

This version of the Retirement Plan rules has been produced for members of staff who have taken up employment with the ECB prior to 1 June 2009 and who are under 60 years of age on 31 May 2009.

European Central Bank

Conditions of Employment for Staff of the European Central Bank

Annex III - Retirement Plan

Decision ECB/2009/NP7 of 4 May 2009 amending the Conditions of Employment for Staff of the European Central Bank freezes the ECB Retirement Plan and introduces the ECB Pension Scheme. Subject to detailed transitional arrangements, the ECB Retirement Plan relates to your service up to 31 May 2009, and the ECB Pension Scheme relates to your service from 1 June 2009. The rules of the ECB Retirement Plan are in Annex III to the Conditions of Employment and the rules of the ECB Pension Scheme are in Annex IIIa.

Directorate General Human Resources Budget and Organisation

Adopted on 9 June 1998

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Conditions of Employment for Staff of the European Central Bank

Annex III - Rules of the European Central Bank Retirement Plan

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PART 1 INTRODUCTION

1.1 Definitions

In these Rules the following terms shall have the following meaning:

“Actuarial Advice” means the advice given by the Plan Actuary;

“Administrator” means the Directorate-General Human Resources, Budget and Organisation;

“Approved Insurance Company” means an insurance company authorised by the competent authority of a Member State under either Article 14 or Article 162 of Directive 2009/138/EC of the European Parliament and of the Council*, to take up the activities referred to under any of Headings I, III, VII, and IX in Annex II to that Directive;

“Balancing Contributions” means contributions paid by the European Central Bank (ECB) under Article 6.2 of these Rules;

“Beneficiary” means Full Members and Limited Members of the Plan as well as persons who are receiving a pension from the Plan and persons who have been granted a Deferred Retirement Benefit under the Plan;

“Child” means the dependent child of a Member as defined in the Conditions of Employment and Staff Rules of the European Central Bank;

<p>“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;**</p>
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* Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).

** As defined in Article 1 of Decision ECB/2009/NP7.

“Conditions of Employment” mean the Conditions of Employment for Staff of the European Central Bank;

“Commencement Date” means 1 July 1998;

“Contingency Reserve” means the Contingency Reserve as described in Part 9 of these Rules;

“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;*

“Core Benefit Account” in relation to any Member means the account maintained for the Member as described in Part 7 of these Rules, but – where the context requires – it means the amount, as determined by the Governing Council, acting on Actuarial Advice, which stands to the credit of that account on any given date;

“Core Contributions” mean contributions paid by the ECB under Article 6.1 of these Rules;

“Custodian(s)” mean(s) the Custodian(s) appointed under Article 4.4 of these Rules;

“Deferred Retirement Benefits” mean the benefits defined in Parts 11, 13 and 14 which are payable to a former Member at age 60 or to his/her Dependants on his/her death;

“defined benefit scheme” means Appendix 1 to the rules of the ECB Pension Scheme;*

“Dependants” mean a Member’s Spouse or Children;

“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;*

“Final Salary” means the annual rate of basic salary received in the last month before leaving Service, retirement or death;

*

As defined in Article 1 of Decision ECB/2009/NP7.

“Flexible Benefit Contributions” mean the contributions paid by a Member to the Plan under Article 6.4 of these Rules;

“Flexible Benefit Account” in relation to any Member means the account maintained for the Member as described in Part 8 of these Rules, but – where the context requires – it means the amount, as determined by the Governing Council, acting on Actuarial Advice, which stands to the credit of that account at any given date;

“Full Member” means a Member who has not elected to remain a member of a Home Plan under Article 10.3 of these Rules;

“Fund” means all contributions, monies, property and other assets of the Plan;

<p>“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.*</p>

“Home Plan” means an employee benefit arrangement established by or for an organisation or government which previously employed a member of staff and from which that member of staff is seconded to the ECB;

“Initial Contributions” mean the contributions paid by a Member under Article 6.5 of these Rules;

“Investment Committee” means the ECB’s Investment Committee, set up and as defined in accordance with the relevant rules laid down by the Executive Board and entrusted with responsibilities in relation to the Plan;

“Investment Manager(s)” mean(s) the Investment Manager(s) appointed under Article 4.4 of these Rules;

* As defined in Article 1 of Decision ECB/2009/NP7.

“Limited Member” means a Member admitted to the Plan as a Limited Member under Article 10.3 of these Rules;

“Member” means a member of staff who has joined the Plan;

“Normal Retirement Age” is age 65;

“Oversight Committee” means the Oversight Committee appointed under Article 2.2 of these Rules;

<p>“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;*</p>
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“Pensionable Service” in relation to any Member means his/her last or only continuous period of actual or credited Service whilst a Full Member up to (and including) his/her retirement date in years and completed months up to a maximum of 35 years;

“Plan” means the European Central Bank Retirement Plan;

“Plan Actuary” means an actuary appointed in accordance with Article 2.3 of these Rules;

“Plan Auditor” means an auditor appointed in accordance with Article 2.3 of these Rules;

“Restricted Employee” means a member of staff in respect of whom the ECB pays 16.5% of his/her annual basic salary to the Home Plan as described in Article 10.3 of these Rules;

“Retirement Zone” means the period starting on a Member’s 60th birthday and ending on his/her 65th birthday;

“Revalued Earnings” in relation to a Member means the average of the highest basic salaries received by the Member over 30 years of Pensionable Service, increased in line with the

* As defined in Article 1 of Decision ECB/2009/NP7.

annual salary adjustments in accordance with the Conditions of Employment up to the date of leaving Service, retirement or death;

“Rules” mean these Rules, together with any amendments or additions as may be in force from time to time;

“Service” means service with the ECB;

“Special Contributions” mean the contributions paid by a Member under Article 6.6 of these Rules;

“Spouse” means the legal spouse of a Member or a person recognised as a non-marital partner by the ECB in accordance with the Staff Rules;

“Staff Representative” means the member of staff elected under Article 45 of the Conditions of Employment who is appointed to the Investment Committee in accordance with Article 4.2(ii) of these Rules;

“Staff Rules” mean the Staff Rules of the European Central Bank;

“Supplementary Contributions” mean the contributions paid by the ECB under Article 6.3 of these Rules;

“Terms of Reference” mean the Terms of Reference of, as the case may be, the Oversight Committee and the Investment Committee referred to in, as appropriate, Articles 2.2 and 4.2 respectively of these Rules.

1.2 Establishment and commencement

The Plan shall hereby be established by the ECB with effect from the Commencement Date.

1.3 Purpose of the Plan

The purpose of the Plan shall be to provide the following benefits for or in respect of Members:

- (i) retirement benefits;

- (ii) death benefits;
- (iii) disability benefits;*
- (iv) benefits on leaving Service;
- (v) Dependants' benefits; and
- (vi) such other benefits as the Governing Council may decide from time to time.

1.4 Administration of the Plan in accordance with the Rules

The Plan shall be administered in accordance with these Rules, as amended from time to time.

