



ASSOCIATION DU PERSONNEL

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STAFF ASSOCIATION

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MEETING OF THE TRIPARTITE WORKING GROUP ON PENSIONS HELD ON 29 AND 30 JANUARY 1985

1. FINANCIAL SITUATION OF THE STAFF INSURANCE SCHEME

- a) After examining the Actuarial Study, the Delegations came to the conclusion that the present technical deficit of the Scheme (17.5% of the difference between current values of future benefits and contributions, i.e. around 192 Million Swiss francs) would only be serious in the event of dissolution of the Scheme and that the main emphasis now should be on limiting any increase in that deficit.

The Staff Association pointed out that, with this hypothesis, the problem of guarantees became even more important.

- b) The Member States' Delegates requested the Management to assess the financial consequences of the following items:

1. the postponement of the entry into force of the fourth step until 1.1.1985;
2. the implications of the change in contribution level (both employer and employee) at the SIG.
3. anticipated pensions between 60 and 64 years with no reduction factor;
4. the payment to the Scheme of a special contribution whenever pension indexation exceeds 1.5%;
5. an increase in the Organization's annual contribution by a cumulative 0.5% for 8 years.
6. negotiated departures: (cost the Scheme more than retirement at 65);
7. re-introduction of the article included in the 1967 Regulations of the Staff Insurance Scheme (Article 39.4) whereby the Organization would pay an additional contribution to the Fund *in the event of a net interest yield on investment amounting to less than 3.5% per annum.*

At present these various items are merely requests for information; however they do illustrate the danger that our pensions may be reduced before they have reached the level of the reference organizations. The Staff Association has expressed its strong opposition to postponing the fourth step which should have come into force on 1.1.1984. However, it was the Staff Association which proposed the re-introduction of Article 39.4 of the 1967 Regulations (*see item 7 above*).

II. GUARANTEES IN THE EVENT OF DISSOLUTION OF THE ORGANIZATION

The two Host States officially confirmed their positions:

- a) **Switzerland** envisages the creation of a Foundation, which would have the same privileges and immunities as the Organization, provided that Article 20 of the Headquarters Agreement is modified before the dissolution.

That solution would afford two guarantees:

- 1) the supervisory authority would be the Confederation,
- 2) the financial management of the Foundation would be undertaken by the ControTe Federal des Finances (Swiss Federal Audit Office)

However, the Foundation could only honour the rights of beneficiaries if there were no technical deficit at the time of dissolution.

(It should be pointed out in this regard, that if any insurance company were now asked to take over the management of the Scheme it would do so with the same proviso.)

b) **The French Delegation** pointed out that '*as far as employees of the Organization with French nationality are concerned, the most satisfactory technical solution would be to re-integrate them into national social security schemes*'. That could be done by extending to CERN the system for the transfer of pension rights of European Communities' civil servants to national schemes (*Article 11 of the Staff Regulations of the European Communities*). Other countries could also introduce this procedure.

The legal and financial consequences of these two proposed solutions, which had been recognized as potentially complementary, should be studied in detail as soon as possible.

The Staff Association took note of the proposals made by both the Swiss and French Delegations, but, in common with other Delegations, it recommended that the choice between participating in the Foundation and transferring to national schemes should be left to the individual.

The following were amongst the items to be studied :

- . the representation of beneficiaries (and of ex Member States)
- . the mechanism for indexing the benefits paid by the Foundation;
- . the situation of pensioners under the French proposal;
- . the consequences of the withdrawal of a single Member State.

The Association reminded the Working Group that, in the event of dissolution of the Organization, the Scheme would have to be technically balanced if the rights of beneficiaries were to be respected.

The Association requested that it should be invited to participate in the detailed studies which will follow the definition of the overall framework for guarantees.

Original version: French

CORRIGENDUM

Bulletin No.7 du 11.2.1985

COMPTE RENDU DE LA REUNION TRIPARTITE
SUR LES PENSIONS DU CERN 29/30 JANVIER
1985. (Texte Original Francais)

- . Point II-a).
- . **II y a lieu de lire :**

Deux garanties seraient assurees:

- Pautorite de surveillance serait la Confederation
- la gestion financiere de la Fondation serait assuree par le Controle Federal des Finances.