



**CERN Pension Fund**

**Annual Information Meeting - 2024**

**17 October 2024**

# A warm welcome to our Annual Information Meeting



Our presentation today will be delivered in English. A simultaneous interpretation to French is available for this via Zoom access.



Members and Beneficiaries present or connected via Zoom videoconference will have the possibility to submit questions (for Zoom videoconference via the chat only).



A recording of today's meeting will be available for those unable to join us live.



We are unable to provide personal financial advice. Please contact [pensions.benefits@cern.ch](mailto:pensions.benefits@cern.ch) for personal questions or if you have any feedback on today's presentation.

# Agenda for today

## Report from the PFGB Chair

- Welcome
- Governance report

## Report from the Fund CEO

- Information for members and beneficiaries
- 2023 Annual Report & Financial Statements
- Investment Report

## Opportunity for Questions

## Closing Remarks

# Report from the PFGB Chair

Annual Information Meeting 2024



Florin Buzatu

# The purpose of the CERN Pension Fund

*Our purpose is to insure our members and beneficiaries, together with their families, against the financial consequences of disability, old age and death.*

(Article 1 1.01)

## CERN Pension Fund

As an international organisation, CERN and ESO operate their own social security system, including a pension scheme, the CERN Pension Fund.

## Defined benefits

Benefits paid are not affected by the market value of investments.

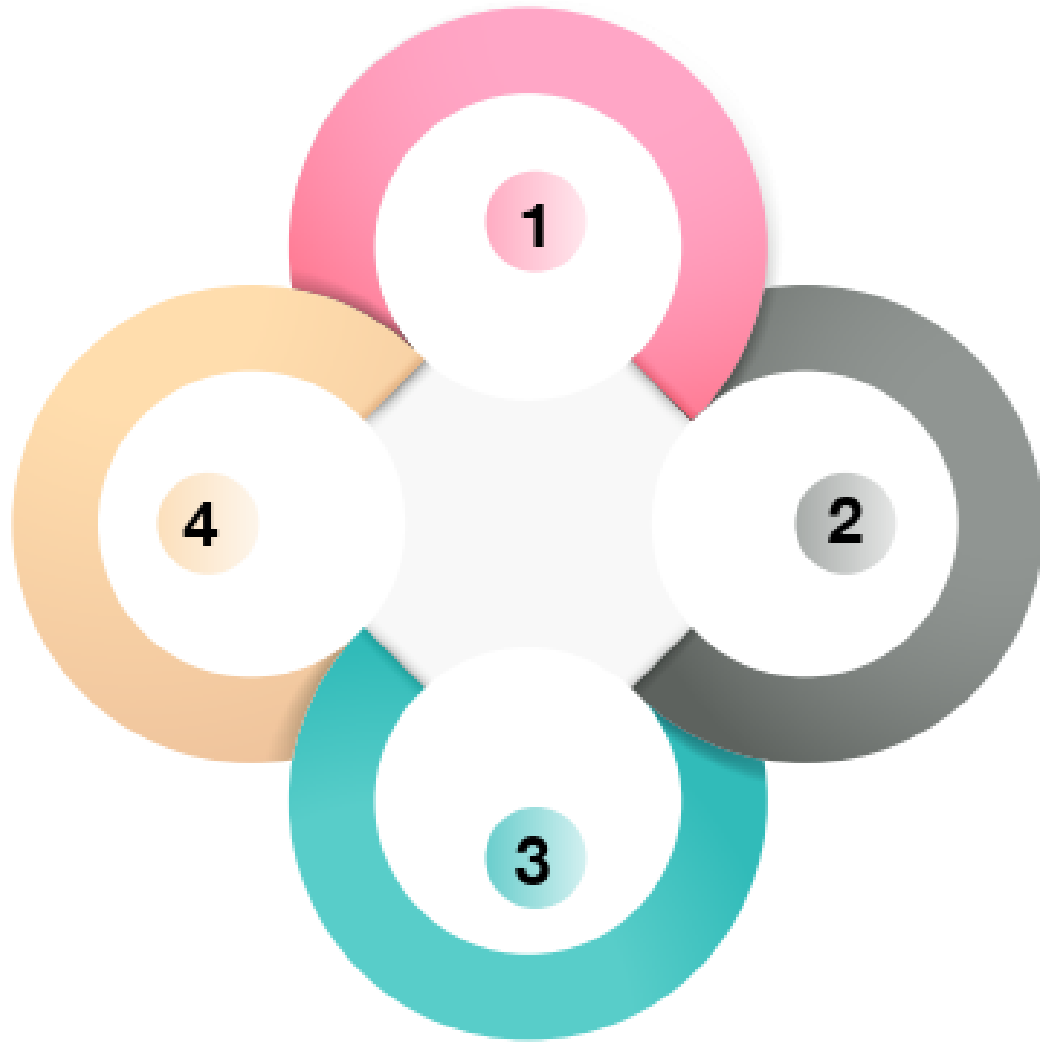
## A solidarity scheme

No member has an individual balance, and all benefits are paid from a common fund.

