



**Staff Committee The Hague  
Comité du personnel de La Haye  
Personalausschuss Den Haag**

# Info session NPS/SSP

The salary scales used in the calculations are the scales valid until end 2019

# OPS Old Pension System

## Defined Benefit Scheme (DB)

- **Contributions** during employment **may change** depending on investment returns
- **Benefit** is defined: monthly pension payments are **fixed**
- Risk is with **Employer/Member States**

## Old Pension Scheme: DB

- 2% of final salary per year of service, up to a maximum of 70%

Example: G13.5 = 9.000 €/month

- subject to tax: 50% tax compensation reimbursed by EPO

# NPS New pension System

## Defined Contribution Scheme (DC)

- **Contributions** are small **changeable** portion of total contribution up to the cap of 2\* G1.4, and all of contribution above the cap is payable into **Salary Savings Plan (SSP)**
- **Benefit** of a final lump sum depends on investment returns and is therefore **not fixed**
- Risk is solely with **Employee**

## New pension scheme: Part DB + DC

- **DB**: 2% per year of service of final salary capped at twice G1.4, up to a maximum of 70%

Example: G8 and above = 4.400 €/month subject to tax

- **DC**: lump sum paid as last salary, amount depending on contributions and return: (most probably) not subject to tax

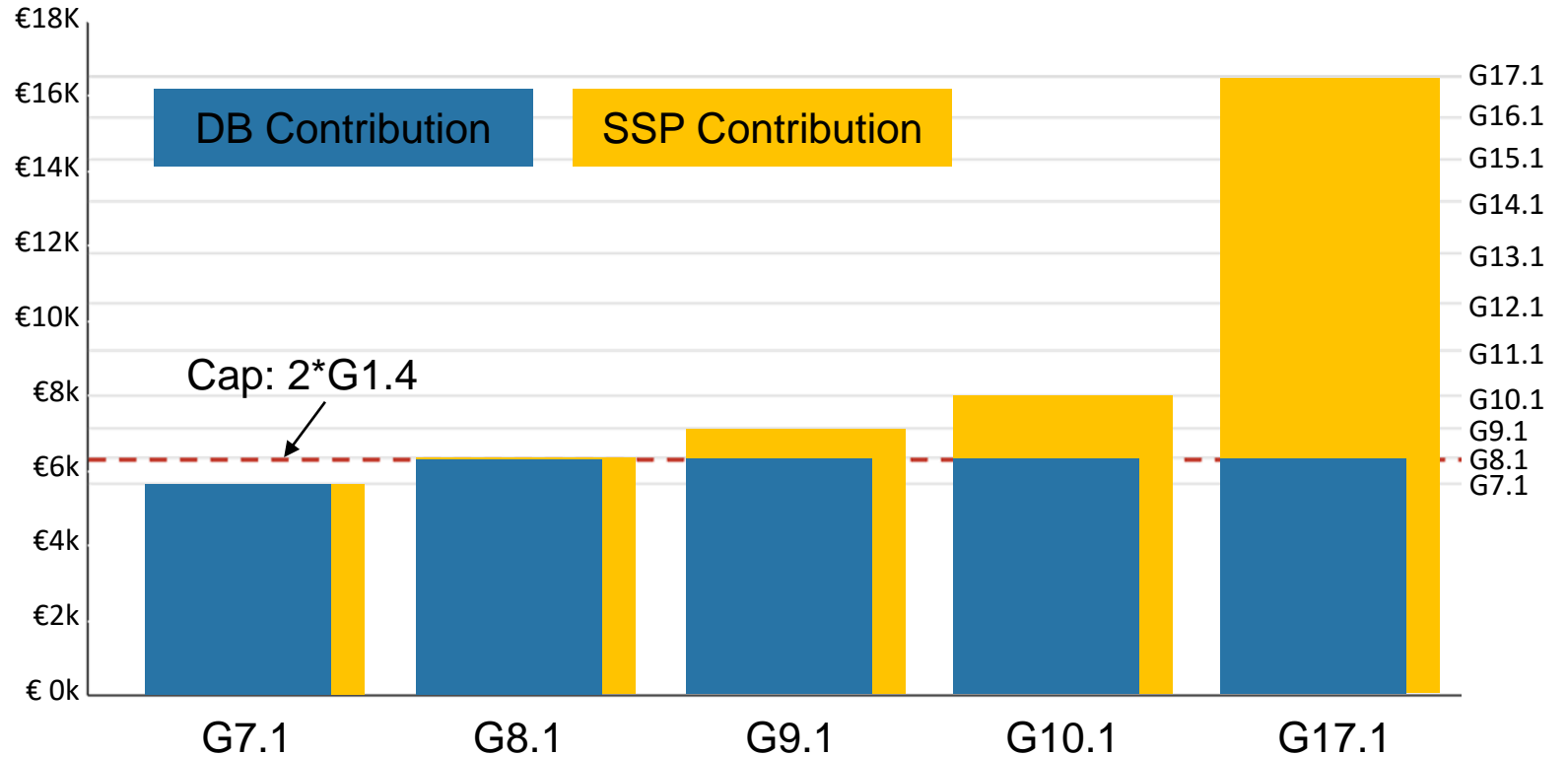
# New Pension Scheme Contributions Explained

## Below the cap;

- majority of the contributions are paid to the defined benefit scheme
- a small proportion, which might be subject to change every two years, is paid into the individual SSP accounts

## Above the cap;

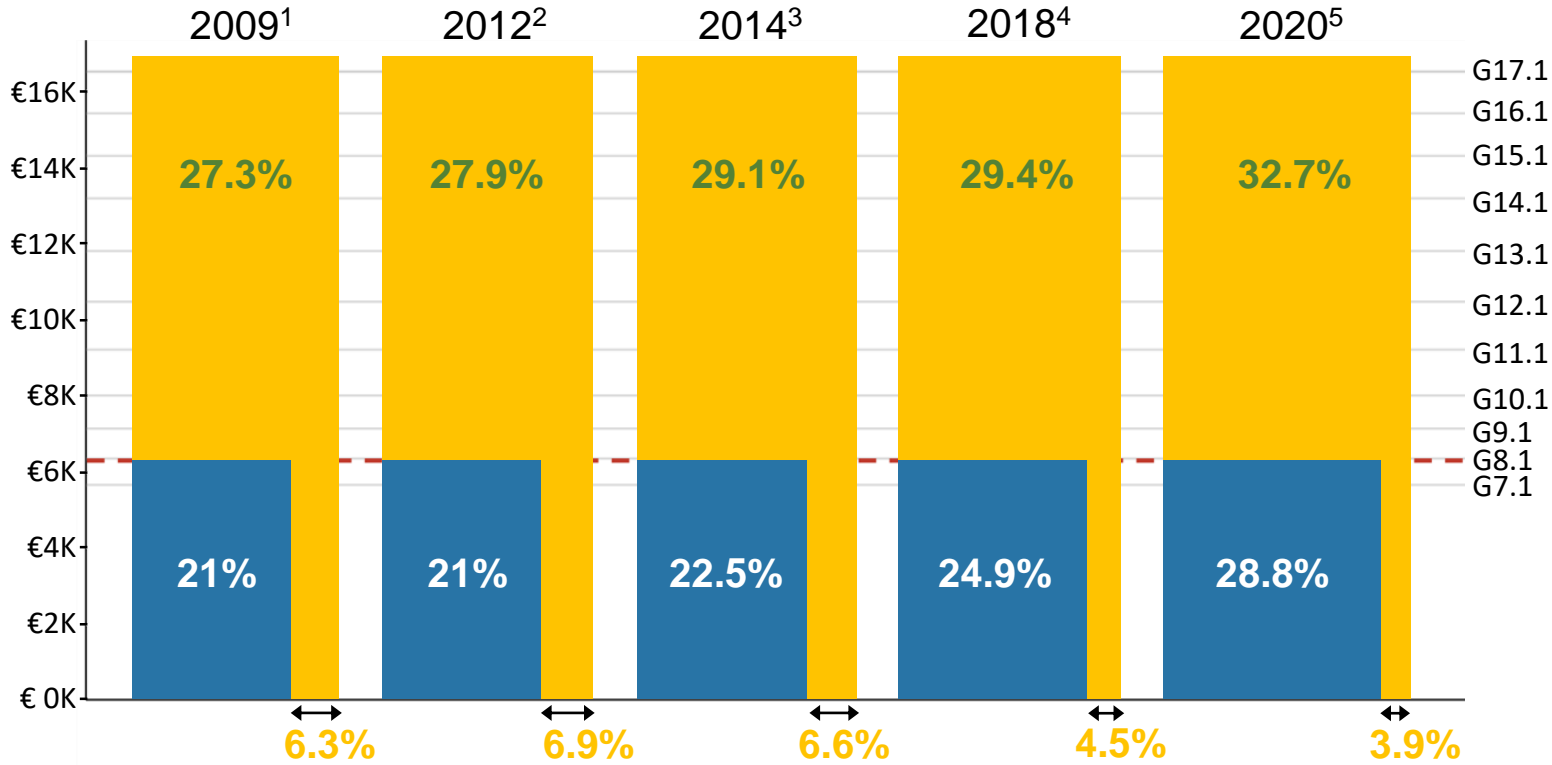
- all contributions are paid into individual SSP accounts



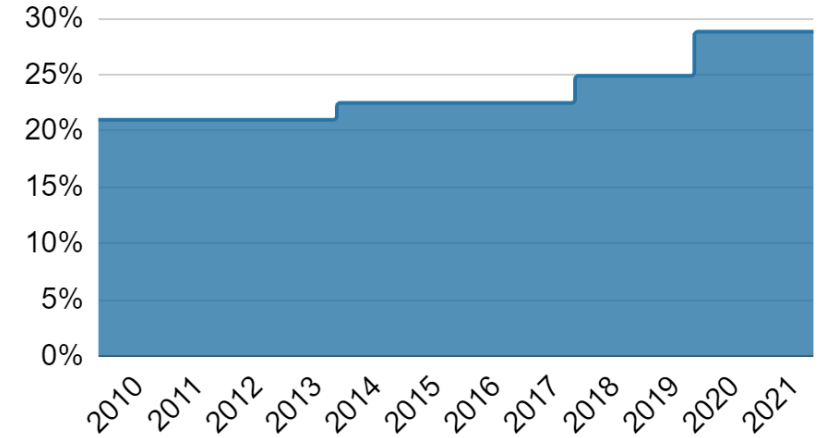
Yellow area is proportional to current SSP contributions<sup>1</sup>

<sup>1</sup> [Circular 389](#)

