



EUROPEAN CENTRAL BANK
EUROSYSTEM

DECISION OF THE EUROPEAN CENTRAL BANK
of 4 May 2009
amending the Conditions of Employment for Staff of the European Central Bank
(ECB/2009/NP7)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Article 36.1 and the fifth indent of Article 47.2 thereof,

Having regard to the Rules of Procedure of the European Central Bank (ECB), and in particular Article 21 thereof,

Having regard to Article 6.6 of Annex III to the Conditions of Employment for Staff of the European Central Bank (hereinafter the 'Conditions of Employment'),

Having regard to the opinion of the Staff Committee,

Having regard to the proposal of the Executive Board,

Having regard to the recommendation of the Oversight Committee,

Having regard to the contribution of the General Council,

Whereas:

- (1) Article 36 of the Statute of the European System of Central Banks and of the European Central Bank grants the ECB's Governing Council the power to lay down the conditions of employment of the staff of the ECB.
- (2) The rules of the European Central Bank Retirement Plan (hereinafter the 'ECB Retirement Plan' or the 'Plan') are laid down in Annex III to the Conditions of Employment.
- (3) Actuarial calculations have indicated that the ECB Retirement Plan is underfunded. Taking into account the current level of contributions (Core Contributions and the compulsory minimum staff contributions), it is forecasted that the Plan will be financially unsustainable in the long term.
- (4) Moreover, a review of the Plan conducted in 2007 has indicated that it does not operate in an actuarially neutral way.
- (5) The abovementioned review concluded that it would be advisable to adopt a new ECB pension scheme (hereinafter the 'ECB Pension Scheme' or the 'Scheme') consisting of a first pillar defined benefit scheme and a second pillar defined contribution scheme. It was also recommended that the

ECB Retirement Plan, which is a hybrid scheme, should be frozen at the date of implementation of the Scheme.

- (6) The freezing of the ECB Retirement Plan implies that: (a) no contributions will be made to the ECB Retirement Plan in relation to the future service of members of staff who take up employment with the ECB on or prior to 31 May 2009; and (b) any benefits from the ECB Retirement Plan relating to past service of such members of staff will be determined on termination of their employment with the ECB.
- (7) The ECB Pension Scheme should ensure continuity with the ECB Retirement Plan by retaining the following structural elements of the Plan:
 - the defined benefit pillar of the Scheme should be set at exactly the same level as the guaranteed pension in the ECB Retirement Plan;
 - the normal retirement age should remain at 65;
 - early retirement should remain possible;
 - mandatory contributions should in principle be maintained at the current level under the Plan, subject, however, to adjustments relating to transitional measures, if any;
 - staff should still be allowed to make voluntary contributions to top up their first pillar pension.
- (8) The Scheme should also be simpler, more transparent and more predictable than the Plan, to counteract the substantial uncertainty existing about the financial sustainability of the Plan in the long term. The Scheme should also introduce a balanced distribution of risk between members of staff and the ECB.
- (9) Amendments should be made to the Conditions of Employment to incorporate the Rules of the Scheme, to relocate the existing provisions on disability benefits and to streamline Part 14 of the Rules of the ECB Retirement Plan,

HAS DECIDED AS FOLLOWS:

Article 1

Definitions

For the purposes of this Decision:

- (a) 'combined service' means the total period of service composed of past service and future service and qualifying either as pensionable service or actual service as referred to in the ECB Retirement Plan and the ECB Pension Scheme respectively;
- (b) 'Conditions of Employment' means the Conditions of Employment for Staff of the European Central Bank;

- (c) 'conversion factors' means factors provided by the Plan Actuary which are used to calculate benefits from the Core Benefit Account and the Flexible Benefit Account under the ECB Retirement Plan;
- (d) 'Core Benefit Account', 'Deferred Retirement Benefits', 'Flexible Benefit Account', 'Plan Actuary' and 'Retirement Zone' mean the same as defined in the Rules of the ECB Retirement Plan;
- (e) 'defined benefit scheme' means Appendix 1 to Annex II to this Decision;
- (f) 'ECB Pension Scheme' or 'Scheme' means the pension arrangements applicable to the members of staff of the ECB which provide for retirement and dependants' pensions, as contained in Annex IIIa to the Conditions of Employment;
- (g) 'ECB Retirement Plan' or 'Plan' means the pension arrangements applicable to members of staff which provide for retirement and dependants' pensions, as contained in Annex III to the Conditions of Employment;
- (h) 'final salary' means the same as defined in the Rules of the ECB Retirement Plan and the ECB Pension Scheme;
- (i) 'future service' means periods of service from 1 June 2009 under the ECB Pension Scheme, subject to the conditions laid down in the Rules of the Scheme;
- (j) 'member of staff' means any person who has countersigned an employment contract appointing them for an indefinite period or a definite period of more than one year to a position within the ECB and who has taken up such appointment;
- (k) 'pensioner' and 'deferred member' mean the same as defined in the ECB Pension Scheme;
- (l) 'past service' means accrued periods of service under the ECB Retirement Plan as at 31 May 2009, subject to the conditions laid down in the Rules of the ECB Retirement Plan.

Article 2

Freezing of the ECB Retirement Plan and transitional arrangements

1. Members of staff taking up employment with the ECB from 1 June 2009 shall not be eligible to join the ECB Retirement Plan.
2. Members of staff who have taken up employment with the ECB on or prior to 31 May 2009 and former members of staff shall remain covered by the ECB Retirement Plan in respect of their past service.
3. Members of staff in the Retirement Zone on 31 May 2009 shall be covered by the ECB Retirement Plan in respect of their past and future service.
4. Members of staff who have taken up employment with the ECB on or prior to 31 May 2009 shall remain entitled to transfer assets into the ECB Retirement Plan in accordance with Part 16 of its Rules.

5. For the purpose of calculating benefits in the Retirement Zone under the ECB Retirement Plan from the Core Benefit Account, the use of uniform and male-only conversion factors shall be maintained but shall be updated in accordance with paragraph 6.
6. For the purpose of calculating benefits under the ECB Retirement Plan from the Core Benefit Account updated male-only conversion factors, provided by the Plan Actuary and reflecting a change in longevity, shall be applied from 1 June 2009 onwards.
7. For the purpose of calculating benefits under the ECB Retirement Plan from the Flexible Benefit Account, updated conversion factors, provided by the Plan Actuary and reflecting a change in longevity, shall be applied from 1 June 2009 onwards. The updated conversion factors shall be gradually introduced over a period of five years as to one-fifth per year of the overall required update.
8. For the purpose of determining entitlements under Part 14 of the ECB Retirement Plan ('Leaving the Plan before Retirement') for members of staff who have taken up employment with the ECB on or prior to 31 May 2009 the reference to 'Pensionable Service' and 'actual Service' shall be understood as combined service.
9. By way of derogation from Article 11.5 of the ECB Retirement Plan, the maximum pension benefits payable under the ECB Retirement Plan and the Scheme to members of staff who take up employment with the ECB on or prior to 31 May 2009 shall be determined as follows:
 - (i) the total pension payable under the ECB Retirement Plan and the Scheme may not under any circumstances exceed 70% of final salary; and
 - (ii) the pension payable from the Core Benefit Account to a Full Member or to a former Full Member with an entitlement to Deferred Retirement Benefits under the ECB Retirement Plan and the pension payable to a member or to a deferred member under the defined benefit scheme shall:
 - a. on retirement not exceed 2% of final salary for each year of combined service qualifying as pensionable service, up to a maximum of 35 years; and
 - b. on retirement after age 65 but before age 70, not exceed 2% of final salary for each year of combined service qualifying as pensionable service, up to a maximum of 35 years, increased for late payment by such amount as the administrator, acting on actuarial advice, decides.
10. A member of staff who takes up employment with the ECB on or prior to 31 May 2009 and at the moment of leaving service before age 50 has combined service qualifying as pensionable service of more than five but less than 10 years shall, notwithstanding the provisions of Part 14 of the ECB Retirement Plan, be entitled to Deferred Retirement Benefits if the member of staff so elects.

Article 3

Scope of application of the Scheme and transitional arrangements

1. Members of staff who take up employment with the ECB on or prior to 31 May 2009 and remain so employed on that date, with the exception of members of staff in the Retirement Zone on 31 May 2009, shall be covered by the Scheme for their future service.
2. Members of staff taking up employment with the ECB from 1 June 2009 shall be covered by the Scheme.
3. For the purpose of determining entitlements for leavers and entitlements to deferred retirement benefits under the Scheme, the requirement to have more than five or more years of pensionable and/or actual service shall be satisfied by taking into account the respective combined service.
4. By way of derogation from Article 22 of the Scheme, the first valuation of the defined benefit scheme shall be carried out in 2014 based on the data as at 31 December 2013.
5. By way of derogation from Article 3 of Appendix 1 to the Scheme, members of staff referred to under paragraph 1 who: (i) qualify either as pensioners or as deferred members; (ii) have no spouse at the date of retirement; and (iii) are not under an obligation to pay maintenance as referred to under Article 8(a)(ii) of Appendix 1 to the Scheme at the date of retirement shall be entitled to a pension increase of 6%. By way of derogation from Article 12 of the Scheme, the maximum pension in such case shall not exceed 74.2% of final salary.

Article 4

Amendments to the Conditions of Employment

The Conditions of Employment are amended as follows:

1. The following point (d) is added to Article 11:
'(d) On retirement a member of staff's employment contract with the ECB shall be considered to be terminated without any severance payment or payment in lieu of notice being due.'
2. Article 32 is replaced by the following:
'32.
 - (a) In the event of absence from work caused by illness or accident, remuneration shall be extended for a maximum period of one year. Subject to medical advice confirming incapacity to perform their duties, members of staff whose absence exceeds one year shall be granted a disability allowance.
 - (b) Members of staff may nevertheless ask for a disability allowance to be granted before the absence from work has continued for a full year.
 - (c) The Executive Board may examine the question of whether, in accordance with the Staff Rules, the repeated absence of a member of staff constitutes a case of disability entitling them to a disability allowance.

(d) The detailed rules applying to disability benefits are set out in Annex IV.'