# Governance Arrangements for the Pension Fund

CERN Council	<p>The Supreme Authority: defines the Pension Fund and its arrangements; acts as ultimate oversight body and approves significant policies or changes.</p> <p>Re contributions &amp; benefits, the Council acts on recommendations from the Director-General.</p>
Governance principles	<p>Set out how the Fund is governed.</p>
Governing Board	<p>Primary oversight body. Includes professional (independent) members and representatives from all key stakeholder groups. Meets quarterly to review performance of the Pension Fund.</p>
Investment Committee	<p>Sub-committee (of PFGB) responsible for oversight of investment strategy and related matters. Comprised of two PFGB members and two external professional experts with substantial technical expertise.</p>
Actuarial & Technical Committee	<p>Sub-committee (of PFGB) responsible for oversight of actuarial matters. Includes two PFGB members and three external experts with relevant qualifications and experience.</p>
Chief Executive Officer	<p>Legal representative of the Fund. Analogous to CERN Department Head. Responsible for the Management Unit and all delegated activities of the Fund.</p>

# Governance Principles



**1** The Fund is an integral part of CERN, has no separate legal personality and is under the supreme authority of the Council. The activities of the Fund are part of the official activities of CERN and benefit from privileges and immunities.

**2** The Fund has operational autonomy within CERN and shall be managed in accordance with its Rules and Regulations. The Director-General shall have no responsibilities with respect to the management of the Fund.

**3** The assets of the Fund shall be held separately from those of CERN and shall be used solely for the purpose of the Fund. Neither CERN nor ESO shall reclaim, borrow or impose a lien upon the assets of the Fund.

**4** The oversight of the Fund shall be entrusted to the Governing Board, assisted and advised by the Investment Committee and Actuarial and Technical Committee. The management of the Fund shall be entrusted to the Chief Executive Officer.

# Introduction by the Chair of the Governing Board

The Governing Board represents all stakeholders of the Pension Fund and works to ensure the purpose of the Fund is achieved. During 2023 the Board met on five occasions to consider a range of matters connected to its functions.

In recent years the financial markets have been disrupted by Covid, record levels of inflation in the US and Europe and the war in Ukraine. Against this backdrop, the Fund has successfully protected its capital.

Despite these challenges, the Pension Fund continues to support its beneficiaries and in 2023 paid a total of 322 MCHF in benefits to more than 3,300 beneficiaries. Service performance levels remained excellent throughout the year.

The Funding Level has fallen below the level at the Periodic Actuarial Review (PAR) of 1 January 2022. The next PAR will take place at 1 January 2025.

The Governing Board continues to hold a constructive dialogue with the Council concerning matters relating to Pension Fund risk, investment strategy, funding levels and operational performance.



# Pension Fund Governing Board (at 30 September 2024)

A Delorme	V Parma	F Buzatu	R Bello	J Segars
P Charpentier	O Capatina	C Biino	T Groffmann	A Hilka

PFGB Chair	ATC Chair
Vice Chair	IC Chair

Council (ESO / CERN)	Pensioners Association	Professional
CERN Ex-officio	Staff Association (E/C)	

# Governing Board – rotation in mandates

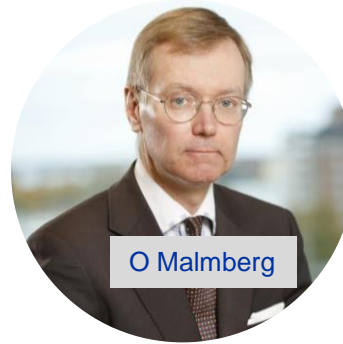


I Mardirossian

Mandate ended 30 April 2024  
After serving two 3-year terms

Representative for Staff Association  
and Vice-chair (2022-2024)

Succeeded by Mr Vittorio Parma



O Malmberg

Mandate ended 31 December 2023  
Member and Chair since 2020

Appointed by CERN Council

Succeeded by Dr Florin Buzatu



D Ryckbosch

Mandate ended 31 December 2023  
Member since 1 January 2021

Appointed by CERN Council

Succeeded by Prof Cristina Biino

# Report from the Fund CEO

Annual Information Meeting 2024



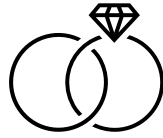
Doug Heron



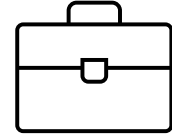
# Celebrating this year with our beneficiaries