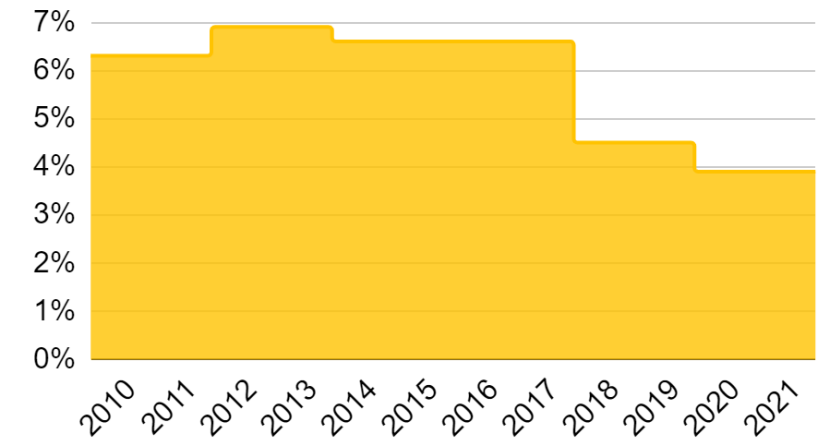
# Changes to the NPS Contributions



New Pension DB Contribution



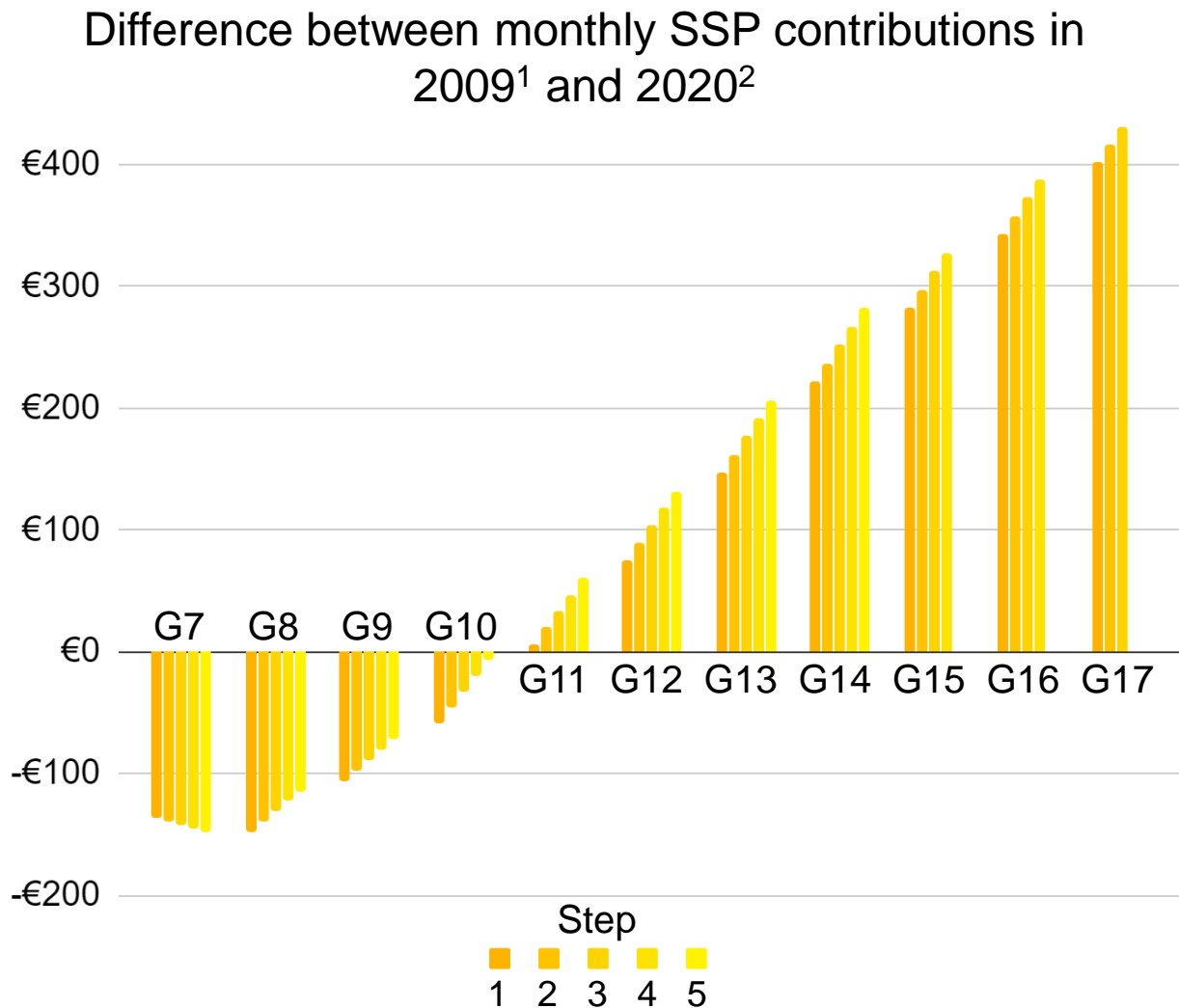
Salary savings plan contribution below cap



- Decreasing **SSP contribution under cap** has huge negative influence for SSP on lower grades and negligible effect on higher grades
- Increasing **total contribution level** has huge positive effect for SSP on higher grades and negligible effect on lower grades

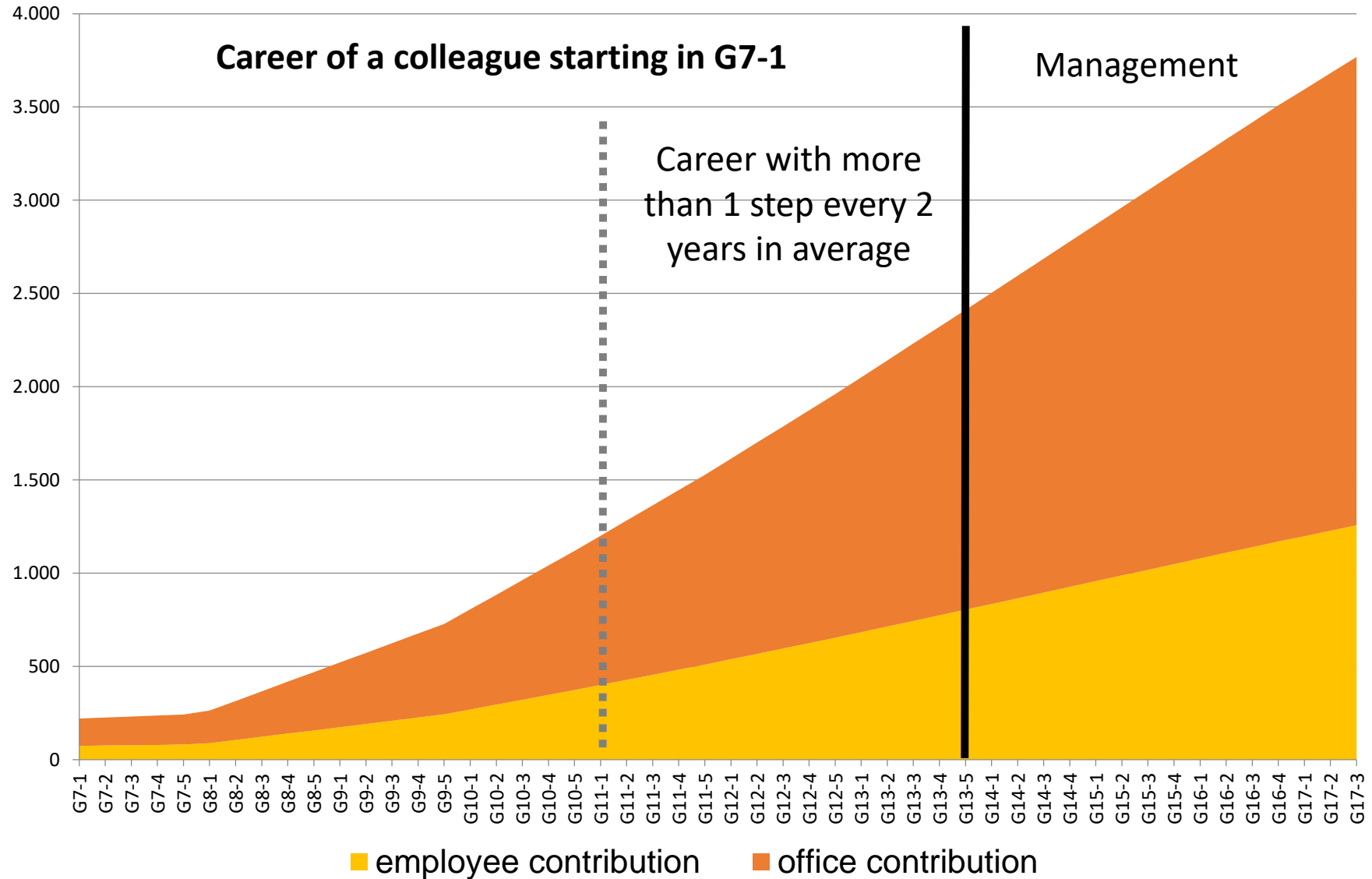
<sup>1</sup> [Circular 320](#) <sup>2</sup> [Circular 334](#) <sup>3</sup> [Circular 349](#) <sup>4</sup> [Circular 389](#) <sup>5</sup> [GCC/DOC 11/2019](#)

