

## INFORMATION NOTE

### Parliamentary Pension Schemes

#### 1. Background

1.1 The Subcommittee on Members' Remuneration and Operating Expenses Reimbursement requested at its meeting held on 1 November 2000 that a research be conducted with respect to the practices adopted in overseas countries regarding retirement fund for legislative Members.

1.2 In the course of our research, we have come across a survey about parliamentary pension scheme conducted by the Inter-Parliamentary Union in 1986<sup>1</sup> which was also the most updated available international survey on the subject. In this survey a total of 78 countries responded, of which 39 indicated that parliamentary pension schemes existed. Details of the survey are extracted below for Members' easy reference.

#### 2. Pension Schemes

2.1 Parliamentary pension schemes exist in nearly half the Parliaments under study, as shown in Table 1. Four Parliaments offer a terminal grant on completion of service. Pension schemes are usually based on contributions from Members' salaries. Typically, a fixed percentage (in Japan 9.7%, in Australia 11.5%) is deducted from their monthly salaries. Members receive pension benefits proportional to this monthly contribution, as well as on the basis of a certain number of years of parliamentary service and/or on reaching a specified age of retirement. Each of these factors may be low. Pensions are payable to former Members of the Cyprus House of Representatives after only four years of service provided they have reached the age of 60. A former Member of the Israeli Knesset receives a pension upon reaching 40 years of age, provided he has been a Member of the Knesset for at least four years. In the Federal Republic of Germany pensions are payable after six years service at 65. In Denmark, the required eight years parliamentary service need not necessarily be consecutive for a Member to receive a pension.

2.2 In the case of a Member's death, the beneficiaries of retirement pensions are often the surviving spouse and children. Such provisions are found, for example, in Norway and the United Kingdom. Disability pensions are a further possibility. In Australia, these payments are made where the Member's infirmity arose during his term of office.

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<sup>1</sup> Inter-Parliamentary Union, *Parliaments of the World: A Comparative Reference Compendium*, Second edition, 1986.

**Table 1 — Pension Schemes**

Type of Pension Scheme	Number of Countries
Parliamentary (Contributory and Non-Contributory)	39
State	14
Terminal Grant	4
Under Study	3
None	18
Total	78*

\* Algeria, Argentine, China, Democratic Yemen and Mali, excluded for reasons of incomplete information.

**Table 2 — Parliamentary Remuneration**

<b>Country and House(s)</b>	<b>Pension Schemes (US\$ approximately)</b>
<b>ASIA</b>	
<b>CHINA</b>	
National People's Congress (NPC)	None. All welfare entitlements at their normal place of work are retained.
<b>INDIA</b>	
Council of States House of the People	Non-contributory. Annual benefits range from US\$360 after 5 years service increasing by US\$60 for each additional year up to US\$600 max.
<b>INDONESIA</b>	
House of Representatives	Pension from 6% to 75% of basic salary, depending on length of service.
<b>JAPAN</b>	
House of Councillors House of Representatives	Contribution 9.7% of salary. Eligible for retirement pension from age 60.
<b>MALAYSIA</b>	
Senate House of Representatives	Non-contributory scheme under the MP's (Remuneration) Act 1980.
<b>MONGOLIA</b>	
Great People's Khural (GPKh)	No special scheme for parliamentarians who are covered by the State pension.
<b>PHILIPPINES</b>	
National Assembly	Contributory optional Government Service Insurance Scheme which grants gratuity pay on completion of a given period of service or a 5-year lump sum and life pension after 5 years.
<b>REPUBLIC OF KOREA</b>	
National Assembly	None
<b>SRI LANKA</b>	
Parliament	Ex-Members with over 5 years service and widows.
<b>THAILAND</b>	
Senate House of Representatives	None

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Country and House(s)	Pension Schemes (US\$ approximately)
<b>AUSTRALASIA</b>	
<b>AUSTRALIA</b>	
Senate	Contributions are 11.5% of salary. Pension payable after 8 years' service on defeat, ill health, or retirement
House of Representatives	at the age of 60 and after 12 years' service on resignation. Pension is 50% of final salary for 8 years' service, increasing with each year to 75% for 18 or more years of service.
<b>FIJI</b>	
Senate	Through Fiji National Provident Fund.
House of Representatives	
<b>NAURU</b>	
Parliament	None
<b>NEW ZEALAND</b>	
House of Representatives	Compulsory superannuation provides 1/32 of salary at date of pension eligibility, for each year of service up to a maximum of 2/3 of salary. Members contribute 11% of salary.
<b>SOLOMON ISLANDS</b>	
National Parliament	No pension but a US\$4,000 taxable terminal grant is payable.
<b>VANUATU</b>	
Parliament	None. Severance payment only.

