number of qualified periods. Could be decreased under condition of having children	No rules	Horizontal equalisation of pension base; wage and price increase for existing benefits
2007	No change	No change	No change	No change	No change	No change	No change	No change
2009	No change	No change	No change	No change	No change	No change	No change	No change

Source: Author.

5.26. Spain

5.26.1. Wider framework

- In Spain MEP and MP pensions are covered by the public general social security system, i.e. the pension system for the general population. It is a defined benefit scheme. During the period of reference, the provisions were less advantageous than those under the Members' Statute.
- Until 2009, MEP salaries were paid by the National Parliament, so the same rules applied to MEPs and MPs. The Ministerial Order 2865/ 2003 includes MEPs and MPs in a Special Agreement regulating the Social Security System.²⁵⁶ The order establishes that the National Parliament might adopt a special agreement with those MEPs and MPs that wish to be included in a system similar to the General Social Security system (even if they had a different system prior to becoming MP).²⁵⁷
- Pensions are funded by contributions from employers and employees. Pension schemes are defined in terms of a percentage of salary and years of employment. There are minimum and maximum pension levels established by the legislation (see the following section). The public system might be complemented by a private pension scheme, and in fact the competent authorities advise to get a private scheme. Nevertheless, there was a complementary pension scheme that applied to MPs between 2006 and 2011. The complementary pension scheme aimed to cover eventual gaps for the first MPs in the 1980's when the Spanish National Parliament was established. It also covered gaps in the case of those MPs that did not reach the maximum pension after being MPs for at least seven years. It should be noted that this special pension scheme for MPs only applied to MEPs as long as they have been MPs.
- Since there is no specific legal basis for pension rights of MEPs we will refer to the legal basis for pension rights of MPs. The general Social Security Act applies to both. Regarding the period of reference (1990-2009), the main legal basis for pensions are the Social Security Act of 1966,²⁵⁸ and the Social Security Act of 1994.²⁵⁹ Both pieces of legislation have been amended in 2011 and 2015.²⁶⁰ The Regulation of the Congress of Deputies²⁶¹ establishes the system of social protection for MPs. Article 9 states that the Parliament's budget will be in charge of the contributions to the Social Security and the Mutual Entities for the MPs. The complementary scheme for MPs (2006 to 2011) was regulated in the Regulation of parliamentary pensions and other subsidies for ex-parliamentarians, adopted on the 11 July 2006.²⁶²

²⁵⁶ Orden TAS 2865/2003, de 13 de octubre, por la que se regula el convenio especial en el Sistema de la Seguridad Social, published in the Official Journal (BOE) N. 250 of 18 October 2003.

²⁵⁷ Article 11 of the Ministerial Order TAS 2865/2003.

²⁵⁸ Decree 907/1966, of 21 April, regulating the Basis of the Social Security, published in the Official Journal (BOE) N. 96 of 22 April 1966 (Decreto 907/1966, de 21 de abril, aprobando el texto articulado primero de la Ley 193/1963, de 28 de diciembre, sobre Bases de la Seguridad Social).

²⁵⁹ Royal Decree 1/1994, of 20 June, adopting the Social Security Act, published in the Official Journal (BOE) N. 154 of 29 June 1994 (Real Decreto Legislativo 1/1994, de 20 de julio, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social).

²⁶⁰ Royal Decree 8/2015, of 30 October, published in the Official Journal (BOE) N. 261 of 31 October 2015 (Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social).

²⁶¹ Regulation of the Congress of Deputies, published in the Official Journal (BOE) N. 55 of 5 April 1982 (Reglamento del Congreso de los Diputados).

²⁶² Reglamento de pensiones parlamentarias y otras prestaciones económicas a 628/000004 (S) favor de los ex-parlamentarios, aprobado por las Mesas del Congreso de los Diputados y del Senado en su reunión del día 11 de julio de 2006. The regulation was published at the Official Journal of the National Parliament (BOCG) Serie A, N. 278, of 14 July 2006.

5.26.2. Key features of the pension system for MEPs

- MEPs / MPs need to be affiliated to a Social Security scheme in order to be entitled to a pension. This means that as long as they provide services for the Parliament, they need to contribute to one of the following types of social protection:
 - (1) Social Security. There are two types of schemes: General Scheme and Special Schemes. The General Scheme applies to the largest majority of employees; the Special Schemes apply to self-employed workers, seafarers, farmers and coal mining workers.
 - (2) Civil servants. If MEPs / MPs are civil servants, they might choose to contribute to a specific scheme, such as the so-called mutual companies.²⁶³
 - (3) Professionals. If MEPs / MPs belong to a certain category of profession, such as lawyers, doctors, engineers, etc. they might contribute to their professional bodies.

It is important to note that MPs / MEPs are not considered as 'employees' of the National Parliament, so they might decide continuing with the same social protection scheme that they had before becoming parliamentarians. They shall contribute to just one of the above-mentioned schemes and it should be the same scheme that they contributed to before the parliamentary activity. Only when MPs work exclusively for the Congress, they might adhere to the social protection scheme of the Congress on a voluntary basis, since the parliamentarian would need to specifically apply for it. The social protection scheme that the Congress offers is similar to the Social Security scheme (the only differences relate to unemployment and training benefits). In any case, the general rule is that both MPs and MEPs make contributions either to the Congress social protection scheme, to the Social Security, to the mutual companies or to the professional bodies. Only if the MPs had no prior social protection scheme and refuses to get the Congress social protection scheme, it might happen that he/she opts out of any pension scheme and makes not contribution. Nevertheless, this is really exceptional. The Congress offers social protection only in the case that the MP works exclusively for the Congress and ceases on his/her previous professional activity.

The minimum contribution period is 15 years, of which at least two should fall within the 15 years immediately preceding the retirement. This has remained unchanged for the entire period covered, 1990-2009.