* Pursuant to Article 4(5) and (7) of Decision ECB/2009/NP7, disability benefits are no longer covered by the ECB Retirement Plan, but are specifically covered by Annex IV to the Conditions of Employment.

PART 2 ADMINISTRATION

2.1 The Administrator

The Plan shall be administered by the Administrator.

2.2 The Oversight Committee

- (i) The role of the Oversight Committee shall be to act as a watchdog, representing the interests of the Beneficiaries of the Plan, by monitoring the overall running of the Plan. In particular, it shall make recommendations to the Executive Board and the Governing Council as laid down in Articles 2.3, 5.1, 6.6, and 10.5 of these Rules.

In carrying out its role, 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.

- (ii) The Executive Board shall make such arrangements as it deems 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.
- (iii) The Oversight Committee shall consist of five persons. All members of the Oversight Committee shall be subject to re-election every three years. By way of derogation from the previous sentence, the first term of office, which started on 1 January 2000, shall be two years and three months. Whenever a vacancy arises, an election shall be held to select a person to fill that vacancy.
- (iv) The Oversight Committee shall have such rights to information and access to persons/bodies as are necessary to enable it to carry out its role.

2.3 Professional advice

The Executive Board shall appoint a Plan Actuary and a Plan Auditor to the Plan and may, after seeking the recommendation of the Oversight Committee, remove and replace the Plan Actuary or Plan Auditor.

The Executive Board may also appoint, remove or replace any such other professional persons as it deems appropriate.

2.4 Appointment of agents

The Administrator may, subject to the rules on authorised signatories of the ECB prevailing at the time, employ agents in the transaction of any business. The Administrator may pay any agent remuneration which shall be deemed to be part of the expenses incurred by the ECB in connection with the Plan.

2.5 Delegation

The Administrator may delegate to any person or persons all or any of its powers, duties and discretionary rights on such terms as regards sub-delegation and other matters as it deems appropriate

2.6 Disputes

Any dispute arising in respect of

- (i) the application of any provision of the Plan,
 - (ii) the proper implementation of the Plan and
 - (iii) any claim or other matter relating to the Plan or the rights of Members or other persons
- shall be dealt with in accordance with the procedure set out in the Staff Rules.

2.7 Accounts and records

The Administrator shall keep such accounts and records, and employ such persons, as are necessary to keep such accounts and records, as may be required for the proper operation of the Plan. The Administrator shall have the accounts of the Plan audited annually by the Plan Auditor.

2.8 Expenses of the Plan

All costs, charges and expenses incurred in the establishment, administration and management of the Plan, as well as those arising in connection with the making and realising of investments shall be borne by the ECB. However, the Governing Council may decide that all or part of the expenses shall instead be paid out of the Contingency Reserve.

PART 3 AUGMENTATION OF BENEFITS

3.1 Augmentation of benefits

The Governing Council may:

- (i) increase all or any of the pensions and other benefits payable under the Plan;
- (ii) provide benefits under the Plan for any member of staff or former member of staff or for any Dependant(s) of any such person;
- (iii) provide benefits in respect of any Member or other Beneficiary which differ from those benefits set out in the Rules;
- (iv) agree to the payment of benefits at a different time than that provided for in these Rules.

The Governing Council, acting on Actuarial Advice, shall instruct the ECB to pay any such Supplementary Contributions under Article 6.3 of these Rules as it deems necessary to finance any augmentation decided under this Part of these Rules.

However, no benefit shall be provided under this Part which would result in the limits laid down in Article 11.5, Part 13 and Part 14 of these Rules being exceeded.

PART 4 INVESTMENT

4.1 Fund kept by the ECB as its property

The Fund shall be kept by the ECB, as its property, separately from all its other assets and shall be used solely to provide the benefits and to pay the expenses of the Plan, as decided by the Governing Council in accordance with Article 2.8 of these Rules. Subject to Article 6.9 (i) (c), the Fund shall not be used for any other purpose. No person shall have any interest in the Fund except as expressly provided for in these Rules.

4.2 The Investment Committee

- (i) The Investment Committee shall enjoy the powers in relation to the Plan as laid down in these Rules.
- (ii) The Terms of Reference of the Investment Committee shall be adopted by the Executive Board after consulting the Staff Committee.
- (iii) In relation to its responsibilities for the Plan, the Investment Committee shall, in addition to its default members as determined by the Executive Board, be composed of:
 - (a) a representative for the Administrator; and
 - (b) two Staff Representatives appointed by the Staff Committee.

4.3 Investment of the Fund

- (i) The Fund shall be invested by the ECB in accordance with the policies and strategies determined in accordance with this Part of these Rules.
- (ii) The Core Benefit Accounts (see Part 7) and the Contingency Reserve (see Part 9) shall be invested in accordance with such policies and strategies as are determined from time to time by the Executive Board after taking the advice of the Investment Committee.
- (iii) The Flexible Benefit Accounts (see Part 8) shall be invested in accordance with such policies and strategies as are determined from time to time by the Executive Board after taking the advice of the Investment Committee.

- (iv) The Investment Committee shall propose to the Executive Board investment policies and strategies for the Plan's assets mentioned in Article 4.3(ii) and (iii) of these Rules. The Investment Committee shall forward a copy of the proposals to the Administrator.
- (v) The Investment Committee shall agree with the Investment Manager(s) on the allocation of the Plan's assets in implementing the abovementioned policies and strategies.
- (vi) The Investment Committee shall assess relevant data on the Fund's performance and its risk situation on the basis of an analysis provided by the Risk Management Division.
- (vii) The Investment Committee shall furnish the Executive Board, the Administrator and the Oversight Committee with a pension fund investment report at least twice a year.

4.4 Appointment of the Investment Manager(s) and Custodian(s)

- (i) The Investment Committee shall recommend to the Executive Board the appointment of one or more Investment Managers who shall invest the Fund in accordance with the policies and strategies determined under Article 4.3. The terms of appointment and remuneration of the Investment Manager(s) shall be agreed by the Executive Board, on the recommendation of the Investment Committee.
- (ii) 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.

4.5 Members' choice of investments

The Investment Committee shall make arrangements whereby Members have a choice regarding the investment of their Flexible Benefit Account. In making these arrangements, the Investment Committee may, with the agreement of the Administrator, recommend to the Executive Board such terms and conditions as it deems necessary at any time, including any amendment or cancellation of the arrangements.

The ECB shall not be liable for any losses whatsoever to benefits for or in respect of any Member under the Fund which may arise from the Administrator acting on a Member's instruction or following his/her wishes with regard to the Member's choice of investment under this Part of these Rules.

PART 5 TERMINATION

5.1 Termination of the Plan

The Governing Council, after seeking the recommendation of the Oversight Committee, may terminate the Plan at any time by giving six months' written notice of its intention to terminate the Plan to the Executive Board.