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Country and House(s)	Pension Schemes (US\$ approximately)
<b>EUROPE</b>	
<b>AUSTRIA</b>	
Federal Council	Members contribute 13% of their salary. At age of 55 and after 10 years' service, former Members entitled to a pension of 48% of last salary plus 1.6% for each additional year of membership subject to the total not exceeding 80% of final salary.
National Council	
<b>BELGIUM</b>	
Senate	Contribution of 6.5% of salary entitles contributor to pension at age 58, after at least 5 years service at end of mandate.
Chamber of Representatives	Contribution of 6.5% of salary entitles contributor to pension at 55, after at least 8 years service at end of mandate. Those with less than 8 years receive reduced pension at 65. Pension is proportional to service for both Houses.
<b>BULGARIA</b>	
National Assembly	None
<b>CYPRUS</b>	
House of Representatives	Pension entitlement at age 60 provided office held for at least 48 months. Contributions are 1.75% of emoluments. Annual pension is 3/660 of annual emoluments on retirement, multiplied by months of service, but not exceeding 66% of final emoluments.
<b>CZECHOSLOVAKIA</b>	
Chamber of Nations Chamber of the People	No special pension scheme. MPs are covered by normal social security.
<b>DENMARK</b>	
Folketing	Retirement pension at age 67, after 8 (not necessarily consecutive) years service, US\$13,572 per year maximum. Also a pension for surviving spouse and children of a deceased Member of US\$10,987 per year.
<b>FINLAND</b>	
Eduskunta	State pension payable at age 60. Full pension of 66% salary payable after 15 years service. Family of a deceased Member also receive pension benefits.

Country and House(s)	Pension Schemes (US\$ approximately)
<b>FRANCE</b>	
Senate	A former MP receives a normal pension at age 55. Pension depends on a minimum period of service and is proportional to the years of service in Parliament but amount of contribution is double for first 15 years of service. Reduced pension or annuity is payable on request at age 50.
National Assembly	
<b>GERMAN DEMOCRATIC REPUBLIC</b>	
People's Chamber	None
<b>GERMANY</b>	
Federal Council	None
Federal Diet	Pension at age 65 of 25% basic salary for the first 6 years service, increased by 5% for each additional year. Additional service lowers eligible retirement age. Non-contributory.
<b>GREECE</b>	
Chamber of Deputies	Pension at age 55, and after 4 years service up to 80% of salary depending on service. No contributions by MP to pension fund.
<b>HUNGARY</b>	
National Assembly	Pension of approx. US\$100 per month.
<b>IRELAND</b>	
Senate	Contributory at 6% salary; pension 1/40 salary for each year of service up to 26 2/3%. Widows' pension 1/2 that of MP. Minimum service 8 years.
Dáil	
<b>ITALY</b>	
Senate	Contribution 5.6% of salary. Pension entitlement depends on years of service.
Chamber of Deputies	
<b>LIECHTENSTEIN</b>	
Diet	None
<b>LUXEMBOURG</b>	
Chamber of Deputies	A pension scheme for parliamentarians and their surviving spouses was adopted in July 1985.
<b>MALTA</b>	
House of Representatives	Contributions under the National Insurance Act (Members of Parliament Pensions Act 1979).

<b>Country and House(s)</b>	<b>Pension Schemes (US\$ approximately)</b>
<b>MONACO</b>	
National Council	None
<b>NETHERLANDS</b>	
First Chamber	None
Second Chamber	Members entitled to State pensions on retirement at age 65 with additional benefits depending on length of service. State pension contribution of 11.7% of indemnity. Also severance pay varying with length of service.
<b>NORWAY</b>	
Storting	Pension starts after 3 years service. Full pension (66% salary) after 12 years, at age 65, or when age and years of service total 75, but no pension if other corresponding salary received. Widow's pension of 60% Member's pension.
<b>POLAND</b>	
Diet	No special parliamentary scheme. Members are entitled to normal State pension.
<b>PORTUGAL</b>	
Assembly of the Republic	State pension similar to public servants after 5 years service. Contribution is 6% of salary.
<b>ROMANIA</b>	
Grand National Assembly	Members are entitled to a pension from their non-parliamentary employment.
<b>SPAIN</b>	
Senate	Social Security and Mutual Association contributions are paid out of the Parliamentary Budget.
Congress of Deputies	
<b>SWEDEN</b>	
Riksdag	State pension scheme applied. In addition, Members benefit from non-contributory Riksdag scheme providing US\$2,300. Other forms of pension payable before age 65 also apply.
<b>SWITZERLAND</b>	
States Council	None
National Council	

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Country and House(s)	Pension Schemes (US\$ approximately)
<b>UNION OF SOVIET SOCIALIST REPUBLICS</b>	
Soviet of Nationalities Soviet of the Union	No special parliamentary scheme. Members are entitled to the same pension as other citizens.
<b>UNITED KINGDOM</b>	
House of Lords	None, except for government Ministers, Leader of the Opposition and various parliamentary offices.
House of Commons	All MPs, except Speaker and Prime Minister, contribute 6% of salary of ordinary MP to receive pension accruing at 1/60 final salary for each year of service.
<b>YUGOSLAVIA</b>	
Federal Chamber Chamber of Republics and Provinces	No special parliamentary scheme. Members covered by State pension insurance.