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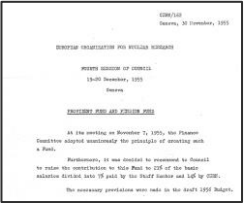
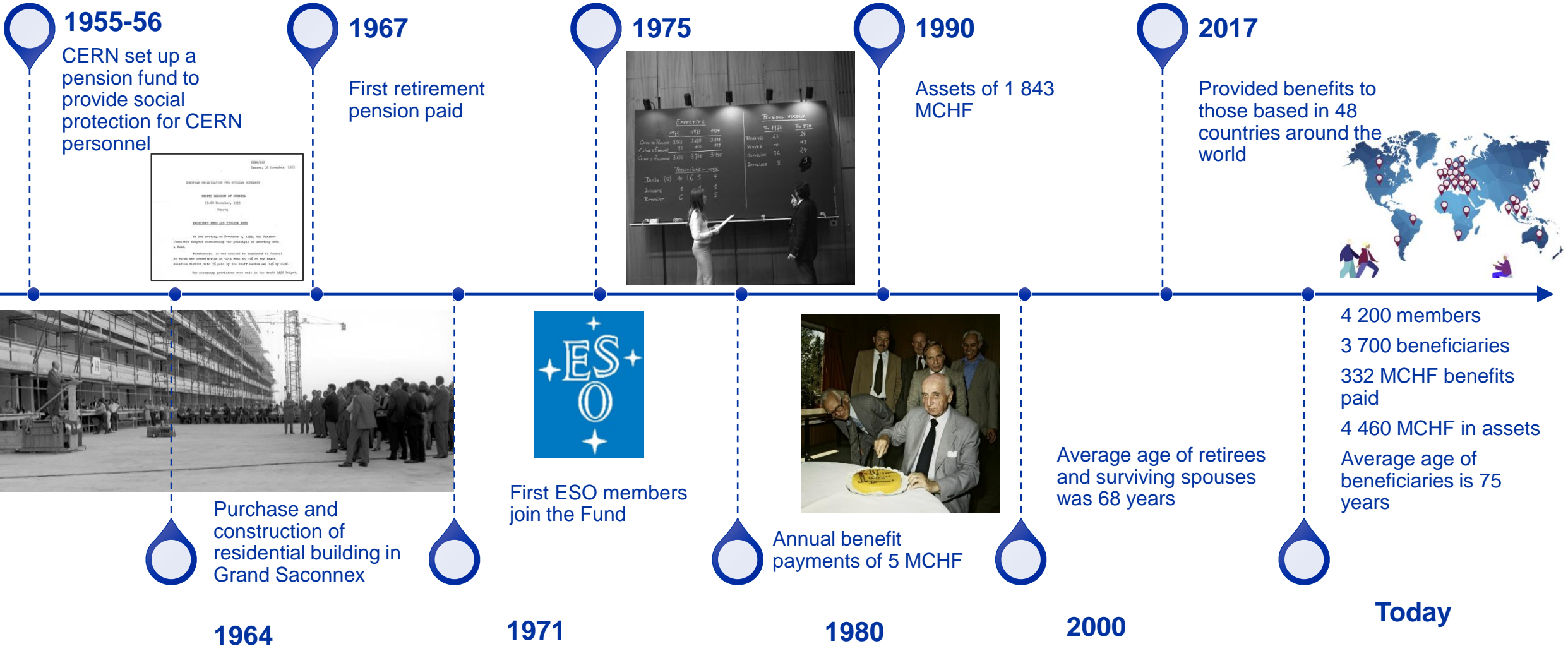
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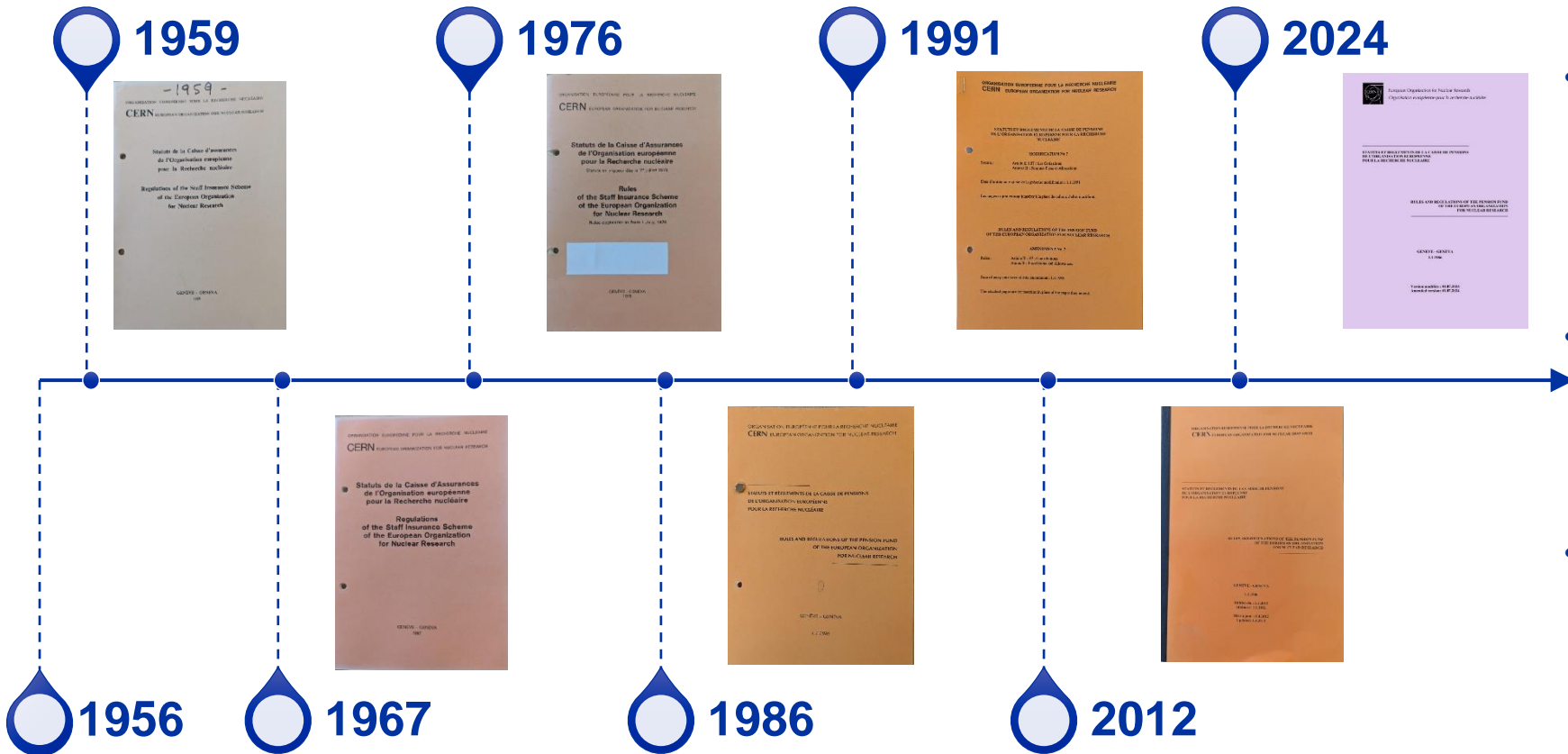
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# Looking back over seven decades...