5.2 Winding-up of the Plan

In the event of a termination of the Plan under Article 5.1, the ECB shall wind up the Plan and apply the Fund to secure the benefits of the Members and other Beneficiaries under the Plan either by the purchase of immediate or deferred annuities or by transfers to other retirement plans in accordance with Article 16.2.

In the event of there being insufficient assets to secure the benefits of the Members and other Beneficiaries under the Plan, the ECB shall make up the deficit from its general assets. If, after/on the winding-up of the Plan, there are surplus assets, these shall revert to the ECB's general assets.

The Administrator shall notify all Members and other Beneficiaries under the Plan if and when it commences any action to wind up the Plan. As soon as possible after the Fund is applied under this Part of these Rules, the Administrator shall notify each Member and Beneficiary under the Plan of the amount of the benefit to which he/she is, or shall be, entitled.

PART 6 FUNDING THE PLAN

6.1 Core Contributions/Full Members*

The ECB shall make Core Contributions to the Fund out of its general assets at the rate of 16.5% of each Full Member's basic salary. 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.

Core Contributions shall be payable monthly.

6.2 Balancing Contributions/Limited Members*

The ECB shall make contributions to the Fund out of its general assets at the rate of 16.5% of each Limited Member's basic salary, from which Limited Members may fund their Home Plan under Article 10.3 of these Rules. The remainder ("the Balancing Contribution") shall be credited to each Limited Member's Flexible Benefit Account.

Contributions for Limited Members shall be payable monthly.

6.3 Supplementary Contributions by the ECB

The ECB shall pay any such additional amounts out of its general assets as the Governing Council, acting on Actuarial Advice, may deem to be appropriate from time to time in order to make provision for the benefits provided by the Plan.

6.4 Flexible Benefit Contributions*

- (i) Subject to the requirements of sub-clause (iv) of this Article, a Member may choose to pay Flexible Benefit Contributions to the Plan up to the maximum rate of 16.5% of his/her basic salary. If a Member does not make a choice under this Article, he/she shall be deemed to have chosen to pay Flexible Benefit Contributions at the rate of 8.25% of

* Pursuant to Article 2 of Decision ECB/2009/NP7, contributions to the ECB Retirement Plan are frozen as at 1 June 2009.

his/her basic salary and such contributions shall be payable by the Member until such time as he/she chooses to pay Flexible Benefit Contributions at a higher or lower rate.

Flexible Benefit Contributions shall be deducted from Members' salaries and shall be payable monthly.

- (ii) A Full Member shall pay minimum contributions to the Plan at such rate as the Administrator, acting on Actuarial Advice, decides to be necessary to provide the minimum Dependants' Pensions under Part 13 of these Rules.
- (iii) A Full Member may instruct the Administrator to earmark all or part of his/her remaining Flexible Benefit Contributions to provide augmented Dependants' pensions under Part 13 of these Rules.
- (iv) In any event, in order to respect the maximum benefits payable under Article 11.5 and Part 13 of these Rules, the Administrator may limit the contributions to the Flexible Benefit Account.
- (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.

6.5 Initial and Special Contributions by Members*

A Member may, within one year of joining the Plan, elect to pay an Initial Contribution to the Plan out of his/her own assets. In addition, from time to time, but not more frequently than once a year, a Member may elect to pay Special Contributions.

Initial and Special Contributions shall be payable as a lump sum out of the Member's own assets and shall be subject to limits to be determined by the Administrator.

Initial and Special Contribution shall be credited to the Core Benefit Account and/or the Flexible Benefit Account as agreed between the Member and the Administrator.

*

Pursuant to Article 2 of Decision ECB/2009/NP7, contributions to the ECB Retirement Plan are frozen as at 1 June 2009.

6.6 Termination and variation of contributions

The Governing Council, after seeking the recommendation of the Oversight Committee, may decide at any time that the ECB:

- (i) may terminate its contributions to the Plan; and
- (ii) may vary the rate at which it contributes to the Plan.

6.7 Denomination of contributions

Contributions shall be paid in Deutsche Mark until 31 December 1998 and in euro as from 1 January 1999.

6.8 Actuarial investigations

The Administrator shall instruct the Plan Actuary to carry out a full valuation of the Fund triennially and the Executive Board may instruct the Administrator at any time to commission the Plan Actuary to carry out a full or partial valuation of the Fund. The Plan Actuary shall then submit a report to the Oversight Committee, the Administrator, the Investment Committee and the Executive Board.

The Administrator shall obtain an actuarial statement from the Plan Actuary each year, for inclusion in the annual report and accounts of the Plan.

6.9 Reduction of any surplus

- (i) If any actuarial investigation under Article 6.8 discloses that the value of the assets of the Plan (other than those of Members' Flexible Benefit Accounts) exceeds the value of the liabilities, the Governing Council may (after taking Actuarial Advice) take steps to reduce or eliminate the excess by:
 - (a) reducing contributions by the ECB and/or Members; and/or
 - (b) providing increased or new benefits under the Plan; and/or
 - (c) arranging for the assets to revert to the general assets of the ECB.

- (ii) If, at the time when a Member's benefits become payable under Part 11 of these Rules, the value of the Member's Core Benefit Account and/or the Member's Flexible Benefit Account after securing the Dependants' pensions (if any) exceeds that required for the payment of the maximum benefits set out in Article 11.5 of these Rules, the excess assets shall, as determined by the Executive Board, acting on Actuarial Advice:
 - (a) revert to the Contingency Reserve in the case of excess assets in the Core Benefit Account; and
 - (b) be paid out to the Members as a cash lump sum in the case of excess assets in the Flexible Benefit Account.

6.10 Division of the Fund

The Fund shall be divided into:

- (i) Members' Core Benefit Accounts (see Part 7);
- (ii) Members' Flexible Benefit Accounts (see Part 8); and
- (iii) the Contingency Reserve (see Part 9).

The proportions of the Fund allocated to (i) and (iii) above shall be determined by the Governing Council, acting on Actuarial Advice.

PART 7 CORE BENEFIT ACCOUNT

7.1 Core Benefit Account

The Administrator shall open a Core Benefit Account for each Full Member. The Core Benefit Account for each Full Member shall be maintained until the date, whichever is the earliest:

- (i) on which his/her benefits under the Plan, with the exception of those under Part 18 of these Rules, become payable; or
- (ii) on which his/her benefits are transferred or bought out of the Plan; or
- (iii) of his/her death.

7.2 Credits to Core Benefit Account

The Administrator shall credit the following to the Core Benefit Account for each Member:

- (i) the Bank's Core Contributions under Article 6.1 of these Rules;
- (ii) the value of the credited investment returns, as determined under Article 7.3 of these Rules;
- (iii) any agreed Initial or Special Contributions under Article 6.5 of these Rules; and
- (iv) any agreed transfers-in under Article 16.1 of these Rules.

The value of the Core Benefit Account shall be the total of the amounts determined under sub-clauses (i) to (iv) of this Article.

