

**RETIREMENT AND  
SURVIVOR PENSIONS SCHEMES  
EXPLANATORY BOOKLET**

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**CAIXA GERAL DE APOSENTAÇÕES**

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**RETIREMENT AND SURVIVOR**

**PENSIONS SCHEMES**

**CGA/April of 2010**

## **I. RETIREMENT PENSION SCHEME**

### **1. ELIGIBILITY TO JOIN THE SCHEME**

### **2. EMPLOYEES' CONTRIBUTION**

- 2.1. Contribution rate
- 2.2. Pensionable remuneration
- 2.3. Remuneration exempt from contributions
- 2.4. Contribution payment
- 2.5. Leaving the scheme

### **3. MEMBERSHIP RECKONABLE SERVICE COUNTING**

- 3.1. Definition
- 3.2. Membership reckonable service counting claim
- 3.3. Membership reckonable service counting
- 3.4. Calculation of equalized service contributions
- 3.5. Payment of equalized service contributions

### **4. RETIREMENT**

- 4.1. Definition
- 4.2. Entitlement to retirement pension
- 4.3. Retirement pension regime
- 4.4. Scheme meaningful job

### **4.5. Method of calculation**

- 4.5.1. Ordinary retirement
- 4.5.2. Extraordinary retirement
- 4.5.3. Early retirement
- 4.5.4. Pension bonus

### **4.6. Pension payment**

### **4.7. Pension prescription**

## **II. SURVIVOR PENSION SCHEME**

### **5. EMPLOYEES' CONTRIBUTION**

### **6. MEMBERSHIP RECKONABLE SERVICE COUNTING**

- 6.1. Contributions debt calculation
- 6.2. Contributions debt payment

### **7. SURVIVOR PENSION**

- 7.1. Definition
- 7.2. Application for a survivor pension
- 7.3. Method of calculation
- 7.4. Competition rules between survivors
- 7.5. Pension payment
- 7.6. Pension rights loss
- 7.7. Pension reversion

**The retirement and survivor pensions schemes for Portuguese civil servants appointed until 2005-12-31** are managed by Caixa Geral de Aposentações (CGA from this point forward).

## **I – RETIREMENT PENSION SCHEME**

### **1. ELIGIBILITY TO JOIN THE SCHEME**

Until 2005-12-31, Portuguese **civil servants** and **public sector agents** employed by State administrations, Local authorities, Autonomous and military communities, as well as deputies (optional), teachers from private schools and workers of some public (or State owned though private) companies, as long as they kept that job situation, were obligatorily CGA scheme members.

The **civil servants appointed after 2005-12-31** are no longer eligible to join the CGA pension scheme. They must join the general private workers pension scheme.

The **civil servants appointed before 2006-01-01** maintain their CGA pension scheme membership as long as they don't leave the civil service.

## **2. EMPLOYEES' CONTRIBUTION**

### **2.1. Contribution rate**

The monthly contribution rate to CGA is 10% of the pensionable remuneration (7,5% for retirement and 2,5% for survivor pension).

### **2.2. Pensionable remuneration**

**Pensionable remuneration** means all salary or wages, excluding overtime payments and special payments for extra duties, payable to a member for service. The pensionable remuneration is always related to the job that entitled the member to join the scheme (*scheme meaningful job*).

Should the member have **simultaneously more than one job**, two situations can occur:

- Both jobs entitle him to join the scheme (*2 scheme meaningful jobs*) – the pensionable remuneration is the higher of the two salaries;
- Only one of the jobs is scheme meaningful – the pensionable remuneration corresponds to the salary of that job.

When the member leaves temporarily the job that entitled him to join the scheme (unpaid leave, secondment, etc.) and **the new job is not scheme meaningful**, his

contributions towards the scheme will remain related to the meaningful job (*job of origin*).

The pensionable remuneration of the civil servants appointed before 1993-09-01 (*old members*) is the final salary (the last monthly remuneration the member received before retiring). The pensionable remuneration of the civil servants appointed after 1993-08-31 (*new members*) is the average of the salaries they received in their entire career (please refer to Table II).

For the part-time workers, the figure used to work out the pension benefits is the pensionable remuneration that they would have received if they had worked full time.

### **2.3. Remuneration exempt from contributions**

**The exemption from contributions covers**, in general, all remunerations that cannot be considered in any way for the calculation of the pension, either because they don't correspond to the job itself or because they are not paid for service, but to reimburse costs or expenses (travelling or subsistence allowance, etc.).

### **2.4. Contribution payment**

**The scheme member** contributes 10% of his monthly gross pensionable remuneration. That amount is deducted from the salary automatically every month by the employer (withholding).

### **2.5. Leaving the scheme**

Scheme membership is directly related to the job that entitles the member to join the scheme. So, if the employee leaves definitively that job (and ceases to be a civil servant) his membership is cancelled (if the deferred member is fully vested, he will qualify for a pension at 70 years or, before, in case of disability).

## **3. TIME OF SERVICE COUNTING**

### **3.1. Definition**

Time of service is used to determine both the members' eligibility for retirement benefits and the amount of the benefits.

