FACT SHEET

Preliminary Observations on the Retirement and Medical Benefits for Members in Selected Overseas Legislatures

1. Introduction

1.1 In January 2006, the Legislative Council Commission requested the Research and Library Services Division to conduct a research on the budgetary arrangements for overseas legislatures. One of the issues covered by the research, which is going to be completed by June 2006, is on whether Members of overseas legislatures are entitled to retirement and medical benefits. This fact sheet presents the preliminary observations on the issue to facilitate the deliberation of the Subcommittee on Members' Remuneration and Operating Expenses Reimbursement.

1.2 The overseas legislatures studied in the research are the House of Representatives in the United States (US), the House of Commons in the United Kingdom (UK), the House of Commons in Canada, the Parliament of Singapore and the Legislative Assembly in the State of New South Wales (NSW) in Australia.

2. Retirement benefits

2.1 The research finds that all selected legislatures provide retirement benefits to Members.

House of Representatives in the United States

2.2 In the US, Members are covered by one of the following retirement arrangements, which are developed by Congress but administered by the federal government:

(a) full coverage under both the Civil Service Retirement System (CSRS) and the Social Security System;

(b) the "CSRS Offset" plan, which includes both CSRS and the Social Security System, with CSRS contributions and benefits being reduced by Social Security contributions and benefits;

(c) the Federal Employees' Retirement System (FERS) plus the Social Security System; or

(d) the Social Security System alone.
2.3 While the Social Security System is jointly financed by Members and the federal government, all the other plans involved in these retirement arrangements are jointly financed by Members and Congress. Taking into account the uncertain tenure of congressional service, both CSRS and FERS require Members and the responsible authorities to make more contribution than most other federal employees so as to gain larger retirement benefits. Under CSRS, the contribution rate for federal employees is 7% of their salaries, while that for their employing agencies is 7% of payroll. The contribution rate for Members is 8% of their salaries, while that for Congress is 8% of payroll. Under FERS, the contribution rate for federal employees is 0.8% of their salaries, while that for their employing agencies is about 10.7% of payroll. The contribution rate for Members is 1.3% of their salaries, while that for Congress is 15.8% of payroll.

House of Commons in the United Kingdom

2.4 In the UK, all Members are entitled to participate in the Parliamentary Contributory Pension Fund provided by the UK Parliament. The Fund is the retirement scheme for not only Members but also government ministers. It is contributed by both participants and the government. The contribution rate for Members is 10% of their salaries, while the government's contributions are paid at a rate recommended from time to time by the Government Actuary. The Fund is administered by a trustee comprising nine members, eight of whom are Members.

House of Commons in Canada

2.5 In Canada, all Members are required to participate in the retirement scheme under the Members of Parliament Retiring Allowance Act. The contribution rate for Members is 7% of their salaries. The government's contribution rate varies from year to year, depending on the financial performance of the retirement scheme. According to Parliament, the retirement benefits for Members are generally considered to be more generous than those available to senior civil servants.

Parliament of Singapore

2.6 In Singapore, Members elected before 1995 are entitled to participate in the Parliamentary Pensions Scheme under which the pensions they receive depend on their length of parliamentary service. Members elected after 1995 must participate in the Central Provident Fund, which is jointly financed by Members and the government. The contribution rate of a Member ranges from 5% to 20% of his or her allowance,\(^1\) depending on his or her age. The younger a Member is, the higher the Member is required to pay. The government contribution rate for a Member ranges from 3.5% to 16% of the Member's allowance, which also depends on the age of the Member. The younger the Member is, the higher rate the government is required to pay.

\(^1\) In Singapore, a Member's income from Parliament is called "allowance" instead of "salary" because, according to the Parliament Secretariat, the parliamentary duties performed by Members are generally considered as part-time.
Legislative Assembly in the State of New South Wales

2.7 In NSW, Members are entitled to participate in the Parliamentary Contributory Superannuation Fund established by the NSW Parliament. The NSW government contributes monthly to the Fund an amount equivalent to 12.5% of a Member's salary. Members can also contribute to the Fund on a voluntary basis. The Fund is administered by a trustee, with most members being Members of the Legislative Assembly. According to the Legislative Assembly, the retirement benefits for Members are generally considered to be more generous than those available to senior civil servants.

3. Medical benefits

3.1 The research finds that Members in the US and Canada are entitled to medical benefits as part of their remuneration package. In the UK, Members are only provided with in-house medical services while working at Parliament. In NSW, Members are not entitled to any medical benefits or services provided by the Legislative Assembly or the state government.

House of Representatives in the United States

3.2 In the US, Members are eligible to participate in the Federal Employees Health Benefits Program (FEHBP) on a voluntary basis, as serving and retired federal employees do. Under the programme, Members can select from among a variety of health benefit plans with varying levels of benefits and premiums. The federal government pays not more than 75% of the total premium for any plan selected by a participant. In addition, similar to federal employees, Members are automatically enrolled in the Basic Life Insurance under the Federal Employees' Group Life Insurance (FEGLI) Program. The cost of the Basic Life Insurance is shared between a Member and the federal government, with the Member paying two-thirds and the federal government one-third.

House of Commons in Canada

3.3 In Canada, Members are entitled to medical benefits, which are also available to civil servants. In particular, they are entitled to participate in the Public Service Health Care Plan, which provides Members, their spouses and dependants with coverage for costs they have incurred for eligible services and products. Following the same arrangement for civil servants, the funding of the Plan is 75% from the House and 25% from Members. Members are also entitled to participate in the Public Service Dental Care Plan. The cost of the Plan for Members is fully paid by the House.
Parliament of Singapore

3.4 In Singapore, Members elected before 1995 are entitled to participate in the Co-payment on Ward Scheme, the benefits of which include the provision of free-of-charge outpatient treatments at any Government Outpatient Dispensary. Members elected after 1995 are entitled to participate in the Medisave cum Subsidized Outpatient Scheme, the benefits of which include a subsidy of up to SG$350 (HK$1,700) per calendar year for a Member's medical expenses at any Government Outpatient Dispensary. In addition, like ordinary citizens, Members are required to contribute to their Medisave Accounts under the Central Provident Fund.
References


