EAPSPI
European Association of
Public Sector Pension Institutions

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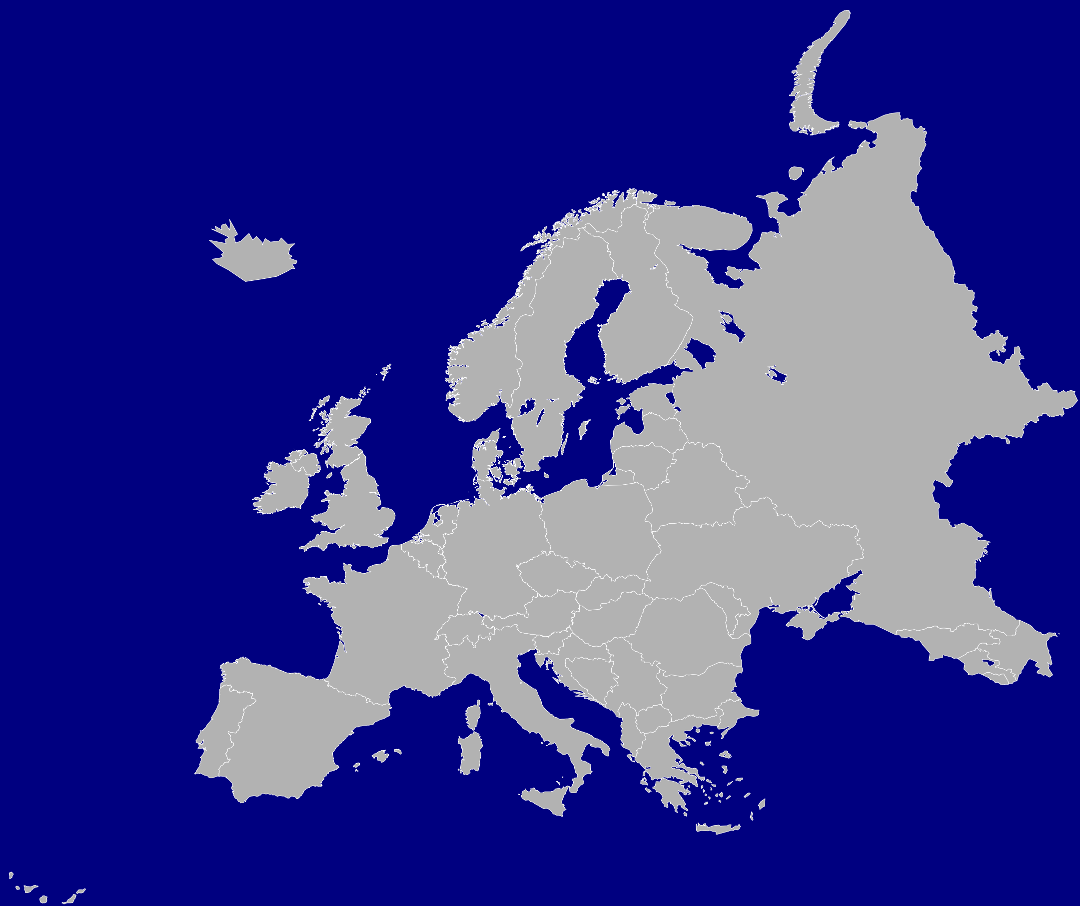

PORTABILITY REPORT

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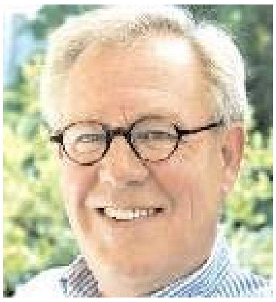
Foreword of the President and of the Secretary General



Wim Moes
President

Hagen Hügelschäffer
Secretary General

Portability of supplementary pension rights has become one of the most important notions, not only in debates at European level but also within the Member States of the European Union. Portability is deemed to promote mobility of workers and hence, the flexibility of labour markets in order to ensure economic growth and job creation. But flexibility of labour markets requires that mobile workers do not suffer any loss regarding their supplementary pension rights, which have become more and more important in view of the reductions of the state-run first pillar systems in most European countries. Mobility of workers cannot be demanded if the mobile worker will suffer a partial or even a total loss of his later old age income from the second pillar. Against this background, portability is an adequate tool to provide protection and to promote mobility.

But the debates about portability reveal a lot of unanswered questions. Starting from the notion of portability, there are different concepts which range from the pure transferability (based on the Latin root "*portatio*" meaning "transport") to a further evolution of this term which also includes the conditions for workers to acquire and to retain supplementary pension rights when exercising their right to freedom of occupational mobility, which is enshrined as one of the fundamental freedoms in the EU-Treaty. Any rules of portability have to respect the different concepts of supplementary pensions, ranging from a voluntary and additional benefit offered by the employer in addition to remuneration to the model of deferred compensation, that is simply a part of salary. Portability has to consider the role of supplementary pension schemes in conjunction with the importance of the first pillar in each country. National as well as cross-border transfer rules are faced with the different structures of these schemes, which can be – for example – based on points or top-up systems. Finally, different fiscal rules and financing methods do not facilitate an overall concept of portability.

In view of these different aspects to be taken into account, portability rules in the narrower sense of transferability will have to be developed gradually without losing sight of the final target of cross-border portability throughout Europe. Awareness of practices in other countries and exchange of experience are therefore becoming increasingly important and should be enhanced to promote portability as well as labour mobility within the European Union.

Wim Moes	Hagen Hügelschäffer
President	Secretary General

Foreword of the Spokesman of the Working Group

Free movement of persons is one of the fundamental freedoms granted by community law of the European Union. Every citizen of a Member State has the right to live and work in another Member State. However, migrant workers face a lot of practical problems when exercising their right to free movement.

Social security questions are a key element when exercising free movement. Due to the increasing importance of supplementary pension schemes it seems to be especially important to have a closer look at the impact of these schemes, too.

In aging societies - as is true for the Member States of the European Union - supplementary pensions form a key element of sustainable pension systems. As providers of supplementary pensions for the public sector, EAPSPI's members are in particular concerned with issues in this field. Furthermore, EAPSPI's members feel responsibility towards the members of their schemes and their wish to exercise free movement. These reflections have led to the creation of a working group dealing with the topic of portability.

Portability is an issue in public pension schemes. In most approaches regarding portability it is - especially due to lack of exact statistical data - assumed that establishing portability automatically generates positive effects for the migrant worker. By examining a whole set of realistic simulations, EAPSPI's working group has generated examples from which it can be seen that the concept of pure

Klaus Stürmer
Spokesman

portability has two sides. It might bring positive effects to the migrant worker, but not under all circumstances and not as a general rule. There are situations where portability really is a supportive tool for the migrant worker. But this is not true for all cases. We very much hope that through our work we can encourage the different stakeholders in the field of occupational pensions to develop approaches which are useful for migrant workers, thus creating concrete steps toward a future where cross-border portability is possible without any obstacles. It should be a gradual process, using all the options and opportunities connected with the topic as levers for change.

My special thanks go to all colleagues of EAPSPI who contributed their commitment, their ideas and their efficiency to our common project, giving input and helping to overcome difficulties. Without them, this project would not have been possible.

Klaus Stürmer
Chairman of EAPSPI's Working Group on Portability

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Executive Summary

Portability is often linked to the development of labour mobility within international private companies. However, civil servants and public employees are also concerned, for example by mobility towards the public sector of another Member State. EAPSPI proposes in this report to consider how different schemes could organise transfer arrangements in a reasonable way: a way that would not damage any of the schemes involved, nor the migrant employees' entitlements.

Before entering the European level, EAPSPI established a set of basic principles necessary for transfers to operate smoothly and effectively internally which is a prerequisite for establishing cross border portability, and considered the best method for a transfer:

EAPSPI basic principles

1. Full transparency of pension rights by sufficient and clear information
2. A simplified system of qualifying conditions
3. The right to a deferred entitlement to pension on leaving a job
4. Ability to capitalise deferred entitlement
5. The method for calculating capital value must not be affected by system of financing
6. Processes in place to manage the liquidity problems related to early release of accrued pension rights
7. A capacity to transfer deferred entitlement, preferably at date of job change, but
8. Allowing (according to the agreement of the involved pension institutions) for later facility to transfer up to the date immediately before retirement.

Transfer method

- The most appropriate way is to use a CETV (cash equivalent transfer value) and to operate the transfer at the date of job change.
- The CETV must be calculated according to the rules of the delivering institution.
- The simple transfer of contributions does not always provide adequate pension rights in the new scheme.