Time of service counting is the procedure in which the length of service is counted and, sometimes, a contribution debt is calculated.

### **3.2. Time of service counting claim**

Prior to retirement, the scheme member can, at any time, apply for a previous time of service counting (the final counting is automatically performed during the retirement claim processing).

The time of service counting claim is submitted to the employer by **active members** and directly to CGA by **deferred members**.

In both cases, the scheme member / deferred member must gather **service proofs**, according to which the counting will be processed.

### 3.3. Time of service counting

Time of service (or period of membership) represents periods of employment that are either **earned or claimed as equalized or extra** civil servants service.

**Earned service** – the member earns one month of reckonable service for each complete month during a year in which he is an employee who works in a position which is full-time (this is the membership normal reckonable service).

**Extra service** – if the member has years of service in the Public Administration before appointment or military service or if he has worked in a job or situation that entitles him to have the time of service increased (multiplied by 25% or 50%, for instance: military service on fighting areas). In this case, in order to have those periods taken into account, the member will have to demand it and to pay the corresponding contributions.

### 3.4. Calculation of extra service contributions

The contributions the scheme member has to pay in order to have the extra service counted are calculated on the basis of his current pensionable remuneration and at a contribution rate of 7,5% for each month taken into account.

### 3.5. Payment of extra service contributions

The payment of extra service contributions is made in full in a lump sum, unless the member demands its payment in **equal monthly instalments over a period no longer than 5 years / 60 payments** (minimal monthly instalment of € 50,00), which will be made by deduction from his monthly remuneration (*withholding*).

## 4. RETIREMENT

### 4.1. Definition

Retirement pension is the benefit granted to the scheme members that, having met the qualifying conditions, cease to be civil servants / employees.

Retirement can be due to:

- Employees' request, when he meets the voluntary retirement qualifying conditions;
- Disability;
- Age limit;
- Special regulations.

**Entitlement to a retirement pension** depends on a period of membership of 5 years minimum.

Retirement can either be claimed by the member – **voluntary retirement** -, or imposed by law (age limit) or by employers' decision – **compulsory retirement**.

Retirement can also be qualified as **ordinary**, **extraordinary** – this one applies only to accidents at work and occupational diseases occurred or diagnosed before the 1<sup>st</sup> of May of 2000 – or **early retirement**.

#### 4.2. Entitlement to retirement pension

An **ordinary retirement** pension is granted when the scheme member meets one of the following conditions:

- At least 65 years of age and 15 years of service or, until 2014, the following age and time of service:

Table I

| Year | Age                   | Time of service |
|------|-----------------------|-----------------|
| 2010 | 62 years and 6 months | 25 years        |
| 2011 | 63 years              | 23 years        |
| 2012 | 63 years and 6 months | 21 years        |
| 2013 | 64 years              | 19 years        |
| 2014 | 64 years and 6 months | 17 years        |

- At least 5 years of service (contributory service within European Union or in Portuguese private workers pension scheme is considered for this purpose) and:
  - Age limit (normally 70 years);
  - Permanent disability for work;
  - Punishment with the penalty of compulsory retirement;
  - Other situations subject to special regimes.

The scheme members that had, on the 31.<sup>th</sup> December of 2005, at least, 60 years of age and 36 years of time of service are allowed to retire whenever they want. The scheme members aged less than 60 years that could retire during 2005 will continue to do so (early retirement).

An **extraordinary retirement** pension is awarded, regardless of scheme members' age and length of membership, when they are permanent and totally unable of continuing performing their job due to:

- Accident at work or occupational disease;
- Accident or disease acquired in public order maintenance or humanitarian act.

*(The extraordinary retirement pension regime has been revoked. Yet, it still covers the accidents at work and the occupational diseases occurred or diagnosed before the 1.<sup>st</sup> of May of 2000)*

An **early retirement** pension (voluntary type of retirement), is granted when the scheme member is, at least, 55 years old and has served for 30 years or more (given that this 30 years were already accomplished at his 55<sup>th</sup> anniversary):

#### 4.3. Retirement pension regime

The voluntary retirement pension not related to disability is granted according to:

- The pension scheme rules and the member situation (age, salary and time of service) at a particular time chosen by the scheme member;

or, if no date is indicated in the retirement pension claim form:

- The **pension scheme rules** at the time **CGA receives the retirement pension claim** and the **member situation** at the time the **final decision** concerning the retirement pension is taken.

In the other situations, the retirement pension is granted according to the **pension scheme rules and the member situation** at the time (*scheme meaningful moment*):

- The scheme member reaches the age limit (70 years);
- The scheme member is found permanent and totally unable for his work by CGA medical committee;
- The member is punished with the penalty of compulsory retirement.

After that moment, nor membership period or salary changes will be considered for pension calculation (*not scheme meaningful*).

#### 4.4. Scheme meaningful job

The first part of the retirement pension (P1) of the civil servants appointed before 1993-09-01 (related to the time of service before 2006-01-01) is calculated upon the job of the member at 2005-12-31, even if the pensionable remuneration is not its **last month remuneration**.

