

New Pension System & Salary Saving Plan: Some are far more equal than others

Dear SUEPO members, dear colleagues,

In his live interview with four team managers on 22 October, Mr Campinos, when confronted with the concerns of colleagues in the New Pension System (NPS) recently hired in the Office, stated “*We are in the same boat, kind of*”.

Well, we beg to disagree, at least with the first part of the sentence. Mr Campinos and other senior managers, e.g. VPs or PDs, recruited after 2008 are indeed placed under the NPS. But it is the *only* thing they have in common with recently hired staff, for several reasons.

First, many of them have a right to a pension after only five years of work at the EPO, whilst regular EPO staff must wait for 10 years.

Second, the Salary Saving Plan (SSP) of senior managers has been growing rapidly in the past years, while recently hired colleagues (“newcomers”) are not as lucky: many put *less* money in their SSP today than they did several years ago when they joined the Office. This is mainly due to the disastrous New Career System, which freezes newcomers in the lower grades of their job groups for many years¹. The situation will further worsen for newcomers as from 1 January 2020 since the contribution rate in the SSP will further fall down to 3.9% (see also graphs below).

Third, senior management has invented a way to allocate disproportionate amounts of money to themselves by injecting one-off large amounts of cash into their own SSP, while leaving only crumbs to newcomers in the lower grades (see explanations/ table/ graphs below).²

¹ The decrease of contribution rate into the SSP over the period further worsened the situation: The contribution rates to the SSP went from 6.6% in 2017 to 4.5% in 2018.

² We do appreciate that a cash injection into the SSP is taking place, but we strongly question the way it is distributed.

We have compared the SSP of a newcomer with the SSP of a senior manager, both in the NPS. We took the example of a young colleague who joined the Office in 2016 at grade G07-1 and a senior manager with grade G16-1 in 2016. We assumed that both remained in the same grade and step until end 2020, a very conservative assumption for a senior manager, but unfortunately a very frequent situation for a newcomer, especially if they work in DG1. We made the calculations from 2016 until 2021.³

The *yearly* amount saved by the G7-1 colleague in their SSP *decreases* by 35% (!) from €4300 in 2017 to about €2800 in 2020/2021.⁴ The additional injections of money into their SSP made by the Office as from January 2018⁵ do not even compensate for the loss of savings over the period: the total net flow of money into the SSP decreases from €4300 to about €3060 in 2021.⁶ See the orange graph on the next page.

Over the same period (2017-2021), the yearly amounts transferred by the G16-1 manager in their SSP increase from €35787 to about €48700. Since the distribution key *chosen by management* to allocate cash into individual SSPs in January of a year N+1 is based on the amount of money saved by the staff member in their SSP during year N, the G16-1 manager receives, of course, much larger amounts than the G7-1 colleague. The problem is that **G16-1 managers receive disproportionate amounts compared to G7-1 colleagues**. Worse still, the ratios between the injected amounts for both colleagues keep increasing over time, see below:

	2018	2019	2020	2021
Ratio injection G16-1 : G7-1	8 : 1	12.6 : 1	12.6 : 1	16.6 : 1

In January 2021, if the same distribution key is used as until now, the Office will inject 16.6 (!) times more money into the SSP of a G16-1 than in the SSP of G7-1, i.e. 5 times more than the ratio between both salaries (which is 2.8 : 1). This is utterly unfair. We recall that no assumption is necessary to calculate this ratio. Its exact value is directly derivable from salary levels, contribution rate to the SSP and distribution key for the cash injection.

As a consequence, the total flow of money in the SSP of a G16-1 manager keeps increasing massively over the years, even under the assumption that their grade and step does not change (see blue graph on the next page). Considering the large difference between the SSP amounts concerned, it was impossible to display graphs for G7-1 and G16-1 at the same scale.

The scale of the G16's graph on the next page is therefore **10 times larger** than the one of the G7 (compare the amounts on both graphs).

³ To arrive at the *actual* amounts injected into everyone's SSP, we made the following reasonable assumptions about the distribution of grades among colleagues in the NPS:

Dec. 2017: 1430 SPP'ers = 200 G7 + 200 G8 + 320 G9 + 330 G10 + 290 G11 + 40 G12 + 35 G14 + 10 G15 + 5 G16

Dec. 2018: 1501 SPP'ers = 240 G7 + 220 G8 + 325 G9 + 335 G10 + 290 G11 + 40 G12 + 35 G14 + 10 G15 + 5 G16 + 1 G17

Dec. 2019: 1571 SPP'ers = 270 G7 + 235 G8 + 330 G9 + 340 G10 + 300 G11 + 40 G12 + 40 G14 + 10 G15 + 5 G16 + 1 G17