In order to achieve comparable results, realistic transfer situations have been simulated.

The same CETV can be converted at migration age into very different pension claims according to the receiving country. **The conclusion that only by opting for a transfer the migrant worker will gain pension rights, is too short.** Other considerations must be taken into account:

- Different risks are covered.
- Large differences between schemes.
- The ratio of basic to occupational pension can vary considerably even within the same country according to salary levels.

The comparison of results for transfers of preserved rights options showed that transfers are not always the best alternative. Sometimes the gap is so narrow between transfer and no transfer, that any amendment in the regulation of one or the other country might change the situation. **The outcome, therefore, is difficult to predict**.

However some clear-cut situations indicate that in some cases, one-way-flows might reasonably be expected. **One-way-flows, however, bear the risk of an imbalance. If not balanced, the flows of transfers in and out can affect the financial sustainability of sensitive schemes.**

There are two possible alternatives to obtain balanced flows:

- To set up bilateral agreements between pension schemes[1].
- To create networks of similar schemes.

These solutions avoid two big risks:

- The risk of one-way transfers towards the most generous schemes, leaving some exporting schemes in difficult position.
- The risk of putting too much pressure on pension schemes to get a minimum harmonisation which is contrary to the principle of subsidiarity.

Conclusion: The notion of compatible schemes

Transfers already exist within and between Member States but only between schemes, which are more or less similar. To avoid one-way-flows, transfers ought to be organised between "compatible schemes**". It seems too ambitious to involve all schemes at once in a single transfer model, at least at present.**

The target is to establish rules according to which pension rights can be transferred from one scheme to another and toset up some transfer models. **The result for the migrant worker would be that opting for a transfer or preserved rights would not generate exaggerated gain or loss. Bilateral agreements or transfer circles would also make it easier to provide information to the migrant worker.**

The variety of transfer agreements or transfer circles will help to improve mobility. This option is a better perspective than the present situation with no possibility of transfer at all. It should be seen as a first step and must be considered in a long-term perspective of future convergence.

[1] It should be respected that in order to avoid discrimination of nationals, schemes must use their own calculation factors and not create factors for the purpose of transfers.

1 INTRODUCTION

Portability is often linked to the development of labour mobility within international private companies. However, civil servants and public employees are not excluded from free movement. At national level first, but also on cross-border basis, especially for some jobs such as teachers or hospital staff. Public service employees are concerned by four types of situations:

- Mobility between various employers of their national public sector.
- Mobility between private and public sectors within their own countries.
- Mobility towards (or from) the private sector of another Member State.
- Mobility towards the public sector of another Member State.

EAPSPI has focussed particularly on this latter situation.

In certain states (Southern Europe) civil servants are covered by special PAYG schemes which have come under Regulation 1408/71 since 1998. They are therefore “protected” against any loss of pension rights. However, some of these quite generous special schemes are now reducing their benefits generating a need for supplementary or additional schemes (Italy, France, Spain…) which will come out of the scope of co-ordination.

In other Member States where there is a flat rate basic pension, a large part of the pension package relies on the occupational schemes (Northern Europe). Some of these are fully funded (NL, some schemes in UK), others partially funded (DE) or are entirely PAYG (Ireland, some other schemes in UK). All these schemes will probably be concerned by cross-border portability. EAPSPI proposed to consider how such different schemes with different calculation formulas, different financial methods and different pension sizes could organise transfer arrangements in a reasonable way: a way that would not damage any of the schemes involved, nor the migrant employees’ entitlements.

EAPSPI therefore decided to make simulations of migration situations in order to analyse the possible impact of transfers on the final pension level and consider what problems transfers might raise according to the type of scheme involved, and the obstacles to be avoided. It must be noted that one of the main obstacles to transfers is due to the **different pension tax treatment**, as underlined by Commissioner Bolkestein in Communication 2001/2014 of 19 April 2001. This question is however **out of the scope of the working group’s research.**

1.1 EAPSPI basic principles

Before entering into concrete cases, EAPSPI first established a set of basic principles necessary for transfers to operate smoothly and effectively internally which is a prerequisite for establishing cross border portability. The principles are as follows:

1. Full transparency of pension rights by sufficient and clear information
2. A simplified system of qualifying conditions
3. The right to a deferred entitlement to pension on leaving a job
4. Ability to capitalise deferred entitlement
5. The method for calculating capital value must not be affected by system of financing
6. Processes in place to manage the liquidity problems related to early release of accrued pension rights
7. A capacity to transfer deferred entitlement, preferably at date of job change, but
8. Allowing (according to the agreement of the involved pension institutions) for later facility to transfer up to the date immediately before retirement.

One should be aware of the fact that what is theoretically desirable is not always easy to operate in practice and that the implementation of some of these principles may in some cases affect the financial sustainability of certain schemes.

1.1 Transfer method

Various transfer methods used at national level or between certain Member States and the European communities have been studied. The conclusions are as follows:

- The most appropriate way is to use a CETV (cash equivalent transfer value) and to operate the transfer at the date of job change

- <u>The CETV must be calculated according to the rules of the delivering institution.</u> It must not be established on a basis negotiated in accordance with the country where it is sent. Such a method would produce differences of treatment and probably discrimination compared to nationals.

- The mere transfer of contributions does not always provide adequate pension rights in the new scheme. In a pay-as-you-go-scheme, the level of contributions is related to a particular demographic ratio, and the total amount of contributions paid for an employee does not always reflect the corresponding pension liabilities. It therefore would not provide an adequate CETV likely to be converted into a fair pension claim.

1.3 The obstacles

Portability is not only a concern for the migrant worker but also for the employers and the social partners. Regulation at European level might unintentionally disrupt collective agreements made within Member States, and requires a minimum harmonisation which could jeopardise the principle of subsidiarity so deeply enshrined in our states. It may also produce additional cost and bureaucracy likely to discourage employers from offering occupational pensions, which would be contrary to what the Commission intends to achieve.

1.4 Working method

EAPSPI has worked on realistic transfer situations. The simulation exercise involves different types of pension schemes: DC, DB, or mixed systems, final salary or career average. It has to be mentioned that some of the institutions participating in the simulation exercise are located in countries which presently do not allow transfers and certain schemes are supplementary schemes covered by Regulation 1408/71 which excludes them from the scope of any transfer obligation at European level. EAPSPI is well aware of these facts. But for reasons of research, it was theoretically assumed that transfers could occur.

To study the effect of transfers between different Member States, the only way is to undergo a set of simulations. To produce comparable results, a defined set of calculations is needed. To achieve proper results, simulations have to be done on the basis of precise hypothesis. **The target of the simulation exercise was just to observe what is compatible and what is not, what are the biggest losses or gains in the case of a career split over 2 countries, so that solutions would be proposed to avoid the most extreme and unfair situations.**

The participating countries will be named A, B, C, D, E, F. The report only presents the most significant examples, all other examples are however presented in the annexes.

Elements of the simulation

- The migrant worker is: a male, married, with no children, born on 1 January 1958
- Migration is exercised from the public sector of one Member State to the public sector of another Member State
- Start of working: 1 January 1983, i.e. at age 25
- Time of transfer: 1 January 2003, i.e. at age 45, after 20 years of service

- The job is to be considered as the first job, assuming that the employee always has the same job and the same scheme during the 20 years preceding mobility
- starting salary: € 20,000.00
- 2 salary increases: 3 % - 5 % (providing 2 career profiles: high salary or low salary profiles
- Pensionable age, accrual rate: according to the national regulations
- Insured risk: old age pension with the "standard national package"

2 COMPARISON OF CETV AND PENSION RIGHTS AT THE DATE OF JOB CHANGE

Each country presented the composition of its pension package. Then for two determined career profiles (annex 1), each country calculated according to its scheme regulations:

- the CETV corresponding to 20 years of service, for the occupational pension.
- The (occupational) pension claim corresponding to this CETV (in some case lump sums have been integrated in the pension claim to facilitate comparisons).

CETV & occupational pension resulting from a same career profile

	CETV in €	Pension in €	Ratio CETV/Pension
Country A	116,113	12,155	9,553
Country B	47,674	5,986	7,964
Country C	23,434	3,308	7,084
Country D	50,263	7,3	6,885
Country E	20,857	1,635	12,757
Country F	82,108	10,959	7,492

This report will only mention the result of one simulation (based on the 3 % salary increase), more information can be found in annex 1, particularly the conversion of each CETV by each other pension institution.

