

Report to the federal parliament : Calculating public pensions

Public pensions of federal government departments, of federated entities including the teaching staff, and of the special state bodies account for an annual outlay of over 7 thousand million euro. Nearly 385,000 pension files need constant updating. The administration of the pension schemes has been entrusted to the federal office for public sector pensions (SdPSP/PDOS/PDOS).

A great deal of the financial burden is borne by the federal budget even though certain pensioners were employed at some point of their career by non-federal authorities which were subject to specific staff regulations.

In the public sector, it is up to the last employer to register the pension claim of the future retired employee with the SdPSP/PDOS. To ensure an accurate calculation of the pension, the claim should contain reliable data about the regulatory provisions and the claimant's career. Contrary to the private sector, the eligible activity periods for the calculation of a public pension are not validated throughout a person's career by payment of a contribution, but are based on the concepts of eligible services and periods assimilated thereto. In practice, data related to these concepts are not kept in a uniform and centralized way by public employers and are generally only collated upon introduction of the pension claim. It thus sometimes occurs that pension claims are sent incomplete and badly documented to SdPSP/PDOS/PDOS. The latter is then obliged to supplement data in pension claims and sometimes to take decisions regarding elements of the claimants' career history by the yardstick of their own staff regulatory provisions and sometimes even for staff that do not belong to the federal sector.

This is largely due to the fact that SdPSP/PDOS is bound to take a decision within time limits by virtue of the Charter for social security rights and to assume the financial risks related to a delay or an error in calculation of the pension benefit. As far as the last employer is concerned, the responsibility imposed by law on him to certify all elements of the career history upon introduction of the pension claim is not subject to any penalty in the event of shortcomings or errors.

It should at last be pointed out that the retired employee is sometimes requested to provide data that are available with other departments or data banks.

The Court finds that these data collating and certification task arrangements are supported by an ill-defined and inadequate sharing of responsibilities between SdPSP/PDOS and the various government employers.

It holds that it is up to the last employer to collate and certify data related to the pension claimant's career history and to consult previous employers if necessary. The last employer is bound to forward these data to SdPSP/PDOS within time limits in line with the requirements of the Charter for social security rights. Compliance with these requirements for a government employer to keep an updated personal file for each civil servant throughout his career should be subject to penalties. SdPSP/PDOS has to ensure that all data required are sent to it and are certified by the last employer and it has then to decide on the entitlement to the public pension and on the amount calculated.

Protocol agreements concluded with public employers, as contemplated nowadays to ensure data transmission should allow a better arrangement of the collating process. The Court, however, pointed out that these protocol agreements could lead to the production of simple career overview papers for the SdPSP/PDOS without any organization and formalization of

the data certification coupled with the risk, a.o. for the Court, of limiting the possibility of checking the regularity of public pensions.

Besides, the setting-up of the non-profit making association Sigedis entrusted with collating and administering data related to the career of all workers both from the public and the private sectors will finally allow to keep a computerized pension file for each civil servant. It should not be overlooked, however, that because of the specificity of this system, the data related to public pensions are not based on validated activity periods throughout a person's career by payment of a contribution as in the private sector, but are based on the concept of eligible services and periods assimilated thereto, fixed so far till the end of the career. Taking these data into account to pay and calculate the pension amount involves thus some sort of certification that goes beyond the role of a mere data bank administrator.

Finally, as to the SdPSP/PDOS's organisation, the Court recommends SdPSP/PDOS to work out and implement internal control standards.

The minister for Pensions and Social Integration requested SdPSP/PDOS to improve its data administration system. He also emphasized the need to conclude protocol agreements to ensure the transmission of all data and a careful verification of the data to be obtained through Sigedis.