3. The following Article 37a is inserted:

'37a

- (a) A former member of staff who receives a pension on retirement immediately following active service, or after their death their dependants who receive a spouse's or children's pension in accordance with Article 38, shall be entitled to household and child allowances subject to the conditions set out in Articles 15 and 16.
- (b) Pre-school allowances in payment at the date of retirement or death of a member of staff, as determined in Article 19bis, shall continue to be payable, but no new entitlement to a pre-school allowance shall arise, except in the following circumstances:
 - (i) where the spouse or recognised partner is pregnant at the date of retirement or death of the member of staff and the child is born following the member of staff's retirement or death;
 - (ii) where the member of staff and their spouse or recognised partner had commenced adoption proceedings prior to the date of the member of staff's retirement or death and such proceedings result in the adoption of a child following the member of staff's retirement or death.
- (c) Educational allowances pursuant to Article 19 shall be payable for every child for which pre-school allowance was paid. No new entitlement to educational allowance shall arise, however, except for a child whose adoption is completed following the member of staff's retirement or death as described in point (b)(ii).
- (d) A former member of staff who receives a pension on retirement immediately following active service, or following their death their dependants who receive a spouse's or children's pension in accordance with Article 38, shall have access to the medical benefits and dental plan referred to in Article 33. The participation of such persons shall be governed by the same terms and conditions in force for members of staff. For the calculation of the premium, however, 'salary' shall be substituted by 'pension', as determined under point (e).
- (e) In the case of former member of staff, the basis of the premium for the medical benefits and dental plan shall be the pension to which they were entitled on retirement pursuant to:
 - (i) Article 11.2 of Annex III, before any part of such pension was converted to a lump sum under Article 11.4 of Annex III; and/or
 - (ii) Appendix 1 to Annex IIIa. The premium may be increased in line with increases to such pension.
- (f) In the case of persons in receipt of a spouse's pension, the basis of the premium for the medical benefits and dental plan shall be the spouse's pension.
- (g) A child for whom a children's pension is being paid shall not be required to contribute to the medical benefits and dental plan if they have a surviving parent. However, if they have no

surviving parent, the child's contribution to the plan shall be calculated on the basis of the children's pension paid.'

4. Part 7 Pension is replaced by the following:

'Part 7 Pension

38. The pension arrangements applicable to members of staff of the ECB, which include provisions for retirement and dependants' pensions, are contained in Annexes III and IIIa.'

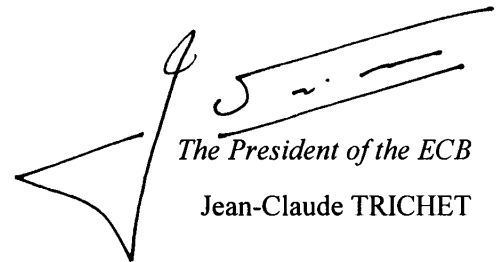
5. Annex III to the Conditions of Employment is amended in accordance with Annex I to this Decision.
6. The text set out in Annex II to this Decision, comprising the Rules of the ECB Pension Scheme, is added as Annex IIIa to the Conditions of Employment.
7. The text set out in Annex III to this Decision is added as Annex IV to the Conditions of Employment.

Article 5

Entry into force

This Decision shall enter into force with effect from 1 June 2009.

Done at Frankfurt am Main, 4 May 2009.



The President of the ECB
Jean-Claude TRICHET

Annex I

Annex III to the Conditions of Employment is amended as follows:

1. The following sentence is added to the first subparagraph of paragraph 6.1:
‘In the case of a Member who receives a disability allowance, Core Contributions shall continue to be payable based on the Member’s basic salary.’
2. The following subparagraph (v) is added to paragraph 6.4:
‘(v) Contributions payable by a Member who receives a disability allowance shall be based on the amount of their disability allowance before any reduction for earnings or benefits from another source.’
3. The first sentence of paragraph 11.1(ii) is replaced by the following:
‘(ii) on any date before the Retirement Zone after age 55.’
4. The following paragraph 13.3a is inserted:
‘13.3a Surviving former Spouse’s benefit
 - (a) If a Full Member or former Member with an entitlement to Deferred Retirement Benefits dies, their former Spouse shall be entitled to a surviving former Spouse’s benefit as determined in paragraphs (b) and (c), provided that at the date of death:
 - (i) the former Spouse has neither (re)married nor are they in a non-marital partnership that would be recognised by the ECB within the meaning of the Conditions of Employment; and
 - (ii) the deceased was at the date of their death under an obligation to pay maintenance to the former Spouse in a personal capacity by virtue of a court order which had become final and binding or an officially registered settlement in force between them and their former Spouse; and
 - (iii) such court order or settlement does not provide for any entitlement or payment to the former Spouse in respect of the pension rights accrued by the Full Member or former Member with an entitlement to Deferred Retirement Benefits during their period of employment with the ECB or entitle the former Spouse to rights similar to the surviving former Spouse’s benefit.
 - (b) The surviving former Spouse’s benefit shall be a percentage of the Spouse’s pension equal to $A/B \times 100$ where:
A = the duration of the marriage or recognised non-marital partnership between the former Spouse and the Full Member or the former Member with an entitlement to Deferred Retirement Benefits throughout the period of their employment at the ECB, expressed in years and fractions thereof.

- B = the total number of years of actual Service of the Full Member or former Member with an entitlement to Deferred Retirement Benefits.
- (c) The surviving former Spouse's benefit shall not be more than the amount agreed to in the court order or settlement referred to in paragraph (a)(ii) and shall be payable to the former Spouse:
- (i) provided the conditions set out in paragraph (a)(i) remain fulfilled; and
 - (ii) for as long the former Spouse would have been entitled by such court order or settlement to ongoing maintenance payments had the Full Member or former Member with an entitlement to Deferred Retirement Benefits remained alive.
- (d) If a Full Member or former Member with an entitlement to Deferred Retirement Benefits dies, and at the date of their death they have both a Spouse entitled to a Spouse's pension and a former Spouse, the former Spouse shall, subject to paragraph (a)(iii), be entitled to the benefit determined under paragraph (b). The Spouse's pension to which the Spouse is entitled shall be reduced by the amount of the surviving former Spouse's benefit.
- (e) If the former Spouse under this Article dies, renounces their share, forfeits their rights or where the conditions of paragraph (c) are no longer met, the Spouse's pension that was reduced in accordance with paragraph (d) shall be increased by the amount of the surviving former Spouse's benefit that was payable to the former Spouse.
- (f) The surviving former Spouse's benefit shall be taken into account and shall be adjusted accordingly for the purposes of Article 13.1(xiv) and of Article 13.3(xiv)
5. Part 14 is replaced by the following:

'PART 14 LEAVING THE PLAN BEFORE RETIREMENT

14.1 General principles

The total amount of the benefit(s) payable under Article 14.2, 14.3 and 14.4 shall be limited to the value of the Member's Core Benefit Account and the Flexible Benefit Account.

The amount of the cash lump sum payment under Article 14.3 and 14.4 shall be limited to such proportion of the value of the Member's Core Benefit Account and the Flexible Benefit Account as the Administrator, acting on Actuarial Advice, determines to be attributable to ten years' Pensionable Service.

In the case of entitlement to Deferred Retirement Benefits as set out under Article 14.3(ii), 14.3(iii) and Article 14.4, the Deferred Retirement Benefits shall not be less than such proportion of the value of the Member's Core Benefit Account and the Flexible Benefit Account as the Administrator, acting on Actuarial Advice, determines to be attributable to ten years' Pensionable Service. Such Deferred Retirement Benefits shall be subject to the provisions of Part 11 of these Rules.

For the purposes of this Part 14 of the Rules, the value of the Member's Core Benefit Account shall be limited to the sum determined actuarially to fund a pension of 2% of the Final Salary for the period of the Member's Pensionable Service.

14.2 Leaving Service with less than ten years' Pensionable Service

A Member who leaves Service before age 60 and who has less than ten years' Pensionable Service shall be entitled to a cash lump sum payment and/or a transfer payment under Article 16.2 of these Rules.

The Member may choose whether to take a cash lump sum payment or a transfer payment or a combination of the two. However, the amount of the cash lump sum payment shall be subject to the proviso that the remaining funds are sufficient to be transferred to another pension arrangement.

14.3 Leaving Service with ten or more years' Pensionable Service

(i) Before age 50

A Member who leaves Service before age 50 and who has ten or more years' Pensionable Service shall be entitled to a transfer payment under Article 16.2 of these Rules or a combination of a cash lump sum payment and a transfer payment.

The Member may choose whether to take a transfer payment solely or a combination of a cash lump sum payment and a transfer payment. However, the amount of the cash lump sum payment shall be subject to the proviso that the remaining funds are sufficient to be transferred to another pension arrangement.

(ii) At or after age 50 and before age 55

A Member who leaves Service at or after age 50, but before age 55, and who has ten or more years' Pensionable Service shall be entitled to the benefits outlined in sub-clause (i) of this Article and/or Deferred Retirement Benefits.

The Member may choose whether to take a cash lump sum, a transfer payment, Deferred Retirement Benefits or a combination of the three. However, the amount of the cash lump sum shall be subject to the proviso that the remaining funds are sufficient to be transferred to another pension arrangement or to provide the Deferred Retirement Benefits.

(iii) At or after age 55 and before age 60

A Member who leaves Service after age 55, but before age 60, shall have the same options as those set out in sub-clause (ii) above and, with the consent of the Administrator, an additional option to receive immediate early retirement benefits. These benefits shall be determined in accordance with Part 11 of these Rules.

14.4 Leaving Service before age 50 with ten or more years actual Service

A Member who leaves Service before age 50 and who has ten or more years actual Service shall be entitled to the benefits outlined in Article 14.3(i) of these Rules and/or Deferred Retirement Benefits.

The Member may choose whether to take a cash lump sum, a transfer payment, Deferred Retirement Benefits or a combination of the three. However:

- (i) the amount of the cash lump sum shall be subject to the proviso that the remaining funds are sufficient to be transferred to another pension arrangement or to provide the Deferred Retirement Benefits;
- (ii) the Flexible Benefit Account of the Member leaving Service will be invested on the same basis as the Member's Core Benefit Account from the date the Member selects the Deferred Retirement Benefit option;
- (iii) except for the pension and/or cash lump sum benefit or a later transfer payment in accordance with Article 16.2 of these Rules, the Member shall not have any further entitlements from the ECB, including but not limited to those set out in Article 37a of the Conditions of Employment.'