There are some situations in which the pensionable remuneration is:

- The average of pensionable remuneration over the last **2 years** (2004 and 2005) (more than one job / position in that period);
- The average of pensionable remuneration during the last **3 years** (2003, 2004 and 2005) (chief offices or scheme members labour contracted);

The second part of the retirement pension (P2) of the **civil servants appointed before 1993-09-01** (related to the time of service after 2005-12-31) and the whole retirement pension of **those appointed on 1993-09-01 or after** are calculated according to the rules that apply to private workers / Social Security pensions (average of pensionable remuneration during the entire career).

#### 4.5. Method of calculation

##### 4.5.1. Ordinary retirement

The key factors in determining the amount of ordinary retirement pension are the **length of time of service / membership** (in years and complete months expressed in years), **limited to the full career of Table II**, and the **pensionable salary**.

Table II

| Year     | Time of service              |
|----------|------------------------------|
| 2010     | 38 years and 6 months (38,5) |
| 2011     | 39 years (39)                |
| 2012     | 39 years and 6 months (39,5) |
| 2013 ... | 40 years (40)                |

#### Group A

Scheme members affiliated until 1993-08-31 that already met the retirement pension qualifying conditions in 2005-12-31 (2005 accrued rights)

The **scheme members affiliated until 1993-08-31 having:**

- **60 years of age and 36 years of service in 2005-12-31** are able to retire according to the rules in force in 2005-12-31, regardless of the moment they decide to submit the pension claim;
- **36 years of service but less than 60 years of age in 2005-12-31** are able to retire earlier according to the rules in force at 2005-21-31, regardless the moment they decide to submit the pension claim.

Their pension will be equivalent to 90% of their last pay.

Calculation formula:  $(R \times T1) / 36$

meaning:

R = Meaningful remuneration (pensionable salary net of contributions towards the pension scheme = 90% of last salary);

T1 = Years and complete months of service expressed in years, limited to 36 years.

These scheme members retire according to the rules that apply to the scheme members affiliated until 1993-08-31 that met the retirement pension qualifying conditions between 2006-01-01 and 2007-12-31 (Group B), if these rules are more favourable than the previous ones.

**Group B**

Scheme members affiliated until 1993-08-31 that met the qualifying conditions between 2006-01-01 and 2007-12-31 (2007 accrued rights)

**The scheme members affiliated until 1993-08-31 having, at least, 36 years of service and being 61 years old or older or having 37 years of service (for those younger than 61 years old) in 2007-12-31 are able to retire according the rules in force in 2007-12-31 regardless the moment they decide to submit the pension claim.**

Calculation formula: P1 + P2

meaning:

P1 First slice of the pension, calculated upon the old rules of the special scheme for civil servants (in force until 2005-12-31) and regarding the complete years and months the scheme member had served in 2005-12-31;

Calculation formula of P1:  $(R \times T1) / C$

meaning:

R = Meaningful remuneration (pensionable salary net of contributions towards the pension scheme = 90% of the 2005 updated salary);

T1 = Years and complete months of service until 2005-12-31 expressed in years, limited to C;

C Full career (please refer to Table II).

P2 Second slice of the pension, calculated upon the new rules of the general scheme for private workers (in force since 2006-01-01) and regarding the complete years and months the scheme member served after 2005-12-31.

Calculation formula of P2:  $RR \times T2 \times N$

meaning:

RR Reference remuneration

Calculation formula of RR: TR / (n x 14)

meaning:

TR = Highest remunerations related to the time of service after 2005, limited to the years necessary to have a full career (all the service before 2006 is taken into account) (Table II)

n = Number of years (calendar) with contributions.

T2 = 2% (service after 2005 <= 20 years) or between 2% and 2,3% (service after 2005 > 20 years), according to the value of the remuneration (please refer to Table III);

Table III

| Reference remuneration |                    | %    |
|------------------------|--------------------|------|
| 1. <sup>st</sup> slice | <= 1,1 IAS         | 2,30 |
| 2. <sup>nd</sup> slice | > 1,1 IAS <= 2 IAS | 2,25 |
| 3. <sup>th</sup> slice | > 2 IAS <= 4 IAS   | 2,20 |
| 4. <sup>th</sup> slice | > 4 IAS <= 8 IAS   | 2,10 |
| 5. <sup>th</sup> slice | > 8 IAS            | 2,00 |

1 IAS (social benefits reference value) = € 419,22 (2009)

N = Number of calendar years (after 2005) with at least 120 days of contributions (N is limited to the full career of Table II minus the service before 2006).

**Group C**

Scheme members affiliated until 1993-08-31 that didn't meet the qualifying conditions in 2007-12-31 (no accrued rights)

The retirement pension granted to **scheme members affiliated until 1993-08-31 that, in 2007-12-31, had less than 36 years of service and were 61 or less years old or less than 37 years of service regardless of age** will be calculated according to the following rules:

Calculation formula: (P1 + P2) x FS

meaning:

P1 First slice of the pension, calculated upon the old rules of the special scheme for civil servants (in force until 2005-12-31) and regarding the complete years and months the scheme member had served in 2005-12-31;

Calculation formula of P1: (R x T1) / C

meaning:

R = Meaningful remuneration (pensionable salary net of contributions towards the pension scheme = 90% of 2005 updated salary);

T1 = Years and complete months of service until 2005-12-31 expressed in years, limited to C;

C Full career (please refer to Table II).

