

## Method of calculation

### Ordinary retirement

The key factors in determining the amount of ordinary retirement pension are the pensionable salary net of contributions to the pension scheme and the length of time of service / membership (in years and complete months expressed in years), limited to 36 years (members having, at least, 36 years of service during 2005) or to 40 years.

The scheme members that had, on the 31st December of 2005, at least, 36 years of service keep the former pension method of calculation.

**Calculation formula:** Pension =  $R \times T / 36$

**R** = Meaningful remuneration (pensionable salary net of contributions towards the pension scheme at a rate of 10%)

**T** = Years and complete months of service expressed in years, with the maximum of 36

The meaningful remuneration (R) is the sum of:

**A.** Final monthly salary net of contributions to the pension scheme at the meaningful moment or average of the monthly salary net of contributions towards the pension scheme (please refer to **Scheme meaningful job**); and;

**B.** Average of the fix permanent subsidiary bonuses paid over the last 2 years net of contributions towards the pension scheme.

The rest of the civil servants appointed until 1993-08-31 will have the pension calculated according to the following formula:

**Calculation formula:** Global Pension =  $P1 + P2$

meaning

$$P1 = (R \times T1) / 40$$

**R** = Meaningful remuneration (pensionable salary net of contributions towards the pension scheme at a rate of 11%), like in the former formula (salary until 2005 only);

**T1** = Years and complete months of service until 2005-12-31 expressed in years, limited to 40 years

meaning

$$P2 = RR \times T2 \times N$$

$$RR = TR / (n \times 14)$$

**TR** = highest remunerations related to the time of service after 2005, limited to the years necessary to have a full career of 40 years (all the service before 2006 is taken into account).

n = number of civil years with contributions

**T2** = 2% (until 2015-12-31) or between 2% and 2,3% (from 2016-01-01), according to the value of the remuneration.

**N** = number of years (after 2005) with at least 120 days of contributions necessary to have a full career of 40 years (all the service before 2006 is taken into account).

### **Sustainability factor**

Pensions granted to civil servants that haven't met yet the normal retirement age yet are reduced by a **sustainability factor**, according to life expectancy at age 65 years:

The **new sustainability factor** is applied to both early retirement (granted under the article 37.<sup>o</sup>-A of Statut of Retirement or under special schemes rules) and compulsory retirement pensions from the moment they are granted:

Calculation formula:  $EMV_{2000} / EMV_{year\ i-1}$

meaning:

EMV<sub>2000</sub> life expectancy at age 65 years in 2000;

EMV<sub>year i-1</sub> life expectancy at age 65 years in the previous year to retirement.

Both age limit, early retirement (only new, long career and disability) and incapacity pensions are not reduced by the sustainability factor, despite being granted to scheme members that haven't met the normal or the personal retirement age yet.

### **Absolut and general incapacity**

If the scheme member is unable to perform not only his Job but any profession, he benefits from more favourable rules, such as:

- Minimum period of membership (entitlement condition) of 3 years (instead of 5);
- Pension value at least equal to the minimum pension granted to private workers with the following career (40 years).

### **Early retirement**

The early retirement pension is calculated the same way the ordinary pension is. The pension value thus obtained is then reduced 4,5% per year (for members that had 36 years of service in 2005-12-31) or 0,5% per month (for the other members) the member needs to reach the normal or the personal retirement age.

For instance, as the scheme member could only retire at age 66 years and 7 months and he is only 3 years and 1 day short to reach that age, the reduction will be corresponding to 4 years (18% of the total pension amount) and if he retires 1 day before he reaches 66 years and 7 months, the penalty will be corresponding to 1 year (4,5%).

The number of years considered in the reduction of the pension amount is itself reduced in one year for each period of complete 3 years the member has completed above 36 years of service (only for members that had 36 years of service in 2005-12-31).

### **Long career and disability early retirement**

The long career and the disability early retirement pension is calculated the same way the ordinary pension is. It doesn't have any early retirement penalties, despite being granted before the scheme member reaches the normal and the personal retirement age.

### **Pension bonus**

If the scheme member doesn't retire immediately after he meets the qualifying conditions, his pension will have a bonus.

That bonus corresponds to a given percentage of the retirement pension, being calculated according to the following formula: Pension x Bonus

Meaning

Bonus number of complete months between the moment that the scheme member reached the normal retirement age and 15 years of service and the moment of retirement, limited to his 70th anniversary x the percentage of Table I

Bonus  $M \times P$

M = Number of complete months between the moment that the scheme member reached the normal or the personal retirement age (as long as he already had 15 years of service) and the moment of retirement, limited to his 70th anniversary

P = Percentage of table II

| Table II       |                |
|----------------|----------------|
| Career (years) | Percentage (%) |
| 15 to 24       | 0,33           |
| 25 to 34       | 0,50           |
| 35 to 39       | 0,65           |
| Over 39        | 1,00           |

For bonus purposes, only real service after 2008-01-01 is taken into account.

The maximum value of the bonified pension is 90% of the scheme member last pay.