

**EXPLANATORY MEMORANDUM TO THE  
EUROPEAN PARLIAMENT (UNITED KINGDOM REPRESENTATIVES)  
PENSIONS (AMENDMENT) ORDER 2005**

**2005 No. 1924**

**1.** This explanatory memorandum has been prepared by the Cabinet Office and is laid before Parliament by Command of Her Majesty.

**2. Description**

2.1 This instrument amends the pension scheme for United Kingdom Representatives to the European Parliament (“UK MEPs”). It makes provisions for surviving civil partners and surviving partners who were neither married nor a civil partner, and makes pensions to adult survivors payable for life. It also amends the contribution rate for members with a 1/40<sup>th</sup> accrual rate from 9 per cent to 10 per cent with effect from 1<sup>st</sup> April 2004, and amends the early retirement provisions.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None

**4. Legislative Background**

4.1 The European Parliament (Pay and Pensions) Act 1979 (“the Act”) confers powers to make provision for pensions payable to UK MEPs. These powers are now vested in the Leader of the House of Commons (see the Transfer of Functions (European Parliamentary Pay and Pensions) Order 2003). Such provision has been made via the European Parliament (United Kingdom Representatives) Pensions (Consolidation and Amendment) Order 1994, as amended from time to time (referred to, for ease, as the UK MEPs’ pension scheme).

4.2 The Leader of the House of Commons, in exercise of the powers conferred by section 4(1) and (3) of the Act, and now vested in him, is now making further amendments to the UK MEPs’ pension scheme.

**5. Extent**

5.1 This instrument applies to all of the United Kingdom.

**6. European Convention on Human Rights**

6.1 Not applicable

**7. Policy background**

7.1 The Treaty of Amsterdam provides for the development of common terms and conditions for all Members of the European Parliament. However, pending agreement on a suitable common package, UK MEPs continue to receive pension benefits which closely mirror those that Members of the House of Commons (MPs) receive from the Parliamentary pension scheme.

7.2 The House of Commons resolved on 3 November 2004 that, in line with the recommendation of the Senior Salaries Review Body (SSRB), the Parliamentary pension scheme's member contribution rate should increase, and that a cost neutral package be introduced which phased out the scheme's favourable early retirement provisions and brought in pensions for surviving partners. The Parliamentary Pensions (Amendment) Regulations 2005 provided for these changes to be implemented.

7.3 This instrument provides for the implementation of changes to the UK MEPs' scheme consistent with the changes made to the Parliamentary pension scheme by the Parliamentary Pensions (Amendment) Regulations 2005. It provides for the implementation of an increase in member contribution rate by 1% of salary from 1<sup>st</sup> April 2004 for those who opted for the 1/40<sup>th</sup> accrual rate.

7.4 It also amends the provisions for survivor benefits as follows:

- The introduction of pensions for surviving civil partners and surviving partners who were neither married nor a civil partner of members in service on or after 3 November 2004 calculated on the same basis as for widows and widowers.
- Pensions for adult survivors of members in service on or after 3 November 2004 to be payable for life.
- The guaranteed minimum pensions provisions for widowers are extended to surviving civil partners.
- The introduction of pensions for surviving civil partners of former members based on service on or after 6 April 1988.
- Pensions for adult survivors who are more than 12 years younger than the member will be reduced by 2.5% for each year of age difference beyond 12, subject to a maximum reduction of 50%. The reduction will not apply to those who married, or formed a partnership with, the member before 1 May 2006.

7.5 The instrument also amends the early retirement provisions as follows:

- The immediate introduction of revised actuarially-neutral early retirement factors.
- The minimum pension age to increase from 50 to 55 from 6 April 2010 in line with the provisions of the Finance Act 2004 (which sets out the new taxation rules applying to all pension schemes).
- The phasing out of the existing favourable early retirement terms from 20 July 2009.

## **8. Impact**

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The package of changes is, overall, expected to be at least cost neutral to the Exchequer.

## **9. Contact**

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