Annex 1 (chart CETV) shows not only the different CETVs and pension claims of each country but also that a same CETV can be converted at migration age into very different pension claims according to the receiving country. In one of the examples a CETV of € 116,113 (Country A) will provide a pension claim of € 17,034 if transferred to country D, whereas the corresponding pension claim in the home country would be only € 12,155. **This means that only by opting for a transfer the migrant worker will gain about 40 % of his pension rights at the age of job change.**

On the contrary, if the transfer is from D to A the loss would be about one third.

Such gains or losses are likely to impact the direction of transfers. However other considerations must be taken into account.

2.1 First observation: different risks are covered

The CETV from A includes unemployment, A and D include partial pensions, B excludes disability, and in E the survivor coverage which is optional is not taken into account. This implies that:

When the coverage is lower in the receiving scheme (for example absence of survivor coverage), the old age pension claim will automatically rise.
If the coverage is more extended in the receiving scheme (for example with additional coverage of partial pension), the old age pension will be lower.
Therefore, the migrant worker must not consider only the level of old age pension but also the other risks covered, and more particularly what is optional in one scheme and can be compulsory in another one.

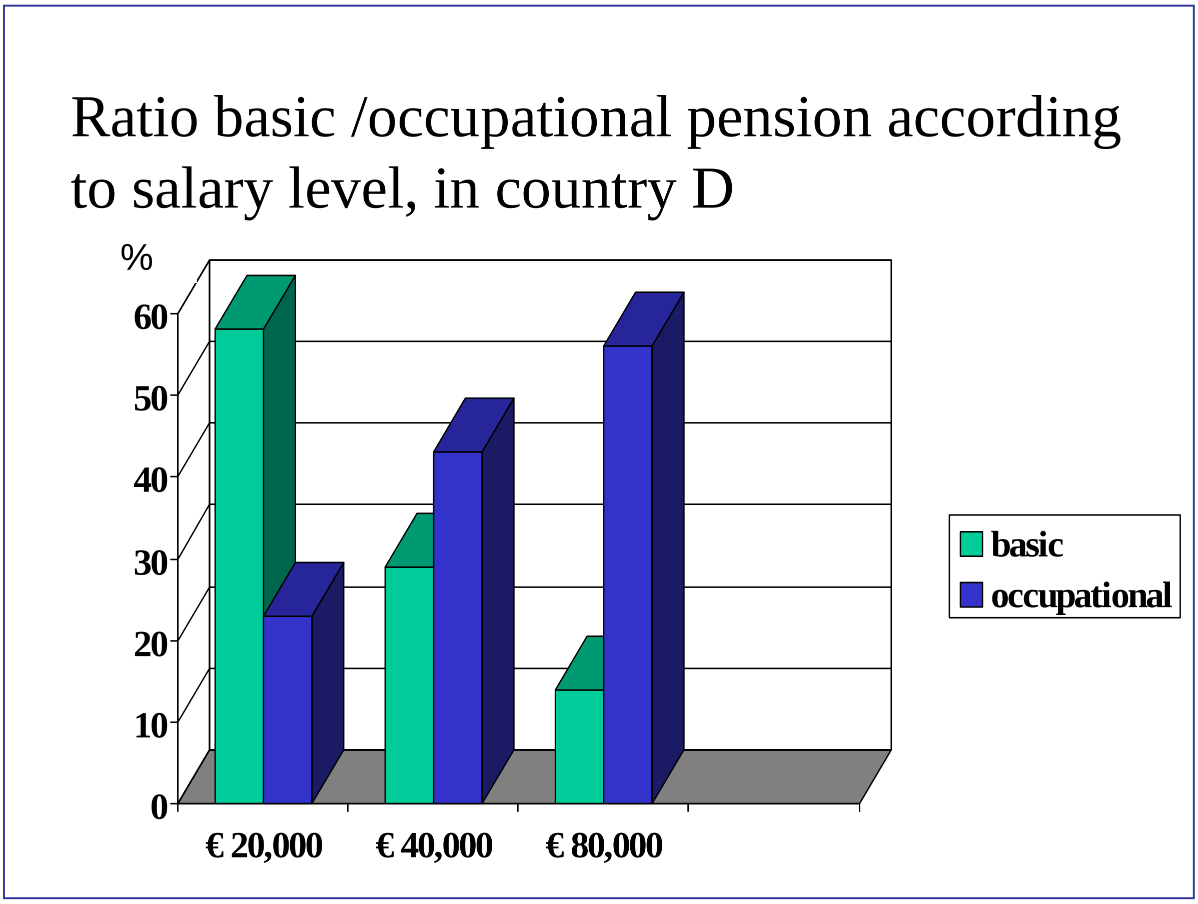
2.2 Second observation: large differences between schemes

The amount of the accrued pension rights and therefore the level of the CETV depends on the place of the occupational pension in the national global pension income. Country C has an important earnings-related basic system and therefore a small occupational part, whereas Country F has a flat rate basic scheme and in Country A, the basic pension is absent in this example because means-tested which explains the fact that occupational pensions are much higher.
This factor does neither affect national transfers nor cross-border transfers made between similar systems (similar ratio of occupational to basic). However it must be taken into consideration in the case of transfers between countries like A or F towards countries like C or E. If the receiving country applies a ceiling adapted to its national system, it could be a serious obstacle for transfers from countries where the occupational pension is much more important in the pension package. However, it is worth noting that if ceilings are removed for cross-border transfers, it might be difficult to maintain them for nationals.

2.3 Third observation: the ratio of basic to occupational pension can vary considerably even within the same country according to salary levels

When comparing results for different career profiles, it has been noted that the ratio of basic to occupational pension which is an important element in the migrant worker decision, can vary considerably even within the same country according to salary levels. The attractiveness of transfers can therefore vary considerably not only according to the nature of schemes or conversion factors but also according to individual salary levels.

In average, it can be observed that the lower the salary the larger the part of the basic pension, the higher the salary, the larger the part of the occupational pension. Country D presents a significant example of different ratios according to salary levels. The following graph gives an impression: the total of both colours indicates the replacement ratio for each salary level (other examples can be seen in annex 2):



This means that the question of transfer will be more crucial for high salary levels (€ 80,000 in the example of country D) rather than for low salaries (€ 20,000 in the example) which in some countries are mainly covered by the basic scheme. Transfers therefore concern more white collars than low skilled employees. **This is important to consider for the balance of transfer flow between Member States.**

3 COMPARISON OF RESULTS FOR TRANSFERS OF PRESERVED RIGHTS OPTIONS

After considering the situation at migration age (45 in the examples), projections have been made to observe what would be the results at retirement age, and particularly to observe the final result in the case of preserved rights and in the case of transfer.

It should be mentioned that such simulations were done for the purpose of research while the working group considers that projected information is naturally subject to changes (new calculation formulas, change of indexation or technical interest rates). Only information on the present situation is based on facts. Simulation for the future is uncertain and close to pure speculation if not used in a model situation. This means, too, that the younger the worker the higher the degree of uncertainty and the risk of misevaluating future pension rights. Therefore, any information obligation can only focus on the present situation, at the moment of job change. Only information on the present situation can be guaranteed and should therefore be given to the migrant worker.

Because of the different levels of occupational pensions, comparisons of global pensions (basic + occupational) in the case of transfers and in the case of preserved rights for careers split between two countries have been made.

The simulations were made for the same 6 countries, on the basis of 2 career profiles: salary increase 3 % and salary increase 5 %. The insured risks being the old age pension with the standard national package, which varies from one scheme to the other.

The results are shown below for the two career profiles (low and high salary increase). They represent the pensions expected in 2023, as a percentage of final salary, in the case of transfer (T) or preserved rights (NT). The white boxes show what would be the pension in the case of no migration for the same salary profile.

The results in € are presented in annex 3.

The detail of all pension packages for each cross-border situation are presented in annex 4.