7.3 Valuation of the credited investment returns of the Core Benefit Account

The value of the credited investment returns on any given date shall be determined by the Executive Board, after taking Actuarial Advice, by taking the sums credited to the Core Benefit Account under Article 7.2 of these Rules and applying a positive amount, representing a proportion of the actual income, gains and losses, over the relevant period, arising on the specified assets under Article 4.3 (ii) of these Rules minus a correction for the protection of accumulated capital.

7.4 Nature of Member's entitlement

The Member's entitlement shall be against the Fund. The Core Benefit Account for each Member shall be maintained solely for the purpose of calculating benefits. It shall not confer on any Beneficiary an entitlement to specific assets of the Plan and any claim to benefits under the Plan shall be against the Fund as a whole.

7.5 Benefits provided by the Core Benefit Account

Article 2(5) and (6) of Decision ECB/2009/NP7 provide as follows: ‘

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.’*

The Core Benefit Account shall be utilised to provide benefits as described in Article 11.2 and Part 13 of these Rules, as appropriate.

* These transitional arrangements apply to benefits under Parts 11, 13 and 14, as appropriate.

PART 8 FLEXIBLE BENEFIT ACCOUNT

8.1 Flexible Benefit Account

The Administrator shall open a Flexible Benefit Account for each Member. The Flexible Benefit Account for each Member shall be maintained until the date, whichever is the earliest:

- (i) on which his/her benefits under the Plan, with the exception of those under Part 18 of these Rules, become payable; or
- (ii) on which his/her benefits are transferred or bought out of the Plan; or
- (iii) of his/her death.

8.2 Credits to Flexible Benefit Account

The Administrator shall credit the following to each Member's Flexible Benefit Account:

- (i) the Member's Flexible Benefit Contributions under Article 6.4 of these Rules;
- (ii) the value of the credited investment returns, as determined under Article 8.3 of these Rules;
- (iii) any agreed transfers-in accepted under Article 16.1 of these Rules;
- (iv) the Balancing Contributions under Article 6.2 of these Rules;
- (v) any agreed Initial or Special Contributions under Article 6.5 of these Rules.

The value of the Flexible Benefit Account shall be the total of the amounts determined under sub-clauses (i) to (v) of this Article.

8.3 Valuation of the credited investment returns of the Member's Flexible Benefit Account

The value of the credited investment returns at any given date shall be determined by the Executive Board, after taking Actuarial Advice, by taking the sums credited to the Member's Flexible Benefit Account under Article 8.2 of these Rules and applying an amount representing the actual income, gains and losses, over the relevant period, arising on the specified assets under Article 4.3 (iii) of these Rules.

8.4 Nature of Member's entitlement

The Member's entitlement shall be against the Fund. The Member's Flexible Benefit Account shall be maintained solely for the purpose of calculating benefits. It shall not confer on any Beneficiary an entitlement to specific assets of the Plan and any claim to benefits under the Plan shall be against the Fund as a whole.

8.5 Benefits provided by the Flexible Benefit Account

Article 2(7) of Decision ECB/2009/NP7 provides as follows: '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.'*

The Flexible Benefit Account shall be utilised to provide benefits as described in Article 11.3 of these Rules.

* These transitional arrangements apply to benefits under Parts 11, 13 and 14, as appropriate.

PART 9 CONTINGENCY RESERVE

9.1 Allocation of assets to the Contingency Reserve

The Executive Board, acting on Actuarial Advice, shall allocate to the Contingency Reserve such part of the Fund as it determines to represent:

- (i) any Supplementary Contributions paid by the ECB under Article 6.3 of these Rules;
- (ii) any contributions required to finance augmentations under Part 3 of these Rules;
- (iii) the remaining value of the Core Benefit Account when the relevant benefits under Parts 11, 12, 13, 14 and Article 16.2 of these Rules have been secured or paid; and
- (iv) such amounts deducted from time to time by way of correction for the protection of accumulated capital under Article 7.3 of these Rules.

9.2 Purpose of the Contingency Reserve

The Contingency Reserve may be employed to provide funding, where required, for:

- (i) the minimum benefits defined in Article 11.6 of these Rules;
- (ii) the Minimum Dependants' pensions determined in accordance with Part 13 of these Rules;
- (iii) the disability benefits defined in Part 18 of these Rules;*
- (iv) the augmented benefits under Part 3 of these Rules; and
- (v) the payment of the expenses of the Plan in accordance with Article 2.8 of these Rules.

9.3 Valuation of the Contingency Reserve

The value of the Contingency Reserve at any given date shall be determined by the Executive Board, after taking Actuarial Advice, by taking the sums credited to the Contingency Reserve under Article 9.1 of these Rules and applying an amount representing the income, gains and

* Pursuant to paragraphs 5 and 7 of Article 4 of Decision ECB/2009/NP7, disability benefits are no longer covered by the ECB Retirement Plan, but are specifically covered by Annex IV to the ECB's Conditions of Employment.

losses, over the relevant period, arising on the specified assets under Article 4.3 (ii) of these Rules.

PART 10 ELIGIBILITY AND MEMBERSHIP

Article 2(1) to (3) of Decision ECB/2009/NP7 provide as follows: ‘

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 [...] 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.’

10.1 Admission to the Plan

Each member of staff (see Article 1 of the Conditions of Employment) shall be eligible to join the Plan on the first day of his/her employment. A member of staff shall automatically join the Plan with effect from the date on which he/she first becomes eligible unless he/she is a Restricted Employee.

10.2 Full Membership

A member of staff shall be eligible to join the Plan as a Full Member unless he/she is a Limited Member or Restricted Employee in accordance with Article 10.3 of these Rules.

10.3 Restricted Employees/Limited Members

This Article shall apply to any member of staff:

- (i) who is seconded to the ECB from an organisation or government and who has elected to remain a member of his/her Home Plan; and
- (ii) who has entered into an agreement with the ECB under which the ECB shall pay contributions to his/her Home Plan.

Where this Article applies the member of staff shall be eligible to join the Plan as a Limited Member unless the ECB pays contributions of 16.5% of the his/her basic annual salary to the Home Plan, in which case he/she shall be deemed to be a Restricted Employee and shall not be eligible to join the Plan.

If, as a consequence of a variation in the rate of contributions payable by the ECB to a member of staff's Home Plan, a Restricted Employee becomes eligible to join the Plan as a Limited Member or a Limited Member is deemed to become a Restricted Employee, his/her Limited Membership shall start or stop accordingly.

10.4 Admission on special terms

The Governing Council may allow members of staff to join the Plan on such special terms (if any) and from such date as it may decide.

10.5 Limitations

In the event of the Governing Council adopting specific pension provisions for particular categories of employees, such members of staff may be excluded from the Plan. On ceasing to be included in the Plan, the provisions of Part 14 shall apply.

The Governing Council may also, after seeking the recommendation of the Oversight Committee, determine at any time that no further members of staff be admitted to the Plan.