# Effect of Changes of NPS Contributions

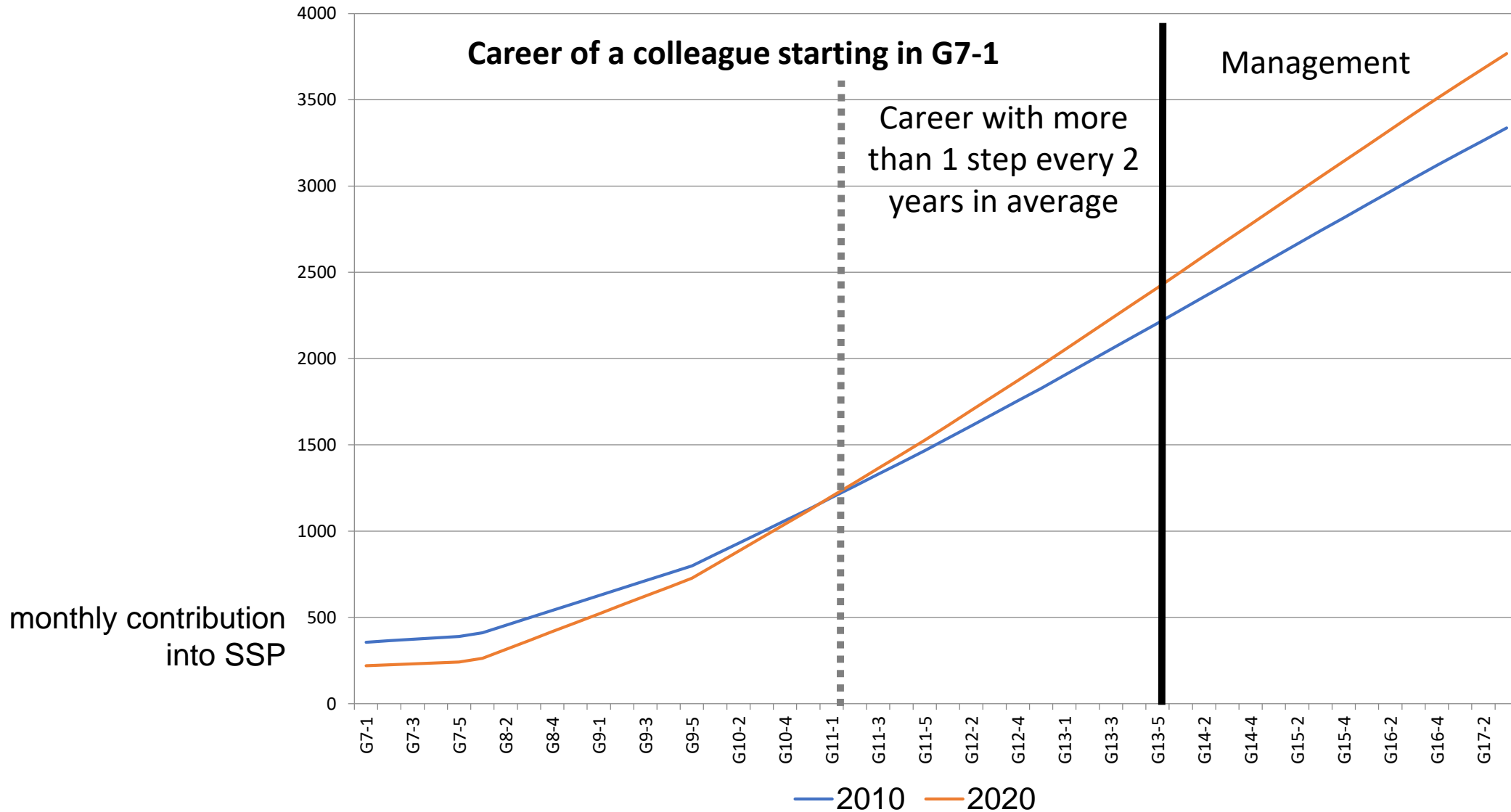


- Changes to the NPS contributions since its inception have caused the SSP contributions for G7 colleagues to be **reduced** by up to **€167 per month**, or **38%**
- Those same changes have caused the SSP contributions for G17 to **increase** by up to **€430 per month**, or **13%**
- Cash injections to the SSP do not mitigate but exacerbate the pattern.

