

Munich, 7 October 2019
sc19138cp – 0.2.1/1.3.1

The President's 'Publication of Financial Measures'

Dear Colleagues,

As you know, the Central Staff Committee (CSC) had published its analysis of the financial study and concluded that the study is not at all credible as it is based on unrealistic assumptions. Since then, it has been further manipulated by those who stand to benefit, i.e. senior managers in G15+¹.

On Friday the President published the 17 measures proposed by the consultants together with the Office's comments.

Together, these two documents constitute the biggest attacks ever on the salary method, the career and the pensions of young staff, old staff and lower and middle managers alike, *without credible need*. With an audience of intelligent, analytical readers they add insult to injury.

Such an all-encompassing initiative is unprecedented. Mr Campinos has chosen to go down the path beaten by Mr Battistelli. We recommend the document for anyone to read. If you cannot take the time, consult at least these 4 extracted pages. The President announced that he will explain the measures to staff. Rather than defending the indefensible, *the document needs to be withdrawn immediately* and a fair analysis needs to be conducted by the social partners. Uploading the document to MICADO and putting it on the agendas of BFC and AC for seeking their (*de facto* binding) positive opinion is disingenuous whilst pretending to discuss.

General Assemblies will be held in all places of employment (Munich Wednesday 9 October, The Hague Thursday 10 October, Berlin and Vienna to be announced).

Your Central and Local Staff Representatives in all sites

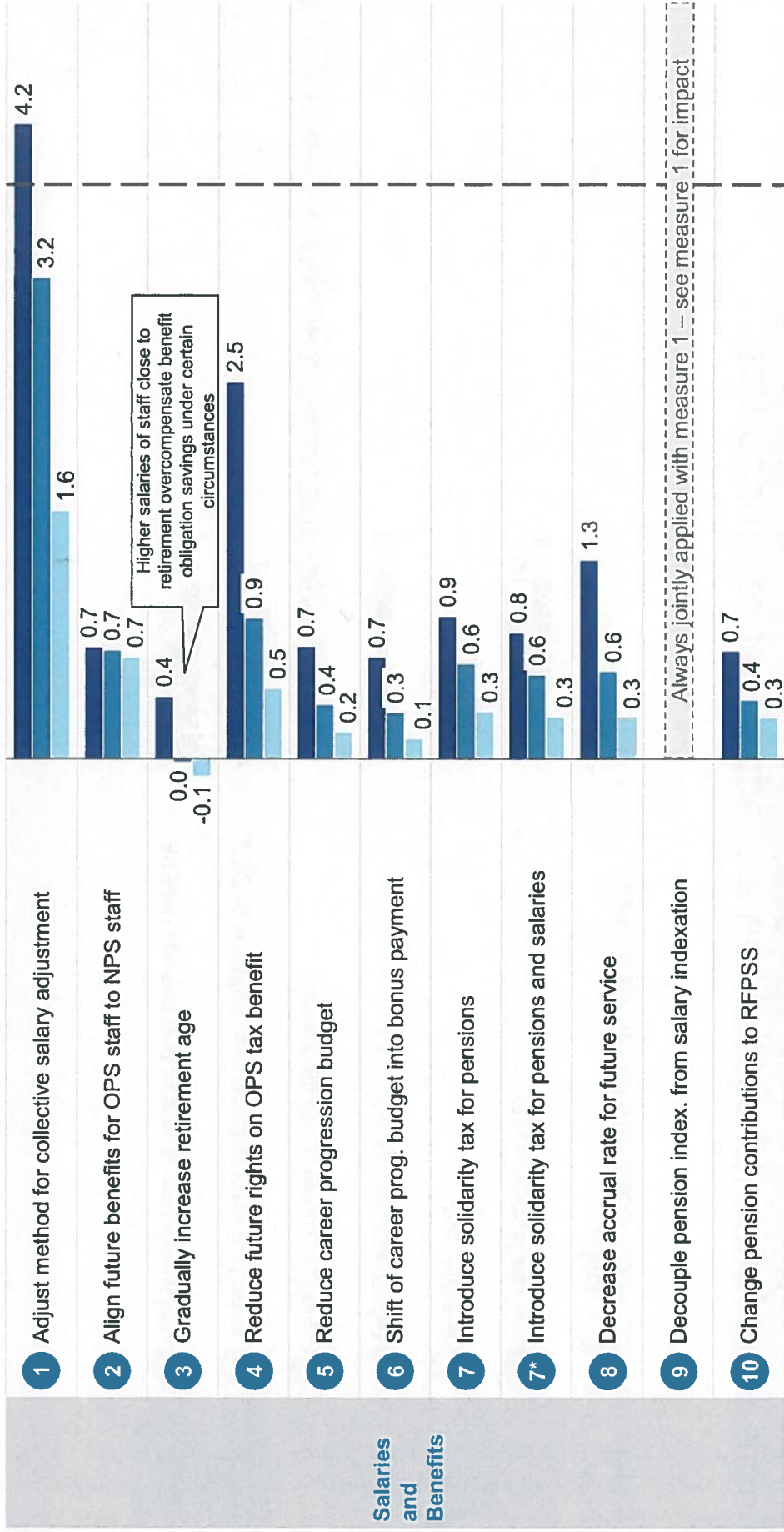
Annex.: the 4 extracted pages from the mentioned document

