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'I/A' ITEM NOTE

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| From: | General Secretariat of the Council |
| To: | Permanent Representatives Committee (Part 1)/Council |
| Subject: | Draft Council conclusions on the Eurostat study on the long-term budgetary implications of EU pension costs |

On 28 July 2016, the Commission adopted a Staff Working Document - a Eurostat study on the long-term budgetary implications of pension costs¹. The study sought to update the findings of the previous 2010 Eurostat study² by addressing the major trends in EU staff pension expenditure over a 50-year projection period (2015-2064) while taking account of the impact of the 2013 reform of the EU Staff Regulations.

Following the presentation and the first exchange of views at the meeting of the Working Party on Staff Regulations (WPSR) on 14 October 2016, the Presidency presented its proposal for draft Council conclusions. Delegations were given the possibility to put forward amendments, which were consolidated in a revised text; this text was examined and agreed in principle at the last WPSR on 18 November 2016.

The only remaining reservation (UK) on the text was lifted on 22 November 2016.

Against this background, COREPER is invited to confirm its agreement on the text in the Annex with a view to its adoption by the Council, as an 'A' item, at one of its forthcoming meetings.

¹ ST 11715/16.

² ST 12921/10.

DRAFT COUNCIL CONCLUSIONS

on the Eurostat study on the long-term budgetary implications of EU pension costs

THE COUNCIL OF THE EUROPEAN UNION

1. TAKES NOTE of the Eurostat study on the long-term budgetary implications of pension costs (ST 11715/16), which addresses the major trends in EU staff pension expenditure over a 50-year period and provides an objective and realistic assessment of the elements which have a significant impact on that expenditure.
2. ACKNOWLEDGES that the two recent reforms of the Staff Regulations have brought changes to a number of legal provisions relating to pensions and will lead to lower expenditure, even though the changes remain insufficient compared to what the Council deems necessary and appropriate .
3. UNDERLINES the importance of maintaining the long-term sustainability of the EU pension system.
4. EXPRESSES its concern at the development of pension costs as more EU staff members are reaching pensionable age and, as a result, pension expenditure is expected to continue to grow until the 2040s.
5. STRESSES the need to reduce the overall impact of pension costs in the context of the Multiannual Financial Framework in the medium and long term.
6. REQUIRES greater efforts by all EU institutions to achieve the 5 % staff reduction target as per the Interinstitutional Agreement of 2 December 2013 on budgetary discipline, taking into account the Joint Statement of the EP, the Council and the Commission of 17 November 2016.

7. INVITES the Commission to present an appropriate follow-up proposal based on the conclusions of an independent evaluation of the results of the targeted progressive reduction of staff by 5% between 2013 and 2017, and expresses its dissatisfaction with the worrying increase in the overall number of staff, which, *inter alia*, adds to the increase in pension costs.
8. REQUESTS the Commission to continuously monitor and report on the development of pension costs and the long-term sustainability of the EU pension scheme, taking into consideration in particular:
- the assessment of the pensionable age;
 - the general outlook in the EU;
 - an evaluation of the pension accumulation rate, the staff contribution rate of one-third to the pension system, including for existing staff, respecting general principles of law,
- and to propose appropriate policy measures, including transitional provisions where necessary, to ensure the sustainability of the scheme.