- The benefit is calculated as a percentage of a 'base pension' (obtained as an average of past earnings) or regulatory base, linked to the contributions paid. In 1990, the base pension was obtained with the last 8 years of contributions paid prior to retirement. This increased to 15 years in 1995 and to 25 years in 2011.²⁶⁴ The regulatory base is obtained by dividing by 210 the contribution bases during the last 180 months (15 years) prior to retirement. The contribution bases are recalculated according to inflation, except for the 24 months prior to retirement. The percentage applied to the 'base pension' has remained unchanged for the entire period covered, with the exception of the complementary pension scheme in place between 2006-2011. During the first 15 years of contribution, MEPs are entitled to a maximum of 50% of the base pension. Then, from year 16 to year 25, they are entitled to 3% per each additional year of

²⁶³ MUFACE: Mutual Companies for National Civil Servants, Mutualidades de los Funcionarios Civiles del Estado; MUGEJU: Mutual Companies for Civil Servants from the Justice Sector, Mutualidad General Judicial; ISFASS: Social Institute of the Army, Instituto Social de las Fuerzas Armadas.

²⁶⁴ Asisp Annual Report 2012 Spain Current Status, Reforms and the Political and Scientific Discourse during the previous Year (2011 until February 2012), p. 5.

contribution; between year 26 and year 35, to 2% per each additional year. This system would allow MEPs to reach 100% of the benefit after 35 years of contributions.

- The minimum and maximum pension levels are established on a yearly basis. For example, in 2005, the maximum pension benefit was EUR 30,228 per year;²⁶⁵ in 2020, the maximum pension benefit is EUR 37,566.76 per year. The minimum pension levels depend of the pensioner's age and on household composition.

In 1990,²⁶⁶ the minimum monthly pension level for a pensioner aged over 65 was PTA 47,010 (EUR 297.80) (married) / PTA 39,950 (EUR 253.07) (single); and for pensioners under 65 PTA 41,130 (EUR 260.55) (married) / PTA 34,860 (EUR 220.83) (single). The maximum monthly pension level was PTA 207,152 (EUR 1,312.30).²⁶⁷

In 1995,²⁶⁸ the minimum yearly pension levels for a pensioner aged over 65 were PTA 843,080 (EUR 5,267.53) (married) / PTA 716,520 (EUR 4,415.14) (single); and for pensioners under 65 were PTA 737,800 (EUR 4,545.25) (married) / PTA 625,380 (EUR 3,259.54) (single).²⁶⁹

In 2004,²⁷⁰ the minimum yearly pension levels for a pensioner aged over 65 were EUR 6,788.46 (married) / EUR 5,764.64 (single); and for pensioners under 65 were EUR 6,344.24 (married) / EUR 5,371.24 (single).

In 2007,²⁷¹ the minimum yearly pension levels for a pensioner aged over 65 were EUR 8,484.84 (married) / EUR 6,905.08 (single) / EUR 7,651.70 (married but the spouse not economically dependent); and for pensioners under 65 were EUR 9,122.82 (married) / EUR 7,339.32 (single) / EUR 7,129.92 (married but the spouse not economically dependent).

In 2009,²⁷² the minimum yearly pension levels for a pensioner aged over 65 were EUR 9,746.66 (married) / EUR 7,861.70 (single); and for pensioners under 65 were EUR 7,929.72 (married) / EUR 6,433.98 (single).

- From 1990 to 2009, the retirement age of an MEP in Spain was 65.
- According to the Bank of Spain, the contribution bases used to calculate the regulatory base of pensions are revalued in line with inflation.²⁷³

5.26.3. Comparison between the treatment of MEPs and MPs

- Until 2009, the salaries of MEPs were almost the same as those of MPs. It is interesting to note that MEP salaries were about EUR 20 less than MP salaries in 1990 and 1995. Until 2004, the Spanish MEPs received the lowest salaries compared to MEPs from other Member States. In 2009, before the adoption of the Members' Statute, the level of their salaries ranked 17

²⁶⁵ European Commission (2007), Pension schemes and projection models UE, p. 112.

²⁶⁶ Royal Decree 863/1990, of 6 July on reassessment of the pensions (Real Decreto 863/1990 sobre revalorización de las pensiones).

²⁶⁷ Exchange rate ECU/Pta. on March 1994 was 157.857. There is no information on exchange rates prior to 1994.

²⁶⁸ Royal Decree 2547/1994, of 29 December on reassessment of the pensions, published in the BOE N. 313 of 31 December 1994.

²⁶⁹ Exchange rate ECU / Pta. on December 1995 was 160.052 (Source: InforEuro).

²⁷⁰ Royal Decree 2/2004, of 9 January (Real Decreto 2/2004, de 9 de enero sobre revalorización de las pensiones del sistema de la Seguridad Social para el ejercicio 2004).

²⁷¹ Royal Decree 1578/2006, of 22 December, (Real Decreto 1578/2006, de 22 de diciembre sobre revalorización de las pensiones del sistema de la Seguridad Social y de otras prestaciones sociales públicas para el ejercicio 2007).

²⁷² Royal Decree 2127/2009, of 26 December (Real Decreto 2127/2009, de 26 de diciembre sobre revalorización de las pensiones del sistema de la Seguridad Social para el ejercicio 2009).

²⁷³ Bank of Spain (2017), The Spanish Public Pension System: current situation, challenges and reform alternatives. Documentos Ocasionales N. 1701, p. 15.

amongst 27 Member States. With the Members' Statute, Spanish MEPs doubled their gross salaries from EUR 3,126 to EUR 7,665.