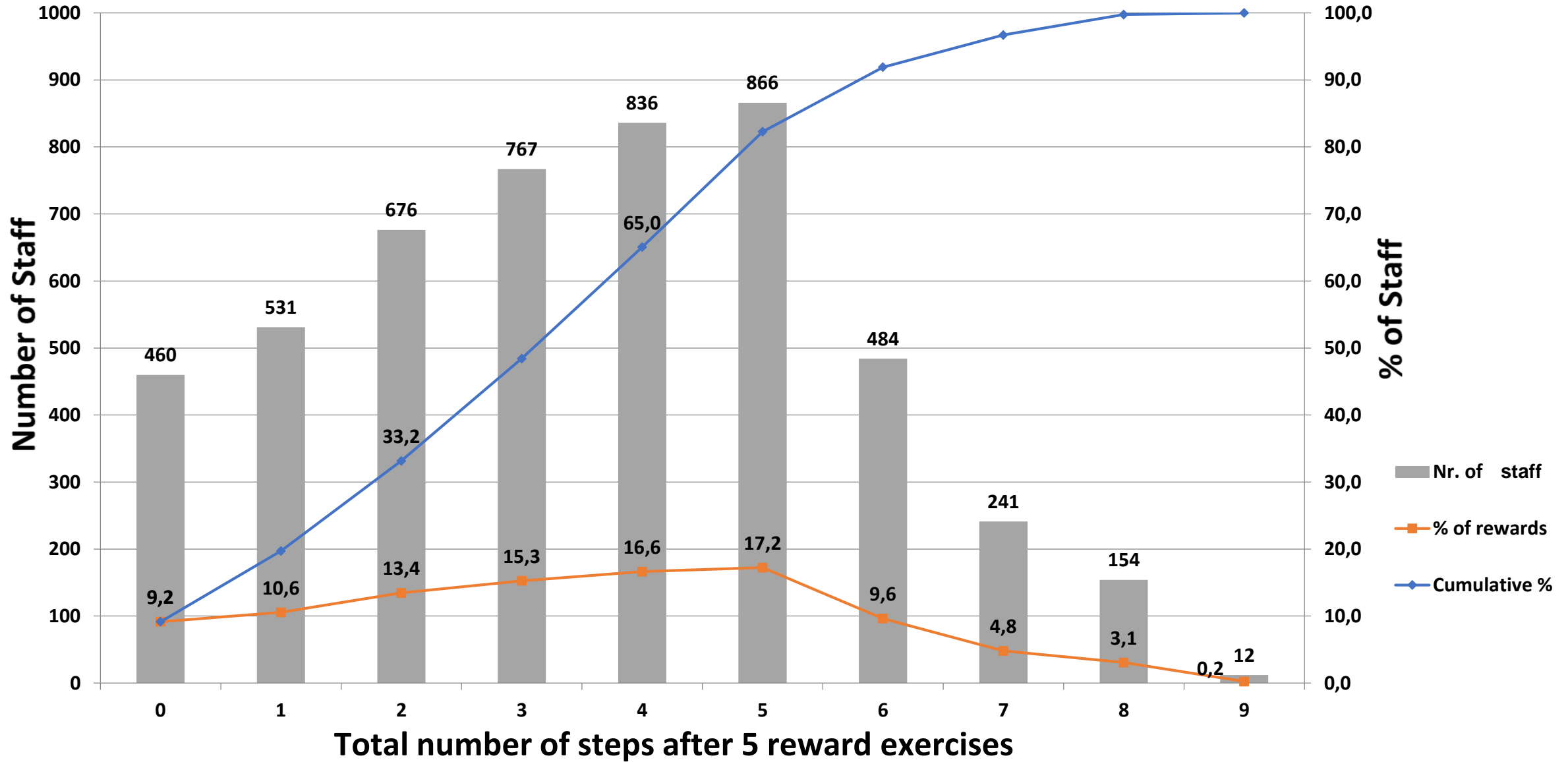
# SSP Contribution vs. Grade



# Effect of Changes of NPS Contributions



# Pensionable Rewards distribution 2015-2019 (5027 Staff members)



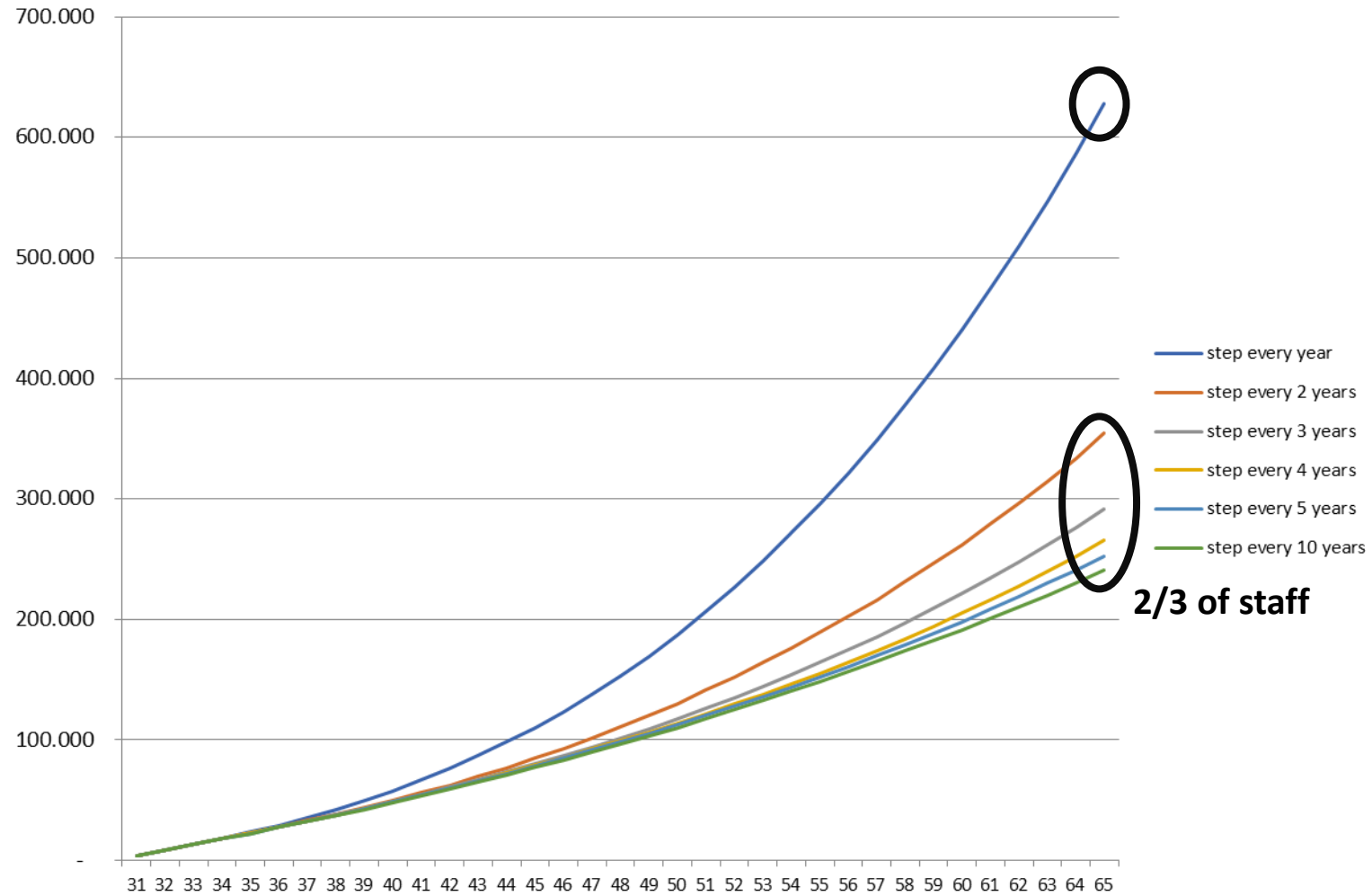




# Projection for a staff member starting as G7/1 - 2010

Starting Conditions:  