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<b>Country and House(s)</b>	<b>Pension Schemes (US\$ approximately)</b>
<b>MIDDLE EAST AND AFRICA</b>	
<b>ALGERIA</b>	
National People's Assembly (APN)	Information not available.
<b>CAMEROON</b>	
National Assembly	Contribution of 6% of basic parliamentary allowance. Assembly's contribution is 12%.
<b>CAPE VERDE</b>	
People's National Assembly	President only has pension entitlements.
<b>COMOROS</b>	
Federal Assembly	MPs are affiliated to civil service pension fund, with Federal Assembly contributing at rate of 26% calculated on total parliamentary remuneration.
<b>CONGO</b>	
People's National Assembly (ANP)	None
<b>DEMOCRATIC YEMEN</b>	
Supreme People's Council	All MPs receive salaries, etc., according to prescribed scales.
<b>EGYPT</b>	
People's Assembly	Currently under study.
<b>GABON</b>	
National Assembly	Lump sum pension provided on contributions representing 6% of salary.
<b>ISRAEL</b>	
The Knesset	Non-contributory. Benefits payable on leaving Parliament following at least 4 years service and after age 40.
<b>IVORY COAST</b>	
National Assembly	Yes
<b>JORDAN</b>	
Senate House of Deputies	None

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Country and House(s)	Pension Schemes (US\$ approximately)
<b>KENYA</b> National Assembly	None
<b>KUWAIT</b> National Assembly	Contribution at 5% salary. Benefits vary with service: 1 year provides for notional 15 years; 4 years for 75% of salary increasing with longer service.
<b>LEBANON</b> National Assembly	Benefits range from 55% to 75% of salary.
<b>MALAWI</b> National Assembly	Contributions are 5% of salary.
<b>MALI</b> National Assembly	Information not available.
<b>MAURITIUS</b> Legislative Assembly	4% of gross salary payable under the Legislative Assembly (Retiring Allowances) Act.
<b>RWANDA</b> National Development Council	Under study.
<b>SENEGAL</b> National Assembly	Pension scheme to which Members make a monthly partial contribution, the balance being contributed by Parliament.
<b>SOMALIA</b> People's Assembly	Pension scheme for Members.
<b>SOUTH AFRICA</b> Houses of Assembly, Representatives, and Delegates	Contributory scheme of 10% of salary provides pension and gratuity after 8 years of service. Maximum pension and gratuity after 15 years.
<b>SYRIAN ARAB REPUBLIC</b> People's Council	None
<b>TUNISIA</b> Chamber of Deputies	Contributions are 10% of salary to the National Pension Fund.

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<b>Country and House(s)</b>	<b>Pension Schemes (US\$ approximately)</b>
<b>UGANDA</b> National Assembly	Non-contributory scheme providing 30% of salary as yearly gratuity and 1 year's basic salary as death gratuity.
<b>UNITED REPUBLIC OF TANZANIA</b> National Assembly	Non-contributory pension after 10 years' service. If less than 10 years a gratuity of 1/4 total emoluments.
<b>ZAIRE</b> Legislative Council	Under study.
<b>ZAMBIA</b> National Assembly	At least 3 years continuous service entitles MPs to a gratuity of 25% basic salary.
<b>ZIMBABWE</b> Senate House of Assembly	Members contribute 5% of salary.

Country and House(s)	Pension Schemes (US\$ approximately)
<b>NORTH AMERICA AND THE WEST INDIES</b>	
<b><i>BAHAMAS</i></b>	
Senate	None
House of Assembly	
<b><i>CANADA</i></b>	
Senate	Pension after resignation or retirement if 6 years of service, based on length of service and average salary over best six years up to a max. of 75% of that average. Minimum contribution 6% of sessional indemnity. Additional pension awarded for periods of extra duties.
House of Commons	Pension after 6 years minimum service, amount depending on length of service, up to 75% of annual average indemnity. Additional pension in case of holding other offices. Compulsory contribution of 10% of indemnities and salaries.
<b><i>ST VINCENT</i></b>	
House of Assembly	Non-contributory scheme providing gratuity of 2 years highest salary plus pension of 1/3 monthly salary after 9 years service, rising with length of service to a maximum of 3 years highest salary and 1/2 monthly salary.
<b><i>UNITED STATES OF AMERICA</i></b>	
Senate	Members contribute to the national Social Security system. They may also contribute 8% of salary to the
House of Representatives	Civil Service Retirement System for which benefits are payable after 5 years service.

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Country and House(s)	Pension Schemes (US\$ approximately)
<b>LATIN AMERICA</b>	
<b>ARGENTINA</b>	
Senate	Information not available.
Chamber of Deputies	
<b>BRAZIL</b>	
Federal Senate	"Members Pension Institute"
Chamber of Deputies	
<b>COSTA RICA</b>	
Legislative Assembly	Full State pension after 30 years service and on reaching age 50. Otherwise proportional to years of service. Pensions are based on average salary over last 5 years of service.
<b>CUBA</b>	
National Assembly of People's Power	None
<b>MEXICO</b>	
Chamber of Senators	As for public servants.
Chamber of Deputies	
<b>NICARAGUA</b>	
National Assembly	Members receive normal State pension.

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