P2 Second slice of the pension, calculated upon the new rules of the general scheme for private workers (in force since 2006-01-01) and regarding the complete years and months the scheme member served after 2005-12-31.

Calculation formula of P2:  $RR \times T2 \times N$

meaning:

RR Reference remuneration

Calculation formula of RR:  $TR / (n \times 14)$

meaning:

TR = Highest remunerations related to the time of service after 2005, limited to the years necessary to have a full career (all the service before 2006 is taken into account) (Table II)

n = Number of years (calendar) with contributions.

T2 = 2% (service after 2005  $\leq$  20 years) or between 2% and 2,3% (service after 2005  $>$

20 years), according to the value of the remuneration (please refer to Table III);

N = Number of calendar years (after 2005) with at least 120 days of contributions (N is limited to the full career of Table II minus the service before 2006).

FS Sustainability factor

Calculation formula of FS:

$EMV_{2006} / EMV_{\text{year } i-1}$

meaning:

$EMV_{2006}$  = Life expectancy at age 65 years in 2006

$EMV_{\text{year } i-1}$  = Life expectancy at age 65 years in the year of retirement - 1

#### **Group D**

Scheme members affiliated between 1993-09-01 and 2001-12-31 that already met the retirement pension qualifying conditions in 2005-12-31 (2005 accrued rights)

**The scheme members affiliated between 1993-09-01 and 2001-12-31 having:**

- **60 years of age and 36 years of service in 2005-12-31** are able to retire according to the rules in force in 2005-12-31, regardless of the moment they decide to submit the pension claim;

- **36 years of service but less than 60 years of age in 2005-12-31** are able to retire earlier according to the rules in force at 2005-12-31, regardless the moment they decide to submit the pension claim.

Those that, in 2001-12-31, had already 5 years of service and those that retire until 2016-12-31 will get the highest value resulting of each of the following three different modalities:

### 1<sup>st</sup> MODALITY

(Decree-law n.º 329/93, September the 25<sup>th</sup>)

Calculation formula:  $RR \times 2\% \times N$

meaning:

RR Reference remuneration

Calculation formula of RR:  $R / 140$

meaning:

R Total amount of the remunerations earned in the best 10 years (calendar) among the last 15 years of service

N = Number of calendar years with at least 120 days of contributions (minimum: 15 years; maximum: 40 years).

### 2<sup>nd</sup> MODALITY

(articles 10<sup>th</sup> and 11<sup>th</sup> of the Decree-law n.º 35/2002, February the 19<sup>th</sup>)

Calculation formula:  $RR \times T \times N$

meaning:

RR Reference remuneration

Calculation formula of RR:  $TR / (n \times 14)$

meaning:

TR Total amount of all the remunerations earned during the entire career;

n Number of calendar years with at least 120 days of contributions (maximum: 40 years).

T 2% (service  $\leq$  20 years) or between 2% and 2,3% (service  $>$  20 years), according to the value of the remuneration (please refer to Table III);

N = Number of calendar years with at least 120 days of contributions (minimum: 15 years; maximum: 40 years).

### 3<sup>rd</sup> MODALITY

(article 13<sup>th</sup>, n.º 2, of the Decree-law n.º 35/2002, February the 19<sup>th</sup>)

Calculation formula:  $(P1 \times C1) + (P2 \times C2) / C$

meaning:

- P1 Pension calculated according to the 1<sup>st</sup> modality;
- P2 Pension calculated according to the 2<sup>nd</sup> modality;
- C1 Number of calendar years with at least 120 days of contributions completed until 2001-12-31;
- C2 Number of calendar years with at least 120 days of contributions completed after 2001-12-31;
- C Number of calendar years with at least 120 days of contributions.

Those scheme members that, having less than 5 years of service in 2001-12-31, retire after 2016-12-31, will get the highest value resulting of each of the 2<sup>nd</sup> and 3<sup>rd</sup> modalities.

These scheme members retire according to the rules that apply to the scheme members affiliated between 1993-09-01 and 2001-12-31 that met the retirement pension qualifying conditions between 2006-01-01 and 2007-12-31 (Group E, for those that retire until 2016-12-31, or Group F, for those that retire after 2016-12-31), if these rules are more favourable than the previous ones.