Low salary increase 3 %

Migration from / to	From A	From B	From C	From D	From E	From F
To A	No migration 68,64 %	T = 67,09 % NT = 68,55 %	T = 59,53 % NT = 58,57 %	T = 62,45 % NT = 70,23 %	T = 70,18 % NT = 67,04 %	T = 61,71 % T = 65,24 %
To B	T = 70,89 % NT = 67,84 %	No migration 68,28 %	T = 61,27 % NT = 59,59 %	T = 65,02 % NT = 71,26 %	T = 72,03 % NT = 68,07 %	T = 65,25 % NT = 66,27 %
To C	T = 49,71 % NT = 54,98 %	T = 53,31 % NT = 56,72 %	No migration 46,74 %	T = 48,56 % NT = 58,40 %	T = 57,26 % NT = 55,21 %	T = 46,51 % NT = 53,41 %
To D	T = 77,59 % NT = 61,00 %	T = 68,30 % NT = 62,74 %	T = 57,17 % NT = 52,75 %	No migration 64,21 %	T = 68,29 % NT = 61,23 %	T = 67,99 % NT = 59,43 %
To E	T = 49,97 % NT = 61,64 %	T = 57,34 % NT = 63,38 %	T = 52,10 % NT = 53,39 %	T = 52,45 % NT = 64,68 %	No migration 62,33 %	T = 48,64 % NT = 60,07 %
To F	T = 79,69 % NT = 66,78 %	T = 72,60 % NT = 68,52 %	T = 62,53 % NT = 58,53 %	T = 68,22 % NT = 70,19 %	T = 71,09 % NT = 67,01 %	No migration 72,02 %

High salary increase 5 %

Migration from / to	From A	From B	From C	From D	From E	From F
To A	No migration 49,98 %	T = 48,65 % NT = 49,68 %	T = 45,10 % NT = 44,46 %	T = 48,52 % NT = 53,92 %	T = 52,08 % NT = 48,41 %	T = 47,70 % T = 50,11 %
To B	T = 51,88 % NT = 50,11 %	No migration 50,09 %	T = 46,66 % NT = 45,54 %	T = 50,91 % NT = 55,01 %	T = 54,12 % NT = 49,50 %	T = 50,50 % NT = 51,19 %
To C	T = 34,03 % NT = 37,10 %	T = 35,35 % NT = 37,76 %	No migration 32,54 %	T = 34,85 % NT = 42,00 %	T = 38,88 % NT = 36,49 %	T = 33,48 % NT = 38,19 %
To D	T = 79,36 % NT = 51,26 %	T = 65,01 % NT = 51,92 %	T = 53,92 % NT = 46,70 %	No migration 68,37 %	T = 67,39 % NT = 50,65 %	T = 73,41 % NT = 52,35 %
To E	T = 51,87 % NT = 58,66 %	T = 55,06 % NT = 59,32 %	T = 53,24 % NT = 54,10 %	T = 54,06 % NT = 63,56 %	No migration 60,37 %	T = 51,97 % NT = 59,75 %
To F	T = 70,82 % NT = 51,46 %	T = 60,97 % NT = 52,12 %	T = 52,16 % NT = 46,89 %	T = 63,61 % NT = 56,36 %	T = 52,24 % NT = 50,85 %	No migration 67,00 %

3.1 General observations

Transfers are not always the best alternative. In Country D, preserving pension rights is more favourable than transferring to any of the other 5 countries *(except only one and only for the high salary increase option)*. For country A and B, several cases of preserved rights are also more favourable.

In some situations the gap is so narrow between T and NT that any amendment in the regulation of one or the other country, or any factor of uncertainty (for example returns higher than the guaranteed amount or bonus pension points), or any variant brought into the simulation, (migration at another age for example) might change the situation, so that **the outcome is difficult to predict** for the migrant worker.

The results of the simulations might also be influenced by the type of basic pension - based on residence or on the working career.

However, some more clear-cut situations are worth considering:

3.2 Gain with transfer

Transfers towards D are favourable. In the examples set out below, the gain is between 8.86 % to 27.2 % in case of the lower salary alternative and from 25.2 % to 54.82 % for higher salary increase.

Transfer to D more favourable than preserved rights		
	3 % salary increase	5 % salary increase
From A to D	+ 27.2 %	+ 54.82 %
From F to D	+ 14.39 %	+ 40.24 %
From E to D	+ 11.53 %	+ 33.04 %
From B to D	+ 8.86 %	+ 25.20 %

- D has the highest interest rate (4 %). It is EET, career average defined benefit, and has a rather high accrual rate.
- A has an interest rate of 3 %. It is also average career DB scheme with EET system. It has a lower accrual rate than D for the first part of the career.
- F also has a lower accrual rate plus a lower interest rate than D. Taxation is EET.
- E is a mixed system (DB-DC) where only the guaranteed rights have been taken into account, although actual returns are much higher than the guaranteed percentage. It has a 3 % interest rate. Taxation is ETT.

Transfer to F more favourable than preserved rights		
	3 % salary increase	5 % salary increase
From A to F	+ 19.33 %	+ 37.63 %
From B to F	+ 5.96 %	+16.99 %
From C to F	+ 6.83 %	+ 11.22 %

Transfers to F are also mostly favourable because F has a final salary system. The profit of the transfer option is particularly obvious in the high salary simulation. In such a situation the workers age at the moment of transfer is a major element.

3.3 Transfer with gain or loss according to salary level

Different outcomes according to career profiles		
	3 % salary increase deferred rights more favourable	5 % salary increase transfer more favourable
From D to F	Loss = - 2.92 %	Gain = + 12.87 %

F has a final salary DB system.
D has a rather high indexation of deferred rights and a DB system (based on final salary for first part of career with a switch to career average for the second part).
Preserved rights are more favourable than transfer in the 3 % option.

In case of low salary increase in the receiving country, the situation depends on the indexation of deferred rights in the home country. In D, deferred pension rights are indexed on general salary increase. In the 3 % option, there may be no big difference between the evolution of deferred rights in the home country and the evolution of salary in the receiving country. If there is, however, some difference in favour of the salary increase in the second part of the career, it is not enough to compensate the less favourable conversion factor of the CETV coming from D.

On the contrary, in the 5 % option, the unfavourable conversion is rapidly compensated by the high final salary on which the pension calculation is based. In such a situation, the age of job change is also an important factor, the earlier you move the better since there is time for the salary to increase.

In fact, the situation is to be considered according to 4 factors:

- In the home country: the indexation of deferred rights
- In the receiving country: the conversion of the CETV (essential for late migration)
  the length of career to be completed after job change
  the expected salary increase for the future career.

The different combination of these elements will make that it is better to transfer or not.

3.4 Loss with transfer

Transfers less favourable than preserved rights		
	3 %	5 %
From D to C	– 16.85 %	– 17.02 %
From D to E	– 18.92 %	– 14.94 %
From A to E	– 18.93 %	– 11.58 %

- Again the interest rate is higher in D than in C or E.
- D has wage linked indexation.
- A has a mixed indexation based on both prices and salaries.
- In C, imported pension rights are frozen.
- In E, indexation is lower than in D or A and extra non-guaranteed returns are not counted.

The transfer from A to E is particularly unfavourable since A has the highest CETV and E the most unfavourable conversion of CETV into pension. This is partly due to unisex life expectancy because the simulation is based on a male example.
This raises the problem of transfers between schemes based on unisex life expectancy and schemes based on male/female tables, which can generate some distortion in the conversion of CETV into pension claims.

3.5 The problem of unisex tables

Country E has the highest life expectancy because tables are unisex whereas the other countries used male tables. To show the difference, E also gave examples with female and male mortality.

CETV male	CETV unisex	CETV female	Diff female / male
€ 23,592	€ 26,637	€ 29,323	+ 24.29 %

This shows that for exporting and importing schemes, not using the same type of tables might cause a gain or a loss of pension rights according to gender.
This situation can be summarised as follows:

<table>
<tr><th>Home country</th><th>Host country</th></tr>
<tr><td rowspan="2">Use of unisex tables
(same CETV for male and females)</td><td>• Use of differentiated tables
• More pension rights for males (due to shorter life expectancy) than for females</td></tr>
<tr><td>• Use of unisex table
• Same pension rights</td></tr>
<tr><td rowspan="2">Use of differentiated tables: the same pension claim will generate higher CETV for females than for males</td><td>• Use of differentiated tables
• Less favourable for females than for males – compensates the difference of CETV - result close to neutral</td></tr>
<tr><td>• Use of unisex tables
• Same conversion factor, so that the higher CETV of females will generate more pension rights for females for a same career in the home country</td></tr>
</table>

4 CONDITIONS FOR TRANSFERS AND PRESERVED RIGHTS

4.1 Information and guarantees

It has to be underlined that good information must be provided to migrant workers regarding all factors **presently** impacting on pension level, mainly the accrued pension claim, the CETV and the basic principle of pension calculation. It is also important to mention if, in the receiving scheme, **pension rights are guaranteed or not**. In some countries, transfers can only be carried out if the receiving pension scheme offers guaranteed pension rights. For these schemes, this is an essential requirement.

At a wider European level, this may raise a problem in case of transfer from DB to DC schemes. Therefore, two alternatives are possible: either setting up a model with obligation of guarantees, which would probably exclude certain types of DC schemes from transfer possibilities, or leaving the responsibility of the choice to the migrant worker after giving him proper information about the risk (which excludes any possibility of claim against the exporting scheme). The second alternative would make the scope of transfers wider.