6. Part 18 is replaced by the following:

'Part 18 Disability

A member who receives a disability allowance shall be considered to be in Pensionable Service.'

7. Part 19 is repealed.

Annex II

‘Conditions of Employment for Staff of the European Central Bank

Annex IIIa - PENSION SCHEME

Section I - DEFINITIONS

Article 1: Definitions

Section II - MEMBERSHIP AND CONTRIBUTIONS

Article 2: Membership

Article 3: Temporary absence from work

Article 4: Part-time working arrangement

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Article 6: Rejoining the Scheme

Article 7: Contributions

Article 8: Transfers-in

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Section III - BENEFITS

Article 10: Benefits under the defined benefit scheme

Article 11: Benefits under the voluntary contribution scheme

Article 12: Maximum benefits

Article 13: Pension adjustments

Article 14: Disappearance

Section IV - SCHEME ASSETS AND INVESTMENT

Article 15: Funding and Scheme assets

Article 16: Investment Committee

Article 17: Investment of Scheme assets

Article 18: Investment manager(s) and custodian(s)

Section V- ADMINISTRATION

Article 19: Administration of the Scheme

Article 20: Scheme actuary

Article 21: Adoption of actuarial assumptions

Article 22: Actuarial valuation of the Scheme

Article 23: Adjustments

Article 24: Annual report and financial statements

Article 25: Costs of the Scheme

Section VI - OVERSIGHT AND AUDIT

- Article 26: Oversight Committee
- Article 27: Audit of the Scheme

Section VII - GENERAL PROVISIONS

- Article 28: Forfeiture of rights
- Article 29: Taxation
- Article 30: Offset for crime, negligence or fraud
- Article 31: Closure of the Scheme to future members of staff
- Article 32: Cessation of ECB contribution
- Article 33: Termination and winding-up
- Article 34: Communication and information
- Article 35: Disputes
- Article 36: Any other matters

Section VIII - APPENDICES

- Appendix 1: Benefits under the defined benefit scheme
- Appendix 2: Benefits under the voluntary contribution scheme
- Appendix 3: Actuarial assumptions and factors

Section I - DEFINITIONS

Article 1

Definitions

In these Rules the terms set out below have the following meaning:

‘actual service’ means all of the following periods from the date of entry into force of the Scheme:

- (a) periods of active employment at the ECB, regardless of the working time arrangements applicable to such periods;
- (b) periods of sick leave within the meaning of the Conditions of Employment;
- (c) periods of entitlement to a disability allowance, adjusted in the case of partial disability;
- (d) periods of maternity leave;
- (e) periods of parental leave;
- (f) any other periods subject to approval of the administrator;

‘actuarial advice’ means the advice given by the Scheme actuary;

‘actuarial equivalent’ or **‘equivalent actuarial value’** means the equivalent value of the retirement benefits determined according to the actuarial tables adopted by the administrator under Article 21;

‘age adjustment’ means, for the purpose of determining the reduction under Article 9 of Appendix 3 to be applied to a spouse’s pension payable under Articles 4, 5, 6, and 7 of Appendix 1, the reduction of the difference in age between the deceased member and their surviving spouse by subtracting, as applicable, the duration of any of the following: (i) their marriage; (ii) their recognised non-marital partnership; (iii) their partnership which would have been recognised by the ECB as a non-marital partnership within the meaning of the Conditions of Employment;

‘administrator’ means the Director General of Human Resources, Budget and Organisation or any other persons appointed by them;

‘approved insurance company’ means an insurance company authorised by the competent authority of a Member State under either Articles 4 or 51 of Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance¹ to take up the activities referred to under any of Headings I, III, VII and IX in Annex I to that Directive;

‘balancing contribution’ means a contribution to a member’s voluntary contribution account equal to the excess of the overall contribution over the home plan contribution;

‘beneficiary’ means any of the following:

- (a) a member;
- (b) a person who receives a pension from the Scheme;
- (c) a person who is entitled to deferred retirement benefits under the Scheme;

¹ OJ L 345, 19.12.2002, p. 1.

(d) a person who is entitled to a surviving former spouse's benefit under the Scheme;

'**child**' means the child of a member or a pensioner whose eligibility to receive benefits under the Scheme is determined in accordance with the same criteria as apply to a dependant child of a member of staff under the Conditions of Employment; '**children**' shall be construed accordingly;

'**Conditions of Employment**' means the Conditions of Employment for Staff of the European Central Bank;

'**compulsory contribution**' means a member's monthly contribution to the defined benefit scheme set at a rate of 6%, or at any other rate decided by the Governing Council, of the member's:

- (a) monthly basic salary,
- (b) monthly disability allowance, or
- (c) monthly partial disability allowance combined with adjusted monthly basic salary,

whichever is applicable;

'**deferred member**' means a former member of staff:

- (a) whose employment contract with the ECB has been terminated otherwise than by reason of death or retirement prior to the normal retirement age; and
- (b) who has completed more than five years of pensionable and/or actual service;

'**deferred retirement benefits**' means the benefits defined in Articles 2, 5 and 6 of Appendix 1, and Articles 2, 5 and 6 of Appendix 2;

'**dependants**' means the spouse and/or dependant children of a member or pensioner within the meaning of the Conditions of Employment;

'**early retirement**' means retirement at or after age 55 but prior to the normal retirement age. The administrator's approval shall be required for early retirement at or after age 55 up to, but not including age 60;

'**ECB contribution**' means the monthly contribution paid by the ECB from its general assets to the defined benefit scheme set at a rate of 18% of a member's monthly basic salary, or at any other rate decided by the Governing Council;

'**final salary**' means the annual rate of a member's monthly basic salary received prior to leaving service, retirement or death;

'**home plan**' means an employee benefit arrangement:

- (a) established by or for an organisation or government with which a member of staff maintains an employment relationship; and
- (b) of which a member of staff is authorised to remain a member on a continuous basis;

'**home plan contribution**' means a contribution within the limits authorised by the home plan consisting of part or at maximum all of the overall contribution, which is paid monthly from the defined benefit scheme into the home plan in accordance with Article 2 of these Rules;

‘initial contribution’ means a one-off lump sum contribution which a member decides to pay into the voluntary contribution scheme within one year of joining it, subject to limits determined by the administrator;

‘interest’ means interest compounded annually based on an interest rate of 3.5%, which may be revised from time to time by the Executive Board on the advice of the Scheme actuary and following consultation with the Staff Committee;

‘Investment Committee’ means the ECB’s Investment Committee, as defined and established in accordance with the relevant rules laid down by the Executive Board and entrusted with responsibilities in relation to the Scheme;

‘late retirement’ means retirement after the normal retirement age but prior to age 70 subject to the administrator’s approval;

‘leaver’ means a former member of staff whose employment contract with the ECB is terminated otherwise than by reason of death or retirement and who is entitled to the benefits defined in Article 1 of Appendix 1 and Article 1 of Appendix 2; **‘leaving’** shall be construed accordingly;

‘maximum pension’ means an annual pension equivalent to 70% of final salary at retirement;

‘member’ means a member of staff or a deferred member who is affiliated to the defined benefit scheme and/or the voluntary contribution scheme;

‘normal retirement age’ (NRA) means age 65;

‘overall contribution’ means the total of the ECB contribution and the compulsory contribution payable to the Scheme;

‘Oversight Committee’ means the Oversight Committee as defined and established in accordance with the relevant rules laid down by the Executive Board from time to time and entrusted with responsibilities in relation to the Scheme;

‘payment account’ means an account established for the Scheme from which pensions under the Scheme are paid;

‘pensionable service’ means all of the following periods from the date of entry into force of the Scheme:

- (a) periods of actual service in respect of which overall contributions are paid, adjusted to take into account a member’s applicable working time arrangements;
- (b) any period of service bought back in accordance with Article 3(c) and (d);
- (c) any other periods subject to the administrator’s approval;
- (d) any period of service in respect of amounts transferred in pursuant to Article 8.

‘pensioner’ means a former member of staff whose employment contract with the ECB has been terminated by reason of early retirement, retirement at the normal retirement age or late retirement;

‘prospective pension’ means, in respect of a member who has died in service, the retirement pension to which they would have been entitled if they had retired at the normal retirement age based on their revalued earnings at the date of their death;

‘prospective deferred pension’ means, in respect of a deferred member who has died after leaving, the retirement pension to which they were entitled at the leaving date, based on their revalued earnings at such date, adjusted in accordance with Article 13 until the date of their death;

‘revalued earnings’ means the average of a member’s highest basic salaries on a full time basis, over a maximum of 30 years of pensionable service, up to the date of leaving, retirement or death. In the case of a disabled member who receives a disability allowance, their basic salary on a full time basis immediately prior to becoming disabled shall be used if necessary. The above basic salaries shall be adjusted in line with general salary adjustments in accordance with the Conditions of Employment;

‘Rules’ mean these rules and the appendices thereto, as amended from time to time;

‘Scheme’ means the European Central Bank Pension Scheme adopted on 4 May 2009 and entering into force on 1 June 2009 comprising the defined benefit scheme and the voluntary contribution scheme;

‘Scheme assets’ means all contributions, monies, property and other assets of the Scheme;

‘Scheme auditor’ means the ECB’s auditor appointed in accordance with Article 27 of the Statute of the European System of Central Banks and of the European Central Bank;

‘special contribution’ means a lump sum contribution which a member may decide to pay once a year to the voluntary contribution scheme, subject to limits determined by the administrator;

‘spouse’ means:

- (a) a member’s legal spouse;
- (b) a member’s non-marital partner recognised by the ECB under the Conditions of Employment;
- (c) a deferred member’s legal spouse or partner who would have been recognised by the ECB as a non-marital partner within the meaning of the Conditions of Employment;
- (d) a pensioner’s legal spouse or non-marital partner recognised by the ECB under the Conditions of Employment;

‘spouse’s pension’ means a pension payable for life to a spouse from the defined benefit scheme;

‘spouse’s supplementary pension’ means a pension payable for life to a spouse from the voluntary contribution scheme;

‘staff representative’ means a member of staff elected under Article 45 of the Conditions of Employment who is appointed to the Investment Committee in accordance with Article 16 of these Rules;

‘supplementary contribution’ means any additional contribution payable by the ECB to the defined benefit scheme including a contribution relating to past service;

‘supplementary retirement pension’ means a pension payable for life to a member from the voluntary contribution scheme, subject to the limit of the maximum pension;

‘voluntary contribution’ means a monthly contribution deducted from a member’s monthly basic salary and paid into the voluntary contribution scheme. Such regular monthly contribution to the voluntary contribution scheme shall not exceed 12% of the member’s:

- (a) monthly basic salary;

- (b) monthly disability allowance; or
- (c) monthly partial disability allowance combined with adjusted monthly basic salary, whichever is applicable;

'voluntary contribution account' means the account which the ECB maintains for a member in the voluntary contribution scheme as described in Appendix 2 to these Rules, or where the context requires, the amount credited to that account at any given date.