Grade G7  
31 years old

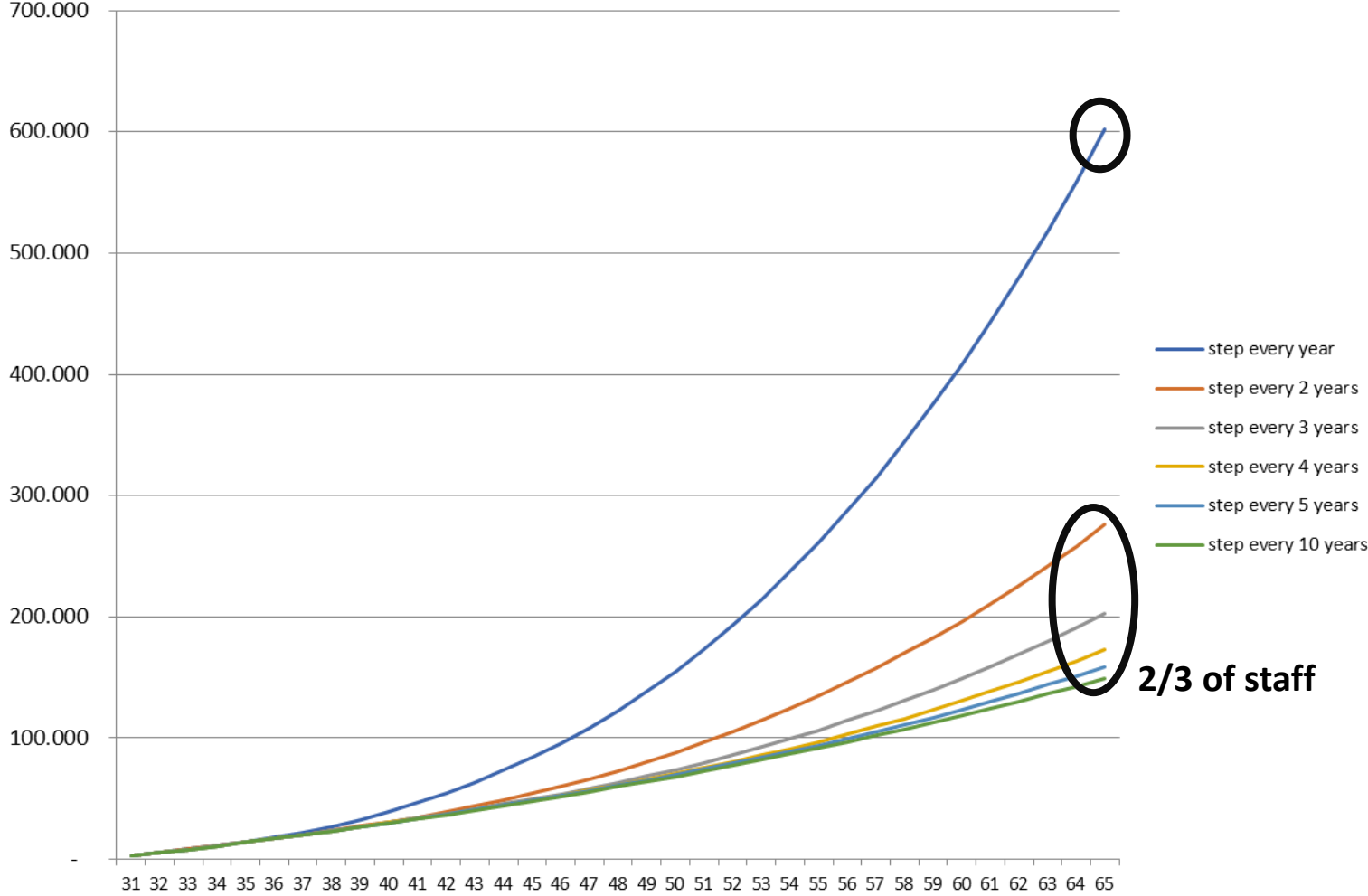
Investment Return:  
(yearly average) 2,5%



# Projection for a staff member starting as G7/1 - 2020

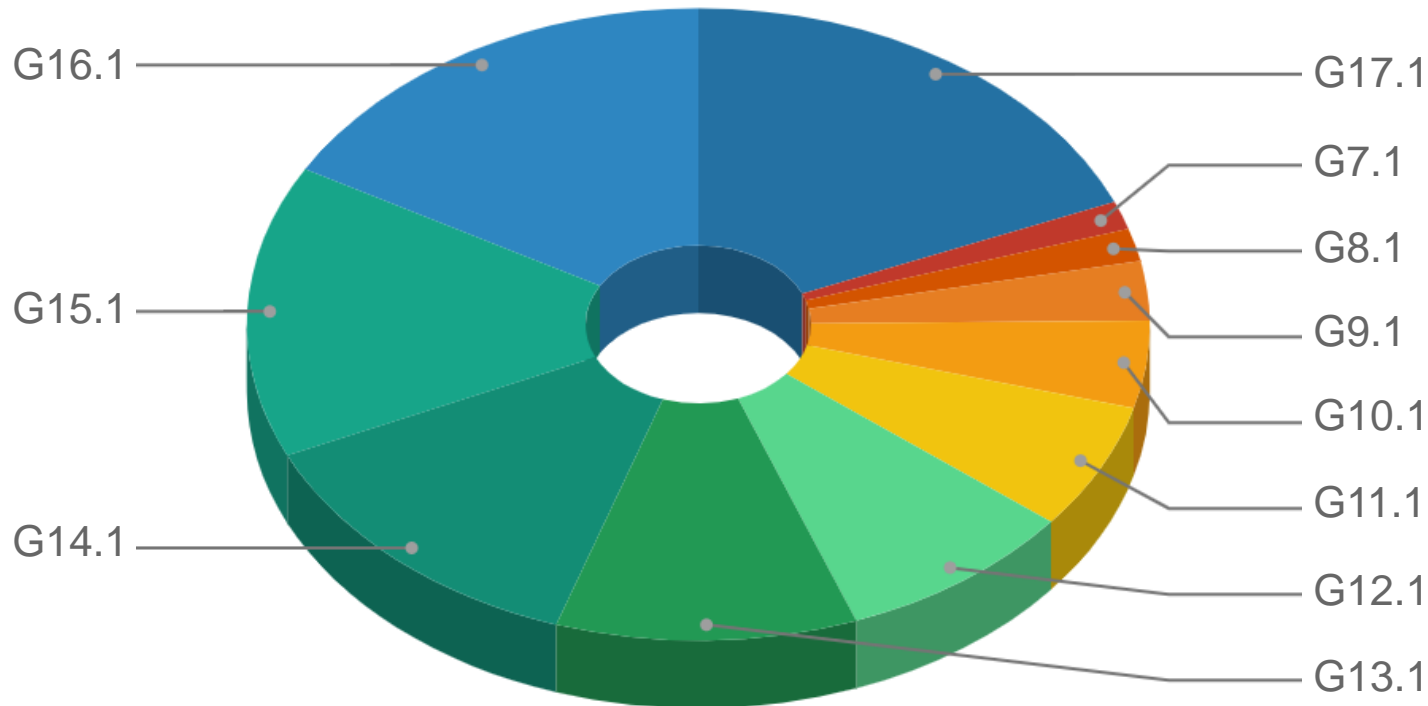
Starting Conditions:  
Grade G7  
31 years old