PART 11 RETIREMENT BENEFITS*

11.1 Date of retirement

A Member may retire on any date in the Retirement Zone.

Subject to the consent of the Administrator, a Member may retire:

- (i) on any date after the Retirement Zone until reaching age 70, at which age retirement shall be mandatory. The pension shall be increased for late payment by such amount as the Administrator, acting on Actuarial Advice, decides; or
- (ii) on any date before the Retirement Zone after age 55. The pension shall be reduced for early payment by such amount as the Administrator, acting on Actuarial Advice, decides.

When a Member retires, his/her retirement benefits, as accumulated under the Plan, shall become payable and his/her employment with the ECB shall be terminated.

11.2 Application of the Core Benefit Account

Subject to Article 11.5 (ii) of these Rules, when a Full Member's benefits or a former Full Member's Deferred Retirement Benefits become payable, his/her Core Benefit Account, as determined in accordance with Article 7.2 of these Rules, shall be used by the Administrator to provide a pension payable to him/her for life, starting on the date of his/her retirement.

11.3 Application of the Flexible Benefit Account

- (i) When a Full Member's benefits or a former Full Member's Deferred Retirement Benefits under the Plan become payable, the Administrator shall use that part of the Flexible Benefit Account resulting from the payment of minimum contributions, as determined in Article 6.4 (ii) of these Rules:
 - (a) to secure the Dependants' pensions, as determined in accordance with Article 13.2 of these Rules, with the balance of the cost being met from the

* For transitional arrangements applying to Part 11 see Articles 7.5 and 8.5.

Contingency Reserve in cases where the value of this part of the Flexible Benefit Account is not sufficient to secure the minimum Dependants' pensions required in accordance with that Article of these Rules;

- (b) to provide, using the balance of this part of the Flexible Benefit Account in cases where the value of this part of the Flexible Benefit Account is more than sufficient to secure the benefits in sub-clause (i) above or where no Dependants' pensions need to be provided under Article 13.2 of these Rules, a pension for the Member for life, subject to Article 11.5 (i) of these Rules, starting on his/her retirement, or to pay out the balance of this part of the Flexible Benefit Account to the Member a cash lump sum, subject to the limit set out in Article 11.4 of these Rules.
- (ii) If a Full Member or a former Full Member with an entitlement to Deferred Retirement Benefits has paid additional contributions exceeding the minimum contributions, as determined in accordance with Article 6.4 (ii) of these Rules, that part of the Flexible Benefit Account resulting from the payment of such contributions shall be utilised as follows:
 - (a) where the Member has earmarked Flexible Benefit Contributions under Article 6.4 (iii) of these Rules to be used to provide augmented Dependants' pensions and where the Member has such Dependants on the date his/her benefits come to payment, that part of the Flexible Benefit Account resulting from the payment of such earmarked contributions shall be used by the Administrator to provide benefits for the Member's Spouse and/or Children, subject to the limits laid down in Article 13.2 of these Rules;
 - (b) in all other cases, this part of the Flexible Benefit Account shall be used by the Administrator to provide benefits for the Member and, if selected by the Member, for his/her Dependants, subject to the limits laid down in Articles 11.4, 11.5 and 13.2 of these Rules.
- (iii) When a Limited Member's benefits or a former Limited Member's Deferred Retirement Benefits become payable, the Administrator shall use the Flexible Benefit Account to provide a pension for the Member for life, subject to Article 11.5 (i) of these Rules,

starting on his/her retirement, or to pay out the Flexible Benefit Account to the Member as a cash lump sum, subject to the limits of Article 11.4 of these Rules.

- (iv) In the event of the death of a Member before benefits become payable, the provisions of Articles 13.1 or 13.3 (as appropriate) of these Rules shall apply.

11.4 Option to take a cash lump sum

A Full Member or a former Full Member with an entitlement to Deferred Retirement Benefits may choose to commute part of his/her pension entitlement and take a cash lump sum on retirement. However:

- (i) the Dependants' pensions under Article 13.2 of these Rules shall be secured;
- (ii) the remaining pension entitlement of the Member shall not be less than such proportion of the value of the Member's Core Benefit Account (which 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) as the Administrator, acting on Actuarial Advice, determines to be attributable to ten years' Pensionable Service; and
- (iii) the amount of the cash lump sum shall be limited to such proportion of the value of the Member's Core Benefit Account (which 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) and Flexible Benefit Account as the Administrator, acting on Actuarial Advice, determines to be attributable to ten years' Pensionable Service.

11.5 Maximum benefits

- (i) The total pension payable to a Member from both the Core Benefit Account and the Flexible Benefit Account may not under any circumstances exceed 70% of the Final Salary.

- (ii) Subject to the provisions of sub-clause (i) of this Article, 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 shall:
- (a) on retirement during the Retirement Zone, not exceed 2% of the Final Salary for each year of Pensionable Service, up to a maximum of 35 years;
 - (b) on retirement before the Retirement Zone, after age 55, not exceed 2% of the Final Salary for each year of Pensionable Service, up to a maximum of 35 years, reduced for early payment by such amount as the Administrator, acting on Actuarial Advice, decides;
 - (c) on retirement after the Retirement Zone, before age 70, not exceed 2% of the Final Salary for each year of Pensionable Service, up to a maximum of 35 years, increased for late payment by such amount as the Administrator, acting on Actuarial Advice, decides.

The amount of the pension calculated for a former Full Member with an entitlement to Deferred Retirement Benefits in accordance with sub-clauses (a), (b) or (c) of this Article shall be increased for the period from the date of leaving Service to the date of retirement in accordance with the provisions of Article 17.7 of these Rules.

Article 2(9) of Decision ECB/2009/NP7 provides as follows: ‘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.’

11.6 Minimum benefits

If the pension which may be provided for a Full Member or a former Full Member with an entitlement to Deferred Retirement Benefits under Article 11.2 of these Rules is less than the minimum pension specified in this Article below, an additional pension shall be provided for the Member from the Contingency Reserve, so that, in aggregate, such minimum pensions provided for the Member shall:

- (i) upon the retirement of a Full Member in the Retirement Zone, not be less than 2% of the Revalued Earnings for each year of Pensionable Service up to a maximum of 30 years;
- (ii) upon the retirement of a Full Member before the Retirement Zone, after age 55, not be less than 2% of the Revalued Earnings for each year of Pensionable Service, up to a maximum of 30 years, reduced for early payment by such amount as the Administrator, acting on Actuarial Advice, decides;

* For members of staff who fall within the scope of Article 3(5) of Decision ECB/2009/NP7, the maximum pension shall not exceed 74.2% of final salary.

- (iii) upon the retirement of a Full Member after the Retirement Zone, before age 70, not be less than 2% of the Revalued Earnings for each year of Pensionable Service, up to a maximum of 30 years, increased for late payment by such amount as the Administrator, acting on Actuarial Advice, decides.