#### **Group E**

Scheme members affiliated between 1993-09-01 and 2001-12-31 that, having met the qualifying conditions between 2006-01-01 and 2007-05-31 (2007 accrued rights), will retire until 2016-12-31

The retirement pension of the **scheme members affiliated between 1993-09-01 and 2001-12-31 that, having in 2007-12-31, at least, 36 years of service and being 61 or more years old or having, at least, 37 years of service regardless of age, as long as they submitted their pension claim between 2007-06-01 and 2016-12-31**, will be the highest value resulting of each of the following two different modalities:

#### **1<sup>st</sup> MODALITY**

(article 33<sup>th</sup>, n.º 1, of the Decree-law n.º 187/2007, May the 10<sup>th</sup>)

Calculation formula:  $(P1 \times C1) + (P2 \times C2) / C$

meaning:

- P1 Pension calculated according to the 1<sup>st</sup> modality of Group E;
- P2 Pension calculated according to the 2<sup>nd</sup> modality of Group E;
- C1 Number of calendar years with at least 120 days of contributions completed until 2006-12-31;
- C2 Number of calendar years with at least 120 days of contributions completed after 2006-12-31;
- C Number of calendar years with at least 120 days of contributions.

**2<sup>nd</sup> MODALITY**

(article 33<sup>rd</sup>, n.° 5, of the Decree-law n.° 187/2007,  
May the 10<sup>th</sup>)

Calculation formula: pension calculated according to  
the 2<sup>nd</sup> modality of Group D

**Group F**

Scheme members affiliated between 1993-09-01 and  
2001-12-31 that, having met the qualifying  
conditions between 2006-01-01 and 2007-12-31  
(2007 accrued rights), will retire after 2016-12-31

The retirement pension of the **scheme members  
affiliated between 1993-09-01 and 2001-12-31  
that, having in 2007-12-31, at least, 36 years of  
service and being 61 or more years old or having,  
at least, 37 years of service regardless of age, will  
retire after 2016-12-31**, will be the highest value  
resulting of each of the following two different  
modalities:

**1<sup>st</sup> MODALITY**

(article 33<sup>th</sup>, n.° 2, of the Decree-law n.° 187/2007,  
May the 10<sup>th</sup>)

Calculation formula: pension calculated according to  
the 3<sup>rd</sup> modality of Group D

**2<sup>nd</sup> MODALITY**

(article 33<sup>rd</sup>, n.° 5, of the Decree-law n.° 187/2007,  
May the 10<sup>th</sup>)

Calculation formula: pension calculated according to  
the 2<sup>nd</sup> modality of Group D

**Group G**

Scheme members affiliated between 1993-09-01 and  
2001-12-31 that, having not met the qualifying  
conditions in 2007-12-31 yet (no accrued rights),  
will retire before 2017-01-01

The retirement pension of the **scheme members  
affiliated between 1993-09-01 and 2001-12-31  
that, having not met the qualifying conditions in  
2007-12-31 yet, retire until 2016-12-31** will be the  
highest value resulting of each of the following two  
different modalities:

**1<sup>st</sup> MODALITY**

(article 33<sup>th</sup>, n.° 1, of the Decree-law n.° 187/2007,  
May the 10<sup>th</sup>)

Calculation formula:  $[(P1 \times C1) + (P2 \times C2) / C] \times$   
FS

meaning:

P1 Pension calculated according to the 1<sup>st</sup> modality  
of Group D, with the following speciality: P1 is

- limited to 12 IAS (€5.030,64 in 2009), except if P2 > P1 (no limit at all in this case) or if P1 > P2 > 12 IAS (in this case, there is no P1 and P2, but the full 2<sup>nd</sup> modality of Group D);
- P2 Pension calculated according to the 2<sup>nd</sup> modality of Group D;
- C1 Number of calendar years with at least 120 days of contributions completed until 2006-12-31;
- C2 Number of calendar years with at least 120 days of contributions completed after 2006-12-31;
- C Number of calendar years with at least 120 days of contributions;
- FS Sustainability factor (please refer to Group C).

### 2<sup>nd</sup> MODALITY

(article 33<sup>rd</sup>, n.º 5, of the Decree-law n.º 187/2007, May the 10<sup>th</sup>)

Calculation formula: (RR x T x N) x FS

meaning:

RR Reference remuneration

Calculation formula of RR: TR / (n x 14)

meaning:

TR = Average remuneration of the entire career;

n Number of calendar years with at least 120 days of contributions (maximum: 40 years);

T = 2% (service <= 20 years) or between 2% and 2,3% (service > 20 years), according to the value of the remuneration (please refer to Table III);

N = number of calendar years with at least 120 days of contributions (minimum: 15 years; maximum: 40 years);

FS Sustainability factor (please refer to Group C).

### **Group H**

Scheme members affiliated between 1993-09-01 and 2001-12-31 that, having not met the qualifying conditions until 2007-12-31 (no accrued rights), will retire after 2016-12-31

The retirement pension of the **scheme members affiliated between 1993-09-01 and 2001-12-31 that, having not met the qualifying conditions in 2007-12-31 yet, retire after 2016-12-31** will be the highest value resulting of each of the following two different modalities:

### 1<sup>st</sup> MODALITY

(article 33<sup>th</sup>, n.º 2, of the Decree-law n.º 187/2007, May the 10<sup>th</sup>)

Calculation formula: [(P1 x C1) + (P2 x C2) / C] x FS

meaning:

- P1 Pension calculated according to the 1<sup>st</sup> modality of Group D, with the following speciality: P1 is limited to 12 IAS (€5.030,64 in 2009), except if P2 > P1 (no limit at all in this case) or if P1 > P2 > 12 IAS (in this case, there is no P1 and P2, but the full 2<sup>nd</sup> modality of Group D);
- P2 Pension calculated according to the 2<sup>nd</sup> modality of Group D;
- C1 Number of calendar years with at least 120 days of contributions completed until 2001-12-31;
- C2 Number of calendar years with at least 120 days of contributions completed after 2001-12-31;
- C Number of calendar years with at least 120 days of contributions;
- FS Sustainability factor (please refer to Group C).