Section II - MEMBERSHIP AND CONTRIBUTIONS

Article 2

Membership

- (a) On taking up employment with the ECB, a member of staff shall join the defined benefit scheme.
- (b) From the date of taking up employment with the ECB, a member of staff may elect to join the voluntary contribution scheme.
- (c) The Governing Council may also allow a member of staff to join the Scheme on any special terms and from such date as it may decide.
- (d) If the Governing Council adopts specific pension provisions for particular categories of members of staff, it may exclude such members of staff from participating in the Scheme. In this event, the provisions of Articles 1 and 2 of Appendix 1 and Articles 1 and 2 of Appendix 2 shall apply.
- (e) By derogation from paragraph (a), the administrator may lay down the conditions on which, exceptionally, a member of staff may, on taking up employment with the ECB, be authorised to remain a member of their home plan. In this event, home plan contributions shall be paid accordingly.
- (f) Where paragraph (e) applies, the ECB shall pay any balancing contribution into the member's voluntary contribution account. Any such member shall not accrue pensionable service nor actual service and shall not be entitled to any benefit from the defined benefit scheme.

Article 3

Temporary absence from work

- (a) If a member is temporarily absent from work, they shall remain a member for as long as they receive any basic salary from the ECB.
- (b) During any such period of paid absence, all of the following shall apply:
 - (i) the ECB shall continue to pay ECB contributions and the member shall continue to pay compulsory contributions;
 - (ii) any balancing contributions shall continue to be paid;
 - (iii) the member may continue to contribute to the voluntary contribution scheme;

- (iv) the member's entitlement to death in service benefits under Article 4 of Appendix 2 shall continue.
- (c) If a member's basic salary is reduced during the period of temporary absence, the ECB contribution and the compulsory contribution shall be reduced accordingly. In such case the period of absence shall only count as pensionable service to the extent decided by the administrator after taking actuarial advice and if the member, no later than three months after their return to work, pays to the defined benefit scheme the balance of: (i) the compulsory contributions based on the member's unreduced salary; and (ii) an amount equal to what the ECB contributions would have been based on the member's unreduced salary. Any such payments shall be increased by applying interest.
- (d) If a member does not receive any basic salary from the ECB during the period of temporary absence from work, the Executive Board may decide that the member may remain a member for that period. To the extent decided by the administrator after taking actuarial advice, the period of absence shall be treated as full pensionable service, if the member, within three months after their return to work, pays to the defined benefit scheme the compulsory contributions and an amount equal to the ECB contributions in respect of that period of absence. Any such payments shall be increased by applying interest.
- (e) For the purpose of calculating any benefits becoming payable during the period of temporary absence, the member's monthly basic salary shall be deemed to be that applicable on the date on which the absence commenced, adjusted in line with general salary increases.

Article 4

Part-time working arrangement

If a member has had one or more part-time working arrangements, a maximum of 10 years in total under such arrangements may be treated as full pensionable service, provided that the member, no later than three months after their return to a full-time working arrangement, pays up the compulsory contributions and an amount equal to the ECB contributions to the level that would have been payable if the member had been working full-time during such period. Any such payments shall be increased by applying interest.

Article 5

Suspension

Where a member of staff has been suspended in accordance with Article 44 of the Conditions of Employment and part of their basic salary has been withheld, ECB contributions, compulsory contributions and any voluntary contribution shall become payable if the withheld portion of the monthly basic salary is reimbursed. Where relevant, the ECB shall compensate in such manner as the Executive Board determines for the loss of investment returns in the voluntary contribution account suffered by the member as a result of the later payment of the voluntary contribution.

Article 6

Rejoining the Scheme

If a member leaves the Scheme and later rejoins it, they shall, unless otherwise agreed between the administrator and the member, remain entitled to any benefits arising on cessation of their earlier period of membership and shall be treated for all purposes as a new member in relation to their later period of membership.

Article 7

Contributions

- (a) The following contributions shall be payable to the Scheme in euro:
 - (i) ECB contributions;
 - (ii) a supplementary contribution, if any;
 - (iii) compulsory contributions;
 - (iv) voluntary contributions, if any;
 - (v) an initial contribution, if any;
 - (vi) special contributions, if any;
- (b) The administrator may limit the voluntary contributions in any event in order to respect the maximum benefits payable under Appendix 1 and 2.

Article 8

Transfers-in

- (a) The ECB shall enter into agreements and make appropriate arrangements with such other employee benefit arrangements, organisations and governments as it determines to accept the transfer to the Scheme of amounts of cash in respect of members following completion of their probationary period with the ECB.
- (b) The amounts transferred in shall be allocated to the defined benefit scheme and the member shall be credited pensionable service in accordance with actuarial advice.
- (c) Notwithstanding any other provision of these Rules, any requirements imposed on a member of staff's benefits by a scheme from which amounts are transferred in shall continue to apply, even if the amount transferred in is transferred out at a later date.

Article 9

Transfers-out

- (a) In accordance with Articles 1 and 2 of Appendix 1 and Articles 1, 2 and 3 of Appendix 2 the administrator shall in respect of a member who on leaving joins another pension fund or approved insurance company make a transfer payment to such other pension fund or approved insurance company on condition that such fund or company guarantees that all of the following shall apply:
 - (i) the capital derived from the defined benefit scheme shall not be repaid to the member in the form of a lump sum. The capital derived from the voluntary contribution scheme shall only be repaid to the member if subject to taxation;
 - (ii) any monthly income shall be paid following retirement and shall be subject to taxation;
 - (iii) in relation to the capital derived from the defined benefit scheme, provision shall be made for benefits to be paid to dependants;
 - (iv) a subsequent transfer to another pension fund or approved insurance company shall be authorised only if such fund or company fulfils the conditions laid down in this paragraph.
- (b) Where a member leaving with both pensionable service and actual service of five years or less opts for transfer-out, they shall request a transfer payment to a pension fund or approved insurance company as described under paragraph (a) no later than three months after leaving or such longer period as determined by the administrator.
- (c) Subject to paragraph (a) a deferred member may request the administrator to transfer out the actuarial value of their entitlement to deferred retirement benefits at any moment after leaving.
- (d) Where a deferred member opts for a transfer-out under the defined benefit scheme, they shall also transfer out all of their entitlement to benefits under the voluntary contribution scheme, if any.
- (e) In the case of a deferred member, the transfer payment from the defined benefit scheme shall represent the actuarial equivalent of the member's deferred retirement benefits.
- (f) The transfer payment from the voluntary contribution scheme shall be the value of the member's voluntary contribution account at the date of transfer.
- (g) Once the relevant transfer payments have been made, a member, their spouse and any divorced surviving spouse, and dependants shall have no further entitlement to benefits under the Scheme.

Section III - BENEFITS

Article 10

Benefits under the defined benefit scheme

The detailed rules applying to members who are entitled to benefits under the defined benefit scheme are set out in Appendix 1.

Article 11

Benefits under the voluntary contribution scheme

The detailed rules applying to members who are entitled to benefits under the voluntary contribution scheme are set out in Appendix 2.

Article 12

Maximum pension

- (a) The total annual retirement pension payable to a member from both the defined benefit and the voluntary contribution schemes shall not exceed 70% of the member's final salary.
- (b) The amount of a deferred member's pension shall be increased over the period from the date of leaving to the date of retirement in accordance with the provisions of Article 13.

Article 13

Pension adjustments

- (a) Pensions paid following the retirement or death of a member shall be increased as follows:
 - (i) annually by reference to price inflation, as determined by the Harmonised Index of Consumer Prices for the euro area (hereinafter the 'euro area HICP');
 - (ii) if general salary adjustments in accordance with the Conditions of Employment have been below price inflation, as determined by the euro area HICP, the general salary adjustment shall be used to determine any increase in pension;
 - (iii) if the general salary adjustment in accordance with the Conditions of Employment exceeds price inflation, as determined by the euro area HICP, the Governing Council shall apply the general salary adjustment to determine the increase in pension provided that it determines, acting on actuarial advice, that the financial position of the Scheme would permit such an increase.
- (b) Any pension adjustment shall be implemented at the same time as the annual general salary adjustment.

Article 14

Disappearance

- (a) Where a beneficiary is missing and, in all probability, no longer alive, they shall be presumed to be deceased from the first anniversary of the date of their disappearance, in the absence of a Court decision specifying an earlier date.
- (b) Where a member is missing and presumed to be deceased, death benefits shall be paid provisionally and on confirmation of death, retroactively from the date of disappearance. Interest shall be payable on arrears.

- (c) The missing beneficiary shall be treated as deceased in accordance with paragraph (a) until such time as they are proved to be alive, in which case benefits paid and increased by applying interest shall be repaid by the recipients or otherwise compensated for.
- (d) Subject to the consent of the administrator, repayment under paragraph (c) may be spread over a certain period.
- (e) The benefits under this Article shall be converted into final benefits once the beneficiary's death has been established officially or the beneficiary has been declared dead by a final Court decision.