Investment Return:  
(yearly average) 2,5%



# Cash Injection into SSP Accounts

EUR 2.4m proposed by management to be transferred into the SSP<sup>1</sup>

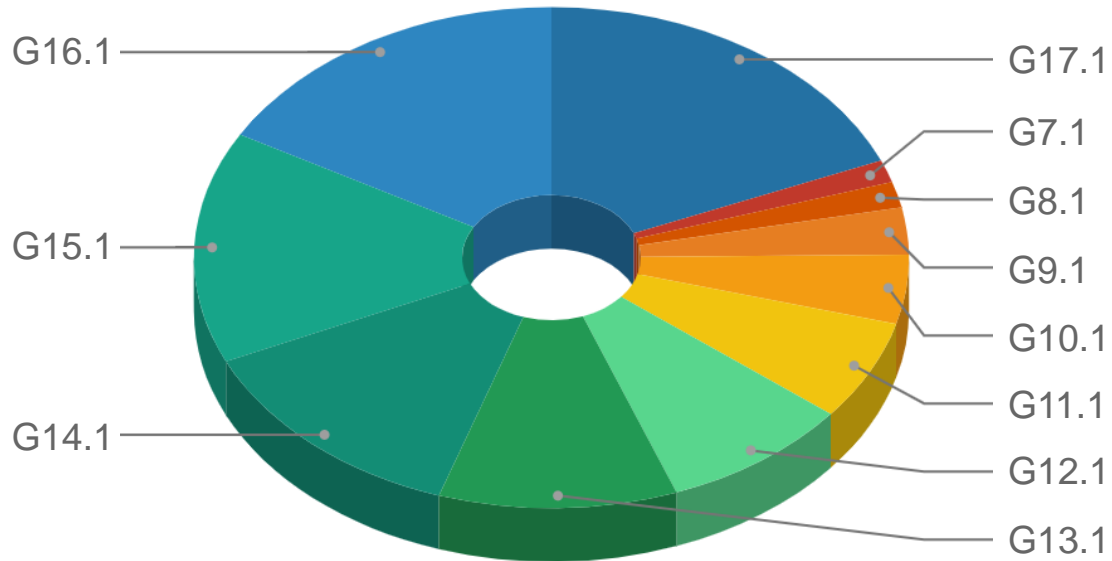


- Cash injections into SSP are welcome, however...
- Distribution proposed to GCC is proportional to 2019 SSP contributions
- Ratio between G17.1 and G7.1 is **13:1**

# Cash Injection into SSP Accounts

Proposed distribution by management

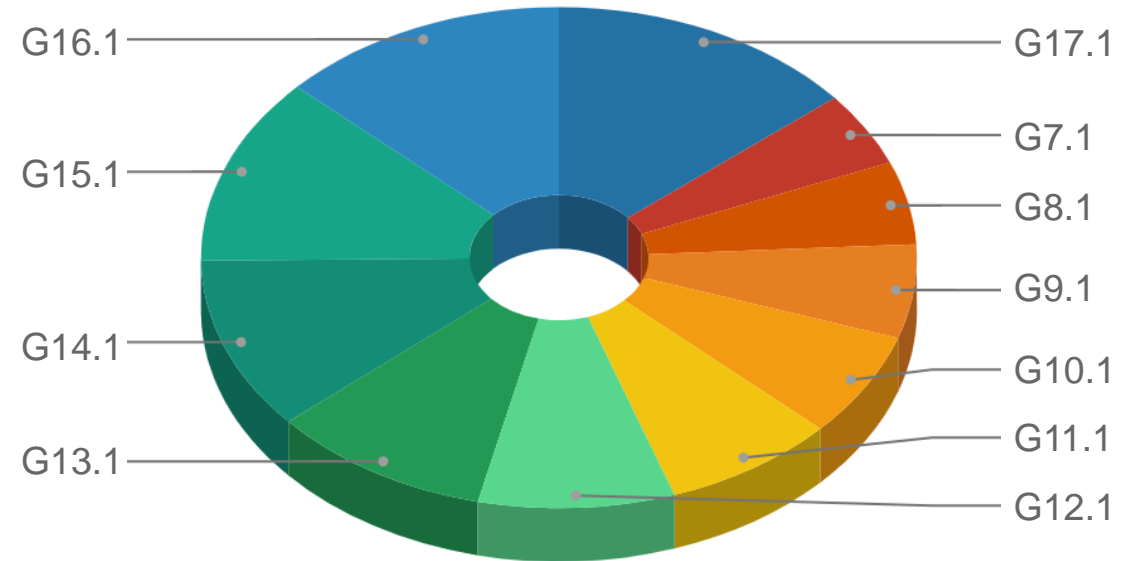
Proportional to contributions



Ratio between G17.1 and G7.1 ~ **13:1**

Alternative distribution

e.g. Proportional to salary



Ratio between G17.1 and G7.1 ~ **3:1**

# Summary

- Changes have **reduced** SSP contributions of G7 by **38%**, while **increasing** the contribution of G14 and above by **10%** or more

Grade	7.1	8.1	9.1	10.1	17.1
Δ SSP cont./month	-€ 135	-€ 148	-€ 106	-€ 59	€ 402
Δ SSP cont./month %	-38%	-36%	-17%	-7%	13%

- Effect of these changes on projected SSP lump sum is huge

Example Career Projections (starting G7/1 2,5% return):

1 step/year career

**627.516 - 602.172 = 25.344** lost vs 2010 scenario, i.e. **4% loss**

1 step/2years career

**354.167 - 276.434 = 77.733** lost vs 2010 scenario, i.e. **22% loss**

**Combined effect** of the change in career system

**AND** the change in NPS contributions is at least

**627.516 - 276.434 = 351.082**, i.e. **56% loss**

- Furthermore, the NCS (new career system), that significantly slows career progression means that there is no way to escape the devastating effect of the changes to the NPS

➤ **The NCS in combination with the change of the SSP contributions has a big impact on the final lump sum.**

Thank you for your attention

Questions and Feedback

# A theoretical example of a lump sum 2020 – 3.5% investment return

## 1 step every year

	age	grade	Contrib	SSP account
2019		31 G7-1	221	2.646
2020		32 G7-2	226	5.461
2021		33 G7-3	231	8.451
2022		34 G7-4	236	11.623
2023		35 G7-5	241	14.985
2024		36 G8-1	263	18.736
2025		37 G8-2	314	23.257
2026		38 G8-3	366	28.577
2027		39 G8-4	417	34.730
2028		40 G8-5	469	41.747
2029		41 G9-1	521	49.665
2030		42 G9-2	572	58.518
2031		43 G9-3	624	68.344
2032		44 G9-4	675	79.183
2033		45 G9-5	727	91.075
2034		46 G10-1	805	104.383
2035		47 G10-2	884	119.165
2036		48 G10-3	962	135.479
2037		49 G10-4	1041	153.387
2038		50 G10-5	1119	172.952
2039		51 G11-1	1201	194.278
2040		52 G11-2	1282	217.436
2041		53 G11-3	1364	242.499
2042		54 G11-4	1445	269.542
2043		55 G11-5	1527	298.645
2044		56 G12-1	1613	329.952
2045		57 G12-2	1700	363.548
2046		58 G12-3	1786	399.528
2047		59 G12-4	1873	437.984
2048		60 G12-5	1960	479.018
2049		61 G13-1	2050	522.777
2050		62 G13-2	2140	569.372
2051		63 G13-3	2231	618.916
2052		64 G13-4	2321	671.527
2053		65 G13-5	2412	727.328