The amount of the pension calculated for a former Full Member with an entitlement to Deferred Retirement Benefits in accordance with the provisions of sub-clauses (i), (ii) or (iii) of this Article shall be increased for the period from the date of leaving Service to the date of retirement in accordance with the provisions of Article 17.7 of these Rules.

11.7 Limitations as to options and time

- (i) If the Member has not agreed the form of benefits within three months after a benefit has become payable (or within such longer period as the Administrator may decide in any particular case), the Administrator may decide on the form of benefits.
- (ii) The Administrator shall have the power, as it decides is appropriate in the particular circumstances of the Member concerned, to limit the number of options available under this Part of these Rules.

PART 12 LUMP SUM BENEFITS ON DEATH

12.1 Payment conditions

A lump sum shall be payable under this Article of these Rules if a Member or a former Member with an entitlement to Deferred Retirement Benefits dies before benefits come into payment and:

- (i) no Dependants' pensions are payable under Part 13 of these Rules; or
- (ii) there are assets remaining after the Dependants' pensions under Part 13 of these Rules have been secured.

12.2 Amount of the lump sum payable

The amount of the lump sum payable shall be equal to the remaining value, if any, of the Member's Core Benefit Account (which 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) and the remaining value of the Member's Flexible Benefit Account.

12.3 Payment of the lump sum

The lump sum death benefit shall be paid to the Member's estate.

PART 13 BENEFITS ON DEATH*

13.1 Death in Service

Pensions payable under this Article of these Rules shall commence from the date that salary entitlements cease to be paid for or in respect of a Member.

When a Full Member dies, his/her Core Benefit Account and Flexible Benefit Account shall be used by the Administrator to provide the Dependants' pensions specified below:

Spouse's pension

- (i) Subject to the provisions of sub-clause (viii) of this Article, the Spouse's pension shall be determined by the value of the Core Benefit Account (which 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) and the value of contributions made to the Flexible Benefit Account for this purpose under Article 6.4 (ii) of these Rules.
- (ii) The minimum Spouse's pension payable shall be an amount equal to 60% of the minimum pension to which the Full Member would prospectively have been entitled under Article 11.6 of these Rules if he/she had retired at Normal Retirement Age.
- (iii) If the value of the Core Benefit Account and the Flexible Benefit Account (as described in sub-clause (i) of this Article) is not sufficient to secure the minimum Spouse's pension specified in sub-clause (ii) of this Article, the balance of the cost shall be provided from the Contingency Reserve.
- (iv) If the Member has elected to earmark contributions in accordance with Article 6.4 (iii) for the provision of additional Spouse's pension, the amount of additional pension provided by such an election shall be paid in addition to the pension provided under the provisions of sub-clauses (i) or (ii) of this Article, subject to the limits laid down in sub-clause (v) of this Article.

* For transitional arrangements applying to Part 13 see Articles 7.5 and 8.5.

- (v) The maximum Spouse's pension payable shall be an amount equal to 100% of the maximum pension to which the Full Member would prospectively have been entitled under Article 11.5 of these Rules if he/she had retired at Normal Retirement Age.
- (vi) The balance (if any) remaining in the deceased Member's Core Benefit Account and Flexible Benefit Account (as described in sub-clause (i) of this Article) when the Spouse's pension under this Article of these Rules has been secured, shall be used to provide the Children's pensions below. Any balance remaining shall, as selected by the Spouse, either be used to provide additional Spouse's pension up to the maximum amount permitted or be paid out as a lump sum in accordance with Part 12 of these Rules.
- (vii) The balance of a Member's fund arising from the payment of additional contributions made under Article 6.4 of these Rules, in excess of those contributions made under Article 6.4 (ii) and (iii), shall, as selected by the Spouse, either be used to provide additional Spouse's pension up to the maximum amount permitted or be paid out as a lump sum in accordance with Part 12 of these Rules.

Children's Pensions

- (viii) A pension of 40% of the Spouse's pension provided under sub-clause (i) of this Article shall be payable in respect of each Child.
- (ix) The minimum pension in respect of each Child shall be equal to 40% of the minimum Spouse's pension, as specified in sub-clause (ii) of this Article.
- (x) If the value of the Core Benefit Account and Flexible Benefit Account (as described in sub-clause (i) of this Article) is not sufficient to secure the minimum Children's pensions specified in sub-clause (ix) of this Article, the balance of the cost shall be provided from the Contingency Reserve.
- (xi) If the Member has elected to earmark contributions in accordance with Article 6.4(iii) of these Rules for the provision of additional Children's pensions, the amount of additional pension provided by such an election will be paid in addition to the pension provided under sub-clause (viii) or, where applicable, sub-clause (ix) of this Article.

- (xii) If no Spouse's pension is payable, the abovementioned Children's pensions shall be calculated by reference to the Spouse's pension that would have been payable and shall be doubled.

[(xiii) and (xiv) deleted]

- (xv) Any remaining balance of the fund, as specified in sub-clause (vii) of this Article may be used, at the request of the Spouse, to provide additional Children's pensions up to the maximum level permitted.

Limited Members and Full Members without Dependants

In the event of the death of a Limited Member or a Full Member who is not survived by a Spouse or Children, his/her Core Benefit Account and Flexible Benefit Account shall be paid out as a lump sum in accordance with Part 12 of these Rules.

13.2 Death after retirement

Spouse's Pension

- (i) If a former Full Member has a Spouse on retirement and dies after receiving benefits from the Plan under Part 11 of these Rules and is survived by his/her Spouse, a pension of an amount equal to 60% of the pension to which the Member was entitled at retirement under Article 11.2 or, where applicable, Article 11.6 of these Rules before any part of the pension was converted to a lump sum under Article 11.4 of these Rules shall be payable to his/her Spouse.
- (ii) Where additional Spouse's pensions were provided at retirement under Article 11.3 (b) of these Rules, the additional pensions secured at the Member's retirement shall be paid in addition to the pension provided under the provisions of sub-clause (i) of this Article, subject to the limits laid down in sub-clause (iii) of this Article.
- (iii) The maximum Spouse's pension payable shall be an amount equal to 100% of the maximum pension to which the Member was entitled on retirement under Article 11.5

of these Rules before any part of the pension was converted to a lump sum under Article 11.4 of these Rules.

- (iv) If the Spouse for whom the pension has been secured under the provisions of sub-clauses (i) or (ii) of this Article has pre-deceased the Member, no Spouse's pension shall become payable on the Member's death.

Children's pensions

- (v) If a former Full Member in receipt of a retirement pension dies after receiving retirement benefits from the Plan under Part 11 of these Rules and had Children on his/her retirement who survive him/her, a pension shall be payable to his/her Children as follows:
 - (a) if the Member has a surviving Spouse, a pension of 40% of the Spouse's pension, as determined in sub-clause (i) of this Article, shall be payable to each Child;
 - (b) where additional Children's pensions were provided at retirement under Article 11.3 (b) of these Rules, the additional pension(s) secured at the Member's retirement shall be paid in addition to the pension paid under the provisions of sub-clause (a) of this Article;
 - (c) if no Spouse's pension is payable, the abovementioned Children's pensions shall be doubled;
 - (d) if a Child for whom a pension has been secured under the provisions of sub-clauses (a) or (b) of this Article has pre-deceased the Member, that Child's pension shall not become payable on the Member's death.