Section IV - SCHEME ASSETS AND INVESTMENT

Article 15

Funding and Scheme assets

- (a) The administrator shall establish a single account for the defined benefit scheme. It shall be funded by all of the following:
 - (i) ECB contributions;
 - (ii) compulsory contributions;
 - (iii) amounts transferred in;
 - (iv) any supplementary contributions on the advice of the Scheme actuary;
 - (v) investment returns.
- (b) The administrator shall establish a voluntary contribution account for each member. It shall be maintained until the earliest of the date on which the member's benefits under the Scheme become payable, the date their benefits are transferred or bought out of the Scheme, or their date of death. It shall be funded by all of the following:
 - (i) voluntary contributions;
 - (ii) investment returns;
 - (iii) any initial contribution;
 - (iv) any special contribution;
 - (v) any balancing contribution.
- (c) The administrator shall establish a payment account for the Scheme. It shall be funded by all of the following:
 - (i) the value of voluntary contribution accounts, being the actuarial equivalent of the supplementary retirement pension and where applicable the spouse's supplementary pension determined at retirement;
 - (ii) from the defined benefit scheme, the actuarial equivalent of all benefits determined at a member's retirement or death;

- (iii) any supplementary contributions on the advice of the Scheme actuary.
- (d) The ECB shall keep the Scheme assets separate from all of its other assets and shall use them solely to provide benefits under the Scheme and to pay the expenses of the Scheme, as decided by the Governing Council from time to time in accordance with Article 25. Scheme assets may not be used for any other purpose.
- (e) No person shall have any entitlement under the Scheme except as expressly provided for in these Rules.

Article 16

Investment Committee

- (a) The Investment Committee shall have the powers in relation to the Scheme as laid down in these Rules.
- (b) The Executive Board shall adopt the Terms of Reference of the Investment Committee after consulting the Staff Committee.
- (c) The Investment Committee shall, in addition to its default members as determined by the Executive Board, be composed of:
 - (i) two staff representatives appointed by the Staff Committee; and
 - (ii) a representative of the administrator as a non-voting member.
- (d) The Investment Committee shall propose to the Executive Board investment policies and strategies for the investment of the Scheme assets. The Investment Committee shall forward a copy of the proposals to the administrator and the Oversight Committee.
- (e) The Investment Committee shall agree with the investment managers as to how to allocate the Scheme assets to implement the abovementioned policies and strategies.
- (f) The Investment Committee shall make arrangements whereby each member has a choice regarding the investment of their voluntary contribution account. In making these arrangements, the Investment Committee may, with the administrator's agreement, recommend to the Executive Board such terms and conditions as it deems necessary at any time, including any amendment or cancellation of the arrangements.
- (g) The Investment Committee shall assess relevant data on the Scheme's performance and its risk situation on the basis of an analysis provided by the ECB organisational unit responsible for risk management and the actuarial valuation reports.
- (h) The Investment Committee shall provide the Executive Board, the administrator and the Oversight Committee with an investment report at least twice a year.

Article 17

Investment of Scheme assets

- (a) The Scheme assets shall be invested in accordance with the policies and strategies determined from time to time by the Executive Board after taking the advice of the Investment Committee. The ECB shall not be liable for any losses whatsoever to benefits for or in respect of any member under the voluntary contribution scheme which may arise from the administrator acting on a member's instruction or their wishes with regard to the choice of investments made.

Article 18

Investment manager(s) and custodian(s)

- (a) The Investment Committee shall recommend to the Executive Board the appointment of one or more investment managers who shall invest the assets in accordance with the policies and strategies determined under Article 17(a). The Executive Board shall agree the terms of appointment and remuneration of the investment managers on the recommendation of the Investment Committee.
- (b) The Investment Committee shall recommend to the Executive Board the appointment of one or more custodians. The terms of appointment and remuneration of the custodians shall be agreed by the Executive Board, on the recommendation of the Investment Committee.

Section V - ADMINISTRATION

Article 19

Administration of the Scheme

The administrator shall administer the Scheme in accordance with these Rules.

Article 20

Scheme actuary

The Executive Board shall, after seeking the recommendation of the Oversight Committee, appoint a Scheme actuary for the purpose of providing actuarial advice and services to the administrator. The Executive Board may, after seeking the recommendation of the Oversight Committee, remove and replace the Scheme actuary.

Article 21

Adoption of actuarial assumptions

The administrator shall, on advice of the Scheme actuary and the ECB organisational unit responsible for risk management, and following consultation with the Staff Committee, adopt and revise, subject to the

rules laid down in Appendix 3, actuarial tables and assumptions to be used in the administration of the Scheme.

Article 22

Actuarial valuation of the Scheme

- (a) The administrator shall instruct the Scheme actuary to carry out a valuation of the defined benefit scheme at least every three years. The Executive Board may instruct the administrator at any time to commission the Scheme actuary to carry out a full or partial valuation of the defined benefit scheme.
- (b) The administrator shall, following consultation with the Staff Committee, determine the actuarial assumptions used for the valuations described in paragraph (a) on a proposal from the Scheme actuary and following a recommendation of the ECB organisational unit responsible for risk management. For the purposes of such valuation, the Scheme actuary shall make use of the mortality tables issued and from time to time updated by the Joint Pension Administrative Section of the Coordinated Organisations and Eurostat.
- (c) The actuarial report shall state the assumptions on which the calculations are based, describe the method of valuation used, and state the results as well as the recommendations, if any, for appropriate action. The actuarial report shall include a sensitivity analysis of the results in relation to the assumptions applied.
- (d) The administrator shall obtain an actuarial statement from the Scheme actuary each year, for inclusion in the annual report and accounts of the Scheme.

Article 23

Adjustments

- (a) If any valuation conducted under Article 22 discloses that the value of the assets of the defined benefit scheme may not be sufficient to meet its liabilities in relation to past service, the Governing Council shall, on the advice of the Scheme actuary, decide that the ECB shall pay supplementary contributions.
- (b) If any valuation conducted under Article 22 discloses that in respect of liabilities in relation to future service the financial sustainability of the defined benefit scheme is in the opinion of the Scheme actuary impaired, the Governing Council shall, on the advice of the Scheme actuary, decide:
 - (i) to increase the overall contribution in relation to future service only; and/or
 - (ii) to adjust the normal retirement age, subject to transitional measures.

Any increase in the overall contribution shall be funded as to two-thirds by the ECB contribution and as to one-third by the compulsory contribution. The normal retirement age may only be adjusted:

- (i) from 2019 onwards; and
 - (ii) if the overall contribution rate has been adjusted or is being adjusted to at least 26.4%.
- (c) If any valuation conducted under Article 22 discloses that the value of the projected assets of the defined benefit scheme exceeds the value of the liabilities (including projected liabilities) in relation to past and/or future service, the Governing Council may, on the advice of the Scheme actuary, take steps to reduce or eliminate the excess by reducing the ECB contribution and/or the compulsory contribution and/or providing increased or new benefits under the Scheme. Any such adjustment of the overall contribution shall be in the same proportion as described under paragraph (b).
- (d) Any decision of the Governing Council under paragraph (b) shall be subject to a recommendation of the Oversight Committee and consultation with the Staff Committee.

Article 24

Annual report and financial statements

In accordance with international accounting standards, the administrator shall present an annual report on the Scheme to the Executive Board, the Oversight Committee and the members. The annual report shall include the audited financial statements of the Scheme under Article 27, an actuarial certificate, the investment report under Article 16(h) and the Oversight Committee's annual report.

Article 25

Costs of the Scheme

The ECB shall bear all costs incurred in the establishment, administration and management of the Scheme, as well as those arising in connection with the making and realising of investments. The Governing Council may, on advice of the Scheme actuary and after seeking the Oversight Committee's recommendation, decide that all or part of the costs shall instead be paid from the Scheme assets.

Section VI - OVERSIGHT AND AUDIT

Article 26

Oversight Committee

- (a) The Oversight Committee shall monitor the overall running of the Scheme as representative of the beneficiaries' interests. In particular, it shall make recommendations to the Executive Board and the Governing Council as laid down in Articles 20, 25, 31, 32 and 33.
- (b) The Oversight Committee shall perform its functions in accordance with its Terms of Reference, which shall be adopted by the Executive Board after consulting the Staff Committee.

- (c) The Executive Board shall make such arrangements as it considers necessary for the conduct of ballots, including provisions for the nomination of candidates and voting procedures, for the election of the Oversight Committee. The persons eligible to vote and those eligible to stand for election shall be defined in the Terms of Reference.
- (d) The Oversight Committee shall consist of five persons. All members of the Oversight Committee shall be subject to re-election every three years. Elections shall be held to select persons to fill any vacancies.
- (e) The Oversight Committee shall have such rights to information and access to persons and bodies as are necessary to enable it to carry out its tasks.

Article 27

Audit of the Scheme

The Scheme auditor shall audit the accounts of the Scheme. The Scheme auditor shall have full power to examine all books and accounts of the Scheme and obtain full information about the Scheme's transactions.

Section VII - GENERAL PROVISIONS

Article 28

Forfeiture of rights

- (a) Beneficiaries shall furnish such supporting evidence as may be required by the administrator and inform the administrator of any facts which may affect their entitlement to benefits under the Scheme.
- (b) If a beneficiary fails to comply with these obligations, the administrator may deprive them of the right to benefits under the Scheme on the basis of criteria established by the Executive Board. Save in exceptional circumstances, the beneficiary shall refund any sums received to which they were not entitled.
- (c) Where dependants or a divorced surviving spouse fail to apply for their benefit within one year from the date of the relevant member's death, subject to Article 14 their benefits shall not be payable until the first day of the month following that in which they make their application.

Article 29

Taxation

In accordance with the Protocol on the Privileges and Immunities of the European Communities and Council Regulation (EC, ECSC, Euratom) No 1197/98 of 5 June 1998 amending Regulation (EEC, Euratom, ECSC) No 260/68 laying down the conditions and procedure for applying the tax for the benefit

of the European Communities², pensions and benefits paid by the ECB under the Scheme shall be subject to the tax for the benefit of the European Communities. The transfer-out of a capital sum to another pension fund or approved insurance company in accordance with Article 9(a) shall not be subject to tax for the benefit of the European Communities.