### **2<sup>nd</sup> MODALITY**

(article 33<sup>rd</sup>, n.º 5, of the Decree-law n.º 187/2007, May the 10<sup>th</sup>)

Calculation formula: pension calculated according to the 2<sup>nd</sup> modality of Group G

### **Group I**

Scheme members affiliated after 2001-12-31 that already met the retirement pension qualifying conditions in 2005-12-31 (2005 accrued rights) or that met those conditions between 2006-01-01 and 2007-12-31 (2007 accrued rights)

The retirement pension of the **scheme members affiliated after 2001-12-31 having:**

- **60 years of age and 36 years of service in 2005-12-31;**
- **36 years of service but less than 60 years of age in 2005-12-31;**
- **36 years of service and 61 years of age or 37 years of service in 2007-12-31;**

will be calculated according to the 2<sup>nd</sup> modality of Group D.

### **Group J**

Scheme members affiliated after 2001-12-31 that didn't meet the qualifying conditions in 2007-12-31 (no accrued rights)

The retirement pension of the **scheme members affiliated after 2001-12-31 that didn't meet the qualifying conditions until 2007-12-31** will be calculated according to the 2<sup>nd</sup> modality of Group G.

#### **4.5.2. Extraordinary retirement**

The extraordinary retirement pension (*due to accidents at work and occupational diseases occurred or diagnosed before the May 1<sup>st</sup> of 2000*) is calculated like the ordinary retirement pension, with

the speciality that results from considering also extra service, related to the scheme member **disability degree**, up to the **limit of Table II**.

For instance, if the scheme member (partially disabled) is entitled to have his pension calculated according to the typical calculation formula - **Global pension = P1 + P2** - his pension would be the result of the following calculations:

P1 First slice of the pension, calculated upon the old rules of the special scheme for civil servants (in force until 2005-12-31) and regarding the complete years and months the scheme member had served in 2005-12-31

Calculation formula of P1:  $R (T1 + I1) / C$

meaning:

R = Meaningful remuneration (pensionable salary net of contributions towards the pension scheme);

T1 = Years and complete months of service until 2005-12-31 expressed in years, limited to C;

**I1** Disability factor 1

Calculation formula of **I1**:  
 $[(T1 \times 100) / T] \times (T' \times D)$

meaning:

T Years and complete months of service expressed in years, limited to C (considering all years and complete months worked, before and after 2005-12-31);

T' Missing service to reach a full career (Table II), considering all years and complete months worked, before and after 2005-12-31;

D Disability degree (%);

C Full career (please refer to Table II).

P2 Second slice of the pension, calculated according to the new rules of the general scheme for private workers (in force since 2006-01-01) and regarding the complete years and months the scheme member served after 2005-12-31.

Calculation formula of P2:  $RR \times T2 \times N$

meaning:

RR Reference remuneration

Calculation formula of RR:  $TR / (n \times 14)$

meaning:

TR = highest remunerations related to the time of service after 2005, limited to the years necessary to have a full career (service before 2006 + service after 2005 can't exceed full career of Table II)

n = Number of years (calendar) with contributions.

T2 = 2% (service after 2005 <= 20 years) or between 2% and 2,3% (service after 2005 > 20 years), according to the value of the remuneration (please refer to Table III);

N = Number of calendar years (after 2005) with at least 120 days of contributions to be considered (N includes extra service for disability and is limited to the full career of Table II minus the service before 2006).

Calculation formula of N: N' + I2

meaning:

N' = Number of calendar years (after 2005) with at least 120 days of contributions (N is limited to the full career of Table II minus the service before 2006).

**I2** Disability factor 2

Calculation formula of I2:

$[(N' \times 100) / T] \times (T' \times D)$

This means that the extraordinary retirement pension granted to a partially disabled scheme member corresponds to the sum of the following parts:

A Amount corresponding to the years and complete months of service (like ordinary retirement pension);

B Amount corresponding to the extra service given as indemnity for disability (these extra years and months are added to real time considered in P1 and P2 in the same proportion).

#### **4.5.3. Early retirement**

The early retirement pension is calculated the same way the ordinary pension is. The pension value thus obtained is then reduced 4,5% per year (for pensioners of groups A, D and I that have the pension calculated according to the rules in force in 2005-12-31) or 0,5% per month (for the other groups) the member needs to reach the retirement age (see Table I).

For instance, for pensioners of groups A, D and I, if the scheme member could retire, normally, at age 62 years and 6 months (2010) and he is only 3 years and 1 day short to reach that age, the reduction will be corresponding to 4 years (18% of the total pension amount) and if he retires 1 day before he

reaches 62 years and 6 months, the penalty will be corresponding to 1 year (4,5%).