- Regarding the social contributions for health care and for access to the pension schemes, in 2009 MEPs were offered the choice between keeping the same salary as MPs and maintaining the Social Security system for their contributions or receiving the substantially higher salaries of the MEPs and concluding individual arrangements with the Spanish Social Security. In 2020, the monthly salary of all MPs is EUR 3,050.62. Salaries are subject to the general taxation scheme.
- There are no differences between MEP and MP pension rights. The pension scheme of the Social Security equally applies to both, with some temporary differences compared to the system applied to the rest of the citizens. These differences refer to the complementary system that was in place for MPs between 2006 and 2011.²⁷⁴ As mentioned above, MEPs had the possibility to access the complementary pension scheme only as long as they had been MPs. The scheme established that MPs were entitled to:
 - a) 80% of the maximum pension rights if they had contributed to the Social Security 7-9 years,
 - b) 90% of the maximum pension rights if they had contributed to the Social Security 9-11 years,
 - c) 100% of the maximum pension rights if they had contributed to the Social Security for a minimum of 11 years.

One of the main differences with the pension scheme for the rest of the citizens was that MPs received 100% of the maximum allocation for pension if they had contributed to the Social Security system for 11 years – compared to 35 years for the rest of the citizens.

- These privileges disappeared in 2011, with some temporary exceptions established in the Regulation on pensions for MPs.²⁷⁵ The regulation sets out that MPs that have been members of the Parliament during the entire legislative period between 1977 and 1982 might be entitled to a supplement of pension equivalent to 80% of the difference between the allocated pensions and the maximum amount that the law entitles for public pensions (EUR 2,683.34 in 2020). The reformed system of 2011 does not apply retroactively.

²⁷⁴ Reglamento de pensiones parlamentarias y otras prestaciones económicas a 628/000004 (S) favor de los ex-parlamentarios, aprobado por las Mesas del Congreso de los Diputados y del Senado en su reunión del día 11 de julio de 2006. The regulation was published at the Official Journal of the National Parliament (BOCG) Serie A, N. 278, of 14 July 2006).

²⁷⁵ Regulation of Parliamentary Pensions adopted on 11 July 2006 and amended on 18 December 2007 and 19 July 2011. Available at: http://www.congreso.es/docu/prot_social/REG_PENSIONES_PARL_20160321.pdf

Table 79: Salaries and pension rights for MEPs and MPs (Spain)

	MEP salary (EUR)	MP salary (EUR)	MP pension rights
1990	1,935.37	1,953.80	Minimum number of years of contribution:15. Number of contribution years that determine the reference income to calculate the base pension: 8 years immediately before the retirement. Number of years required to be entitled to 100% of the maximum retirement pension: 35 years.
1995	2,270.14	2,293.95	Minimum number of years of contribution: 15. Number of contribution years that determine the reference income to calculate the base pension: 15 years immediately before the retirement. ²⁷⁶
2004	2,618.73	2,618.73	No change
2007	Same as MP	3,020.79	Conditions for being entitled to pensions after being MP for at least 7 years: ²⁷⁷ Aged 65 and be retired, or Early retirement, provided that the MP is more than 60 years old and has contributed to the Social Security for 40 years, Has obtained the declaration of permanent disability (total or near-total disability). MPs were entitled to: 80% of the maximum pension rights if they had contributed to the Social Security 7-9 years, 90% of the maximum pension rights if they had contributed to the Social Security 9-11 years, 100% of the maximum pension rights if they had contributed to the Social Security for a minimum of 11 years.
2009	Same as MP	3,126	No change

Source: Author.

5.26.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

It should be noted that the number of years of contribution that entitle MEPs to obtain a retirement pension is the same number as for the general population, and the same as MPs. The minimum years of contribution is 15, so MEPs have no specific pension rights for only two or four years of contribution.

²⁷⁶ OECD Economic Surveys: Spain 2001, page 168.

²⁷⁷ Arts. 2 and 3 of the Regulation of Parliamentary Pensions adopted on 11 July 2006 (published at the Official Journal of the National Parliament – Boletín Oficial de las Cortes Generales - N. 278, on the 14 July 2006).

Table 80: Pension rights for different scenarios (Spain)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	None	None	Cannot be established
1995	No change	No change	Cannot be established
2004	No change	No change	Cannot be established
2007	No change	No change	Cannot be established
2009	No change	No change	Cannot be established

Source: Author.

Table 81: Summary table – MEP pension rights in Spain²⁷⁸

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	Having contributed to the Social Security system and being aged 65 (except early retirement)	15 years	% applied to calculate the 'base pension' linked to the contributions paid: 50% of the base pension from year 1-15; 3% per additional year from year 16 to 25; 2% per additional year from year 26-35	Depend on age and household composition . Levels established by law	N. of years of contribution required to be entitled to the maximum pension rights: 35	65		Calculation of the regulatory base of pensions is revalued in line with inflation
1995	No change	15 years of contribution to the Social Security	No change	No change	No change	No change		No change
2004	No change	No change	No change	No change	No change	No change		No change
2007	Being MP for at least 7 years, and aged 65	7 years of contribution to the Social Security ²⁷⁹ *	80% of the max. pension rights if contributed 7-9 years; 90% if 9-11 years; 100% if 11 years*	No change	N. of years of contribution required to be entitled to the max. pension rights: 11 *	No change		No change
2009	No change	No change	No change	No change	No change	No change		No change

Source: Author.

²⁷⁸ NOTE: MEPs don't have a specific pension scheme. The special complementary scheme to MPs only applies to MEPs as long as they have been MPs.