Article 30

Offset for crime, negligence or fraud

- (a) Without prejudice to Part 8 of the Conditions of Employment, the benefits under the Scheme in respect of any member, other than those attributable to amounts transferred in from another scheme, shall be reduced by any amount the Executive Board, after taking actuarial advice, determines to be equivalent to any debt due to the ECB as a result of a criminal, grossly negligent or fraudulent act or omission by the member. The part withheld shall not be more than one-half of the member of staff's basic salary.
- (b) Where a beneficiary or a potential beneficiary has sought to obtain or has obtained a benefit under the Scheme by fraudulent means, by incomplete or inaccurate statements or following an act deliberately causing death, excluding suicide, of the member, the Executive Board may disqualify them from full or partial entitlement to benefits under the Scheme, without prejudice to the ECB's right to secure recovery of undue payments.

Article 31

Closure of the Scheme to future members of staff

The Governing Council may, after seeking the recommendation of the Oversight Committee, determine at any time that no further members of staff shall be admitted to either or both of the defined benefit scheme and the voluntary contribution scheme.

Article 32

Cessation of the ECB contribution

The Governing Council may, after seeking the recommendation of the Oversight Committee, decide at any time that the ECB may cease to pay the ECB contribution.

Article 33

Termination and winding-up

- (a) The Governing Council, after seeking the recommendation of the Oversight Committee, may terminate the Scheme at any time by giving six months' written notice of its intention to terminate to the administrator.

² OJ L 166, 11.6.1998, p. 1.

- (b) If the Scheme is terminated, the ECB shall wind it up and use the Scheme assets to secure the benefits of the beneficiaries, in particular by purchasing immediate or deferred annuities or by transferring entitlements out to other pension funds or approved insurance companies in accordance with Article 9.
- (c) If there are insufficient Scheme assets to secure the benefits of the beneficiaries, the ECB shall make up the deficit from its general assets. If, following winding-up of the Scheme, there are surplus assets, they shall revert to the ECB's general assets.
- (d) The administrator shall notify all beneficiaries if and when it commences any action to wind up the Scheme. As soon as possible after the Scheme assets are used, the administrator shall notify each beneficiary of the benefits to which they are, or will be, entitled.

Article 34

Communication and information

- (a) The administrator shall ensure that all members are provided with such information as may reasonably be necessary for them to understand the operation of the Scheme and their entitlement to benefits from the Scheme.
- (b) The administrator shall procure that an annual report, including a copy of the audited accounts under Article 27 and the investment report under Article 16(h) and an annual benefit statement are made available to members. The annual benefit statement shall show, among other things, a member's accrued years of pensionable service, their estimated pension entitlement at retirement provided by the defined benefit scheme and the value of their voluntary contribution account.

Article 35

Disputes

Any dispute arising in respect of:

- (a) the application of any provision of these Rules;
 - (b) the proper implementation of the Scheme; or
 - (c) any claim or other matter relating to the Scheme or the rights of members or other persons,
- shall be dealt with in accordance with the procedure set out in the Staff Rules.

Article 36

Any other matters

Any matters not specifically dealt with in these Rules and their appendices shall be resolved by the Governing Council, adhering to the principles that form the basis for these Rules.

Section VIII - APPENDICES

Appendix 1: Benefits under the defined benefit scheme

Appendix 2: Benefits under the voluntary contribution scheme

Appendix 3: Actuarial assumptions and factors

APPENDIX 1: BENEFITS UNDER THE DEFINED BENEFIT SCHEME

Section 1

Retirement pension or equivalent benefits

Subsection 1

Leavers

Article 1

Leaving with both pensionable and actual service of five years or less

The following shall apply to leavers.

- (a) On leaving with both pensionable and actual service of five years or less, they shall cease to be members. They shall be paid a capital sum based on the overall contributions to the defined benefit scheme plus interest at the date of payment.
- (b) Alternatively, leavers may opt to transfer out all or part of the abovementioned capital sum in accordance with Article 9 of the Rules.

Subsection 2

Deferred members

Article 2

Leaving after completing more than five years of pensionable and/or actual service

A deferred member shall be entitled to the following:

- (a) on retirement at normal retirement age to a retirement pension amounting to 2% of revalued earnings per year of pensionable service, subject to the maximum pension;
- (b) on early retirement, to a retirement pension as determined in paragraph (a) but reduced on the basis of the deferred member's age at retirement in accordance with the actuarial factors for early retirement set out in Appendix 3;
- (c) at any time before benefits become payable, to transfer out a capital sum equivalent to the actuarial value of the accrued retirement benefits in accordance with Article 9 of the Rules.

Any such entitlement of the deferred member shall cease at the end of the month in which the deferred member dies. In the case of a transfer-out, a deferred member shall cease to be a member.

Subsection 3

Pensioners

Article 3

Retirement pension

A pensioner shall be entitled to the following:

- (a) on retirement at normal retirement age to a retirement pension amounting to 2% of revalued earnings per year of pensionable service, subject to the maximum pension;
- (b) on early retirement to a retirement pension amounting to 2% of revalued earnings per year of pensionable service accrued until the termination of the member's employment contract with the ECB, but reduced on the basis of the member's age at retirement in accordance with the actuarial factors for early retirement set out in Appendix 3.
- (c) on late retirement to a retirement pension amounting to 2% of revalued earnings per year of pensionable service, subject to the maximum pension.

Any such entitlement shall cease at the end of the month in which the pensioner dies.

Section 2

Entitlement to death benefits

Subsection 1

Death in service

Article 4

Death in service

Benefits payable under this Article shall commence from the date on which a deceased member ceases to be entitled to any salary under the Conditions of Employment.

(a) *Spouse's pension*

- (i) If a member dies while in service with the ECB, their surviving spouse shall be entitled, provided that the couple had been married or in a non-marital partnership recognised by the ECB under the Conditions of Employment for at least one year at the time of the member's death, to a spouse's pension equal to 60% of the prospective pension.
- (ii) The duration of such marriage or non-marital partnership shall not be taken into account if there are one or more children of such marriage or non-marital partnership or of a previous marriage or a previous non-marital partnership of the member, provided that the surviving spouse maintains or has maintained those children, or if the member's death resulted either from physical disability or sickness contracted in the performance of their duties or from an

accident, or in such other circumstances as the administrator considers to be appropriate on the advice of the Scheme actuary.

- (iii) If the difference in age between the deceased member and their surviving spouse (the latter being the younger) is more than 10 years after applying the age adjustment, the spouse's pension shall be subject to a reduction in accordance with the actuarial factors set out in Appendix 3.

(b) Children's pensions

- (i) A children's pension of 40% of the spouse's pension provided under subparagraph (a)(i) shall be payable in respect of each child.
- (ii) If the spouse predeceases the child, the abovementioned children's pension shall be calculated by reference to the spouse's pension that would have been payable and shall be doubled.
- (iii) The spouse's pension and any children's pensions combined shall not exceed 100% of the prospective pension.
- (iv) If the combined spouse's pension and children's pensions exceed the prospective pension, all pensions shall be reduced pro rata until the total is equal to the prospective pension. As each children's pension or the spouse's pension ceases to be payable, the remaining pensions shall be increased proportionately until the pension payable to the spouse or in respect of any child is equal to the amount of the child's or spouse's pension that would have been payable before being initially reduced.

Subsection 2

Death of deferred member

Article 5

Death of deferred member before retirement

Benefits payable under this Article shall be payable from the date of a deferred member's death.

(a) Spouse's pension

- (i) If a deferred member dies after leaving but before their retirement pension becomes payable, their surviving spouse shall be entitled to a spouse's pension equal to 60% of the prospective deferred pension, provided that the couple had been married or in a non-marital partnership that would have been recognised by the ECB within the meaning of the Conditions of Employment for at least one year at the time of death.
- (ii) The duration of such marriage or non-marital partnership shall not be taken into account if there are one or more children of such marriage or non-marital partnership or of a previous marriage or a previous non-marital partnership of the deferred member, provided that the

surviving spouse maintains or has maintained those children, or in such other circumstances as the administrator considers to be appropriate on the advice of the Scheme actuary.

- (iii) If the difference in age between the deceased deferred member and their surviving spouse (the latter being the younger) is more than 10 years after applying the age adjustment, the spouse's pension shall be subject to a reduction in accordance with the actuarial factors set out in Appendix 3.

(b) Children's pensions

- (i) A children's pension of 40% of the spouse's pension provided under subparagraph (a)(i) shall be payable in respect of each child.
- (ii) If the spouse predeceases the children, the abovementioned children's pension shall be calculated by reference to the spouse's pension that would have been payable and shall be doubled.
- (iii) The spouse's pension and any children's pensions combined shall not exceed 100% of the prospective deferred pension.
- (iv) If the combined spouse's pension and children's pensions exceed the prospective deferred pension, all pensions shall be reduced pro rata until the total is equal to the prospective deferred pension. As each children's pension or the spouse's pension ceases to be payable, the remaining pension(s) shall be increased proportionately until the pension payable to the spouse or in respect of any child is equal to the amount of the child's or spouse's pension that would have been payable before being initially reduced.

Article 6

Death of deferred member after retirement

Benefits payable under this Article shall be payable from the date of a deferred member's death after retirement.

(a) Spouse's pension

- (i) If a deferred member dies after their retirement pension becomes payable, their surviving spouse shall be entitled to a spouse's pension equal to 60% of the retirement pension, provided that the couple had been married or in a non-marital partnership that would have been recognised by the ECB within the meaning of the Conditions of Employment for at least one year at the time of death.
- (ii) The duration of such marriage or non-marital partnership shall not be taken into account if there are one or more children of such marriage or non-marital partnership or of a previous marriage or a previous non-marital partnership of the member, provided that the surviving spouse maintains or has maintained those children, or in such other circumstances as the administrator considers to be appropriate on the advice of the Scheme actuary.

- (iii) If the difference in age between the deceased member and their surviving spouse (the latter being the younger) is more than 10 years after applying the age adjustment, the spouse's pension shall be subject to a reduction in accordance with the actuarial factors set out in Appendix 3.