¹ who benefit exponentially from their grossly inflated SSP-contributions and cash injections by the Office.

2 Measure impact on coverage gap in Base 2 scenario (1/2) Adjusting method for collective salary adjustment has largest impact of all measures

Difference to baseline

Measure impact on coverage gap (stand alone view)
Base 2, in BN€, deflated¹



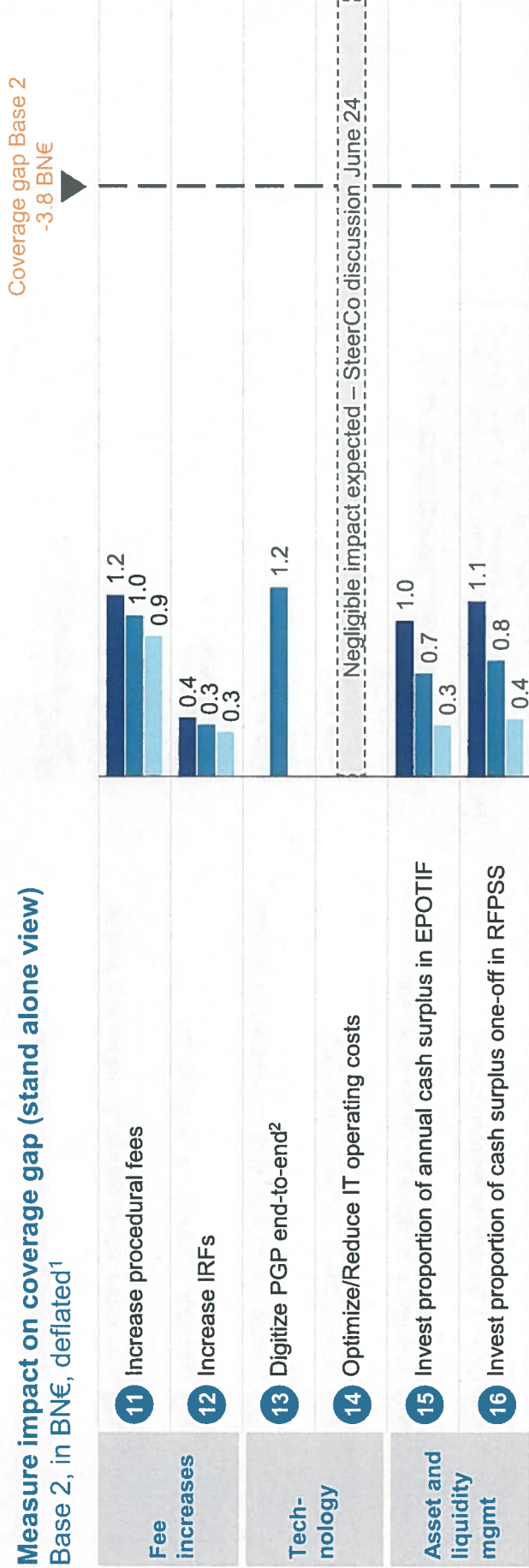
1. Deflated to 2018 values with scenario-specific EU HICP inflation

1. Key Findings

2 Measure impact on coverage gap in Base 2 scenario (2/2)

Increasing fees and digitization are additional key measures

Measure impact on coverage gap (stand alone view)
Base 2, in BN€, deflated¹



1. Deflated to 2018 values with scenario-specific EU HICP inflation; 2. Only one intensity is applicable for digitization

Measure specification (1/2)

Detailed specification of measures and potential intensities have been agreed with relevant stakeholders