²⁷⁹ NOTE: * means that the special complementary scheme was in place between 2006 - 2011

5.27. Sweden

5.27.1. Wider framework

- MEPs / MPs were covered by the same dedicated pension scheme, different from the one of the general population. This was a 'defined benefit' scheme. The arrangements introduced with the Members' Statute were more favourable than Member State arrangements.
- The general Swedish pension system has undergone reform since 1994. The former defined benefit system was replaced with a combination of a PAYGO notional defined contribution and a privately managed defined contribution financial account scheme.²⁸⁰ However, the pension rights for Swedish MEPs remained based on a defined benefit pension scheme, determined on the basis of a pensionable salary and a time factor. The introduction of a defined-contribution pension scheme for MPs / MEPs has been considered in 2004 and in 2009, aiming to adjust the MP/MEP pension conditions to those for civil servants.²⁸¹ However, finally this was rejected on grounds of being too expensive and representing a substantial administrative burden given the small size of the target group (MEPs/MPs).
- The legal basis for pension rights of MEPs in Sweden is set out in 'Act 1996: 304 on fees, etc. to Sweden's representatives in the European Parliament' (the Representative Act, entry into force on 1 June 1996) and in 'Act 1995: 564 on fees, etc. to Sweden's representative in the European Parliament'. The latter stipulated that MEPs are entitled to benefits corresponding to those that apply to MPs under 'Act (1994: 1065) on financial conditions for members of the Riksdag'. The Representative Act has been amended on several occasions without modifying MEP pension rights; it was finally repealed by 'Act (2009:1585)' and ceased to apply by the end of 2009. However, it continued to apply to old-age pensions and survivors' pensions earned before the end of the Act, however not for those who complete their term in the Riksdag after this date.
- The pension system for Swedish MPs under Act (1994: 1065) changed as of 1 January 2010. The background is, among other things, that younger members were disadvantaged in the previous system. In the new system, all assignment time is equally valuable when it comes to the pension, regardless of the member's age. The previous condition to be at least 50 at the end of the term to receive an old-age pension was abolished, and so was the opportunity to earn a full old-age pension after only 12 years of service. The new old-age pension was earned without a lower and upper age limit. However, the maximum time during which a pension can be earned is limited to 30 years.

5.27.2. Key features of the pension system for MEPs

- Access to the old-age pension system for MEPs was tied to two conditions, namely (1) to have served a minimum of 6 full years as MP and/or MEP before the age of 65, and (2) to have reached the age of 50 at the end of his/her term. These conditions did not change throughout the timeframe of this study. MEPs who have served for less than 6 years and/or have not reached the age of 50 at the end of their term, have no right to an old-age pension (Act (1996: 304)).

²⁸⁰ Palmer, E. (2000) The Swedish pension reform model: framework and issues (English). Social Protection discussion paper; no. SP 0012 Washington, D.C. : World Bank Group. <http://documents.worldbank.org/curated/en/559651468761095868/The-Swedish-pension-reform-model-framework-and-issues>

²⁸¹ Sveriges Riksdag, Report 2004/05:URF2, <https://data.riksdagen.se/fil/41CB234B-6314-4904-999A-D19FD659E4DA>, and Sveriges Riksdag, Report 2009/10:KU12, <https://data.riksdagen.se/fil/3A3AA8BB-AA0E-4CF9-BE35-4858862B5792>

Instead, MEPs who have served at least three continuous years as MEP and/or MEP before the age of 65, have the right to a life annuity ('egenlivränta') from the age of 65.

- The MP/MEP pension system is financed by taxes and MPs/MEPs paid no contributions.
- The old-age pension is calculated based on a formula that considers, a calculated pension basis, a price base amount and a time factor. The pension basis results from the average amount of the salary of the last five years before retirement, adjusted by a price base amount on general insurance (Act (1962: 381)).²⁸² The purpose of the price base amount is to adjust the pension level to inflation. It is calculated based on the change in the Consumer Price Index per calendar year. The time factor is the ratio between the number of full years as MEP (but not more than twelve) and number twelve. The following formula is applied to calculate the pension level (Act (1996:304) Chapter 4, 4§). The old-age pension amounts to the sum of:
 - time factor multiplied by:
 - 11.5 % of the pension basis, up to 7.5 times the price base amount (according to Act (1962: 381) on general insurance),
 - 65 % of the pension basis that exceeds 7.5 times but not 20 times the price base amount,
 - 32.5 % of the part of the pension basis that exceeds 20 times but not 30 times the price base amount.
- The minimum and maximum pension levels are defined by the time factor applied in the pension formula. Following the conditions, that MEPs have to have served at least six full years, the minimum time factor is $6/12=0.5$. The full pension is reached after 12 years; thus, the maximum time factor is $12/12=1$.
- The old-age pension can be drawn from the age of 65.
- Only one full state pension can be paid, in that case, the best one (Ordinance (1995: 268) on the coordination of state occupational pensions). It is however possible to receive a full old-age pension from associations of local authorities and county councils at the same time as receiving a full old-age pension from the Riksdag. This is due to the fact that a full pension only required 12 years of service. An occupational pension based on private employment is not offset against a state pension.²⁸³
- The pension level is influenced by a price base amount which is part of the pension formula.²⁸⁴ The price base amount serves to adjust the pension level to inflation in society. It is calculated based on the change in the Consumer Price Index per calendar year.

5.27.3. Comparison between the treatment of MEPs and MPs

- Between 1995 and 2009, there was no difference in salaries between MPs and MEPs. This is laid down in Act (1996:304) Chapter 2, 2§, stating that MEPs receive a monthly salary corresponding to the MP salary as defined in Act (1994:1065) Chapter 3, 1§. The same principle applied to

²⁸² Statistics Sweden, Price base amount, available <https://www.scb.se/en/finding-statistics/statistics-by-subject-area/prices-and-consumption/consumer-price-index/consumer-price-index-cpi/pong/tables-and-graphs/price-basic-amount/price-base-amount/>.

²⁸³ Sveriges Riksdag, Report 2004/05:URF2, <https://data.riksdagen.se/fil/41CB234B-6314-4904-999A-D19FD659E4DA>, p. 61.

²⁸⁴ Sveriges Riksdag, Report 2009/10:KU12, <https://data.riksdagen.se/fil/3A3AA8BB-AA0E-4CF9-BE35-4858862B5792>.

pensions, i.e. between 1995 and 2009 there were no differences between MEP and MP pension rights.