4.2 Technical interest rate

Technical interest rate is of great importance when comparing the result of simulations; it particularly explains that in both sets of examples all transfers to D are favourable in comparison with preserved rights, because D uses a technical interest rate of 4 % whereas most of the other schemes involved in the simulation exercise have interest rates of more or less 3 %. However, this element is also likely to change.

The sole technical interest rate explains that passing from A (big CETV) to D (favourable interest rate), the pension rights are significantly increased. This means that migrant workers' choices might be influenced by technical interest rates.

4.3 Indexation

Indexation would ideally guarantee the protection of deferred rights. It is also an important factor for the adjustment of the future pension. Thus, it is an important question for the migrant worker who has to choose between transferring or preserving pension rights.

However, it looks difficult and financially hazardous to guarantee it for the future. Many schemes have switched from wage indexation to price indexation, or hybrid indexation. Therefore the migrant worker must be informed of the indexation method at the date of job change but cannot claim for any guarantee for the future.

In some cases, indexation (of deferred rights and pensions) is linked to the funding ratio of the scheme. This factor is used to smooth out the variation due to capital markets and to maintain sustainability which explains why it cannot be guaranteed for the future.

Imposing a minimum indexation to all schemes could jeopardize the financial sustainability of some schemes and would be an interference in social partners' agreements.

In addition, there are some models of pension systems which necessarily exclude traditional indexation and particularly indexation of deferred rights. Such a system involves a kind of anticipated adjustment and excludes further indexation.

4.4 Liquidity and financial balance - the case of PAYG-schemes

As set out in the basic principles, it is necessary that schemes which are involved in transfer agreements have the necessary liquidity to operate transfer of cash. In funded schemes, this can easily be solved. However, for PAYG or book reserve schemes, even if transfers are considered to be cost neutral because they remove a part of liabilities, they may, at certain periods, entail financial problems, particularly if there is no balance between transfers in and transfers out.

A reasonable solution could be that, when necessary, some transfer agreements provide more flexible payment conditions.

Basically, a transfer should occur at, or as near as possible to the actual date of job change. Nevertheless, in the case of pay-as-you-go systems, it ought to be feasible to transfer or to compensate[2] at a later date, on the understanding that the exporting pension institution as well as the receiving pension institution and the individual worker agree to this. It should be possible to opt for the payment in respect of a transfer at a later date, particularly at the date of the pensionable event.

[2] Transfers can take place on a monthly or yearly basis (compensation).

5 BALANCE OF TRANSFERS IN AND TRANSFERS OUT

5.1 Can we anticipate the direction of transfers?

If transfers are totally free, they can give rise to speculation from migrant workers who will naturally try to make most out of it.

The direction of transfers will be affected firstly by the situation of the labour market and the working conditions offered by the new employer. Considering the on-going evolution in the pension sector, we might reasonably expect the following directions of transfers[3]:

- From low interest rate to higher interest rate.
- From low or no indexation to higher indexation.
- From defined contribution to defined benefit.
- From average career scheme to final salary scheme.
- From schemes using unisex tables to schemes using differentiated tables (for males).
- From schemes using differentiated tables to schemes using unisex tables (for females).

It is much less likely that transfers would occur in the other direction if differences are too important.

Of course, these factors can be interconnected and have different impacts according to career profiles. For example, flat career profiles have less interest in final salary schemes so that other factors may be more attractive for them. The difference of mortality tables will be of less importance if compensated by a better interest rate.

If not balanced, the flows of transfers in and out can affect the financial sustainability of sensitive schemes.

5.2 Two possible alternatives to obtain balanced flows

- To set up bilateral agreements between pension schemes[4].
- To create networks of similar schemes, like the transfers circles introduced in the Netherlands in the 1980s or the public sector transfer club in the United Kingdom.

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[3] Taxation considerations are not taken into account in this report but might as well heavily influence the direction of transfers.

[4] It should be respected that in order to avoid discrimination of nationals, schemes must use their own calculation factors and not create factors for the purpose of transfers.

At first sight, both alternatives seem to go against labour freedom of movement since workers would be allowed to transfer only within a limited number of schemes.
However they avoid two big risks:

- The risk of one way transfers towards the most generous schemes, leaving some exporting schemes in difficult position.
- The risk of putting too much pressure on pension schemes to get a minimum harmonisation which is contrary to the principle of subsidiarity.

A legal obligation might easily endanger collective agreements of the Social Partners in the Member States, the principle of subsidiarity and - as seen - the financial sustainability of some schemes concerned. It is therefore not a priority option. The proposed alternatives seem to be the most adapted although they have their own limits. Anyway, they would represent a first step in a long process which will probably go through gradual convergence in the long term.

6 CONCLUSION: THE NOTION OF COMPATIBLE SCHEMES

Our simulations have shown that if, in theory, transfers can be carried out between any kind of schemes, in practice it is necessary to avoid big distortion.

Transfers already exist within and between Member States but only between schemes which are more or less similar. It seems that to avoid one-way-flows, transfers ought to be organised between “compatible schemes”. **It seems too ambitious to involve all schemes at once in a single transfer model, at least at present.** The risks - as mentioned above - are too high.

Is it possible to organise various transfer models corresponding to various types of schemes?
In this report we pointed out some factors worth considering:

- Indexation since it seems unrealistic to transfer from a well indexed scheme to a scheme with no indexation.
- Technical interest rates which can generate wide differences in the calculation and the conversion of the CETV, entailing significant profit or losses according to which way the transfer is envisaged.

Some other questions can be raised:

- Are schemes providing lump sums (as a percentage of pension rights) compatible with schemes not offering the same advantage? Lump sums are excluded from many systems but much praised in some countries. Will late transfers towards certain schemes be used as an opportunity to obtain a lump sum when most of the pension rights have been accrued under a different system?
- Are schemes offering social elements compatible with those where all benefits are equally distributed?
- Is a scheme using unisex tables compatible with a scheme with differentiated tables?

The point is not to exclude certain schemes from any obligation on the grounds that they would not be apt for transfer. The real problem is to establish what scheme can transfer towards what other schemes and maybe set up some transfer models.

The result for the migrant worker would be that opting for a transfer or preserved rights would not generate exaggerated gain or loss. Limited profit would mainly result from an individual situation or personal expectation of future career and less from factors like interest rate, indexation and funding.

This could **also** be a **guarantee for the pension institutions which would expect a more balanced flow of transfers in and transfers out with more limited financial risks.** Although it must be pointed out that for cross-border transfers, the flows in and out also depend on the situation of the labour market and the working conditions offered by the new employer.

Bilateral agreements or transfer circles would also make it easier to provide information to the migrant worker.

The variety of transfer agreements or transfer circles will help to improve mobility. This option is a better perspective than the present situation, with no possibility of transfer at all. It should be seen as a first step and must be considered in a long term perspective of future convergence. As pension schemes of all countries have to face the same problems, we can expect a slow reduction of gaps which would reduce the number of model transfer agreements so that workers could have more and more opportunities to transfer their pension rights.

7 ANNEXES

Annex 1	CETV (in bold figures) and corresponding pension claims
Annex 2	Ratio of basic and occupational pensions for different salary levels
Annex 3	Comparison of pensions in case of transfer and in case of deferred rights
Annex 4	Migrant situations

Annex 1 CETV (in bold figures) and corresponding pension claims

Male migrant worker – salary increase of 3 % a year over 20 years

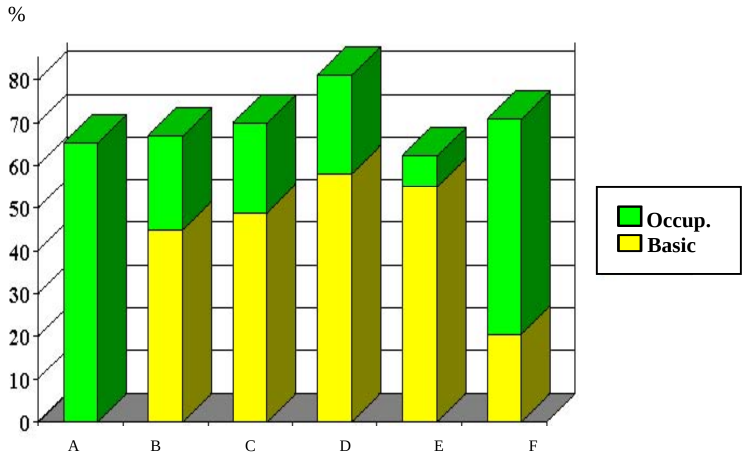
	A	B	C	D	E	F
A	**116 113** 12 155	= 14 579	= 16 391	= 17 034	= 12 340	= 15 461
B	= 4 674	**47 673** 5 986	= 6 730	= 6 994	= 5 067	= 6 348
C	= 2 297	= 2 942	**23 434** 3 308	= 3 438	= 2 491	= 3 120
D	= 4 928	= 6 311	= 7 095	**50 263** 7 374	= 5 342	= 6 693
E	= 2 611	= 3 345	= 3 760	= 3 908	**26 637** 2 464	= 3 547
F	= 8 050	= 10 310	= 11 591	= 12 045	= 8 726	**82 108** 10 960