ID	Measure name	Parameters			
		Baseline ¹	Low	Medium	High
1	Adjust method for collective salary adjustment	Long-term actuarial assumption ² : inflation + 0.5%	Inflation + 0.25% ³	Inflation ³	Inflation - 0.25% ³
2	Align future benefits for OPS staff to NPS staff	OPS remains unchanged	Shift to NPS applied up to age 53 and below	Shift to NPS applied up to age 55 and below	Shift to NPS applied up to age 57 and below
3	Gradually increase retirement age	Allowed retirement at age 60 ⁴	Gradually increase to age 62 (full effect for staff born ≥1962)	Gradually increase to age 65 (full effect for staff born ≥1968)	Gradually increase to age 67 (full effect for staff born ≥1972)
4	Reduce future rights on OPS tax benefit	Maintain current reimburs. for future accruals of active OPS staff	Cut in half current reimburs. for future accruals of active OPS staff	Remove reimburs. for future accruals of active OPS staff	Remove reimburs. of active OPS staff (past and future service)
5	Reduce career progression budget	60% of staff eligible to change step	55% of staff eligible to change step	50% of staff eligible to change step	40% of staff eligible to change step
6	Shift of career progression budget into bonus payments	60% of staff eligible to change step + remainder of 3% available for bonus	55% of staff eligible to change step + remainder of 3% avbl. for bonus	50% of staff eligible to change step + remainder of 3% avbl. for bonus	40% of staff eligible to change step + remainder of 3% avbl. for bonus
7	Introduce solidarity tax for pensions	No additional tax introduced	3% tax on pensions	6% tax on pensions	9% tax on pensions
7*	Introduce solidarity tax for pensions and salaries	No additional tax introduced	3% tax on pensions and salaries above 2*G1/4	6% tax on pensions and salaries above 2*G1/4	9% tax on pensions and salaries above 2*G1/4

1. Baseline assumption only shown for reference; 2. The financial study uses the assumption of inflation +0.5% (long-term actuarial assumption) as a proxy for more complex model based on PP; 3. The actual salary increase observed are above local HICP by DE : +0.62%, NL: +0.39% over 15 years, DE : +1.13%, NL: +0.60% over the last 10 years, DE: +1.30%, NL: +1.39% over the last 5 years; 4. Earliest retirement age without penalties

Measure specification (2/2)

Detailed specification of measures and potential intensities have been agreed with relevant stakeholders

ID	Measure name	Parameters			
		Baseline ¹	Low	Medium	High
8	Decrease accrual rate for future service	2% accrual	1.9% accrual	1.8% accrual	1.5% accrual
9	Decouple pension indexation from salary indexation	Long-term actuarial assumption ² : Inflation + 0.5%	Inflation + 0.25% ³	Inflation ³	Inflation - 0.25% ³
10	Change pension contributions to RFPSS	29.4% contribution ⁴	+ 3.3% contribution ⁵	+ 5.4% contribution	+ 9.9% contribution
11	Increase procedural fees	No increase ⁶	Biannual incr. ⁶ by inflation ⁷ - 0.25%	Biannual incr. ⁶ by inflation ⁷	Biannual incr. ⁶ by inflation ⁷ + 0.25%
12	Increase IRFs	No increase ⁵	Biannual incr. ⁶ by inflation ⁷ - 0.25%	Biannual incr. ⁶ by inflation ⁷	Biannual incr. ⁶ by inflation ⁷ + 0.25%
13	Digitize PGP end-to-end	Total productivity uplift of 3%	Productivity uplifts (in addition to baseline): • 20% for Examiners on aggregate (22% in Search, 16% in Examination, 20% in Opposition) • 29% for Formality Officers		
14	Optimize/Reduce IT operating costs	Projection of 2018 IT OPEX in line with inflation	n/a	n/a	n/a
15	Invest proportion of annual cash surplus in EPOTIF	No further contribution into EPOTIF from 2019 onwards ⁸	20% ⁹ of cash surplus p.a.	40% ⁹ of cash surplus p.a.	60% ⁹ of cash surplus p.a.
16	Invest proportion of cash surplus one-off in RFPSS	No further discretionary contributions	20% ⁹ of cash surplus p.a.	40% ⁹ of cash surplus p.a.	60% ⁹ of cash surplus p.a.

1. Baseline assumption only shown for reference; 2. Same assumption used than for salary adjustment in Measure 1 (actuarial long-term assumption); 3. The actual salary increase observed are above local HICP by DE : +0.62%, NL: +0.39% over 15 years, DE : +1.13%, NL: +0.60% over the last 10 years, DE: +1.30%, NL: +1.39% over the last 5 years; 4. Total OPS/ NPS+SSP contribution; 5. For NPS an increase of 3.9% is considered in line with the recommendation from the AAG; 6. In addition to the already agreed one-off increase of 4% in April 2020; 7. Accumulated inflation of the last two years; 8. As of end of August, a contribution of 120 MNE to EPOTIF has been made. This represents a contribution of about 30% of estimated surplus cash in 2019; 9. Parameter values for measures 15 and 16 need to be jointly determined so that their combined implementation does not exceed 80% of available cash surplus, after allowing for required investments