## 1 step every 2 years

	age	grade	Contrib	SSP account
2019		31 G7-1	221	2.646
2020		32 G7-1	221	5.398
2021		33 G7-2	226	8.323
2022		34 G7-2	226	11.365
2023		35 G7-3	231	14.591
2024		36 G7-3	231	17.947
2025		37 G7-4	236	21.499
2026		38 G7-4	236	25.193
2027		39 G7-5	241	29.098
2028		40 G7-5	241	33.158
2029		41 G8-1	263	37.637
2030		42 G8-1	263	42.294
2031		43 G8-2	314	47.756
2032		44 G8-2	314	53.438
2033		45 G8-3	366	59.965
2034		46 G8-3	366	66.754
2035		47 G8-4	417	74.434
2036		48 G8-4	417	82.420
2037		49 G8-5	469	91.346
2038		50 G8-5	469	100.628
2039		51 G9-1	521	110.900
2040		52 G9-1	521	121.584
2041		53 G9-2	572	133.314
2042		54 G9-2	572	145.513
2043		55 G9-3	624	158.819
2044		56 G9-3	624	172.658
2045		57 G9-4	675	187.669
2046		58 G9-4	675	203.281
2047		59 G9-5	727	220.136
2048		60 G9-5	727	237.666
2049		61 G10-1	805	256.838
2050		62 G10-1	805	276.777
2051		63 G10-2	884	298.454
2052		64 G10-2	884	320.999
2053		65 G10-3	967	345.386

## 1 step every 3 years

	age	grade	Contrib	SSP account
2019		31 G7-1	221	2.646
2020		32 G7-1	221	5.398
2021		33 G7-1	221	8.261
2022		34 G7-2	226	11.300
2023		35 G7-2	226	14.461
2024		36 G7-2	226	17.748
2025		37 G7-3	231	21.230
2026		38 G7-3	231	24.851
2027		39 G7-3	231	28.616
2028		40 G7-4	236	32.595
2029		41 G7-4	236	36.733
2030		42 G7-4	236	41.037
2031		43 G7-5	241	45.575
2032		44 G7-5	241	50.295
2033		45 G7-5	241	55.204
2034		46 G8-1	263	60.564
2035		47 G8-1	263	66.138
2036		48 G8-1	263	71.935
2037		49 G8-2	314	78.584
2038		50 G8-2	314	85.498
2039		51 G8-2	314	92.689
2040		52 G8-3	366	100.787
2041		53 G8-3	366	109.208
2042		54 G8-3	366	117.967
2043		55 G8-4	417	127.695
2044		56 G8-4	417	137.812
2045		57 G8-4	417	148.334
2046		58 G8-5	469	159.896
2047		59 G8-5	469	171.920
2048		60 G8-5	469	184.425
2049		61 G9-1	521	198.050
2050		62 G9-1	521	212.219
2051		63 G9-1	521	226.955
2052		64 G9-2	572	242.900
2053		65 G9-2	572	259.482

3,5% investment return



# A theoretical example of a lump sum 2020 – 2.5% investment return

## 1 step every year

	age	grade	Contrib	SSP account
2019	31	G7-1	221	2.646
2020	32	G7-2	226	5.421
2021	33	G7-3	231	8.329
2022	34	G7-4	236	11.371
2023	35	G7-5	241	14.552
2024	36	G8-1	263	18.068
2025	37	G8-2	314	22.290
2026	38	G8-3	366	27.238
2027	39	G8-4	417	32.928
2028	40	G8-5	469	39.380
2029	41	G9-1	521	46.612
2030	42	G9-2	572	54.643
2031	43	G9-3	624	63.495
2032	44	G9-4	675	73.188
2033	45	G9-5	727	83.742
2034	46	G10-1	805	95.501
2035	47	G10-2	884	108.495
2036	48	G10-3	962	122.755
2037	49	G10-4	1041	138.312
2038	50	G10-5	1119	155.200
2039	51	G11-1	1201	173.488
2040	52	G11-2	1282	193.212
2041	53	G11-3	1364	214.407
2042	54	G11-4	1445	237.111
2043	55	G11-5	1527	261.360
2044	56	G12-1	1613	287.254
2045	57	G12-2	1700	314.835
2046	58	G12-3	1786	344.143
2047	59	G12-4	1873	375.222
2048	60	G12-5	1960	408.117
2049	61	G13-1	2050	442.918
2050	62	G13-2	2140	479.675
2051	63	G13-3	2231	518.436
2052	64	G13-4	2321	559.251
2053	65	G13-5	2412	602.172
investment return (long term average)				2,50%

## 1 step every 2 years

	age	grade	Contrib	SSP account
2019	31	G7-1	221	2.646
2020	32	G7-1	221	5.359
2021	33	G7-2	226	8.202
2022	34	G7-2	226	11.116
2023	35	G7-3	231	14.165
2024	36	G7-3	231	17.291
2025	37	G7-4	236	20.557
2026	38	G7-4	236	23.906
2027	39	G7-5	241	27.400
2028	40	G7-5	241	30.982
2029	41	G8-1	263	34.908
2030	42	G8-1	263	38.933
2031	43	G8-2	314	43.677
2032	44	G8-2	314	48.540
2033	45	G8-3	366	54.144
2034	46	G8-3	366	59.887
2035	47	G8-4	417	66.394
2036	48	G8-4	417	73.063
2037	49	G8-5	469	80.518
2038	50	G8-5	469	88.160
2039	51	G9-1	521	96.611
2040	52	G9-1	521	105.274
2041	53	G9-2	572	114.772
2042	54	G9-2	572	124.508
2043	55	G9-3	624	135.106
2044	56	G9-3	624	145.970
2045	57	G9-4	675	157.724
2046	58	G9-4	675	169.772
2047	59	G9-5	727	182.741
2048	60	G9-5	727	196.034
2049	61	G10-1	805	210.600
2050	62	G10-1	805	225.530
2051	63	G10-2	884	241.775
2052	64	G10-2	884	258.426
2053	65	G10-3	952	276.434
investment return (long term average)				2,5%

## 1 step every 10 years

	age	grade	Contrib	SSP account
2019	31	G7-1	221	2.646
2020	32	G7-1	221	5.359
2021	33	G7-1	221	8.139
2022	34	G7-1	221	10.989
2023	35	G7-1	221	13.910
2024	36	G7-1	221	16.904
2025	37	G7-1	221	19.973
2026	38	G7-1	221	23.118
2027	39	G7-1	221	26.342
2028	40	G7-1	221	29.647
2029	41	G7-2	226	33.097
2030	42	G7-2	226	36.634
2031	43	G7-2	226	40.259
2032	44	G7-2	226	43.974
2033	45	G7-2	226	47.782
2034	46	G7-2	226	51.686
2035	47	G7-2	226	55.687
2036	48	G7-2	226	59.788
2037	49	G7-2	226	63.992
2038	50	G7-2	226	68.300
2039	51	G7-3	231	72.780
2040	52	G7-3	231	77.371
2041	53	G7-3	231	82.076
2042	54	G7-3	231	86.900
2043	55	G7-3	231	91.844
2044	56	G7-3	231	96.912
2045	57	G7-3	231	102.106
2046	58	G7-3	231	107.430
2047	59	G7-3	231	112.888
2048	60	G7-3	231	118.482
2049	61	G7-4	236	124.278
2050	62	G7-4	236	130.219
2051	63	G7-4	236	136.309
2052	64	G7-4	236	142.551
2053	65	G7-4	236	148.949
investment return (long term average)				2,5%