Male migrant worker – salary increase of 5 % a year over 20 years

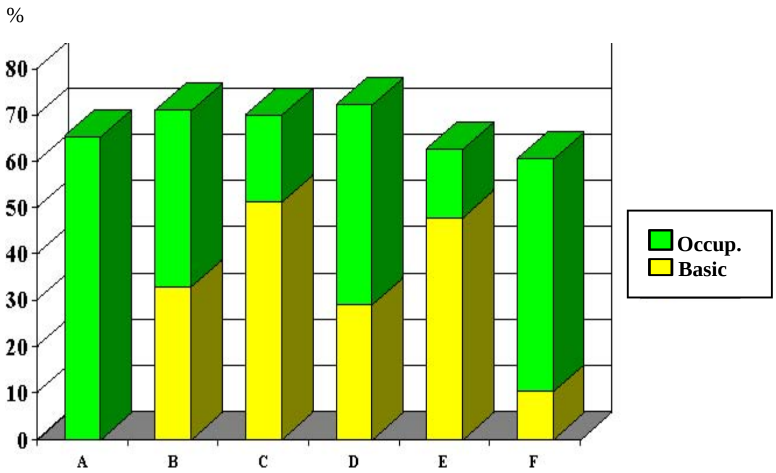
	A	B	C	D	E	F
A	**143 134** 14 984	= 17 971	= 20 207	= 21 019	= 15 212	= 19 101
B	= 6 974	**71 136** 8 931	= 10 043	= 10 446	= 7 560	= 9 493
C	= 3 251	= 4 164	**33 164** 4 682	= 4 870	= 3 525	= 4 426
D	= 8 847	= 11 330	= 12 740	**90 240** 13 252	= 9 591	= 12 042
E	= 6 459	= 8 271	= 9 301	= 9 674	**65 879** 6 094	= 8 791
F	= 11 600	= 14 856	= 16 705	= 17 376	= 12 575	**118 324** 15 794

Annex 2 Ratio of basic and occupational pensions for different salary levels

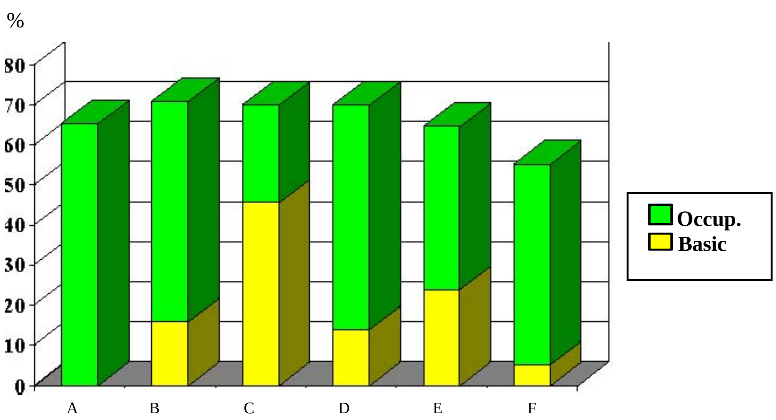
Basic & occupational replacement rate for low salary 20,000 €



Basic & occupational replacement rate for medium salary 40,000 €



Basic & occupational replacement rate for high salary 80,000 €



Annex 3 Comparison of pensions in case of transfer and in case of deferred rights

Final pension of male migrant worker in 2023 – career split over two countries
3 % salary increase - starting salary 20,000 Euros
T = in the case of transfer - NT = No transfer, pension rights are preserved in home country

In €

Migration from / to		From A	From B	From C	From D	From E	From F
To A		No migration 43 476	T = 42 498	T = 37 706	T = 39 559	T = 44 455	T = 39 087
			NT = 43 423	NT = 37 096	NT = 44 484	NT = 42 466	T = 41 326
To B		T = 44 902	No migration 43 249	T = 38 810	T = 41184	T = 45 622	T = 41 330
		NT = 42 970		NT = 37 746	NT = 45 134	NT = 43 116	NT = 41 976
To C		T 31 486	T = 33 765	No migration 29 603	T = 30 758	T = 36 269	T = 29 458
		NT = 34 827	NT = 35 930		NT = 36 991	NT = 34 973	NT = 33 833
To D		T = 49 147	T = 43262	T = 36 209	No migration 40 668	T = 43 257	T = 43 063
		NT = 38 638	NT = 39 741	NT = 33 414		NT = 38 784	NT = 37 644
To E		T = 31 650	T = 36 317	T = 33 001	T = 33 220	No migration 39 482	T = 30 808
		NT = 39 042	NT = 40 145	NT = 33 818	NT = 40 969		NT = 38 048
To F		T = 50 475	T = 45 986	T == 39 605	T = 43 209	T = 45 026	No migration 45 618
		NT = 42 298	NT = 43 401	NT = 37 074	NT = 44 462	NT = 42 444	

Final pension of male migrant worker in 2023 – career split over two countries
5 % salary increase - starting salary 20,000 Euros
T = in the case of transfer - NT = No transfer, pension rights are preserved in home country

In €

Migration from / to		From A	From B	From C	From D	From E	From F
To A		No migration 67 017	T = 65 204	T = 60 474	T = 65 061	T = 69 835	T 63 960
			NT = 66 619	NT = 59 612	NT = 72 302	NT = 64 915	T = 67 188
To B		T = 69 569	No migration 67 170	T = 62 575	T = 68 269	T = 72 570	T = 67 712
		NT = 67 188		NT = 61 070	NT = 73 760	NT = 66 373	NT = 68 646
To C		T = 45 632	T = 47 408	No migration 43 630	T = 46 733	T = 52 140	T = 44 902
		NT = 49 748	NT = 50 637		NT = 56 320	NT = 48 933	NT = 51 206
To D		T = 106 417	T = 87 168	T = 72 302	No migration 91 682	T = 90 365	T = 98 442
		NT = 68 736	NT = 69 625	NT = 62 618		NT = 67 921	NT = 70 194
To E		T = 69 550	T = 73 838	T = 71 386	T = 72 497	No migration 80 950	T = 69 685
		NT = 78 661	NT = 79 550	NT = 72 543	NT = 85 233		NT = 80 119
To F		T = 76 524	T = 68 350	T = 59 209	T = 70 509	T = 60 079	No migration 89 838
		NT = 69 000	NT = 69 889	NT = 62 882	NT = 75 572	NT = 68 185	

Annex 4: Migrant situations

RECEIVING COUNTRY A

- **Coming from Country B - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
B	Basic		11,940	11,940
	Occupational	5,986	8,895	
	CETV (occupational)	47,673		
A	Basic		**0**	**0**
	Occupational		22,588	30,558
Total pension rights at age 65			43,423	42,498

- **Coming from Country B - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
B	Basic		11,940	11,940
	Occupational	8,931	13,272	
	CETV (occupational)	71,136		
A	Basic		**0**	**0**
	Occupational		41,407	53,300
Total pension rights at age 65			66,619	65,240

- **Coming from Country C - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
C	Basic		11,200	11,200
	Occupational	3,308	3,308	
	CETV (occupational)	23,434		
A	Basic		**0**	**0**
	Occupational		22,588	26,506
Total pension rights at age 65			37,096	37,706

- **Coming from Country C - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
C	Basic		13,523	13,523
	Occupational	4,682	4,682	
	CETV (occupational)	33,164		
A	Basic		**0**	**0**
	Occupational		41,407	46,951
Total pension rights at age 65			59,612	60,474

- **Coming from Country D - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
D	Basic		8,568	8,568
	Occupational	7,374	13,328	
	CETV (occupational)	50,263		
A	Basic		**0**	**0**
	Occupational		22,588	30,991
Total pension rights at age 65			44,484	39,559

- **Coming from Country D - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
D	Basic		8,568	8,568
	Occupational	13,252	22,327	
	CETV (occupational)	90,240		
A	Basic		**0**	**0**
	Occupational		41,407	56,493
Total pension rights at age 65			72,302	65,061