Table 82: Salaries and pension rights for MEPs and MPs (Sweden)

	MEP salary (EUR)	MP salary (monthly in EUR) ²⁸⁵	MP / MEP pension rights (monthly in EUR)
1995	Same as MP	SEK 27,500 EUR 2,935	Time factor (ratio of years (max 12) to number 12) multiplied by: 11.5 % of the pension basis, up to 7.5 times the price base amount (according to the Act (1962: 381) on general insurance); 65 % of the pension basis that exceeds 7.5 times but not 20 times the price base amount; 32.5 % of the pension basis that exceeds 20 times but not 30 times the price base amount. Price base amount: SEK 35,700 = EUR 3,806
2004	Same as MP	SEK 46,400 EUR 4,947	No change Price base amount: SEK 39,300 = EUR 4,190
2007	Same as MP	SEK 52 900 EUR 5 640	No change Price base amount: SEK 40,300 = EUR 4,297
2009	Same as MP	SEK 55,000 EUR 5,864	No change Price base amount: SEK 42,800 = EUR 4,563

Source: Author.

Note: Exchange rate SEK to EUR according to ECB average between 1999-2020: EUR 1 = SEK 9.3789

²⁸⁵ Conversion rate from 'INFOEURO' average for 2004, https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

5.27.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 83: Pension rights for different scenarios (Sweden)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1995	-	<p>Life annuity:</p> <p>Time factor (ratio number of years (max 12) to number 12) multiplied by:</p> <p>9.5 % of the pension basis, up to 7.5 times the price base amount (according to the Act (1962: 381) on general insurance)</p> <p>61.5 % of the pension basis that exceeds 7.5 times but not 20 times the price base amount</p> <p>30.75% of the pension basis that exceeds 20 times but not 30 times the price base amount.</p>	<p>Old-age pension:</p> <p>Time factor (ratio of years (max 12) to number 12) multiplied by:</p> <p>11.5 % of the pension basis, up to 7.5 times the price base amount (according to the Act (1962: 381) on general insurance)</p> <p>65 % of the pension basis that exceeds 7.5 times but not 20 times the price base amount</p> <p>32.5 % of the pension basis that exceeds 20 times but not 30 times the price base amount.</p>
2004	-	No change	No change
2007	-	No change	No change
2009	-	No change	No change

Source: Author.

Table 84: Summary table – MEP pension rights in Sweden

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1995	completed at least six full years as MP and/or MEP Has reached the age of 50 at the end of term	-	Time factor (ratio of years to number 12) multiplied by: 1. 11.5 % of the basis for the pension benefits up to 7.5 times the price base amount 2. 65 % of the basis that exceeds 7.5 but not 20 price base amount 3. 32.5 % of the part of the basis that exceeds 20 but not 30 price base amount	After 6 years Ratio 6/12 =0,5 Multiplied with formula	After 12 years Ratio 12/12 =1 Multiplied with formula	65	yes	yes
2004	No change	-	No change	No change	No change	No change	No change	No change
2007	No change	-	No change	No change	No change	No change	No change	No change
2009	No change	-	No change	No change	No change	No change	No change	No change

Source: Author.

5.28. United Kingdom

5.28.1. Wider framework

- There was a specific arrangement in place for MEPs, i.e. pensions for MEPs were the same as those of MPs, however, pension arrangements were different from those of the general population. The United Kingdom operated a contributory final salary scheme (a type of defined benefit scheme) for its MEPs prior to the entry into force of the Members' Statute. The arrangements introduced with the Members' Statute were more favourable than the Member State arrangements.
- The provisions on the MEP Pension scheme are set out in the 'European Parliamentary (United Kingdom Representatives) Pensions (Consolidation and Amendment) Order 1994 (UK Representatives' Pension Scheme or Principal Scheme)' and its amendments.²⁸⁶ Moreover, an additional Voluntary Contribution Scheme was made via the 'European Parliamentary (United Kingdom Representatives) Pensions (Additional Voluntary Contributions Scheme) (No. 2) Order 1995'.²⁸⁷ These schemes were established under 'The European Parliament (Pay and Pensions) Act 1979 ('the Act')'.²⁸⁸ Provisions that applied before 1992 can be found in the 'European Parliament (United Kingdom Representatives) Pensions Order of 1980' and the 'Amendment Order' of 1985.²⁸⁹ The Principal Scheme was amended on several occasions.²⁹⁰ With the entry into force of the Members' Statute (14 July 2009) the 'European Parliament (Pay and Pensions) Act 1979' was amended by the 'European Parliament (Pay and Pensions) Regulations 2009',²⁹¹ excluding those MEPs from the principal scheme that were paid their salary, transitional allowance and pension from the first day of the EP parliamentary term starting in 2009; and allowed MEPs who were re-elected to the EP to opt for a continuation in the national system.
- MPs receive their pension through the Parliamentary Contributory Pension Fund.²⁹² This pension scheme is established under the 'Parliamentary and other Pensions Act 1987', consolidated in the 'Parliamentary Pensions (Consolidation and Amendment) Regulations 1993'.²⁹³ The Parliamentary Contributory Pension Fund and the United Kingdom representatives Pension Scheme provide the same benefits for MPs and MEPs respectively.²⁹⁴

²⁸⁶ The European Parliamentary (United Kingdom Representatives) Pensions (Consolidation and Amendment) Order 1994 1994 No. 1662, for Amendments see: <https://www.legislation.gov.uk/changes/affected/uksi/1994/1662>

²⁸⁷ European Parliamentary (United Kingdom Representatives) Pensions (Additional Voluntary Contributions Scheme) (No. 2) Order 1995 1995 No. 739, for Amendments see: <https://www.legislation.gov.uk/changes/affected/uksi/1995/739>

