

**Question for written answer E-011685/2011
to the Commission**
Rule 117
Louis Grech (S&D)

Subject: Service pensions

Malta's Social Security Act allows a deduction to be made from the local retirement pension in cases where the pensioner is also in receipt of what is known as a service pension (for past services in Malta or abroad, e.g. in the UK military). People in receipt of a service pension will only benefit from it if it provides an income of less than the maximum amount awarded under the national insurance pension, in which case the recipient would only receive the difference between the two.

This also means that if a pensioner receives a service pension which is equivalent to or more than the maximum pension payable under the national insurance scheme he will only receive the national insurance amount and nothing at all from his service pension entitlement.

In addition, for those who receive a service pension awarded in a foreign currency, the Department of Social Security uses the exchange rate which existed at the time when the individual first became entitled to the pension, as opposed to the exchange rate on the date on which the individual actually receives it. This means that if a service pension is awarded in a currency other than the Maltese lira (now the euro) – for example, in sterling in the case of Maltese nationals who previously worked with the UK Military Services – the pension is converted using the exchange rate that applied on the date on which it was originally awarded. Consequently, the exchange rate applied to the service pension remains static despite the fact that the pension itself continuously increases due to cost-of-living adjustments. This means that, in Malta, former servicemen in receipt of such foreign pensions are experiencing, in addition to the ceiling imposed by the national insurance scheme, a reduction in their local social security pensions due to the application of this unfair exchange rate.

Does the Commission consider the ceiling imposed by the Social Security Act to be fair to those who have earned their service pensions?

Is the calculation method employed by the Maltese national authorities in conformity with the rules laid down in Regulation (EEC) No 1408/71?

Despite the fact that social security issues broadly fall within the national remit, will the Commission take any action, be it advisory or regulatory, in response to this situation?