(b) Children's pensions

- (i) A children's pension of 40% of the spouse's pension provided under subparagraph (a)(i) shall be payable in respect of each child.
- (ii) If the spouse predeceases the children, the abovementioned children's pension shall be calculated by reference to the spouse's pension that would have been payable and shall be doubled.
- (iii) The spouse's pension and any children's pensions combined shall not exceed 100% of the retirement pension.
- (iv) If the combined spouse's pension and children's pensions exceed the retirement pension, all pensions shall be reduced pro rata until the total is equal to the retirement pension. As each children's pension or the spouse's pension ceases to be payable, the remaining pension(s) shall be increased proportionately until the pension payable to the spouse or in respect of any child is equal to the amount of the child's or spouse's pension that would have been payable before being initially reduced.

Subsection 3

Death of pensioner after retirement

Article 7

Death of pensioner after retirement

Benefits payable under this Article shall be payable from the date of a pensioner's death.

(a) Spouse's pension

- (i) If a pensioner dies, their surviving spouse shall be entitled to a spouse's pension equal to 60% of the retirement pension, provided that the couple had been married or in a non-marital partnership recognised by the ECB under the Conditions of Employment at the date of retirement, for at least one year at the time of the pensioner's death.
- (ii) The duration of such marriage or non-marital partnership shall not be taken into account if there are one or more children of such marriage or non-marital partnership or of a previous marriage or a previous non-marital partnership of the pensioner, provided that the surviving spouse maintains or has maintained those children, or in such other circumstances as the administrator considers to be appropriate on the advice of the scheme actuary.
- (iii) If the difference in age between the deceased pensioner and the surviving spouse (the latter being the younger) is more than 10 years after applying the age adjustment, the spouse's

pension shall be subject to a reduction in accordance with the actuarial factors set out in Appendix 3.

(b) Children's pensions

- (i) A children's pension of 40% of the spouse's pension provided under subparagraph (a)(i) shall be payable in respect of each child.
- (ii) If the spouse predeceases the child, the abovementioned children's pension shall be calculated by reference to the spouse's pension that would have been payable and shall be doubled.
- (iii) The spouse's pension and any children's pensions combined shall not exceed 100% of the retirement pension.
- (iv) If the combined spouse's pension and children's pensions exceed the retirement pension, all pensions shall be reduced pro rata until the total is equal to the retirement pension. As each children's pension or the spouse's pension ceases to be payable, the remaining pensions shall be increased proportionately until the pension payable to the spouse or in respect of any child is equal to the amount of the child's or spouse's pension that would have been payable before being initially reduced.

Subsection 4

Article 8

Surviving former spouse's benefit

- (a) If a member dies their former spouse shall be entitled to a surviving former spouse's benefit, as determined in paragraphs (b) and (c), provided that at the date of the member's death:
 - (i) the former spouse has neither (re)married nor are they in a non-marital partnership that would be recognised by the ECB within the meaning of the Conditions of Employment;
 - (ii) the member was under an obligation to pay maintenance to their former spouse in a personal capacity by virtue of a court order which had become final and binding or an officially registered settlement in force between them; and
 - (iii) such court order or settlement does not provide for any entitlement or payment to the former spouse in respect of pension rights accrued by the member during their period of employment at the ECB or entitle the former spouse to rights similar to the surviving former spouse's benefit.
- (b) The surviving former spouse's benefit shall be a percentage of the spouse's pension equal to $A/B \times 100$ where:
 - A = the duration of the marriage or recognised non-marital partnership between the former spouse and the member throughout the period of the member's employment at the ECB, expressed in years and fractions thereof.

- B = the total number of years of the member's actual service.
- (c) The surviving former spouse's benefit shall not be more than the amount agreed to in the court order or settlement referred to in paragraph (a)(ii) and shall be payable to the former spouse:
 - (i) provided the conditions set out in paragraph (a)(i) remain fulfilled; and
 - (ii) for as long the former spouse would have been entitled by such court order or settlement to ongoing maintenance payments had the member remained alive.
 - (d) If a member dies and at the date of their death they have both a surviving spouse entitled to a spouse's pension and a former spouse, the former spouse shall be entitled to the benefit determined under paragraph (b). The spouse's pension to which the surviving spouse is entitled shall be reduced by the amount of the surviving former spouse's benefit.
 - (e) If the former spouse under this Article dies, renounces their share, forfeits their rights under Article 28 of the Rules, or where the conditions of paragraph (c) are no longer met, the spouse's pension that was reduced in accordance with paragraph (d) shall be increased by the amount of the surviving former spouse's benefit that was payable to the former spouse.
 - (f) Reductions in respect of difference in age as provided for in Appendix 3 shall be applied separately to pensions calculated in accordance with this Article.
 - (g) The surviving former spouse's benefit shall be taken into account and adjusted accordingly for the purposes of Article 4(b)(iv) and Article 5(b)(iv) of the Rules.

Section 3

Calculating pensionable or actual service

Article 9

Calculation basis

For the purpose of calculating years of pensionable service or actual service the following shall apply.

- (a) Each calendar month shall count as one-twelfth of a year.
- (b) A calendar month shall comprise the total number of working days for that month.
- (c) An incomplete calendar month shall count as one-twelfth of a year, multiplied by the following fraction:

actual days of active employment at the ECB plus any other relevant days that qualify as actual service in such incomplete calendar month / total number of working days in such incomplete calendar month

Section 4

Payments and duration of benefits

Article 10

Payment and duration of benefits

- (a) Benefits other than capital sum payments provided under the defined benefit scheme shall be payable in equal monthly instalments on the ECB's monthly payroll date, unless the administrator decides otherwise. The first payment shall be made on the ECB's payroll date of the month coincident with, or following, the date on which such benefits become payable and shall, in the latter case, include the amount necessary to take account of the period between the date such benefits became payable and the date of the first payment. The administrator may, for administrative convenience, pay small amounts at less frequent intervals.
- (b) The administrator may make payments either to the person entitled to them by direct credit to their bank account, or where this is not possible by any other method that the administrator considers appropriate. In the case of a children's pension, payment may be made to the spouse or legal guardian. On reaching age 18, a child may request that the children's pension to which they are entitled is paid directly to them. All payments shall be made in euro.
- (c) The retirement pension and the spouse's pension under the defined benefit scheme shall be paid for life. A children's pension under the defined benefit scheme shall be paid for as long as the child remains a dependant within the meaning of the Conditions of Employment.

APPENDIX 2: BENEFITS UNDER THE VOLUNTARY CONTRIBUTION SCHEME

Section 1

Retirement pension or equivalent entitlements

Subsection 1

Leavers

Article 1

Leaving with both pensionable and actual service of five years or less

The following shall apply to leavers:

- (a) on leaving with both pensionable and actual service of five years or less, they shall cease to be members. They shall be paid a capital sum equal to the value of their voluntary contribution account at the date of leaving;
- (b) alternatively, leavers may opt to transfer all or part of the abovementioned capital sum in accordance with Article 9 of the Rules.

Subsection 2

Deferred members

Article 2

Leaving after completing more than five years of pensionable and/or actual service

- (a) A deferred member shall be entitled to use the value of their voluntary contribution account for any combination of the following:
 - (i) payment of a capital sum equivalent to all or part of the voluntary contribution account;
 - (ii) to transfer out all or part of the capital sum in accordance with Article 9 of the Rules;
 - (iii) payment of a supplementary retirement pension equal to the value of the assets in the voluntary contribution account at the date of retirement, divided by the relevant pension conversion factor provided by the Scheme actuary. Where the deferred member opts for payment of a spouse's supplementary pension, an additional pension conversion factor shall be applied.
- (b) If payment of a capital sum or a transfer-out results in there being no assets in the voluntary contribution account, a deferred member shall cease to be a member.
- (c) The deferred member's entitlement to their supplementary retirement pension shall cease at the end of the month in which they die.

Subsection 3

Pensioners

Article 3

Benefits on retirement

- (a) A pensioner who has a voluntary contribution account shall be entitled on retirement to use the value of their voluntary contribution account for any combination of the following:
 - (i) payment of a capital sum equivalent to all or part of the voluntary contribution account;
 - (ii) to transfer out all or part of the capital sum in accordance with Article 9 of the Rules;
 - (iii) payment of a supplementary retirement pension equal to the value of the assets in the voluntary contribution account at the date of retirement, divided by the relevant pension conversion factor provided by the Scheme actuary. Where the member opts for payment of a spouse's supplementary pension, an additional pension conversion factor shall be applied.
- (b) If after payment of a capital sum or a transfer-out, assets remain in the voluntary contribution account, the balance shall be converted into a supplementary retirement pension.
- (c) The pensioner's entitlement to their supplementary retirement pension shall cease at the end of the month in which they die.

Section 2

Entitlement to death benefits

Subsection 1

Death in service

Article 4

Death in service

Benefits payable under this Article shall commence from the date on which a deceased member ceases to be entitled to any salary under the Conditions of Employment.

(a) Benefits where member has a spouse

If a member dies while in service with the ECB, their surviving spouse shall be entitled to choose to use the value of their voluntary contribution account for any combination of the following, provided that the couple had been married or in a non-marital partnership recognised by the ECB under the Conditions of Employment for at least one year at the time of the member's death:

- (i) payment of a capital sum equivalent to all or part of their voluntary contribution account;

- (ii) payment of a spouse's supplementary pension equal to the value of their voluntary contribution account at the date of entitlement, divided by the relevant pension conversion factor provided by the Scheme actuary.

In the case of payment of a capital sum equivalent to part of the voluntary contribution account, the balance of the voluntary contribution account shall be converted into a spouse's supplementary pension.

(b) *Benefits where member has no spouse*

- (i) A capital sum equal to the value of the voluntary contribution account shall be payable on the death of a member who has no spouse, as follows:
 - (aa) to their legal heirs, in accordance with the applicable inheritance law.
 - (ab) in the absence of such heirs, the administrator shall, on proof of such maintenance, pay all or part of the capital sum payable on death to any person or persons to whose maintenance the deceased effectively contributed;
 - (ac) If neither subparagraph (aa) or (ab) applies, the capital sum shall accrue to the payment account.
- (ii) The capital sum shall fall due on the date of the deceased member's death.

Subsection 2

Death of deferred member

Article 5

Death of deferred member before retirement

Benefits payable under this Article shall commence from the date of a deferred member's death.