²⁸⁸ European Parliament (Pay and Pensions) Act 1979 1979 c. 50

²⁸⁹ The European Parliament (United Kingdom Representatives) Pensions Order 1980 1980/1450. And Amendment Order Of 1985 No. 1116 https://www.legislation.gov.uk/uksi/1985/1116/pdfs/uksi_19851116_en.pdf

²⁹⁰ The European Parliamentary (United Kingdom Representatives) Pensions (Amendment) Order 1996, 1996 No. 1493 - improving the accrual rate for service as a Representative before 20 July 1983 for Representatives in service on 1 April 1995. The European Parliament (United Kingdom Representatives) Pensions (Amendment) Order 2003, 2003 No. 1416 - introducing options for accrual and contribution rates. The European Parliament (United Kingdom Representatives) Pensions (Amendment) Order 2005, 2005 No. 1924 - affecting the contributions rates and early retirement provisions; the changes followed the recommendations of the Senior Salaries Review Body (SSRB), that the Parliamentary pension scheme's member contribution rate should increase, and that a cost neutral package be introduced which phased out the scheme's favourable early retirement. See also Explanatory Memorandum to The European Parliament (United Kingdom Representatives) Pensions (Amendment) Order 2005 No. 1924.

²⁹¹ The European Parliament (Pay and Pensions) Regulations 2009 No. 1485

²⁹² Parliamentary and other Pensions Act 1987 [1987 c. 45](#)

²⁹³ Parliamentary Pensions (Consolidated and Amendment) Regulations [1993 No. 3253](#)

²⁹⁴ UK Parliament, Members' Pensions and Salaries https://api.parliament.uk/historic-hansard/written-answers/1980/dec/04/members-pensions-and-salaries#S5CV0995P2_19801204_CWA_421. Amendments to PCPF scheme: Changes to the benefit provisions took place as from 15 July 2002, as set out in the Parliamentary Pension (Amendment) Regulations 2002 (SI 2002 No. 1807), which gave members the possibility to opt for a higher accrual of their pension based on increased contributions. Further substantive changes to the benefit

5.28.2. Key features of the pension system for MEPs

- In order to accumulate pension rights, MEPs paid contributions from their salary to a Pension Scheme. Between 1990 and 2009, MEPs were given different options for contribution rates depending on the accrual rate. Minimum periods for contribution were not defined during the relevant period.
- The Pension formula considers the number of years of service, the contribution rate and the accrual rate. According to the Pension Amendment Order of 1985, for the period beginning after 1 January 1987, the pension contribution was set at 9% of the salary with an accrual rate of $\frac{1}{50}$ of the final salary per year. As of 1 April 1992, the contribution rate was set at 6% of the salary with an accrual rate of $\frac{1}{50}$ of final salary per year of service. From 2001, the accrual rate increased from $\frac{1}{50}$ to $\frac{1}{40}$ of final salary per year. The contribution rate was adjusted from 6% to 9% of salary. The change had effect from 15 July 2002, but MEPs in service on this date had an option to backdate their increased contributions and accrual rate to 5 July 2001. MEPs were also given the option to contribute at the rate of 6% and to accrue their pension in $\frac{1}{50}$ of the final salary per year. In 2005, the contribution rate for MEPs with a $\frac{1}{40}$ accrual rate was increased from 9% to 10% with effect from 1 April 2004. With effect from 14 July 2009, a further option was introduced, and the contribution range increased. MEPs could opt to pay contributions of 5.9% of salary to accrue at a rate of $\frac{1}{60}$ of the final salary. Furthermore, the 10% contribution rate increased to 11.9% and the 6% contribution rate increased to 7.9%.
- MEPs were entitled to minimum pension level at a rate equivalent to a weekly rate of not less than the 'Guaranteed Minimum Pension' as under a state pension scheme. The Guaranteed Minimum Pension was payable from age 60 for women and age 65 for men. Between 1990 and 2009, the maximum pension level was not to exceed the amount equal to $\frac{2}{3}$ of the pensionable salary. MEPs who joined before June 1989, could until 2009 build up further pension in excess of the $\frac{2}{3}$ limit.
- Between 1990 and 2009, the normal retirement age was set at the age of 65. Early retirement started from the age of 50 with deductions made from the pensions. MEPs who had served more than 20 years (in 1995) or 15 years (in 2004), could retire at the age of 60 without any deductions from their pensions. These early retirement options were phased out in 2009, following the 'European Parliament (United Kingdom Representatives) Pensions (Amendment) Order' of 2005.
- Periods in parliaments, e.g. the EP, the House of Commons, the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, whether rendered before, on or after 2 April 1991 were counted once ('European Parliament (United Kingdom Representatives) Pensions (Amendment) Order' of 2003).
- In line with tax legislation, pension benefits accumulated outside of membership in parliament were considered in calculating the normal maximum pension of $\frac{2}{3}$ of final salary. The pension of an MEP with retained benefits may be reduced accordingly, although not below a pension based on an accrual rate of $\frac{1}{60}$ of final salary. This means that some MEPs with retained benefits

provisions took place as from 3 November 2004, as set out in the Parliamentary Pension (Amendment) Regulations 2005 (SI 2005 No. 887).

contributed for an accrual rate of $\frac{1}{40}$ or $\frac{1}{50}$ of final salary but will receive a pension based on a $\frac{1}{60}$ accrual rate only.

- MEPs can increase their pension benefits by purchasing extra years of pensionable service and paying additional voluntary contributions. Members are able to contribute a maximum of 10% (limit introduced in 2005) or earlier at 15% of salary (in addition to their normal pension contributions) to purchase extra years of service, and/or up to 100% of their salary (less any other pension contributions) to the Additional Voluntary Contributions scheme.
- Pensions are increased annually in line with price inflation.

5.28.3. Comparison between the treatment of MEPs and MPs

- There were no differences in salaries and pension rights between British MEPs and MPs.