If the scheme member is entitled to retire before reaching the age of Table I (due to special regulations), the reduction will take into account only the years and part of years needed to reach that special age limit.

The number of years considered in the reduction of the pension amount is itself reduced (for pensioners of groups A, D and I that have the pension calculated according to the rules in force in 2005-12-31) in one year for each period of complete 3 years the member has completed above 36 years or (for the other pensioners) in 12 months for each period of complete 3 years above 30 years of service (at 55 years of age).

#### 4.5.4. Pension bonus

If the scheme member doesn't retire immediately after he meets the qualifying conditions, his pension will have a bonus.

That bonus corresponds to a given percentage of the retirement pension, being calculated according to the following formula: Pension x (Bonus 1 + Bonus 2)

$$\text{Bonus 1} = M1 \times P1$$

M1 = number of complete months from the moment the scheme member meets, for the first time, the qualifying conditions for early retirement (without reductions) and the moment he reaches the age of Table I and 36 years of service (until the 31<sup>st</sup> December 2014) or 65 years of age and 15 years of service (after the 31<sup>st</sup> December 2014);

$$P1 = 0,65\%$$

$$\text{Bonus 2} = M2 \times P2$$

M2 = number of complete months from the moment the scheme member reaches, for the first time, the age of Table I and 36 years of service (until the 31<sup>st</sup> December 2014) or 65 years of age and 15 years of service (after the 31<sup>st</sup> December 2014) and retirement, limited to his 70<sup>th</sup> anniversary.

$$P2 = \text{Percentage of Table III}$$

Table IV

| Retirement year | Career (years) | %    |
|-----------------|----------------|------|
| Until 2014      | 36 to 39       | 0,65 |
|                 | Over 39        | 1,00 |
| After 2014      | 15 to 24       | 0,33 |
|                 | 25 to 34       | 0,50 |
|                 | 35 to 39       | 0,65 |
|                 | Over 39        | 1,00 |

For bonus purposes, only real service (not extra years) after 2007-12-31 is taken into account.

The maximum value of the pension after the bonus is 90% of the scheme member last pay.

#### **4.6. Pension payment**

Pensions are deposited in pensioners Bank accounts.

The pensioners living abroad can ask for the pension to be paid in their country of residence.

The annual pension payment schedule is established and made public available in the beginning of each year.

#### **4.7. Pension prescription**

Retirement pensions prescribe one year after the date they should have been paid.

If the pensioner does not withdraw its pensions for consecutive 3 years, the unitary right to the pension will prescribe and he will lose the status of retired / pensioner.

## **II – SURVIVOR PENSION SCHEME**

### **5. CONTRIBUTION FOR SURVIVOR PENSION**

The scheme membership and the monthly contribution of 10% of the pensionable remuneration entitle not only the scheme member to a retirement pension, but also his lawful heirs (or survivors) to a survivor pension.

### **6. TIME OF SERVICE COUNTING**

Nowadays, the time of service counting for retirement implies necessarily the counting of that period for survivor pension purposes.

However, in the past, the contribution system for retirement and survivor pension schemes was not unified, so it could happen that a scheme member contributed to the retirement scheme only.

Therefore, scheme regulations continue to mention separate time of service counting procedures according to its purposes, retirement or survivor pensions, with also separate contributions debts calculated.

The time of service counting for survivor pension scheme depends on the **corresponding contributions payment**.

## 6.1. Contributions debt calculation

The calculation of extra service contributions for survivor pension scheme is similar to the retirement pensions one, but the contribution rate amounts to 2,5% (instead of 7,5%) of the pensionable remuneration or the retirement pension, for each month taken into account.

## 6.2. Contributions debt payment

The survivor pension scheme member chooses one of the following two methods to pay the contributions in debt:

- In full in a lump sum;
- In equal monthly instalments over a period no longer than 5 years / **60 payments** (minimal monthly instalment of €25,00).

If the scheme member dies before the total amount is paid, the debt will be transferred to his lawful heirs through the survivor pension, in which that amount will be automatically deducted by CGA (*withholding*).

## 7. SURVIVOR PENSION

### 7.1. Definition

Survivor pension is a lifetime monthly benefit that corresponds to a certain percentage of the deceased

accrued rights (of the retirement pension the scheme member was receiving at the moment of his death or would receive if at that time he met the qualifying conditions).

### 7.2. Application for a survivor pension

Those considered lawful heirs can apply for a survivor pension.

Concerning the scheme members retired according to the rules in force until 2005-12-31 and the deceased active members that would also retire according to those rules, the scheme considers lawful heirs (*survivors*) the following:

- **Surviving spouse**, regardless of any conditions;
- **Divorced or separated surviving spouse**, only if he/she was entitled to an alimony paid by the deceased agent;
- **Adult partner**, only after court decision recognizing him/her that status;
- **Children under age 18**, regardless of any conditions;
- **Children:**
  - Permanently disabled, regardless of any other conditions;

- Between age 18 and 21, if attending with success secondary classes;
- Between age 18 and 24, if attending with success higher education classes.
- **Grandchildren** meeting the children qualifying conditions and the following circumstances:
  - Both parents have died;
  - One of the parents has died and the other is unable to support the child;
  - One parent is unable to support the child and it is not possible to have alimony paid by the other;
  - Both parents are absent and don't support the child.