(a) *Benefits where deferred member has a spouse*

If a deferred member dies, their surviving spouse shall be entitled, provided that the couple had been married or in a non-marital partnership that would have been recognised by the ECB within the meaning of the Conditions of Employment for at least one year at the time of the deferred member's death, to choose to use their voluntary contribution account for any combination of the following:

- (i) payment of a capital sum equivalent to all or part of the voluntary contribution account;
- (ii) payment of a spouse's supplementary pension equal to the voluntary contribution account at the date of the deferred member's death, divided by the relevant pension conversion factor provided by the Scheme actuary.

In the case of payment of a capital sum equivalent to part of the assets, the balance of the assets remaining in the voluntary contribution account shall be converted into a spouse's supplementary pension.

(b) Benefits where deferred member has no spouse

- (i) A capital sum equal to the value of the assets in the voluntary contribution account shall be payable on the death of a deferred member who has no spouse as follows:
 - (aa) to their legal heirs, in accordance with the applicable inheritance law;
 - (ab) in the absence of such heirs, the administrator shall, on proof of such maintenance, pay all or part of the capital sum to any person or persons to whose maintenance the deceased effectively contributed;
 - (ac) If neither subparagraph (aa) or (ab) applies, the capital sum shall accrue to the payment account.
- (ii) The capital sum shall fall due on the date of the deferred member's death.

Article 6

Death of deferred member after retirement

If a deferred member elected on or prior to retirement for their nominated surviving spouse to receive a spouse's supplementary pension, the surviving spouse shall on the deferred member's death be entitled to a spouse's supplementary pension as determined on retirement in accordance with Article 2, provided that the couple had been married and/or in a non-marital partnership that would have been recognised by the ECB within the meaning of the Conditions of Employment for at least one year at the time of the deferred member's death. The spouse's supplementary pension shall be payable from the date of the deferred member's death.

Subsection 3

Death of pensioner after retirement

Article 7

Death of pensioner after retirement

If a pensioner elected on or prior to retirement for their nominated surviving spouse to receive a spouse's supplementary pension, the surviving spouse shall on the pensioner's death be entitled to a spouse's supplementary pension as determined on retirement in accordance with Article 3 provided that the couple had been married and/or in a non-marital partnership that would have been recognised by the ECB within the meaning of the Conditions of Employment for at least one year at the time of the pensioner's death. The spouse's supplementary pension shall be payable from the date of the pensioner's death.

APPENDIX 3: ACTUARIAL ASSUMPTIONS AND FACTORS

1. The administrator shall, on the advice of the Scheme actuary and the ECB organisational unit responsible for risk management, adopt and revise, on a regular basis, the assumptions to be used in the determination of benefits under the Scheme.
2. The actuarial factors used for early retirement under Appendix 1 shall apply by reference to the age of the member at early retirement as shown in the table below.

Early retirement age	Reduction in pension on early retirement applicable to members who take up employment with the ECB on or prior to 31 May 2009	Reduction in pension on early retirement applicable to members who take up employment with the ECB from 1 June 2009
55	32%	42.5%
56	28%	39.5%
57	24%	36.3%
58	20%	32.9%
59	16%	29.2%
60	12%	18.75%
61	9%	15%
62	6%	11.25%
63	3%	7.5%
64	1.5%	3.75%

3. The administrator shall, following an actuarial valuation under Article 22 of the Rules and on the advice of the Scheme actuary and the ECB organisational unit responsible for risk management, review and, if appropriate, revise the assumptions to be used in accordance with paragraph 1 above.
4. The administrator shall, on the advice of the Scheme actuary, on 1 June 2009, and thereafter as recommended by the Scheme actuary, adopt the relevant conversion factors for the calculation of members' and spouses' benefits referred to in Appendix 2.
5. The relevant pension conversion factor in respect of any pension from the voluntary contribution scheme shall reflect the member's and/or spouse's choice as to the pension payable on the death of the member taking into account the beneficiary's age.
6. The conversion factors for members' supplementary retirement pensions and spouses' supplementary pensions payable in the event of 'death of a member in service or a deferred

- member', without prejudice to the power of the administrator to adopt factors in accordance with Article 4 above, shall automatically be increased by 0.2% on 1 January of each year.
7. The conversion factors for a spouse's supplementary pension payable in the event of 'a member's or a deferred member's death in retirement' without prejudice to the power of the administrator to adopt factors in accordance with Article 4 above, shall automatically be increased by 0.0 % on 1 January of each year.
 8. The administrator shall, on the advice of the Scheme actuary, revise the rate of annual increase in the conversion factors as set out in Articles 6 and 7 above.
 9. Where the difference in age between the deceased member and their surviving spouse (the latter being the younger) is more than 10 years after applying the age adjustment, the spouse's pension calculated in accordance with Appendix 1 shall be subject to a reduction amounting to:
 - 1% for each year of residual age difference in excess of 10 years and up to and including 20 years;
 - 2% for each year of residual age difference in excess of 20 years and up to and including 25 years;
 - 3% for each year of residual age difference in excess of 25 years and up to and including 30 years;
 - 4% for each year of residual age difference in excess of 30 years and up to and including 35 years; and
 - 5% for each year of residual age difference in excess of 35 years.
 10. The administrator shall publish any change in the actuarial basis together with a detailed explanation thereof to members via the ECB intranet and/or any other appropriate means of communication.

Annex III

‘Conditions of Employment for Staff of the European Central Bank

ANNEX IV - Disability benefits

DISABILITY BENEFITS

The provisions of Article 32 of the Conditions of Employment with regard to disability benefits shall be applied as follows:

1. Medical advice

- (i) No later than nine months after the first day of continued absence, a member of staff who is to be considered for a disability allowance shall be required to have a medical examination carried out by, or at the request of, the ECB’s medical adviser.
- (ii) In the event of a member of staff submitting an application for a disability allowance to commence on an earlier date, or of the Executive Board considering that a member of staff should be granted a disability allowance on an earlier date, the member of staff shall be required to have a medical examination carried out by, or at the request of, the ECB’s medical adviser.
- (iii) A member of staff who receives a disability allowance shall be required to have such subsequent medical examinations as the ECB’s medical adviser decides.
- (iv) In the event of a member of staff failing to have a medical examination on the instructions of the ECB’s medical adviser, payment of the disability allowance shall not commence or may be suspended, as the case may be, until the member of staff’s has complied with this instruction.
- (v) In the case of the payment of a disability allowance continuing during a period in which the member of staff fails to have a medical examination on the instructions of the ECB’s medical adviser, if it is later determined that the member of staff was not entitled to any part of the disability allowance that has been paid, the overpaid instalments of the disability allowance shall be recovered.

2. Amount and duration of a disability allowance

- (i) The amount of disability allowance payable shall be equal to the rate of 70% of the member of staff’s monthly basic salary calculated as at the date immediately prior to the payment of the disability allowance.
- (ii) The amount of partial disability allowance payable shall be equal to the rate of 70% of the member of staff’s monthly basic salary, adjusted in proportion to the degree of partial

disability determined, and calculated as at the date immediately prior to payment of the partial disability allowance, subject to any salary adjustments.

- (iii) If the member of staff carries out an occupation which they are able to undertake, but which does not fully reflect their education, experience and training, the gross amount of the disability allowance shall be reduced by 70% of the actual gross income earned from that occupation.
- (iv) The disability allowance shall continue until the member of staff recovers from their illness or incapacity, their benefits under Part 11 of Annex III and/or Article 3 of Appendix 1 to Annex IIIa become payable, or they die, whichever is the earliest.

3. Suspension of a disability allowance

If, in the opinion of the Director General of Human Resources, Budget and Organisation or any other persons appointed by them, on taking advice from the ECB's medical adviser, the health of the member of staff receiving a disability allowance improves, so that they no longer suffer from incapacity, the Director General of Human Resources, Budget and Organisation or any other persons appointed by them may reduce, suspend or discontinue their allowance.

4. Offset for crime, negligence or fraud

Without prejudice to Part 8 of the Conditions of Employment, the disability allowance shall be reduced by any amount as the Executive Board, after taking actuarial advice, determines to be equivalent to any debt due to the ECB as a result of a criminal, grossly negligent or fraudulent act or omission by the member of staff.

The same threshold for the maximum monthly amount which may be withheld shall apply as set out in Part 8 of the Conditions of Employment.

5. Employment status

The employment contract of a member of staff in receipt of a disability allowance shall not be deemed to have been terminated.

6. Allowances

A member of staff who receives a disability allowance shall be entitled to the following allowances:

- (i) the household allowance in accordance with Article 15 of the Conditions of Employment, but 'basic salary' shall be substituted by 'disability allowance';
- (ii) the child allowance in accordance with Article 16 of the Conditions of Employment;
- (iii) the education allowance as determined in Article 19 of the Conditions of Employment;
- (iv) the pre-school allowance as determined in Article 19bis of the Conditions of Employment;
- (v) the benefits provided under Article 23 of the Conditions of Employment;

If payment of the disability allowance ceases as a result of an improvement in the member of staff's health, the provisions of Article 22 of the Conditions of Employment shall apply.

A member of staff who receives a partial disability allowance combined with adjusted basic salary shall be entitled to the expatriation allowance in accordance with Articles 17 and 18 of the Conditions of Employment, substituting the term 'basic salary' by 'partial disability allowance combined with adjusted basic salary'.

Any other allowance payable prior to the commencement of the disability allowance shall cease to be payable with the commencement of the disability allowance.

7. Medical benefits and accident insurance

A member of staff who receives a disability allowance shall continue to be covered by the medical benefits and dental plan referred to in Article 33 of the Conditions of Employment and the accident insurance for members of staff of the ECB referred to in Article 35 of the Conditions of Employment. The member of staff shall contribute one-third of the costs of the medical benefits and dental plan and the accident insurance. Contributions to the ECB's medical benefits and dental plan shall be calculated on the basis of the corresponding full-time basic salary. Contributions to the accident insurance shall be calculated on the basis of the corresponding full-time basic salary plus allowances. Contributions shall be adjusted in line with salary adjustments and the cost development of the ECB medical benefits and dental plan and the accident insurance.

8. Allocation of costs

Costs incurred by the ECB in providing the above disability benefits, including allowances and medical and dental insurance cover, shall be charged to the general assets of the ECB.'