Table 85: Salaries and pension rights for MEPs and MPs (United Kingdom)

	MEP salary (EUR per year)	MP salary (EUR per year)	MP / MEP pension rights
1990	Same as MP	GBP 26,701 EUR 28,960	Rate of $\frac{1}{50}$ of final salary for each year of service contribution rate at 9% of salary
1995	Same as MP	GBP 33,189 EUR 35,996	No change to formula Contribution rate at 6% of salary
2004	Same as MP	GBP 57,485 EUR 62,348	Two options: Rate of $\frac{1}{40}$ or $\frac{1}{50}$ of final salary for each year of service, depending on contribution rate at 10% or 6% of salary
2007	Same as MP	GBP 61,181 EUR 66,356	No change
2009	Same as MP	GBP 64,766 EUR 70,245	Three options: Rate of $\frac{1}{40}$, $\frac{1}{50}$ or $\frac{1}{60}$ of final salary for each year of service, depending on contribution rate at 11.9%, 7.9% or 5.9% of salary

Source: Author.

5.28.4. Illustration of pension rights of an MEP

The following table illustrates the MEP pension rights in the Member State system by providing information on the pension rights for different scenarios, namely, MEPs with two years of contributions, MEPs with a full legislature /term in the EP, and the maximally available pension for an MEP.

Table 86: Pension rights for different scenarios (United Kingdom)

	MEP with two years of service	MEP with full legislature	MEP maximally available pension
1990	$\frac{2}{50}$ of final salary	$\frac{5}{50}$ of final salary	$\frac{2}{3}$ of final salary
1995	No change	No change	No change
2004	$\frac{2}{50}$ or $\frac{2}{40}$ of final salary	$\frac{5}{50}$ or $\frac{5}{40}$ of final salary	No change
2007	No change	No change	No change
2009	$\frac{2}{60}$, $\frac{2}{50}$ or $\frac{2}{40}$ of final salary	$\frac{5}{60}$, $\frac{5}{50}$ or $\frac{5}{40}$ of final salary	No change

Source: Author.

Table 87: Summary table – MEP pension rights in the United Kingdom

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	Contribution rates of salary = 9%	-	Rate of $\frac{1}{50}$ of final salary for each year of service	GMP	$\frac{2}{3}$ of final salary	65	yes	yes
1995	Contribution rates of salary = 6%	-	No Change	No change	No change	65 From 60 if not less than 20 years of service	No change	No change
2004	Contribution rates of salary = 6% or 10%	-	Two options rate of $\frac{1}{40}$ or $\frac{1}{50}$ of final salary for each year of service depending on contribution rate	No change	No change	65 From 60 if not less than 15 years of service	No change	No change
2007	Contribution rates of salary = 6% for $\frac{1}{50}$ or 10% for $\frac{1}{40}$ option	-	No change	No change	No change	65	No change	No change

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
2009	Contribution rates of salary= 5.9% for $\frac{1}{60}$ 7.9% for $\frac{1}{50}$ 11.9% for $\frac{1}{40}$ option	-	Three options rate of $\frac{1}{40}$, $\frac{1}{50}$ or $\frac{1}{60}$ of final salary for each year of service depending on contribution rate	No change	No change	65	No change	No change

Source: Author.

5.29. United States

5.29.1. Wider framework

- In the United States, the statutory, earnings-related pension schemes (Social Security) provides modest earnings-related benefits.²⁹⁵ Middle- and high-income groups typically rely on employer-provided pensions and/or tax-favoured private savings to supplement Social Security benefits.
- The United States government introduced pensions for members of Congress (MoC) in the 1940s. Until 1984, federal (i.e. national) civil servants and Members of Congress did not participate in Social Security; instead, they received a pension from the Civil Service Retirement Scheme (CSRS). CSRS was closed to new entrants in 1984 (see below).
- Starting in 1984, all Members of Congress were required to participate in Social Security as part of their employment.
- The Federal Employees' Retirement Scheme Act of 1986 reorganised existing pension coverage for federal employees and Members of Congress by creating the Federal Employees Retirement System (FERS). This Act currently provides benefits for members of Congress whose first term started in 1984 or after. FERS benefits are coordinated with Social Security (FERS insures the income above Social Security); FERS consists of a defined benefit annuity and an individual, defined contribution account, the 'Thrift Savings Plan' (TSP). FERS participants also receive Social Security benefits.
- Frequent changes in the retirement benefits for Members of Congress since 1984 mean that several arrangements currently cover serving and retired Members of Congress:
 - a) those who completed service before 1984: CSRS
 - b) those continuing service in 1984: choice between:
 - 1) CSRS and Social Security
 - 2) CSRS "offset" plan (pensionable CSRS income is corrected to account for Social Security)
 - 3) FERS and Social Security
 - c) those entering service starting in 1984 have a choice between:
 - 1) FERS and Social Security
 - 4) only Social Security (this option was abolished in 2003)

5.29.2. Key features of the pension system for MoC

- With the exceptions noted above, all Members of Congress participate in the statutory, earnings-related pension scheme, Social Security. Members pay an individual contribution 6.2% of qualifying earnings (the annual earnings ceiling is USD 132,900 (EUR 113,570) in 2020;²⁹⁶ the employer pays an equal contribution).

²⁹⁵ Social Security is a progressive, earning-related pension scheme. An average earner with no career breaks receives about 40% of average earnings at retirement. The replacement rate for higher income earners is lower. See <https://stats.oecd.org/Index.aspx?DataSetCode=PAG>.

²⁹⁶ The ceiling is equal to about 2.3 times average earnings.