13.3 Death of a former Member after leaving Service who has an entitlement to Deferred Retirement Benefits

When a former Full Member with Deferred Retirement Benefits dies before his/her pension comes into payment, his/her Core Benefit Account and Flexible Benefit Account shall be used by the Administrator to provide the Dependants' pensions specified below:

Spouse's pension

- (i) Subject to the provisions of sub-clause (viii) of this Article, the Spouse's pension shall be determined by the value of the Core Benefit Account (which 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 increased for the period from the date of leaving Service to the date of death in accordance with the provisions of Article 17.7 of these Rules) and the value of contributions made under Article 6.4 (ii) of these Rules to the Flexible Benefit Account for this purpose.
- (ii) The minimum Spouse's pension payable following the death of a former Full Member of the Plan with Deferred Retirement Benefits shall be an amount equal to 60% of the minimum pension to which he/she was entitled on the date of death as if he/she had retired on the date of death.
- (iii) If the value of the Core Benefit Account and the Flexible Benefit Account (as described in sub-clause (i) of this Article) is not sufficient to secure the minimum Spouse's pension specified in sub-clause (ii) of this Article, the balance of the cost shall be provided from the Contingency Reserve.
- (iv) If the Member had elected to earmark contributions in accordance with Article 6.4 (iii) of these Rules for the provision of additional Spouse's pension, the amount of additional pension provided by such an election shall be paid in addition to the pension provided under the provisions of sub-clauses (i) or (ii) of this Article, subject to the limits laid down in sub-clause (v) of this Article.
- (v) The maximum Spouse's pension payable following the death of a former Full Member with an entitlement to Deferred Retirement Benefits shall be 100% of the maximum pension to which he/she was entitled on the date of death as if he/she had retired on the date of death.
- (vi) The balance (if any) remaining in the deceased Member's Core Benefit Account and Flexible Benefit Account (as described in sub-clause (i) of this Article) when the Spouse's pension under this Part of these Rules has been secured, shall be used to provide the Children's pensions below. Any balance remaining shall, as selected by the Spouse, either be used to provide additional Spouse's pension up to the maximum

amount permitted or be paid out as a lump sum in accordance with Part 12 of these Rules.

- (vii) The balance of a Member's fund arising from the payment of additional contributions made under Article 6.4 of these Rules, in excess of those contributions made under Article 6.4 (ii) and (iii), shall, as selected by the Spouse, either be used to provide additional Spouse's pension up to the maximum amount permitted or be paid out as a lump sum in accordance with Part 12 of these Rules.

Children's pensions

- (viii) A pension of 40% of the Spouse's pension as determined in sub-clause (i) of this Article shall be payable in respect of each Child.
- (ix) The minimum pension shall be equal to 40% of the minimum Spouse's pension, as specified in sub-clause (ii) of this Article.
- (x) If the value of the Core Benefit Account and Flexible Benefit Account (as described in sub-clause (i) of this Article) is not sufficient to secure the minimum Children's pensions specified in sub-clause (ix) of this Article, the balance of the cost shall be provided from the Contingency Reserve.
- (xi) If the Member has elected to earmark contributions in accordance with Article 6.4(iii) of these Rules for the provision of additional Children's pensions, the amount of additional pension provided by such an election shall be paid in addition to the pension provided under sub-clauses (viii) or (ix) of this Article.
- (xii) If no Spouse's pension is payable, the abovementioned Children's pensions shall be calculated by reference to the Spouse's pension that would have been payable and shall be doubled.

[(xiii) and (xiv) deleted]

- (xv) Any balance of the remaining fund, as specified in sub-clause (vii) of this Article, may be used, at the request of the Spouse, to provide additional Children's pensions up to the maximum level permitted.

Limited Members and Full Members without Dependants

In the event of the death of a former Limited Member with an entitlement to Deferred Retirement Benefits, or a former Full Member with entitlement to Deferred Retirement Benefits who is not survived by a Spouse or Children, before his/her pension comes into payment, his/her Core Benefit Account and Flexible Benefit Account shall be paid out as a lump sum in accordance with Part 12 of these Rules.

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.

13.4 Duration of Children's pensions

Children's pensions shall be paid until the Child ceases to qualify as a Child under the definition set out in the Conditions of Employment and Staff Rules of the European Central Bank.

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' combined service qualifying as pensionable service⁺

A Member who leaves Service before age 60 and who has less than ten years' combined service qualifying as 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.

* For transitional arrangements applying to Part 14 see Articles 7.5 and 8.5.

Article 2(10) of Decision ECB/2009/NP7 of 4 May 2009 amending the Conditions of Employment for Staff of the European Central Bank provides as follows: ‘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.’

14.3 Leaving Service with ten or more years’ combined service qualifying as pensionable service⁺

(i) Before age 50

A Member who leaves Service before age 50 and who has ten or more years’ combined service qualifying as 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’ combined service qualifying as 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.

⁺ In each case either ‘Pensionable Service’ or ‘actual Service’ has been complemented by the term ‘combined service’ in implementation of Article 2(8) of Decision ECB/2009/NP7.

(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 combined service qualifying as actual Service⁺

A Member who leaves Service before age 50 and who has ten or more years combined service qualifying as 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.

PART 15 TEMPORARY ABSENCE AND BREAK IN PENSIONABLE SERVICE

15.1 Temporary absence

If a Member is temporarily absent from work, he/she shall remain included in the Plan for as long as he/she receives any payment of basic salary from the ECB. The Administrator may decide that such a Member may remain included in the Plan during a period when he/she receives no basic salary from the ECB.

15.2 Contributions during absence

During any period of paid absence the ECB and the Member shall continue to contribute to the Plan under Part 6 of these Rules. The period of absence shall then count as Pensionable Service.

If the Member's basic salary has been reduced during the period of absence, or if he/she is not receiving any basic salary, the ECB's and the Member's contributions shall be reduced or suspended accordingly, and in such a case his/her period of absence shall only count as Pensionable Service to the extent decided by the Administrator after taking Actuarial Advice. In cases where the period of absence is not treated as Pensionable Service the Member may, on his/her return to work, pay arrears of contributions to restore the period of his/her absence as Pensionable Service.

Where a member of staff has been suspended in accordance with Article 44 of the Conditions of Employment and part of his/her basic salary has been withheld, the contributions payable under Part 6 of these Rules shall become payable if the withheld portion of the basic salary is reimbursed and, where relevant, the loss of investment returns suffered by the member as a result of the later payment of contributions shall be made good by the ECB.