- **Coming from Country E - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
E	Basic		17,414	17,414
	Occupational	2,464	2,464	
	CETV (occupational)	26,637		
A	Basic		**0**	**0**
	Occupational		22,588	27,041
Total pension rights at age 65			42,466	44,455

- **Coming from Country E - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
E	Basic		17,414	17,414
	Occupational	6,094	6,094	
	CETV (occupational)	65,879		
A	Basic		**0**	**0**
	Occupational		41,407	52,421
Total pension rights at age 65			64,915	69,835

- **Coming from Country F - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
F	Basic		2,772	2,772
	Occupational	10,960	15,966	
	lump sum included in occ pension	*(26,304)*	*(38,319)*	
	CETV (occupational)	82,108		
A	Basic		**0**	**0**
	Occupational		22,588	36,315
Total pension rights at age 65			41,326 *(38,319)*	39,087

- **Coming from Country F - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
F	Basic		2,772	2,772
	Occupational	15,794	23,009	
	lump sum included in occ pension	*(37,905)*	*(55,221)*	
	CETV (occupational)	15,794		
A	Basic		**0**	**0**
	Occupational		41,407	61,188
Total pension rights at age 65			67,188 *(55,221)*	63,960

RECEIVING COUNTRY B

- Coming from Country A - salary increase 3%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	Transfer
A	Basic		0	0
	Occupational	12,155	19,732	
	CETV (occupational)	116,113		
B	Basic		11,940	11,940
	Occupational		11,298	32,962
Total pension rights at age 65			42,970	44,902

- Coming from Country A - salary increase 5%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	Transfer
A	Basic		0	0
	Occupational	14,984	24,323	
	CETV (occupational)	143,134		
B	Basic		11,940	11,940
	Occupational		30,925	57,629
Total pension rights at age 65			67,188	69,569

- **Coming from Country C - salary increase 3%**

	PENSION RIGHTS	At age 45	**At age 65**	
			No transfer	***Transfer***
C	Basic		11,200	11,200
	Occupational	3,308	3,308	
	CETV (occupational)	23,434		
B	Basic		**11,940**	**11,940**
	Occupational		11,298	15,670
Total pension rights at age 65			37,746	38,810

- **Coming from Country C - salary increase 5%**

	PENSION RIGHTS	At age 45	**At age 65**	
			No transfer	***Transfer***
C	Basic		13,523	13,523
	Occupational	4,682	4,682	
	CETV (occupational)	33,164		
B	Basic		**11,940**	**11,940**
	Occupational		30,925	37,112
Total pension rights at age 65			61,070	62,575

- **Coming from Country D - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	*Transfer*
D	Basic		8,568	8,568
	Occupational	7,374	13,328	
	CETV (occupational)	50,263		
B	Basic		**11,940**	**11,940**
	Occupational		11,298	20,676
Total pension rights at age 65			45,134	41,184

- **Coming from Country D - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	*Transfer*
D	Basic		8,568	8,568
	Occupational	13,252	22,327	
	CETV (occupational)	90,240		
B	Basic		**11,940**	**11,940**
	Occupational		30,925	47,761
Total pension rights at age 65			73,760	68,269

- **Coming from Country E - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
E	Basic		17,414	17,414
	Occupational	2,464	2,464	
	CETV (occupational)	26,637		
B	Basic		**11,940**	**11,940**
	Occupational		11,298	16,268
Total pension rights at age 65			43,116	45,622

- **Coming from Country E - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
E	Basic		17,414	17,414
	Occupational	6,094	6,094	
	CETV (occupational)	65,879		
B	Basic		**11,940**	**11,940**
	Occupational		30,925	43,216
Total pension rights at age 65			66,373	72,570

- **Coming from Country F - salary increase 3%**

	PENSION RIGHTS	At age 45	At age 65	
			No transfer	*Transfer*
F	Basic		2,772	2,772
F	Occupational	10,960	15,966	
F	lump sum included in occ pension	*(26,304)*	*(38,319)*	
F	CETV (occupational)	82,108		
B	Basic		**11,940**	**11,940**
B	Occupational		11,298	26,618
Total pension rights at age 65			41,976 *(38,319)*	41,330

- **Coming from Country F - salary increase 5%**

	PENSION RIGHTS	At age 45	At age 65	
			No transfer	*Transfer*
F	Basic		2,772	2,772
F	Occupational	15,794	23,009	
F	lump sum included in occ pension	*(37,905)*	*(55,221)*	
F	CETV (occupational)	118,324		
B	Basic		**11,940**	**11,940**
B	Occupational		30,925	53,000
Total pension rights at age 65			68,464 *(55,221)*	67,712

RECEIVING COUNTRY C

- Coming from Country A - salary increase 3%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
A	Basic		0	0
	Occupational	12,155	19,732	
	CETV (occupational)	116,113		
C	Basic		**11,235**	**11,235**
	Occupational		3,860	20,251
Total pension rights at age 65			34,827	31,486

- Coming from Country A - salary increase 5%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
A	Basic		0	0
	Occupational	14,984	24,323	
	CETV (occupational)	143,134		
C	Basic		**18,561**	**18,561**
	Occupational		6,864	27,071
Total pension rights at age 65			49,748	45,632

- **Coming from Country B - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
B	Basic		11,940	11,940
	Occupational	5,986	8,895	
	CETV (occupational)	47,673		
C	Basic		**11,235**	**11,235**
	Occupational		3,860	10,590
Total pension rights at age 65			35,930	33,765

- **Coming from Country B - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
B	Basic		11,940	11,940
	Occupational	8,931	13,272	
	CETV (occupational)	71136		
C	Basic		**18,561**	**18,561**
	Occupational		6,864	16,907
Total pension rights at age 65			50,637	47,408

- **Coming from Country D - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
D	Basic		8,568	8,568
	Occupational	7,374	13,328	
	CETV (occupational)	50,263		
C	Basic		**11,235**	**11,235**
	Occupational		3,860	10,955
Total pension rights at age 65			36,991	30,758

- **Coming from Country D - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
D	Basic		8,568	8,568
	Occupational	13,252	22,327	
	CETV (occupational)	90,240		
C	Basic		**18,561**	**18,561**
	Occupational		6,864	19,604
Total pension rights at age 65			56,320	46,733

- **Coming from Country E - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
E	Basic		17,414	17,414
	Occupational	2,464	2,464	
	CETV (occupational)	26,637		
C	Basic		**11,235**	**11,235**
	Occupational		3,860	7,620
Total pension rights at age 65			34,973	36,269

- **Coming from Country E - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
E	Basic		17,414	17,414
	Occupational	6,094	6,094	
	CETV (occupational)	65,879		
C	Basic		**18,561**	**18,561**
	Occupational		6,864	16,561
Total pension rights at age 65			48,933	52,140

- **Coming from Country F - salary increase 3%**

	PENSION RIGHTS	At age 45	At age 65	
			No transfer	***Transfer***
F	Basic		2,772	2,772
F	Occupational	10,960	15,966	
F	lump sum included in occ pension	*(26,304)*	*(38,319)*	
F	CETV (occupational)	82,108		
C	Basic		**11,235**	**11,235**
C	Occupational		3,860	15,451
	Total pension rights at age 65		33,833 *(38,319)*	29,458

- **Coming from Country F - salary increase 5%**

	PENSION RIGHTS	At age 45	At age 65	
			No transfer	***Transfer***
F	Basic		2,772	2,772
F	Occupational	15,794	23,009	
F	lump sum included in occ pension	*(37,905)*	*(55,221)*	
F	CETV (occupational)	82,108		
C	Basic		**18,561**	**18,561**
C	Occupational		6,864	23,569
	Total pension rights at age 65		51,206 *(55,221)*	44,902

RECEIVING COUNTRY D

- Coming from Country A - salary increase 3%

	PENSION RIGHTS	At age 45	At age 65	
			No transfer	*Transfer*
A	Basic		11,940	11,940
	Occupational	12,155	19,732	
	CETV (occupational)	116,113		
D	Basic		**5,712**	**5,712**
	Occupational		13,194	43,435
Total pension rights at age 65			38,638	49,147

- Coming from Country A - salary increase 5%

	PENSION RIGHTS	At age 45	At age 65	
			No transfer	*Transfer*
A	Basic		0	0
	Occupational	14,984	24,323	
	CETV (occupational)	143,134		
D	Basic		**5,712**	**5,712**
	Occupational		3/8,701	100,705
Total pension rights at age 65			68,736	106,417

- Coming from Country B - salary increase 3%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	*Transfer*
B	Basic		11,940	11,940
	Occupational	5,986	8,895	
	CETV (occupational)	47,673		
D	Basic		**5,712**	**5,712**
	Occupational		13,194	25,610
Total pension rights at age 65			39,741	43,262