*(Grandchildren can only apply for the survivor pension if their parents can't)*

- **Parents and grandparents** dependants of (*supported by*) the deceased scheme member.

*(Parents and grandparents can only apply to the survivor pension if there aren't any of the beneficiaries prior mentioned)*

Concerning the scheme members that will retire (or would, if they didn't die before) according to the rules in

force from 2006-01-01 (the scheme members that didn't have nor 36 years of service nor 60 years of age in 2005-12-31 and all civil servants appointed after 1993-08-31), the scheme considers lawful heirs (*survivors*) the following:

- **Surviving spouse** (should there be no children, one year of marriage required);
- **Divorced or separated surviving spouse**, only if he/she was entitled to an alimony paid by the deceased agent;
- **Adult partner**, only after court decision recognizing him/her that status;
- **Children under age 18**, regardless of any conditions;
- **Children:**
  - Permanently disabled, regardless of any other conditions;
  - Between age 18 and 25, if attending secondary classes;
  - Between age 18 and 27, if attending higher education classes and not earning more than 2/3 of minimum national income.

- **Parents and grandparents** dependants of (*supported by*) the deceased scheme member.

*(Parents and grandparents can only apply to the survivor pension if there aren't any of the beneficiaries prior mentioned)*

### 7.3. Calculation method

If the deceased pensioner or active member retired - or could retire - according to the rules in force until 2005-12-31, the survivor pension corresponds to **50% of the retirement pension the deceased was receiving at the moment of his death or the pension he would receive if at that time he met all the retirement qualifying conditions.**

If the deceased retired or would retire according to the rules in force from 2006-01-01, the survivor pension corresponds to the sum of 50% of the retirement pension named P1 with the percentage of P2 according to the following rules:

Table V

| Beneficiaries                                     |           | % of the retirement pension of the deceased |
|---|-----------|---|
| Class   | Number    |   |
| <b>Surviving spouse and divorced or separated</b> | 1         | 60%   |
|   | 2 or more | 70%   |
| <b>Children</b>                                   | 1         | 20% (40%*)                                  |
|   | 2         | 30% (60%*)                                  |
|   | 3 or more | 40% (80%*)                                  |
| <b>Parents</b>                                    | 1         | 30%   |
|   | 2         | 50%   |
|   | 3 or more | 80%   |

\* In case no surviving spouse or divorced exist.

The survivor pension scheme of private workers (Social Security) fully applies to **civil servants appointed after 1993-08-31.**

### 7.4. Competition rules between survivors

If the deceased pensioner or active member retired - or could retire - according to the rules in force until 2005-12-31, **the competition rules** between his survivors are as follows:

- If only **survivors of the same group** apply (*surviving spouse, divorced or separated spouse and adult partner / children / grandchildren / parents and grandparents*), **the pension is equally shared between them;**

- If only **grandchildren** apply, the pension is equally shared between deceased children, then each share is equally shared between the children of each deceased child;
- If both **children** and **grandchildren** apply, the pension is equally divided among children, then the share(s) belonging to deceased children is equally shared between his/her children;
- If both **surviving spouse, divorced or separated surviving spouse, adult partner and children and/or grandchildren** apply, the pension will be divided in two halves, one for the first group (**surviving spouse, etc.**) and the other for the **children** and/or **grandchildren**. The two halves will then be divided among the survivors of the same group according to the rules prior mentioned.

The survivor pensions granted to the legal heirs of those that could not retire according to the rules in force until 2005-12-31 is distributed among them as described in Table V (pension equally shared within the same class).

### 7.5. Pension payment

The survivor pension payment is due from the:

- Death of the scheme member, when the survivor pension claim was made in the following 12 or 6 months, depending on the law the pension has been

granted upon (civil servants special scheme or private workers general scheme);

- First day of the following month to the survivor pension claim has been made, in other cases.

**The pension payment and prescription** rules are the same that apply to the retirement pension.

### 7.6. Pension rights loss

The survivor pension is paid until one of the following events occurs:

- The children or grandchildren reach age 18 and:
  - Not attend with success secondary classes (until they are 21 years old) or high education classes (until they are 24 years old);
  - Work or not attend:
    - Secondary classes (18 to 25 years old);
    - High education classes (18 to 27 years old);
  - Get married (if the child is not permanently disabled);
- Surviving spouse remarries;

- The disability or other circumstance that the pensioner met to qualify for the pension ends;
- Express waiver to the pension;
- Prescription of the entitlement to the pension;
- Acquisition of another pension;
- Pensioners' death.

#### **7.7. Pension reversion**

If the survivor pension is being **paid to more than one beneficiary** and one of them loses his pension rights, the global value of the pension is redistributed by the others, according to the rules prior mentioned.