**TOGETHER FOR LUXEMBOURG**

# POSITIVE ANNUAL SALARY ADAPTATION AND STABLE PENSION CONTRIBUTION

***Eurostat** has now published the report concerning the **Annual Salary Adaptation**. Nevertheless, the process is not finalised because the **Commission** has yet to adopt not only this report, but also, and especially, the related financial impact report. The Council also still needs to endorse both reports. The yearly adaptation of our salaries remains a sensitive issue. In line with the confidentiality policy agreed with DG HR and to avoid any external interference, **Union Syndicale Fédérale Luxembourg** kindly invites you not **to distribute any further** the content of this news. This is important to keep the process safe. Unfortunately, some Trade-Unions decided not to respect this policy.*

**Summary**: From July 1st 2021 to July 1st 2022, the civil servant in the EU Member-states faced a decrease of -3.9% of their purchase power due to a high level of inflation not compensated by salary increases. Consequently, following **The Method** and taking into consideration the **intermediate adaptation** from January 2022, our salaries in Luxembourg will be adapted by **+4.5%** . **more**

Each year, the salaries of the EU Officials and other Agents are adapted as requested by the **Staff Regulations** following the so-called "**Method**" described in Annex XI of the Staff Regulations.

The price for this automatic process was the addition of two limiting clauses: the **Moderation Clause** and the **Exception Clause**.

The **Moderation Clause** (Article 10 of Annex XI) limits any salary increase or decrease to 2%, with the remaining part being paid the following year. The **Moderation Clause** applies only when the **Exception Clause** does not apply.

The **Exception Clause** (Article 11 of Annex XI) applies when the GDP of the whole EU is negative.

The **Method** is based on two main principles:

- **Parallelism** with **purchasing power** of national officials of central administrations (article 65 of the Staff Regulations).
- **Equality** of **purchasing power** for all staff, regardless of their location (article 64 of the Staff Regulations).

The **Method** consists of several steps.

## a) Parallelism

Concerning the **parallelism**, the evolution of the **average purchase power** of the officials of 10 Member-States, representing more than 75% of the GDP of the EU, is calculated by **Eurostat** for a reference period starting from July 1st 2021 to July 1st 2022. This **average purchase power** evolution, also named the **Specific Indicator**, takes into account the average evolution (increase or decrease) of the salaries of the officials, as well as the inflation in these 10 Member-States.

From July 1st 2021 to July 1st 2022, the **Specific Indicator (evolution of the average purchase power of officials in Member-States**) decreased by **-3.9% (0.961)**.

As a decrease of **-1.1% (0.989)** was already taken into account for the intermediate adaptation for the period July 1st 2021 to January 1st 2022, a remaining of **-2.8% (0.972)** has to be taken into account.

The Staff Regulations set **Brussels** and **Luxembourg** as reference cities. To ensure the parallelism, the inflation in these reference cities has to be taken into account. Therefore, the **Joint Brussels-Luxembourg Index** has been established. From July 1st 2021 to July 1st 2022, its value is **+8.6% (1.086)**, corresponding to a weighted value of the inflation in the two cities.

As an inflation of **+3.5% (1.035)** was already taken into account for the intermediate adaptation for the period July 1st 2021 to January 1st 2022, a remaining of **+4.9%** **(1.049)** has to be taken into account.

Hence, to keep the **parallelism** in purchase power with the officials in the Member-States, our salaries, as mentioned in our **salary grid**, will have to increase by **0.961 x 1.086 = 104.4 = +4.4%** for the period July 1st 2021 to July 1st 2022

As an increase of **0.989 x 1.035 = 1.024 = +2.4%** was already taken into account for the intermediate adaptation for the period July 1st 2021 to January 1st 2022, a remaining of **0.972 x 1.049= 1.020 = +2.0%** (*taking into account all the rounding*) has to be taken into account.

## b) *Exemption Clause*

Further, due to the **Exemption Clause** that applied in 2020, the **2020 Specific Indicator adaptation of +2.5%** was suspended until the **cumulative EU GDP** becomes again positive. The EU GDP forecast for 2022 is +2.7%, thus, the **2020 Specific Indicator adaptation of +2.5%** **will be taken into consideration.**

## c) *Salary Grid*

Therefore, our **salary grid**, will be adapted by **+2.0+2.5 =:**

**+4.5% with effect from July 1st 2022.**

## d) *Pension Contribution Rate*

**Union Syndicale Fédérale Luxembourg** is able to confirm that the **Pension Contribution Rate** will stay **constant** at:

**10.1%,**

with no impact on the adaptation of our salary.

Please realise that the fact that the **Pension Contribution Rate** remains at the same level is a **real achievement** because it shows that, year after year, our **Pension Scheme** proves to be in balance at a reasonable rate. Our **Pension Scheme** is an asset that belongs to us all and which we have to protect.

**Union Syndicale Fédérale Luxembourg** reminds you that the **Method** just reflects the situation of the Civil servants in the Member-States. It follows a period of trouble, with previous methods, during which our salaries were either frozen (2013 and 2014) or only partially adjusted as in 2012.

Note that this adaptation for Luxembourg corresponds in fact to another loss of Purchase Power in comparison to Brussels. In these very troubled times where the EU is facing the worst economic crisis in its history, there is no doubt that the **Method** will be again under scrutiny and will need to be defended.

To follow closely the evolution of the effective **Purchase Power** loss for Luxembourg**, Union Syndicale Fédérale Luxembourg** is working thoroughly with its sister unions inside **Union Syndicale Fédérale**.

**USFL always on deck**

- **Salary adjustment: the method, but the method, the wole method** (13/10/2022)
- **Method, a bulwark against the effects of record inflation** (02/05/2022)
- **2021 Salaries update : +1.9%** (19/11/2021)