- Coming from Country B - salary increase 5%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	*Transfer*
B	Basic		11,940	11,940
	Occupational	8,931	13,272	
	CETV (occupational)	71,136		
D	Basic		**5,712**	**5,712**
	Occupational		38,701	69,516
Total pension rights at age 65			69,625	87,168

- Coming from Country C - salary increase 3%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
C	Basic		11,200	11,200
	Occupational	3,308	3,308	
	CETV (occupational)	23,434		
D	Basic		**5,712**	**5,712**
	Occupational		13,194	19,297
Total pension rights at age 65			33,414	36,209

- Coming from Country C - salary increase 5%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
C	Basic		13,523	13,523
	Occupational	4,682	4,682	
	CETV (occupational)	33,164		
D	Basic		**5,712**	**5,712**
	Occupational		38,701	53,067
Total pension rights at age 65			62,618	72,302

- **Coming from Country E - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
E	Basic		17,414	17,414
	Occupational	2,464	2,464	
	CETV (occupational)	26,637		
D	Basic		**5,712**	**5,712**
	Occupational		13,194	20,131
Total pension rights at age 65			38,784	43,257

- **Coming from Country E - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
E	Basic		17,414	17,414
	Occupational	6,094	6,094	
	CETV (occupational)	65,879		
D	Basic		**5,712**	**5,712**
	Occupational		38,701	67,239
Total pension rights at age 65			67,921	90,365

- **Coming from Country F - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
F	Basic		2,772	2,772
	Occupational	10,960	15,966	
	lump sum included in occ pension	*(26,304)*	*(38,319)*	
	CETV (occupational)	82,108		
D	Basic		**5,712**	**5,712**
	Occupational		13,194	34,579
Total pension rights at age 65			37,644 *(38,319)*	43,063

- **Coming from Country F - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
F	Basic		2,772	2,772
	Occupational	15,794	23,009	
	lump sum included in occ pension	*(37,905)*	*(55,221)*	
	CETV (occupational)	118,324		
D	Basic		**5,712**	**5,712**
	Occupational		38,701	89,958
Total pension rights at age 65			70,194 *(55,221)*	98,442

RECEIVING COUNTRY E

- Coming from Country A - salary increase 3%

	PENSION RIGHTS	At age 45	**At age 65**	
			No transfer	***Transfer***
A	Basic		0	0
	Occupational	12,155	19,732	
	CETV (occupational)	116,113		
E	Basic		**16,175**	**16,175**
	Occupational		3,135	15,475
Total pension rights at age 65			39,042	31,650

- Coming from Country A - salary increase 5%

	PENSION RIGHTS	At age 45	**At age 65**	
			No transfer	***Transfer***
A	Basic		0	0
	Occupational	14,984	24,323	
	CETV (occupational)	143,134		
E	Basic		**16,175**	**16,175**
	Occupational		38,163	53,375
Total pension rights at age 65			76,661	69,550

- Coming from Country B - salary increase 3%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	*Transfer*
B	Basic		11,940	11,940
	Occupational	5,986	8,895	
	CETV (occupational)	47,673		
E	Basic		**16,175**	**16,175**
	Occupational		3,135	8,202
Total pension rights at age 65			40,145	36,317

- Coming from Country B - salary increase 5%

PENSION RIGHTS		At age 45	At age 65	
			No transfer	*Transfer*
B	Basic		11,940	11,940
	Occupational	8,931	13,272	
	CETV (occupational)	71,136		
E	Basic		**16,175**	**16,175**
	Occupational		38,163	45,723
Total pension rights at age 65			79,550	73,838

- **Coming from Country C - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
C	Basic		11,200	11,200
	Occupational	3,308	3,308	
	CETV (occupational)	23,434		
E	Basic		**16,175**	**16,175**
	Occupational		3,135	5,626
Total pension rights at age 65			33,818	33,001

- **Coming from Country C - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
C	Basic		13,523	13,523
	Occupational	4,682	4,682	
	CETV (occupational)	33,164		
E	Basic		**16,175**	**16,175**
	Occupational		38,163	41,688
Total pension rights at age 65			72,543	71,386

- **Coming from Country D - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
D	Basic		8,568	8,568
	Occupational	7,374	13,091	
	CETV (occupational)	50,263		
E	Basic		**16,175**	**16,175**
	Occupational		3,135	8,477
Total pension rights at age 65			40,969	33,220

- **Coming from Country D - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
D	Basic		8,568	8,568
	Occupational	13,252	22,327	
	CETV (occupational)	90,240		
E	Basic		**16,175**	**16,175**
	Occupational		38,163	47,754
Total pension rights at age 65			85,233	72,497

- **Coming from Country F - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
F	Basic		2,772	2,772
	Occupational	10,960	15,966	
	lump sum included in occ pension	*(26,304)*	*(38,319)*	
	CETV (occupational)	82,108		
E	Basic		**16,175**	**16,175**
	Occupational		3,135	11,861
Total pension rights at age 65			38,048 *(38,319)*	30,808

- **Coming from Country F - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
F	Basic		2,772	2,772
	Occupational	15,794	23,009	
	lump sum included in occ pension	*(37,905)*	*(55,221)*	
	CETV (occupational)	118,324		
E	Basic		**16,175**	**15,175**
	Occupational		38,163	50,738
Total pension rights at age 65			80,119 *(55,221)*	69,685

RECEIVING COUNTRY F

- Coming from Country A - salary increase 3%

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
A	Basic		0	0
	Occupational	12,155	19,732	
	CETV (occupational)	116,113		
F	Basic		**2,772**	**2,772**
	Occupational		19,794	47,703
Total pension rights at age 65			42,298	50,475

- Coming from Country A - salary increase 5%

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
A	Basic		0	0
	Occupational	14,984	24,323	
	CETV (occupational)	143,134		
F	Basic		**2,772**	**2,772**
	Occupational		41,905	92,190
Total pension rights at age 65			69,000	94,962

- **Coming from Country B - salary increase 3%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
B	Basic		11,940	11,940
	Occupational	5,986	8,895	
	CETV (occupational)	47,673		
F	Basic		**2,772**	**2,772**
	Occupational		19,794	31,274
Total pension rights at age 65			43,401	45,986

- **Coming from Country B - salary increase 5%**

PENSION RIGHTS		At age 45	**At age 65**	
			No transfer	***Transfer***
B	Basic		11,940	11,940
	Occupational	8,931	13,272	
	CETV (occupational)	71,136		
F	Basic		**2,772**	**2,772**
	Occupational		41,905	67,048
Total pension rights at age 65			69,889	81,760

- **Coming from Country C - salary increase 3%**

	PENSION RIGHTS	At age 45	At age 65	
			No transfer	***Transfer***
C	Basic		11,200	11,200
	Occupational	3,308	3,308	
	CETV (occupational)	23,434		
F	Basic		**2,772**	**2,772**
	Occupational		19,794	25,633
Total pension rights at age 65			37,074	39,605

- **Coming from Country C - salary increase 5%**

	PENSION RIGHTS	At age 45	At age 65	
			No transfer	***Transfer***
C	Basic		13,523	13,523
	Occupational	4,682	4,682	
	CETV (occupational)	33,164		
F	Basic		**2,772**	**2,772**
	Occupational		41,905	53,643
Total pension rights at age 65			62,882	69,938

- **Coming from Country D - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
D	Basic		8,568	8,568
	Occupational	7,374	13,328	
	CETV (occupational)	50,263		
F	Basic		**2,772**	**2,772**
	Occupational		19,794	31,869
Total pension rights at age 65			44,462	43,209

- **Coming from Country D - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	***Transfer***
D	Basic		8,568	8,568
	Occupational	13,252	22,327	
	CETV (occupational)	90,240		
F	Basic		**2,772**	**2,772**
	Occupational		41,905	73,961
Total pension rights at age 65			75,572	85,301

- **Coming from Country E - salary increase 3%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	*Transfer*
E	Basic		17,414	17,414
	Occupational	2,464	2,464	
	CETV (occupational)	26,637		
F	Basic		**2,772**	**2,772**
	Occupational		19,794	24,840
Total pension rights at age 65			42,444	45,026

- **Coming from Country E - salary increase 5%**

PENSION RIGHTS		At age 45	At age 65	
			No transfer	*Transfer*
E	Basic		17,414	17,414
	Occupational	6,094	6,094	
	CETV (occupational)	65,879		
F	Basic		**2,772**	**2,772**
	Occupational		41,905	49,866
Total pension rights at age 65			68,185	70,052