15.3 Determination of Members' benefits during absence

For the purpose of calculating any benefit becoming payable during any period of absence, the Member's salary shall be deemed to be that applicable on the date on which the absence commenced, increased by such amount (if any) as the Executive Board decides.

15.4 Break in Pensionable Service

If a Member leaves the Plan and later rejoins the Plan he/she shall, unless otherwise agreed between the Administrator and the Member, remain entitled to the benefits (if any) arising on cessation of his/her earlier period of membership and shall be treated for all purposes as a new Member in relation to his/her later period of membership.

PART 16 TRANSFERS

16.1 Transfers-in

The ECB may enter into agreements and make appropriate arrangements with such other employee benefit arrangements, organisations and governments as it determines to accept a transfer-in of assets in respect of Full Members transferring from such other employee benefit arrangements, organisations and governments. Such agreements or arrangements shall be subject to prior approval by the Administrator. They shall not permit transfers to the Plan of assets from pension schemes or arrangements to which no employer contributions have been paid.

The transferred-in assets for each Full Member shall be allocated to the Member's Core Benefit Account and the Member's Flexible Benefit Account in such proportions as the Administrator, acting on Actuarial Advice, decides or in accordance with such agreements as the ECB may have entered into.

The Plan shall provide such benefits in respect of transferred-in assets as the Administrator, acting on Actuarial Advice, deems appropriate.

Any requirements that are imposed on a Full Member's benefits by a scheme from which benefits are transferred-in in respect of the benefits for which a transfer-in of assets is accepted by the Plan, shall continue to apply within the Plan, and also in the event that the transferred-in benefit is transferred-out to a subsequent pension arrangement at a later date.

Article 2(4) of Decision ECB/2009/NP7 provides as follows: '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.'

16.2 Transfers-out

The Administrator may make a transfer payment in respect of a Member to some other employee benefit arrangement, organisation or government, or to an Approved Insurance Company on condition that such arrangement, organisation or government or company guarantees that all of the following shall apply:

- (i) if the capital derived from such transfer is repaid to a Member in the form of a lump sum, it is subject to taxation;
- (ii) any monthly income shall be paid to an account located in a jurisdiction which is not, at the time of payment, on the EU list of non-cooperative jurisdictions for tax purposes adopted and published by the Council in its conclusions of 5 December 2017, as updated;
- (iii) 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.

The amount of the transfer payment shall be equal to the value of the Member's Core Benefit Account (which 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) and the Member's Flexible Benefit Account, or such greater amount as the Executive Board may determine, having taken Actuarial Advice.

Such transfers may be made without the consent of the Member, provided that the Member has been notified thereof in writing by registered mail.

PART 17 PAYMENT OF BENEFITS

17.1 Date of payment

Unless the Administrator decides otherwise, either generally or in any individual case, pensions from the Plan shall be payable in equal monthly instalments on the ECB's monthly payroll date. The first instalment shall be made on the ECB's payroll date of the month coincident with, or following, the date on which the pension becomes payable and shall, in the latter case, include the amount necessary to take account of the period between the date the pension became payable and the date of the first instalment. The Administrator may, for administrative convenience, pay small pensions at less frequent intervals, subject to the following limits:

- amounts of up to E350 per annum may be paid annually in advance;
- amounts of up to E700 per annum may be paid half-yearly in advance; and
- amounts of up to E1,400 per annum may be paid quarterly in advance.

These amounts shall be indexed in accordance with the rates of general salary increases awarded to members of staff of the ECB.

On application by the Beneficiary, pension amounts falling within these limits may be paid more frequently than stated, but not more frequently than monthly. In the event of the death of the Beneficiary, amounts of pension that have already been paid in respect of the advance period shall not be reclaimed.

17.2 Manner of payment

The Administrator may make the payment either to the person entitled to it or, in the case of a pension for a Child, to the Spouse or legal guardian, by sending him/her a cheque, by direct credit to his/her bank account, or by any other method that the Administrator deems appropriate. All payments shall be made in euro. On reaching age 18, a Child may request that the Child's pension to which he/she is entitled be paid directly to him/her.

17.3 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 Communities, pensions and benefits paid by the ECB under this Plan shall be subject to the tax for the benefit of the European Communities.

17.4 Payment for a Beneficiary who is incapable of acting on his/her own behalf

If a Court determines that a Beneficiary is incapable of acting on his/her own behalf, the Administrator shall apply any amounts in accordance with the determination of the Courts. In the case of Children, payment shall be made to the legal guardian or, in the absence of such legal guardian, in accordance with the determination of the Courts.

In any of these cases, the Administrator need not enquire into the application of the payment by the recipient, and the receipt of the payment by the recipient shall be a complete discharge.

17.5 Offset for crime, negligence or fraud

The benefits provided for and in respect of any Member under the Plan (other than those attributable to transfers-in from another scheme) shall be reduced by such amount (if any) as the Governing Council, 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. Any such amount shall then be paid to the general assets of the ECB.

17.6 Duration of pensions

Unless otherwise agreed (and except for Children's pensions under Part 13 and disability pensions under Part 18 of these Rules) between the Administrator and the Member, pensions from the Plan shall be paid for life.

17.7 Pension increases

- (i) Pensions that are paid following the retirement or death of a Member shall be increased annually by reference to the general salary adjustment adopted in accordance with the Conditions of Employment.
- (ii) Any pension adjustment shall be implemented at the same time as the annual general salary adjustment.

17.8 Forfeiture of rights

- (a) Beneficiaries shall furnish such supporting evidence as may be required by the Administrator, including any confirmation of entitlements that may be requested on a regular basis by the Administrator, and shall inform the Administrator of any facts which may affect their entitlements to benefits under the Plan. The Beneficiaries shall duly cooperate with the Administrator and provide all relevant information.
- (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 Dependents or a surviving former spouse fail to apply for their benefit within one year from the date of the relevant members' death, their benefits shall not be payable until the first day of the month following that in which they make their application.

PART 18 DISABILITY

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

PART 19 [Repealed]

PART 20 DISCLOSURE OF INFORMATION TO MEMBERS

20.1 General principles

The Plan shall be administered in such a manner that all Members are provided with such information as may reasonably be required for them to understand the operation of the Plan and their entitlement to benefits from the Plan.

The Administrator shall communicate with Beneficiaries electronically, principally by means of the ECB's dedicated electronic system. Upon the request of a Beneficiary and where considered appropriate by the Administrator in view of the circumstances, communication between the Administrator and that Beneficiary may take place by post or by any other agreed means of communication.

The Administrator shall only communicate with the Beneficiaries or with any person that has been explicitly authorised by a Beneficiary to act on their behalf and to communicate with the Administrator.

20.2 Specific disclosure requirements

The Administrator shall procure that the following are made available to Members:

- (i) an annual report, including a copy of the audited accounts under Article 2.7 and the investment report under Article 4.3 (iv) of these Rules; and
- (ii) an annual benefit statement showing, among other things, the value of the Member's Core Benefit Account, if any, and of his/her Flexible Benefit Account.