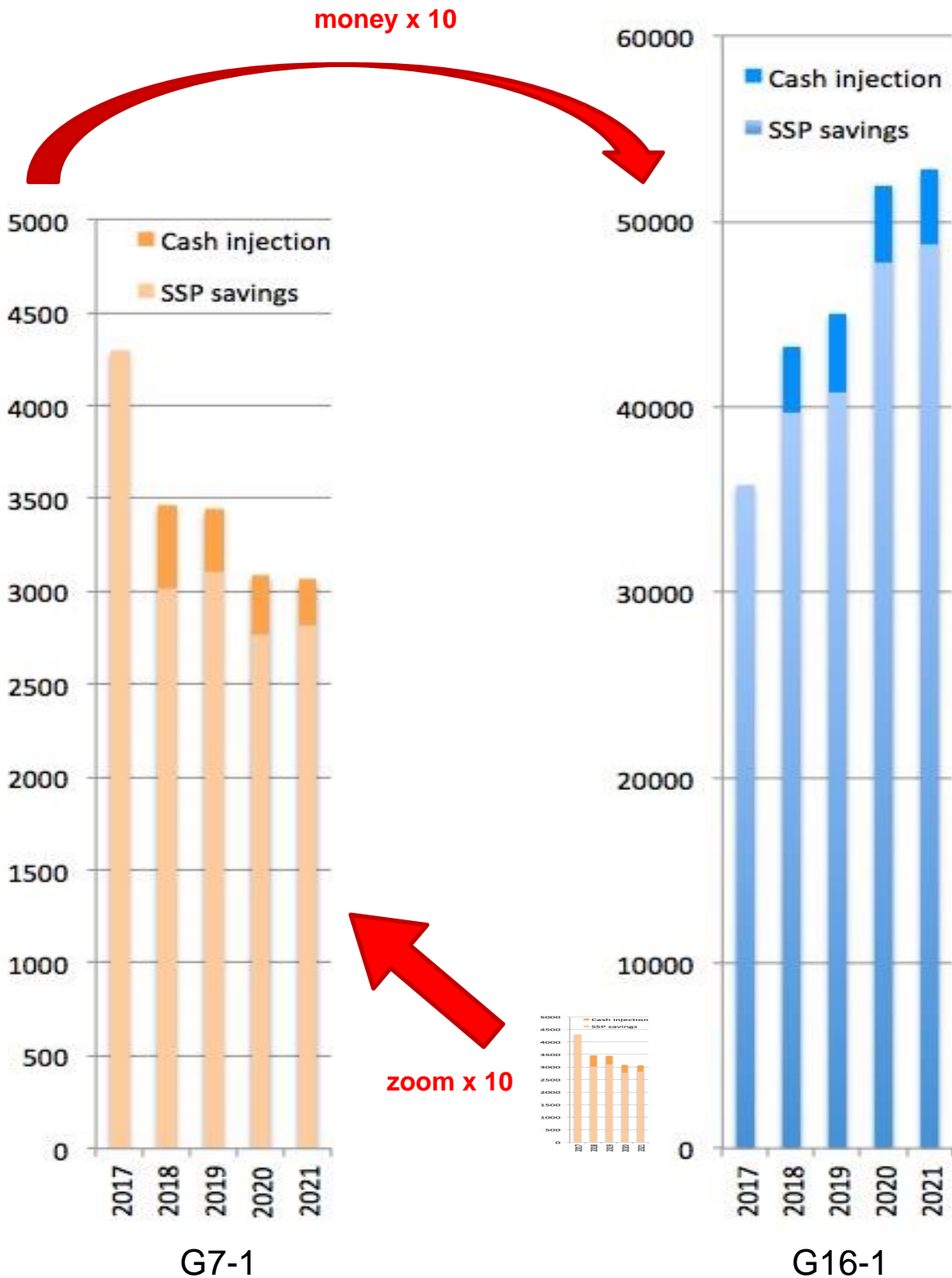
Dec. 2020: 1651 SPP'ers = 300 G7 + 260 G8 + 335 G9 + 345 G10 + 310 G11 + 45 G12 + 40 G14 + 10 G15 + 5 G16 + 1 G17

The amounts calculated may therefore not be just to the nearest Euro, but are sufficiently close to reality to give a good idea of the evolution over time.

⁴ Even if during that period of time their basic salary increased from €5244.55 to about €5852 (as a normal application of the current salary and pension adjustment method).

⁵ The Office injected in the SSP a total of 2.1m€ in January 2018, 2.4 m€ in January 2019. The Office will also inject a total of 2.4m€ in the SSP in January 2020. We assumed that the Office will also inject 2.4m€ in the SSP in January 2021.

⁶ In spite of the assumptions made on positive salary adjustments as from July 2019 (+3%) and as from July 2020 (+2%).



Contrary to the fictional future gap of the Financial Study, **the gap between senior managers and young staff in the NPS⁷ is real.** It should be addressed urgently, starting by an in-depth reform of the current career system. We think it is high time to incentivise Mr Campinos and his team to do the right thing for the NPS/SSP. Only collective action can lead us there.

SUEPO Munich

⁷ Read more about the heavy impact of recent reforms on newcomers in [Mind the Gap!](#) by the LSC Munich: