CERN/FC/5537
CERN/2972
Original : English
10 June 2011

ORGANISATION EUROPÉENNE POUR LA RECHERCHE NUCLÉAIRE
CERN EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

Action to be taken — *Voting Procedure*

For recommendation	**FINANCE COMITTEE** 336th Meeting **22 June 2011**	Two-thirds Majority of the Member States represented and voting +51% of the contributions of all Member States
For decision	**COUNCIL** 159th Session **23 and 24 June 2011**	Two-thirds Majority of the Member States represented and voting

PROPOSALS BY THE MANAGEMENT CONCERNING THE COMPLETION OF THE PACKAGE OF MEASURES TOWARDS RESTORING FULL FUNDING OF THE CERN PENSION FUND

The Finance Committee is invited to recommend and the Council is invited to adopt the proposed Resolution attached as Annex 2 hereto, thereby finalizing the entire package of measures towards restoring full funding of the CERN Pension Fund.

COMPLETION OF THE PACKAGE OF MEASURES TOWARDS RESTORING FULL FUNDING OF THE CERN PENSION FUND

I.- INTRODUCTION[1]

CERN's obligation to provide adequate social protection for its employees derives from the Convention and is recalled in the Agreements with the two Host States as well as in the Protocol on CERN's privileges and immunities. The resulting social security scheme created by the Organization includes, inter alia, a defined benefit pension scheme, guaranteed by the employer Organizations (CERN and ESO), that is intended to "*insur[e] its members and beneficiaries and the members of their families against the economic consequences of the disability and old age of its members and of the death of its members and beneficiaries*".[2]

In June 2007, the Council approved new governance principles and structure for the CERN Pension Fund and decided that the Fund must be fully funded, i.e., that its existing assets must at all times cover the totality of its liabilities. The definition and achievement of full funding became a priority for the Organization and was the focus of Working Group 2 (WG2), established by the Pension Fund Governing Board in March 2008.

In its report to the Council,[3] WG2 concluded that full funding[4] could be achieved over a projection period of 30 years via the following modalities:

- Increase in total contribution rate from 30.88% to 34%.
  Impact: average of +15.5 MCHF/year over 30 years
- Introduction of a mechanism by which Member States would retrocede to the Fund a percentage of the taxes levied on CERN pensions.
  Impact: average of +45.3 MCHF/year over 30 years
- Creation of a buffer fund supported by special contributions from Member States.
  Impact: average of +53.3 MCHF/year over 30 years

The average annual income produced by these measures would be +114.1 MCHF over 30 years.

1 Additional information on the CERN pension scheme, its management structure and the developments prior to 2010 is set out in CERN/FC/5498-CERN/2947.
2 Article I 1.01 of the Rules of the Pension Fund.
3 Submitted as a White Paper in December 2009 and as a Green Paper in March 2010 (CERN/2897).
4 WG2 considered that the Fund would be fully funded "when the funding ratio attains at least 100%"; the Council has yet to formally approve a definition of full funding and may adopt a more cautious approach.

In December 2009, the Council considered that the report of WG2 "*contain[ed] valid elements for its future decisions*". It decided to set up an Advisory Group "*with the remit to enable the Council to adopt a balanced package of measures that would be feasible from the political and financial points of view and that ha[d] a solid legal foundation*". The Council invited the Advisory Group to use the same actuarial assumptions as WG2.

In March 2010, the Advisory Group reported to the Council on its preliminary discussions, outlining possible measures to raise the sum of 80 MCHF per annum, identified as necessary to stop the deterioration of the Pension Fund's financial position in the short term, as well as longer term measures to raise a further 34 MCHF per annum to restore full funding.

The Advisory Group submitted its final report to the Council in June 2010, making the following proposals:

- A special provision to be included in the CERN Budget as of 2011 for the benefit of the Pension Fund;
- ESO to be invited to include a similar special provision in its budget;
- Management to initiate *concertation* with the Staff Association on an increase in the total contribution rate and a modification of the annual pension adjustment method; and,
- Management to elaborate and propose a pension package for newly-recruited staff, taking into account increased life expectancy, pension policies in other international organizations and national pension systems in the CERN Member States, for application as from 1 January 2011 or as soon as feasible thereafter.

Accordingly, in June 2010, the Council asked the Management to enter into *concertation* with the Staff Association on the basis of the guidelines received that foresaw the achievement of full funding of the Pension Fund over a 30 year projection period.

In December 2010, following *concertation* with the Staff Association, consultation with ESO and discussion at TREF, the Management submitted its proposal "*concerning a package of measures towards full funding of the CERN Pension Fund*" (CERN/2947) to the Council. The Council unanimously approved this package, composed of the following four elements:

(a) Measures concerning participating Organizations/Member States

CERN to pay special contributions of 60 MCHF per annum into the Fund.

In application of the CERN-ESO Agreement, the CERN Council to ask ESO to pay special contributions into the Fund at a level to be determined by the Actuary.[5]

(b) Measure concerning participating Organizations/current members of the Fund

As from 1 January 2011, increase in the total contribution rate by 3.12 percentage points, from 30.88% to 34%.

The contributions to continue to be apportioned between the Organizations and the members of the Fund on a two-thirds; one-third ratio.

(c) Measure concerning current beneficiaries of the Fund (recipients of a pension[6] as at 31 December 2011)

As an extraordinary measure, a partial derogation of the annual adjustment of pensions procedure and method in Article II 1.15 of the Rules of the Fund and Annex C thereto, as a result of which no annual adjustment of pensions to be granted to recipients of a pension as at 31 December 2011 until such time as their individual accumulated loss of purchasing power reached 8%. Thereafter, the annual variation of the Geneva consumer price index to be granted.

(d) Measures concerning new members and future beneficiaries of the Fund (recipients of a pension as from 1 January 2012)

New pension arrangements to be defined for future recruits and, with respect to future beneficiaries, transition arrangements to be proposed for the application of the annual adjustment of pensions.

The Council's approval of the package was premised on the understanding that:

(i) the measures of element (d) concerning new members and future beneficiaries of the Pension Fund would be submitted to the Finance Committee and the Council in June 2011, for implementation with effect from 1 January 2012;

---

5 Estimated in 2010 at 3 MCHF per annum; current best estimate is 1.3 MCHF per annum.

6 This includes persons entitled to a deferred pension.

(ii) individual components of the package could not be revised without revision of the entire package;

(iii) any future revision would maintain the equitable distribution model contained in CERN/FC/5498-CERN/2947;

(iv) the equitable and interdependent distribution of the four components of the package of measures between all stakeholders would be formalised in a Council Resolution to be submitted for adoption in June 2011; and,

(v) the Organization would continue to pay a special contribution of 60MCHF per annum until full funding was confirmed by the PFGB in its annual report.[7]

This document sets out the Management's proposal for element (d), in section II; demonstrates that the entire package of measures leads to full funding within the projection period, as confirmed by the Actuary, in section III; and proposes that the Council adopts the entire package on the basis of a draft Resolution as annexed hereto.

II.- MANAGEMENT PROPOSAL FOR MEASURES CONCERNING NEW MEMBERS AND FUTURE BENEFICIARIES

Having concluded its comparative review of international and national pension plans, the Management elaborated the proposals set out hereunder. These proposals were subject to discussion within the Standing Concertation Committee but, regrettably, no common position was reached between the Management and the Staff Association. The proposals were also discussed at TREF and ESO was consulted as foreseen by the CERN-ESO Agreement.

(a) Measures concerning new members (recruited as from 1 January 2012)

The retirement age shall be 67 years. It follows, then, that the age at which a beneficiary can opt to receive an anticipated retirement pension shall increase from 50 to 52 and the reduction factors shall be adjusted accordingly. The corresponding amendments of Article R II 5.01 of the Staff Regulations and relevant articles of the Rules of the Fund shall be submitted for approval later this year.

---

[7] CERN/2954

The total contribution rate shall be set at 28.33%,[8] apportioned on a 40% : 60% ratio as follows: member, 11.33% : Organization, 17% (i.e., a saving of 5.67 percentage points in comparison to the Organization's current contribution level of 22.67%). The corresponding amendment of Article II 1.07 of the Rules of the Fund shall be submitted for approval later this year.

The amount of the retirement pension shall be calculated by taking for each year of membership, up to a maximum of 37 years and 10 months of service,[9] 1.85% of the reference salary[10] applicable to the average of the member's last three years' salary position at the time of termination of membership. The corresponding amendments of Article II 2.02 and other relevant articles of the Rules of the Fund shall be submitted for approval later this year.

Table 1 shows the differences between the pension arrangements for current members and those proposed for new members.

Table 1

Parameter	**Member on or prior to 31 December 2011**	**New member as of 1 January 2012**
Retirement age	65	67
Total contribution rate	34%	28.33%[11]
Contribution ratio (member : Organization)	1/3 : 2/3	40% : 60%
Contribution beneficiary	11.33%	11.33%
Contribution Organization	22.67%	17%
Annual accrual rate	2%	1.85%
Maximum pension	70% (after 35 years of service)	70% (after 37 years, 10 months of service)
Pensionable salary	Last salary	Average of last three years' salary position

[8] The total contribution rate has been established in accordance with current actuarial parameters. Should a change in these parameters, such as an increase in longevity, make it apparent that this rate is no longer sufficient to finance the pension promise made to future recruits, it may prove necessary to propose an increase in the rate. All parties are in agreement that, should such an adjustment be decided by the Council in 2011, it can be absorbed within the current package of measures.

[9] This permits a maximum pension of 70% of the reference salary, as is the case today.

[10] The concept of "reference salary" was introduced by the Council in October 1985, upon the recommendation of an expert working group set up by the Finance Committee, in order to take account of Member State taxation of pensions. The reference salary is the gross salary on the basis of which the contribution to the Pension Fund and, ultimately, the pension is calculated. It is determined by multiplying the basic salary by a factor ("coefficient C"), which is deemed to represent an average tax burden.

[11] *Supra*, footnote 8.

The provisions of Article III 1.02 of the Fund's rules, entitled "*Acquired Rights*", shall not apply to new members, who shall, however, continue to enjoy the general protection afforded by international administrative law. The corresponding amendment to the Rules of the Fund shall be submitted for approval later this year.

(e) Measures concerning future beneficiaries of the Fund (recipients of a pension[12] as from 1 January 2012)

With respect to the annual adjustment of pensions for future beneficiaries, provision is made for **non-indexation** and/or **under-indexation** of pensions, always provided that the individual accumulated loss of purchasing power of a beneficiary shall not exceed 8%. Thereafter, as foreseen by Article II 1.15 and Annex C, the annual variation of the Geneva consumer price index shall be granted.

The proposed mechanism is based upon the Council's decision of December 2010 in respect of current beneficiaries, whereby no annual adjustment of pensions shall be granted until such time as their individual accumulated loss of purchasing power reached 8%. However, in order to maintain the equitable distribution of the measures to restore the Pension Fund amongst all stakeholders, the effort of current staff, i.e. future beneficiaries, in paying increased contributions is taken into account by the establishment of ceilings for non-indexation and under-indexation of pensions which vary depending on the individual retirement situation, as set out in Table 2.

[12] This includes persons entitled to a deferred pension.

Table 2

Month in which beneficiary status commences	Ceiling for auto non-indexation	Potential under-indexation	Max loss of PP		Month in which beneficiary status commences	Ceiling for auto non-indexation	Potential under-indexation	Max loss of PP
Jan-12	8.00%	zero	8%		Jan-16	4.30%	3.70%	8%
Feb-12	8.00%	zero	8%		Feb-16	4.20%	3.80%	8%
Mar-12	8.00%	zero	8%		Mar-16	4.10%	3.90%	8%
Apr-12	8.00%	zero	8%		Apr-16	4.00%	4.00%	8%
May-12	8.00%	zero	8%		May-16	3.90%	4.10%	8%
Jun-12	8.00%	zero	8%		Jun-16	3.80%	4.20%	8%
Jul-12	8.00%	zero	8%		Jul-16	3.70%	4.30%	8%
Aug-12	8.00%	zero	8%		Aug-16	3.60%	4.40%	8%
Sep-12	8.00%	zero	8%		Sep-16	3.50%	4.50%	8%
Oct-12	8.00%	zero	8%		Oct-16	3.40%	4.60%	8%
Nov-12	8.00%	zero	8%		Nov-16	3.30%	4.70%	8%
Dec-12	8.00%	zero	8%		Dec-16	3.20%	4.80%	8%
Jan-13	7.90%	0.10%	8%		Jan-17	3.10%	4.90%	8%
Feb-13	7.80%	0.20%	8%		Feb-17	3.00%	5.00%	8%
Mar-13	7.70%	0.30%	8%		Mar-17	2.90%	5.10%	8%
Apr-13	7.60%	0.40%	8%		Apr-17	2.80%	5.20%	8%
May-13	7.50%	0.50%	8%		May-17	2.70%	5.30%	8%
Jun-13	7.40%	0.60%	8%		Jun-17	2.60%	5.40%	8%
Jul-13	7.30%	0.70%	8%		Jul-17	2.50%	5.50%	8%
Aug-13	7.20%	0.80%	8%		Aug-17	2.40%	5.60%	8%
Sep-13	7.10%	0.90%	8%		Sep-17	2.30%	5.70%	8%
Oct-13	7.00%	1.00%	8%		Oct-17	2.20%	5.80%	8%
Nov-13	6.90%	1.10%	8%		Nov-17	2.10%	5.90%	8%
Dec-13	6.80%	1.20%	8%		Dec-17	2.00%	6.00%	8%
Jan-14	6.70%	1.30%	8%		Jan-18	1.90%	6.10%	8%
Feb-14	6.60%	1.40%	8%		Feb-18	1.80%	6.20%	8%
Mar-14	6.50%	1.50%	8%		Mar-18	1.70%	6.30%	8%
Apr-14	6.40%	1.60%	8%		Apr-18	1.60%	6.40%	8%
May-14	6.30%	1.70%	8%		May-18	1.50%	6.50%	8%
Jun-14	6.20%	1.80%	8%		Jun-18	1.40%	6.60%	8%
Jul-14	6.10%	1.90%	8%		Jul-18	1.30%	6.70%	8%
Aug-14	6.00%	2.00%	8%		Aug-18	1.20%	6.80%	8%
Sep-14	5.90%	2.10%	8%		Sep-18	1.10%	6.90%	8%
Oct-14	5.80%	2.20%	8%		Oct-18	1.00%	7.00%	8%
Nov-14	5.70%	2.30%	8%		Nov-18	0.90%	7.10%	8%
Dec-14	5.60%	2.40%	8%		Dec-18	0.80%	7.20%	8%
Jan-15	5.50%	2.50%	8%		Jan-19	0.70%	7.30%	8%
Feb-15	5.40%	2.60%	8%		Feb-19	0.60%	7.40%	8%
Mar-15	5.30%	2.70%	8%		Mar-19	0.50%	7.50%	8%
Apr-15	5.20%	2.80%	8%		Apr-19	0.40%	7.60%	8%
May-15	5.10%	2.90%	8%		May-19	0.30%	7.70%	8%
Jun-15	5.00%	3.00%	8%		Jun-19	0.20%	7.80%	8%
Jul-15	4.90%	3.10%	8%		Jul-19	0.10%	7.90%	8%
Aug-15	4.80%	3.20%	8%		Aug-19	0.00%	8.00%	8%
Sep-15	4.70%	3.30%	8%					
Oct-15	4.60%	3.40%	8%		thereafter	zero	8.00%	8%
Nov-15	4.50%	3.50%	8%					
Dec-15	4.40%	3.60%	8%					

Once a beneficiary has attained his individual ceiling for **non**-indexation of pension, the following method for the annual adjustment of pensions, which includes under-indexation, shall apply.

If the annual variation of the Geneva consumer price index is positive, the annual adjustment of pensions shall be proportional to the actual funding ratio of the Pension Fund in a closed fund technical balance sheet,[13] in accordance with the following calculations:

- If the actual funding ratio is less than 100%, the adjustment shall be the product of the annual variation of the Geneva consumer price index multiplied by the funding ratio, up to a maximum of the actuarial parameter for annual inflation as set out in the Actuary's triennial report (currently 2%);[14]
- If the actual funding ratio is equal to or greater than 100%[15], the annual variation of the Geneva consumer price index shall be granted;
- Notwithstanding the foregoing, if the actual funding ratio has been greater than 110% for three or more consecutive years, the annual variation of the Geneva consumer price index multiplied by the funding ratio shall be granted to those beneficiaries who have accumulated a loss of purchasing power as compensation. Beneficiaries who have not accumulated a loss of purchasing power, or who have been fully compensated therefore, shall be granted the annual variation of the Geneva consumer price index.

If the annual variation of the Geneva consumer price index is **zero**, no adjustment shall be granted.

If the annual variation of the Geneva consumer price index is **negative**, the adjustment shall be zero. In accordance with existing practice, the resulting effective increase in purchasing power shall be reflected in the individual accumulated loss of purchasing power account of each beneficiary. This account can indicate a negative balance.

These provisions are summarised in Table 3.

---

13 As confirmed in the annual financial statements of the Fund approved by the Council.

14 Always provided that the individual accumulated loss of purchasing power shall not exceed 8%, as set out above.

15 A 100% funding ratio is the point at which under-indexation should no longer be utilized, independent of the Council definition of full funding.

Table 3

Annual variation of the Geneva consumer price index (CVI)	**Funding Ratio (FR) in %**	**Adjustment**
<0	n/a	zero Effective increase shall be reflected in individual loss of purchasing power (PP) account
0	n/a	zero
>0	<100	CVI x FR to a max of 2%, where 2 = current actuarial parameter, as set out in the Actuary's triennial report *NB: once individual loss of PP = 8%, full CVI shall be granted*
	>100	CVI
	>110 for 3 or more consecutive years	CVI x FR in compensation of accumulated loss of PP CVI if no (remaining) accumulated loss of PP

The Pension Fund (Chief Executive Officer) shall implement these measures on an annual basis on behalf of the Council.

The corresponding amendments of Annex C to the Rules of the Fund shall be submitted for approval later this year.

III.- Actuarial impact of the entire package of measures towards restoring full funding of the CERN Pension Fund

On 3 May 2011, the Actuary confirmed that the impact of the entire package of measures, i.e., those adopted in December 2010 and those set out herein, results in achievement of a 100% funding ratio within the applicable projection period and, thereafter, sustainable full funding. Detailed actuarial figures are set out in Annex 1.

IV.- Non-mandatory measures for current members of the Fund

As a complement to the above package of measures, and in conformity with the guidelines from the Advisory Group, the Management is examining measures that could be offered to current staff members on a voluntary basis, in particular the possibility of working beyond the current retirement age of 65. Such a measure is attractive to staff members, has the support of the Staff Association, and would contribute to the restoration of the financial equilibrium of the Pension Fund.

The Management will discuss this matter further with the Staff Association later this year.

V.- CONCLUSION

In accordance with the Council's decision of December 2010, the Management invites the Finance Committee to recommend and the Council to adopt the proposed Resolution attached as Annex 2, thereby finalizing the entire package of measures towards restoring full funding of the CERN Pension Fund.

*****

ANNEX 1

(to CERN/FC/5537-CERN/2972)

Report entitled "*Impact of the package of measures towards restoring full funding*" dated May 2011 by Pittet Associates, Pension Fund Advisors

PITTET ASSOCIATES
Pension Fund Advisors

Impact of the package of measures towards restoring full funding

THE PENSION FUND OF THE EUROPEAN ORGANISATION FOR NUCLEAR RESEARCH

May 2011

COMPETENCE AND COMMITMENT FOR PENSION PLANNING

CONTENTS

1. GENERAL CONSIDERATIONS

1.1 Mandate

The Pension Fund of the European Organisation for Nuclear Research (hereafter the CERN PF or the Fund) provided us with a mandate to determine the impact of the application of the entire package of recovery measures towards restoring full funding of the Fund. This impact is measured through projective models, along with a comparison between the trend in the funding ratio before and after applying the proposed package. In particular, the projective models must determine whether or not a 100% funding is reached within 30 years, after having applied the different measures of the package.

The present report contains the main characteristics of the package, especially the different proposed measures, as well as the main features of the projective models used.

1.2 Documentation

We have based our projection on the following statements and documentation:

- Rules and regulations of the Fund from 01.01.1986, last updated on 01.01.2011;
- Actuarial report as at 1 January 2010, final version of 15 October 2010;
- List of active members and pension beneficiaries as at 1 January 2011, received by email on 25 January 2011;
- Net capital base as at 31 December 2010, received by email on 25 March 2011;
- Consulting actuary report as at 31 December 2010, final version of 27 April 2011;
- Individual data of cumulative loss of purchasing power for current beneficiaries, received by email on 28 April 2011;
- New proposition for the DB portion of the new pension plan of the Fund as of 1 January 2012, received by email on 26 April 2011;

- New proposition for the under-indexation mechanism as of 1 January 2012, received by email on 26 April 2011.

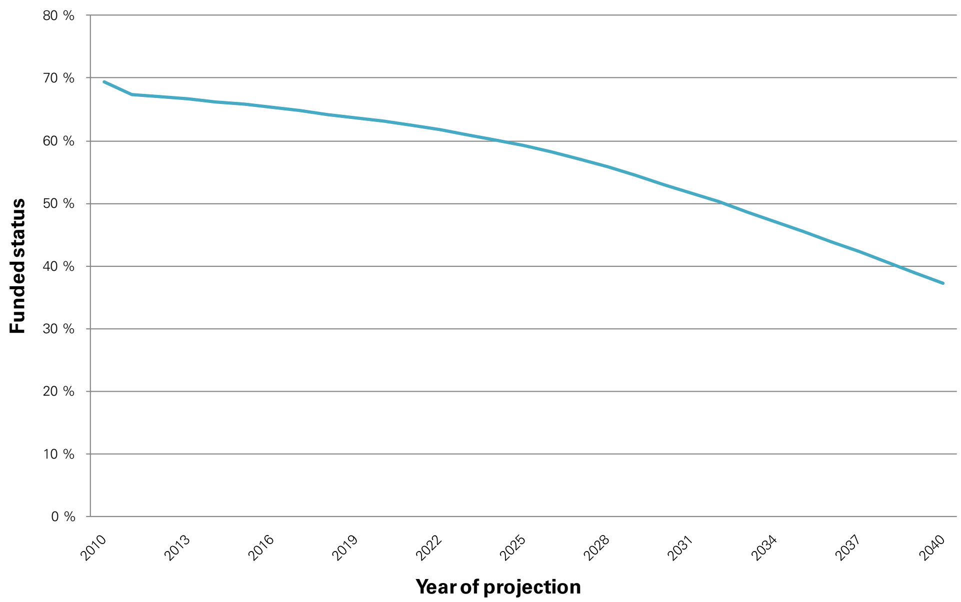
2. Reference model

2.1 Introductory remarks

The reference model corresponds to the basic projective model before having applied any measure of the recovery package. This model is an updated version of the reference model according to WG2 assumptions, which corresponds to the MM03a model referred to in our last actuarial report. The update process contains membership and beneficiaries updates as well as an application of the actual total assets level. It uses the 2007 under-indexation mechanism, which applied an adjustment factor of pensions for inflation of 81.2%. This mechanism was not included in the MM03a model of our last actuarial report, since no adjustment factor regarding the pensions paid had been applied. No further adjustments have been made according to the 2011 data (salary merit scale, retirement probabilities, turnover).

2.2 Projected funding ratio

The graph below shows the projected trend of the funding ratio, as obtained by applying the contribution rate (30.88%) and the rate of return (5.0%) of the model concerned. The initial funding ratio as at 1 January 2011 corresponds to the IAS 26 "WG2 assumptions" funding ratio as at 31 December 2010, which is equal to 69.4% as presented in our consulting actuary report as at 31 December 2010.



This graph confirms the negative projected trend observed in our actuarial report as at 1 January 2010. The table below shows the numerical values of the projected funding ratio and the level of the deficit at the end of the year:

Projection Year t	Funding ratio as at 31/12/t	Deficit/Surplus as at 31/12/t in MCHF	Projection Year t	Funding ratio as at 31/12/t	Deficit/Surplus as at 31/12/t in MCHF	Projection Year t	Funding ratio as at 31/12/t	Deficit/Surplus as at 31/12/t in MCHF
2011	67.33%	-1'870.4	2021	62.44%	-2'255.4	2031	51.68%	-3'264.6
2012	67.02%	-1'895.8	2022	61.73%	-2'315.0	2032	50.20%	-3'413.9
2013	66.64%	-1'925.7	2023	61.00%	-2'376.3	2033	48.61%	-3'575.9
2014	66.23%	-1'958.7	2024	60.15%	-2'451.0	2034	47.10%	-3'725.6
2015	65.79%	-1'992.5	2025	59.23%	-2'533.9	2035	45.46%	-3'893.2
2016	65.29%	-2'030.2	2026	58.15%	-2'633.6	2036	43.91%	-4'047.4
2017	64.77%	-2'070.2	2027	56.97%	-2'745.1	2037	42.26%	-4'216.8
2018	64.21%	-2'114.2	2028	55.85%	-2'852.3	2038	40.59%	-4'389.8
2019	63.64%	-2'159.6	2029	54.44%	-2'991.8	2039	38.88%	-4'568.7
2020	63.08%	-2'204.8	2030	53.05%	-3'130.0	2040	37.18%	-4'748.7

At the end of the year 2040, after 30 years of projection, the total deficit amounts to CHF 4.75 billion. This represents an underfunding of 62.8% of total liabilities. These results are consistent with those of the MM03a reference model, which showed a projected funding ratio of 30.3% after 30 years.

3. PACKAGE OF RECOVERY MEASURES

The different measures that are included in the recovery package are as follow:

3.1 Change in contributions

The total contribution rate for current active members of the Fund increases by 3.12 points, from 30.88% to 34.0%, maintaining a similar proportion between the Organizations and the active members (2/3 – 1/3).

Concerning the contribution rate for future active members, see paragraph 3.2 below.

CERN will pay a special contribution of 60 MCHF per annum. ESO has to pay a similar special contribution as well, which has been fixed at 1.3 MCHF in our model. For the purpose of this projection, these special contributions are paid over the entire period of projection (30 years), even after 100% funding is reached.

3.2 Changes concerning new members

According to the 26.04.2011 proposition, a newly defined benefits plan, the main characteristics of which are summarized in the following table, will be introduced for future members as of 1 January 2012, (the characteristics of the current pension plan are mentioned for comparison):

Parameter	Today	As of 1/1/2012
Retirement age	65 years	67 years
Contribution to	Reference salary	Reference salary
Contribution rate	34%	28.33%
Contribution sharing	1/3 to 2/3	40%-60%
Contribution employee	11.33%	11.33%
Contribution CERN	22.67%	17%
Accrual rate	2.0%, i.e. 35 years	1.85%, i.e. 37 years 10 months
Maximum pension	70%	70%
Pensionable salary	Last salary	Average of last 3 years salary position

These measures have been modelled in our projection for new entrants as of 1 January 2012, the other members remaining in the current pension plan.

3.3 Changes concerning beneficiaries

For current beneficiaries, the under-indexation of 81.2% is replaced by an automatically applied non-indexation, until the individual cumulative loss of purchasing power of 8% is reached.

For future beneficiaries (here, as of 01/01/2012), the current extraordinary measure of an automatically applied non-indexation is phased out in steps of 0.1% every month from January 2013 until August 2019. The current measure will be gradually exchanged with a potential under-indexation based on the funding ratio, according to the following formula:

Annual indexation of pensions = Funding Ratio x Geneva Cost-of-living index

with a maximum of 2% (long-term expected inflation) for the reference index.

In both mechanisms, the cumulative limit of the purchasing power loss is 8%, as in the current recovery measures.

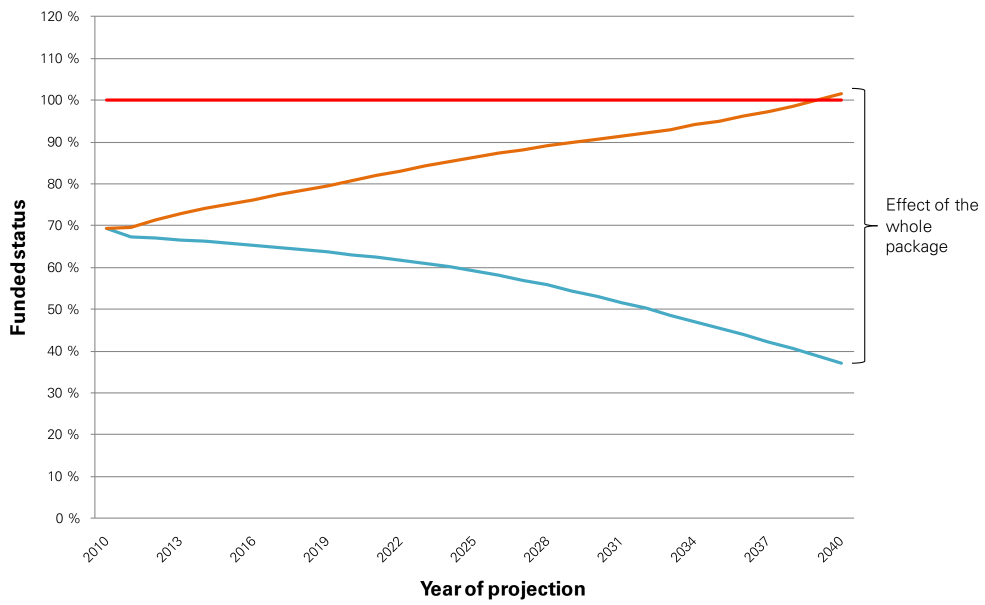
For the current beneficiaries, the simulation continues to follow the current automatic non-indexation mechanism on the whole period of projection.

In relation with this new mechanism, we have observed that the indexation of fixed sums in annex B of the rules could raise a problem: if these sums are affected by under-indexation, as written in article II 1.15 of the rules, on what basis would the amount of the effective indexation be determined? In our model, we have considered an automatic non-indexation for fixed sums used in new pensions, and afterwards an application of the under-indexation mechanism of fixed sums for currently paid pensions.

4. Impact of recovery measures

4.1 Impact of the package as a whole

The graph below presents the projective trend of the funding ratio of the Fund after having applied the total package of recovery measures as explained in chapter 3. The projected funding ratio of the base model described in chapter 2 is also presented for comparison:



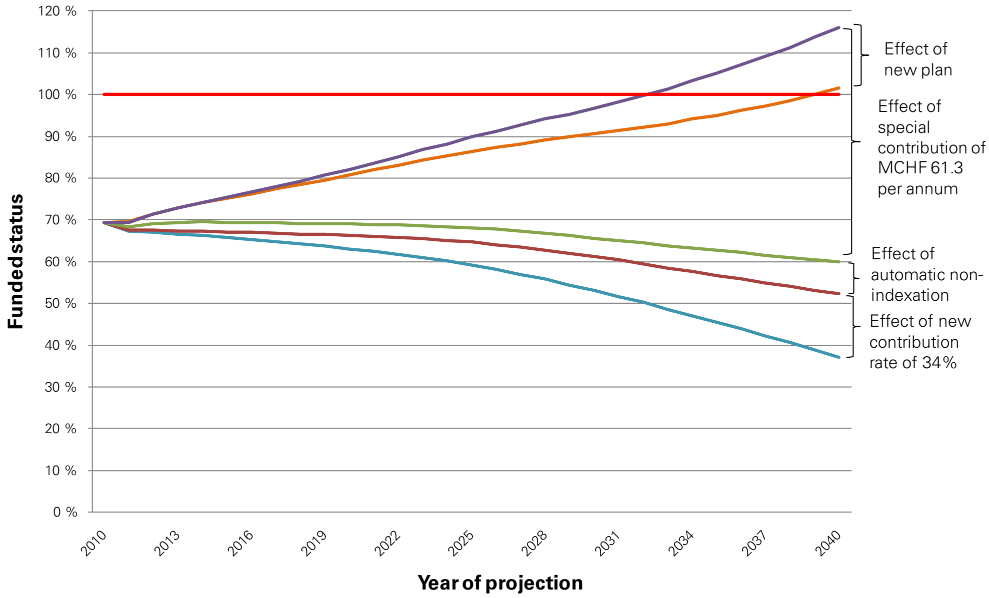
The table below shows the numerical values of the projected funding ratio and the level of the deficit/surplus at the end of the year after having applied the recovery measures:

Projection Year t	Funding ratio as at 31/12/t	Deficit/Surplus as at 31/12/t in MCHF	Projection Year t	Funding ratio as at 31/12/t	Deficit/Surplus as at 31/12/t in MCHF	Projection Year t	Funding ratio as at 31/12/t	Deficit/Surplus as at 31/12/t in MCHF
2011	69.51%	-1'723.7	2021	81.95%	-1'066.1	2031	91.41%	-565.7
2012	71.45%	-1'602.7	2022	83.09%	-1'006.5	2032	92.21%	-519.1
2013	72.86%	-1'525.1	2023	84.26%	-944.2	2033	93.05%	-469.1
2014	74.04%	-1'466.9	2024	85.33%	-887.8	2034	94.07%	-403.9
2015	75.16%	-1'411.8	2025	86.39%	-831.7	2035	95.01%	-343.5
2016	76.23%	-1'358.4	2026	87.29%	-785.9	2036	96.24%	-261.0
2017	77.34%	-1'303.1	2027	88.14%	-742.6	2037	97.35%	-185.1
2018	78.46%	-1'247.4	2028	89.12%	-688.9	2038	98.60%	-98.8
2019	79.59%	-1'190.1	2029	89.76%	-658.0	2039	99.98%	-1.3
2020	80.77%	-1'128.2	2030	90.54%	-616.2	2040	101.48%	106.0

As one can see in these projective results, the entire recovery package enables the Fund to reach 100% funding after 30 years. These results show that the introduction of the proposed recovery package leads to a positive trend for the projected funding ratio, with a strong increase in the projected funding ratio by ca. 64 points after 30 years.

4.2 Cumulative impact of the different measures

The graph below shows the different projected trends of the funding ratio, after having applied the different recovery measures included in the recovery package. The impacts of the different items are cumulative. The initial funding ratio as at 1 January 2011 is equal to the IAS 26 "WG2 assumptions" funding ratio as at 31 December 2010, and amounts to 69.4% as presented in our consulting actuary report as at 31 December 2010.



The graphical results show that the introduction of the measures for current members (new contribution rate, automatic non-indexation and special contribution) leads to a funding ratio of 116.1% after 30 years. The impact of introducing the proposed new plan (towards new active members and future beneficiaries as of 1 January 2012) is negative after 30 years, since one can observe a decrease in the projected funding ratio by ca. 15 points in terms of funding ratio. This decrease is due, on the one hand, to the new contribution rate of 28.33% for new members, which progressively replaces the "old" contribution rate of 34% in the projection, and, on the other hand, to the new under-indexation mechanism, which foresees a potential under-indexation instead of an automatic non-indexation. But even with this negative impact, the trend in the funding ratio remains positive and 100% funding is reached after 30 years.

5. CONCLUDING REMARKS

The developments and analyses of the previous chapter lead us to the following conclusions:

- The introduction of the proposed recovery package enables the Fund to reach a 100% funding within 30 years, along with a projected funding ratio of 101.5% after 30 years, based on the WG2 reference model. Longevity losses were reported in the past. These are taken into account in the balance sheet as at 31 December 2010, at the beginning of the projection period. Future longevity losses cannot be excluded. These are however not taken into account in our projections. EVK 2000 are used as a reference mortality table. Additionally, the method of Nolfi is used to reduce the EVK 2000 mortality rates in the simulation of the number of death cases during the projection but not to calculate the liabilities. The future increase in life expectancy is taken into account with the accrual of a longevity provision corresponding to 0.5% of the liabilities of the beneficiaries for each year since 2000. The use of an updated longevity table will be addressed later this year.
- The proposed 28.33% contribution rate for new members is just sufficient to reach a 100% funding after 30 years, considering an application of the new plan towards active members and future beneficiaries and using the WG2 assumptions. This rate is not the actuarial necessary contribution rate needed to finance the benefits of the new members in a fund that would have a funding ratio of 100%. It includes a part of recovery contribution that is needed to reach a funding ratio of 100%. This part will evolve over time depending on the effective funding ratio, the future average age of the active population post-2012, and the increase in life expectancy of this population, which will both impact the actuarial necessary contribution rate.

We make the usual reservations regarding information or facts that would not have been brought to our attention, and which are of such a nature that they would alter our conclusions.

DR OLIVIER KERN
Senior Vice President
Accredited Swiss Pension Actuary

STÉPHANE RIESEN
Senior Vice President
Accredited Swiss Pension Actuary

Geneva, 20 May 2011.

APPENDICES A

List of abbreviations used in Appendices A2 and A3

CPA(t) Actuarial liabilities towards active members at the end of year t.

RMP(t) Mathematical reserves for pensions in payment and deferred pensions at the end of year t.

PL(t) Longevity provision for increased life expectancy at the end of year t.

ENG(t) Actuarial liabilities at the end of year t [CPA(t) + RMP(t) + PL(t)].

VE(t) Variations in the actuarial liabilities at the end of year t.

TR(t) Sum of reference salaries in year t.

FS(t) Overall net provident assets at the end of year t.

DC(t) Funded status at the end of year t [FS(t) / ENG(t)].

PV(t) Pensions paid in year t.

VV(t) Transfer values paid in year t.

FR(t) Operating costs in year t.

DEP(t) Total expenditure in year t.

COT(t) Contributions received in year t.

Special cont Total special contributions received in year t.

REV(t) Return achieved in year t on the overall assets at the end of year t-1 and on the average cash flow (*) of year t.

REC(t) Total income in year t.

EXC(t) Difference between income and expenditure in year t (**)
[EXC(t) = REC(t) – DEP(t)].

(*) COT(t) – DEP(t).

(**) Corresponds to the increase in overall assets in year t.

CPCERN

Appendix A2

With an under-indexation of 81.2%

Model MM03 a 01.01.2011

i = 4.50 % Technical interest rate in %

i' = **5.00 %** Actual rate of return in % FS(0) = **3857.6** millions of CHF

in millions of CHF

t	Year	CPA(t)	RMP(t)	PL(t)	ENG(t)	VE(t)	TR(t)	FS(t)	DC(t)	PV(t)	VV(t)	FR(t) 0.80%	DEP(t)	COT(t) 30.88%	Special Cont 0	REV(t)	REC(t)	EXC(t)
0	2010	1'583.8	3'784.2	189.2	5'557.3			3'857.6	69.4%									
1	2011	1'434.7	4'067.4	223.7	5'725.8	168.47	431.2	3'855.3	67.3%	298.0	22.1	3.4	323.6	133.1	0.0	188.2	321.3	- 2.3
2	2012	1'442.4	4'062.2	243.7	5'748.4	22.61	443.4	3'852.6	67.0%	307.7	16.4	3.5	327.7	136.9	0.0	188.1	325.0	- 2.7
3	2013	1'454.2	4'055.5	263.6	5'773.3	24.92	451.0	3'847.6	66.6%	313.8	14.7	3.6	332.1	139.3	0.0	187.9	327.1	- 5.0
4	2014	1'490.1	4'028.2	282.0	5'800.2	26.95	461.0	3'841.6	66.2%	319.0	13.3	3.7	336.0	142.4	0.0	187.6	330.0	- 6.0
5	2015	1'523.6	4'001.1	300.1	5'824.8	24.60	468.6	3'832.3	65.8%	323.0	14.4	3.7	341.2	144.7	0.0	187.2	331.9	- 9.3
6	2016	1'550.9	3'979.4	318.4	5'848.6	23.79	476.7	3'818.5	65.3%	326.8	17.1	3.8	347.7	147.2	0.0	186.7	333.9	- 13.8
7	2017	1'600.2	3'941.2	335.0	5'876.4	27.72	487.4	3'806.2	64.8%	330.4	14.5	3.9	348.8	150.5	0.0	186.0	336.5	- 12.3
8	2018	1'627.0	3'927.6	353.5	5'908.1	31.72	498.9	3'793.8	64.2%	333.9	13.9	4.0	351.8	154.1	0.0	185.4	339.5	- 12.3
9	2019	1'656.7	3'912.1	371.6	5'940.4	32.31	508.5	3'780.7	63.6%	337.3	13.6	4.1	354.9	157.0	0.0	184.8	341.8	- 13.1
10	2020	1'688.8	3'893.4	389.3	5'971.5	31.13	518.9	**3'766.7**	**63.1%**	340.7	13.5	4.2	358.4	160.2	0.0	184.1	344.4	- 14.0
11	2021	1'729.3	3'869.4	406.3	6'005.0	33.52	526.4	3'749.6	62.4%	343.6	15.2	4.2	363.0	162.5	0.0	183.4	345.9	- 17.1
12	2022	1'772.3	3'853.0	423.8	6'049.1	44.06	538.6	3'734.1	61.7%	346.2	14.0	4.3	364.4	166.3	0.0	182.6	348.9	- 15.5
13	2023	1'808.9	3'842.4	441.9	6'093.1	44.04	547.7	3'716.9	61.0%	348.9	14.9	4.4	368.2	169.1	0.0	181.8	350.9	- 17.3
14	2024	1'838.3	3'850.7	462.1	6'151.1	57.94	559.4	3'700.1	60.2%	351.6	14.4	4.5	370.5	172.7	0.0	181.0	353.7	- 16.8
15	2025	1'877.1	3'855.9	482.0	6'215.0	63.93	568.4	3'681.1	59.2%	354.8	15.2	4.5	374.6	175.5	0.0	180.1	355.6	- 19.0
16	2026	1'890.5	3'896.0	506.5	6'293.0	78.04	578.0	3'659.5	58.2%	358.8	15.7	4.6	379.2	178.5	0.0	179.1	357.6	- 21.6
17	2027	1'909.3	3'939.0	531.8	6'380.1	87.03	587.3	3'635.0	57.0%	363.1	16.0	4.7	383.8	181.4	0.0	178.0	359.3	- 24.5
18	2028	1'936.1	3'968.6	555.6	6'460.3	80.19	598.1	3'607.9	55.8%	367.3	16.4	4.8	388.5	184.7	0.0	176.7	361.4	- 27.1
19	2029	1'876.1	4'097.3	594.1	6'567.5	107.22	606.9	3'575.7	54.4%	372.6	17.4	4.9	395.0	187.4	0.0	175.3	362.7	- 32.3
20	2030	1'842.2	4'195.3	629.3	6'666.8	99.32	615.9	**3'536.8**	**53.1%**	380.2	17.4	4.9	402.6	190.2	0.0	173.5	363.7	- 38.9
21	2031	1'830.1	4'264.5	661.0	6'755.6	88.77	624.0	3'491.0	51.7%	386.3	18.8	5.0	410.0	192.7	0.0	171.5	364.2	- 45.8
22	2032	1'786.9	4'368.9	699.0	6'854.8	99.25	635.6	3'440.9	50.2%	391.4	19.0	5.1	415.4	196.3	0.0	169.1	365.4	- 50.0
23	2033	1'721.9	4'495.0	741.7	6'958.5	103.70	643.8	3'382.6	48.6%	398.8	19.6	5.2	423.6	198.8	0.0	166.5	365.3	- 58.3
24	2034	1'695.6	4'569.9	776.9	7'042.4	83.84	654.0	3'316.8	47.1%	404.7	21.3	5.2	431.3	202.0	0.0	163.5	365.4	- 65.9
25	2035	1'638.6	4'680.5	819.1	7'138.1	95.77	665.0	3'244.9	45.5%	410.1	21.9	5.3	437.3	205.4	0.0	160.1	365.5	- 71.8
26	2036	1'641.9	4'723.6	850.2	7'215.7	77.60	677.1	3'168.4	43.9%	415.3	21.4	5.4	442.1	209.1	0.0	156.5	365.6	- 76.6
27	2037	1'621.1	4'794.6	887.0	7'302.7	86.99	688.9	3'086.0	42.3%	418.9	23.3	5.5	447.7	212.7	0.0	152.6	365.3	- 82.4
28	2038	1'612.0	4'854.1	922.3	7'388.4	85.69	702.2	2'998.6	40.6%	423.2	23.9	5.6	452.7	216.9	0.0	148.5	365.3	- 87.3
29	2039	1'617.9	4'901.7	955.8	7'475.5	87.09	716.0	2'906.8	38.9%	426.5	24.8	5.7	457.1	221.1	0.0	144.1	365.2	- 91.9
30	2040	1'645.1	4'928.2	985.6	7'558.9	83.43	730.2	**2'810.2**	**37.2%**	430.2	25.5	5.8	461.5	225.5	0.0	139.5	365.0	- 96.5

Contribution rate: **30.88 %**

Rate of return: **5.00 %**

Model M2012-16.05.2011

i = 4.50 % Technical interest rate in %
i' = **5.00 %** Actual rate of return in % FS(0) = **3857.6** millions of CHF

in millions of CHF

t	Year	CPA(t)	RMP(t)	PL(t)	ENG(t)	VE(t)	TR(t)	FS(t)	DC(t)	PV(t)	VV(t)	FR(t) 0.80%	DEP(t)	COT(t)	Special Cont 61	REV(t)	REC(t)	EXC(t)
0	2010	1'583.8	3'784.2	189.2	5'557.3			3'857.6	69.4%									
1	2011	1'428.5	4'005.0	220.3	5'653.7	96.44	431.1	3'930.0	69.5%	298.0	22.5	3.4	324.0	146.6	61.3	188.5	396.4	72.4
2	2012	1'435.2	3'941.2	236.5	5'612.9	-40.85	443.4	4'010.2	71.4%	303.0	16.6	3.5	323.1	149.8	61.3	192.2	403.3	80.2
3	2013	1'445.7	3'919.6	254.8	5'620.1	7.22	450.9	4'095.0	72.9%	304.4	15.1	3.6	323.1	150.3	61.3	196.2	407.9	84.8
4	2014	1'479.7	3'897.5	272.8	5'649.9	29.84	461.0	4'183.0	74.0%	308.7	13.7	3.7	326.1	152.4	61.3	200.5	414.1	88.1
5	2015	1'512.1	3'879.9	291.0	5'682.9	32.98	468.5	4'271.1	75.2%	313.1	14.7	3.7	331.6	153.6	61.3	204.8	419.6	88.1
6	2016	1'536.6	3'869.6	309.6	5'715.7	32.79	476.7	4'357.3	76.2%	317.6	17.3	3.8	338.7	154.6	61.3	209.0	424.9	86.2
7	2017	1'587.7	3'837.4	326.2	5'751.3	35.62	487.5	4'448.3	77.3%	321.8	15.1	3.9	340.8	157.1	61.3	213.3	431.8	90.9
8	2018	1'617.9	3'827.6	344.5	5'789.9	38.61	499.1	4'542.5	78.5%	325.9	14.9	4.0	344.8	159.9	61.3	217.8	439.0	94.3
9	2019	1'644.6	3'821.8	363.1	5'829.4	39.50	508.7	4'639.4	79.6%	329.9	15.0	4.1	349.0	162.1	61.3	222.5	445.9	96.9
10	2020	1'678.6	3'807.8	380.8	5'867.1	37.64	519.0	**4'738.9**	**80.8%**	334.1	15.3	4.2	353.5	164.5	61.3	227.3	453.1	99.5
11	2021	1'712.6	3'794.1	398.4	5'905.1	37.99	526.7	4'839.0	81.9%	337.7	17.5	4.2	359.5	166.1	61.3	232.2	459.6	100.1
12	2022	1'755.1	3'780.0	415.8	5'950.9	45.85	538.9	4'944.4	83.1%	341.1	16.7	4.3	362.2	169.1	61.3	237.2	467.6	105.4
13	2023	1'790.5	3'772.6	433.8	5'996.9	45.94	548.3	5'052.7	84.3%	344.4	17.9	4.4	366.7	171.2	61.3	242.4	474.9	108.3
14	2024	1'814.9	3'784.4	454.1	6'053.5	56.61	559.7	5'165.7	85.3%	347.8	17.7	4.5	370.0	173.9	61.3	247.8	483.0	113.0
15	2025	1'847.3	3'791.7	474.0	6'112.9	59.45	568.9	5'281.2	86.4%	351.8	18.8	4.6	375.1	175.9	61.3	253.4	490.6	115.5
16	2026	1'859.2	3'828.1	497.7	6'185.0	72.04	578.5	5'399.1	87.3%	356.1	19.7	4.6	380.4	177.9	61.3	259.1	498.3	117.8
17	2027	1'876.5	3'864.3	521.7	6'262.5	77.51	588.1	5'519.9	88.1%	360.4	20.2	4.7	385.3	179.9	61.3	264.9	506.1	120.8
18	2028	1'899.9	3'888.7	544.4	6'333.0	70.51	598.9	5'644.1	89.1%	364.5	20.9	4.8	390.2	182.3	61.3	270.9	514.4	124.2
19	2029	1'838.7	4'007.9	581.1	6'427.7	94.74	607.8	5'769.7	89.8%	370.0	21.7	4.9	396.6	183.9	61.3	277.0	522.2	125.6
20	2030	1'804.4	4'092.6	613.9	6'510.8	83.10	616.8	**5'894.6**	**90.5%**	377.4	22.5	4.9	404.8	185.4	61.3	283.1	529.7	124.9
21	2031	1'787.6	4'153.9	643.9	6'585.3	74.47	625.1	6'019.6	91.4%	383.1	24.1	5.0	412.2	186.7	61.3	289.2	537.2	125.0
22	2032	1'742.1	4'245.5	679.3	6'666.9	81.65	636.9	6'147.8	92.2%	388.1	24.3	5.1	417.6	189.2	61.3	295.3	545.8	128.2
23	2033	1'677.1	4'349.9	717.7	6'744.7	77.77	645.4	6'275.7	93.0%	394.9	25.4	5.2	425.5	190.5	61.3	301.6	553.3	127.8
24	2034	1'646.1	4'412.1	750.1	6'808.3	63.57	655.9	6'404.4	94.1%	400.3	27.2	5.2	432.8	192.4	61.3	307.8	561.6	128.8
25	2035	1'585.9	4'505.2	788.4	6'879.5	71.21	667.0	6'536.0	95.0%	405.2	28.0	5.3	438.6	194.7	61.3	314.2	570.2	131.6
26	2036	1'584.6	4'531.6	815.7	6'931.9	52.39	679.0	6'670.9	96.2%	410.2	28.6	5.4	444.2	197.1	61.3	320.7	579.1	134.9
27	2037	1'558.2	4'588.1	848.8	6'995.0	63.14	690.9	6'809.9	97.4%	413.6	30.3	5.5	449.5	199.8	61.3	327.4	588.4	139.0
28	2038	1'546.4	4'627.5	879.2	7'053.0	58.01	704.8	6'954.3	98.6%	417.6	31.0	5.6	454.2	202.9	61.3	334.3	598.5	144.4
29	2039	1'548.4	4'651.0	906.9	7'106.3	53.26	718.7	7'105.0	100.0%	420.6	32.0	5.7	458.3	206.3	61.3	341.5	609.0	150.7
30	2040	1'575.1	4'651.4	930.3	7'156.7	50.43	733.4	**7'262.8**	**101.5%**	423.8	32.7	5.9	462.3	209.8	61.3	349.0	620.1	157.8

Contribution rate existing members: **34.00 %**
Contribution rate new members: **28.33 %**
Rate of return: **5.00 %**

ANNEX 2

(to CERN/FC/5537-CERN/2972)

Council Resolution on the restoration of full funding of the CERN Pension Fund

THE COUNCIL,

Considering:

- the obligation of CERN, deriving from the Convention and recalled in the Agreements with the Host States as well as in the Protocol on Privileges and Immunities, to provide, as part of its employment conditions, social security coverage comprising, inter alia, a pension plan;

- the creation in 1955 by the Council of a capitalised, defined benefit pension scheme, managed by an internal structure, the "CERN Pension Fund", protecting employed personnel and their families against the financial consequences of old age, disability and death as laid down in the "Rules of the Pension Fund";

- the Agreement between CERN and ESO of 1 July 1968, as amended, pursuant to which ESO international staff are members of the CERN Pension Fund;

- the guarantee by CERN and ESO of the payment of benefits acquired under the Rules of the Pension Fund until the cessation of the rights of the last beneficiary;

- the 2007 decision of the CERN Council that the CERN Pension Fund should be fully funded (CERN/2733/Rev.) and that the Pension Fund Governing Board (PFGB) should establish proposals for the definition of full funding and the measures to achieve it;

- the serious funding crisis of the Pension Fund as confirmed by recent actuarial reviews;

Having regard to:

- the report by the PFGB on funding principles and policy and measures to restore full funding of the CERN Pension Fund, submitted to the Council as from December 2009 (CERN/2897);

- the report submitted to the Council in 2010 by the Advisory Group it established to outline a balanced package of measures, feasible from the political and financial points of view, that had a solid legal foundation and would permit the achievement of full funding over a period of 30 years;

- the package of measures elaborated at the request of the Council by the Management, following concertation with the Staff Association and discussion at TREF;

- the decision by the Council in December 2010 to approve the afore-mentioned package, composed of the following four elements:

  (a) payment, in accordance with Article II 1.07 of the Rules of the Fund, of a special contribution by CERN of 60 MCHF per annum and of a special contribution by ESO, per Article IV, paragraph 4 of the CERN-ESO Agreement, in an amount to be determined by the Actuary, until full funding is confirmed by the PFGB in its annual report;

  (b) with respect to current members of the Fund, an increase in the total contribution rate to 34% with effect from 1 January 2011;

  (c) with respect to current beneficiaries of the Fund (recipients of a pension as at 31 December 2011), as an extraordinary measure, a partial derogation of the annual adjustment of pensions procedure and method in Article II 1.15 of the Rules of the Fund and Annex C thereto, as a result of which no annual adjustment of pensions shall be granted to recipients of a pension as at 31 December 2011 until such time as their individual accumulated loss of purchasing power reaches 8%;

  (d) with respect to recruits as from 1 January 2012, new pension arrangements to be defined and, with respect to future beneficiaries (recipients of a pension as from 1 January 2012), a new mechanism for the annual adjustment of pensions to be submitted for approval by the Council in June 2011, for implementation with effect from 1 January 2012;

  premised on the understanding that, inter alia:

  (i) individual components of the package may not be revised without revision of the entire package;

  (ii) any future revision shall maintain the equitable distribution model contained in CERN/FC/5498-CERN/2947;

  (iii) the equitable and interdependent distribution of the four components of the package of measures between all stakeholders shall be formalised in a Council Resolution to be submitted for adoption in June 2011;

- the proposal elaborated by the Management in respect of element (d), following concertation with the Staff Association and discussion at TREF, as set out in document CERN/2972;

- the confirmation by the actuary that the package of measures, as completed, results in achievement of a 100% funding ratio within the applicable projection period of 30 years and, thereafter, sustainable full funding;

Approves:

- the proposal set out in Section II of document CERN/2972, for pension arrangements for members of the personnel recruited as from 1 January 2012 and a revised mechanism for the annual adjustment of pensions for future beneficiaries (recipients of a pension as from 1 January 2012), which completes the package of measures for the restoration of full funding of the CERN Pension Fund;

And confirms that:

- as this package constitutes an equitable distribution of efforts between all stakeholders, i.e., staff members, pensioners and the participating Organizations, its individual elements cannot be modified without revision of the entire package, always maintaining the equitable distribution model.