- The FERS pension scheme is a defined benefit scheme, where the average of the three best years and the time served is the basis for the pension. The maximum benefit is 80% of the member's last salary, but in practice this is difficult to achieve.²⁹⁷ Accrual rates are discussed below.
- FERS also includes a defined contribution individual savings component (Thrift Savings Plan; TSP). The employer automatically contributes 1% of salary and matches up to an additional 5% of member contributions. In 2019, members could deposit an annual maximum of USD 19,000 (EUR 17,665). Members age 50 or older could deposit an additional \$6,000 (not subject to the cap). TSP offers several savings vehicles, including bond funds, equity funds, index funds, and lifecycle funds.²⁹⁸ At retirement, members may withdraw their savings as a lump sum, purchase a life annuity, or take a series of monthly or periodic payments. All withdrawals are subject to income tax.
- Members of Congress who joined FERS before 2013 contribute 1.3% of full salary to the Civil Service Retirement and Disability Fund (CSRDF). Those who were first covered by FERS in 2013 contribute 3.1% of salary to the CSRDF; those first covered by FERS after 2013 contribute 4.4% of pay to the CSRDF. CSRDF pays pension and disability benefits under the CSRS system.
- Members still covered by CSRS contribute 1.8% of the salary below USD 132,900 (EUR 120,763) and 8.0% on salary above this level, into the CSRDF (2019 figures).
- The FERS accrual rate for the period 1984 to 2012 was 1.7% for the first 20 years and 1.0% for each year after that. Starting in 2013 the accrual rate is 1.0% per year (the same rate as for other federal employees). The higher accrual rate adopted in 1984 reflected the assumption that Congressional service involved higher income risks than regular federal service, because Members of Congress were assumed to face gaps in employment after their Congressional service.
- The FERS benefit formula (until 2013) is
 - first 20 years: [average 3 highest years x .017 x #yrs] +
 - years 21 and higher [average 3 highest years x .01 x #yrs of service]
- Under both CSRS and FERS, pension eligibility for Members of Congress starts at age 62 with at least five years of service. At age 50, members are eligible for a pension if they have completed 20 years of service, and they are eligible at any age after completing 25 years of service.
- Members retiring under the CSRS scheme could retire with a full pension at age 60 or older if they had 10 years or more of service, or age 62 with at least 5 years of federal service (including Congressional service). Members age 55-59 in the CSRS scheme could retire with a reduced pension if they had at least 25 years of service, or at age 50 with 20 years of service.
- Members retiring under the FERS scheme have less generous benefits than under CSRS. Members age 62 or older may retire with a full pension if they have at least 5 years of service, at age 50 with 20 years of service, and at any age if they have 25 years of service.

²⁹⁷ 66 years of participation in FERS would be required to achieve the 80% maximum pension allowable under CSRS. See Congressional Research Service, 2019, p.11.

²⁹⁸ See [www.tsp.gov](https://tspstrategies.com/thrift-savings-plan-updates/tsp-surpasses-600-billion-in-assets/). In September 2019, assets totalled \$600 billion. See <https://tspstrategies.com/thrift-savings-plan-updates/tsp-surpasses-600-billion-in-assets/>

- Pension payments are adjusted annually to changes in the consumer price index for urban wage earners. Increases in this index that exceed 2% are not fully compensated.

Table 88: Salaries and DB pension rights (does not include TSP) for Members of the United States Congress

	MoC salary ²⁹⁹ (USD)	MoC pension rights 2 years (full House term) (assumes no other reckonable federal/military service)	MoC pension rights 6 years (full Senate term, USD)
1995	133,600 (EUR 102,154)	income and capital in TSP account	$133,600 \times .017 \times 6 = 13,627$ (EUR 10,420)
2004	158,100 (EUR 119,348)	income and capital in TSP account	$158,100 \times .017 \times 6 = 16,125$ (EUR 12,173)
2007	165,200 (EUR 112,091)	income and capital in TSP account	$165,200 \times .017 \times 6 = 16,850$ (EUR 11,433)
2009	174,000 (EUR 116,638)	income and capital in TSP account	$174,000 \times .017 \times 6 = 17,748$ (EUR 11,897)

Source: Congressional Research Service, 2019.

²⁹⁹ Salaries of Senators are available at <https://www.senate.gov/senators/SenateSalariesSince1789.htm>. Members of the House of Representatives have the same salary.

Table 89: Summary table – MEP pension rights in the United States Congress (FERS Standard Plan only)

	Conditions for accessing the system / Contribution	Minimum period of service as MP / insurance period	Pension formulae	Minimum pension levels	Maximum pension levels	Age from which a pension can be drawn	Rules on offsetting MEP pensions against other (national) rights	Other factors influencing the level of pensions (e.g. indexation)
1990	-five years, unless the Member has other federal or military service that combine to equal five years -Members always are entitled the contributions (individual and employer) and income in their TSP accounts	-five years, unless the Member has other federal or military service that combine to equal five years -Members always are entitled the contributions (individual and employer) and income from their TSP accounts	Years 1-20: [ave 3 highest yrs x .017 x #yrs] + Years 21 and higher: [ave 3 highest yrs x .01 x #yrs of service]	8.5% of high-3 salary with five years of service (.017 x 5 years), which is payable no earlier than the age of 62 (does not include TSP)	no formal maximum	62 if 5 yrs of service; 50 with 20 yrs of service; any age if 25 yrs of service	none	Pension payments are adjusted annually to changes in the consumer price index for urban wage earners. Increases in this index that exceed 2% are not fully compensated
1995	No change	No change	No change	No change	No change	No change	No change	No change
2004	No change	No change	No change	No change	No change	No change	No change	No change
2007	No change	No change	No change	No change	No change	No change	No change	No change
2009	No change	No change	No change	No change	No change	No change	No change	No change

Source: Author

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This study presents detail on MEP pension rights, looking at arrangements in the Member States prior to the entry into force of the Members' Statute in 2009; and EU-level pension arrangements, i.e. the Provisional Pension Schemes, the Voluntary Pension Scheme, and pension rights under the Members' Statute. Moreover, a comparative analysis of the different arrangements is provided