# Looking back over seven decades...



- First set of (provisional) Regulations dated 1 June 1956 - substantially the same purpose as today
- Founded as an insurance scheme with separate pension and provident (savings) sections – membership required medical examination and had an upper age limit of 55
- Over the years the PF has evolved with modifications to rules, benefits and contributions to reflect changing conditions inside and outside of CERN
- Today it is a comprehensive system of insurance against the financial consequences of death, disability and old age; supported by best practice standards of governance and providing coverage to 7'500 members and beneficiaries



# A reminder of how your membership works

Becoming a Member	Membership is automatic with eligible contracts of employment The PFMU creates / administers your file and is the point of contact for queries Benefits accumulate according to your service period x your reference salary
At the end of your employment	Become a beneficiary (if older than minimum retirement age); OR Become a deferred beneficiary (and take benefits later); OR Accept a transfer value (non-optional below 5 years of service)
When you become a Beneficiary	Monthly pension benefits are payable until your death Benefits reviewed each year for indexation Survivor benefits payable according to eligibility
Insurance against death or disability	Benefits are payable to you or your survivors
Special transactions	Provisions apply for cases of early retirement; purchase of additional benefits You can acquire rights to survivor benefits for marriages after retirement on payment of the requirement premium

# The activities of managing the Pension Fund

Administering benefits	Maintaining records of eligibility Liaising with members, beneficiaries or their survivors Providing information and assisting with enquiries
Collecting contributions	Accounting for and collecting the contributions from members and CERN / ESO
Managing assets of the Fund	Establishing investment strategy and risk appetite Making investments in asset classes Monitoring performance and making interventions to achieve stable returns
Monitoring funding level	Working with the Actuary to ensure benefit promises (liabilities) are fully valued Reviewing ~100 different factors of liability risk to ensure a balanced view Completing Periodic Actuarial Reviews to establish and monitor the funding level
Governance / leadership	Following the rules of the Pension Fund Working with all stakeholders to ensure the Pension Fund is well managed Leading the PFMU team to ensure plans are set and goals achieved



# The Pension Fund Management Unit (PFMU)

Strong and stable leadership of the PFMU provides consistent strategy and beneficiary experience.



**Doug Heron**  
Chief Executive Officer

PFMU since 2021  
 Finance (years) 25  
 Qualifications Accountancy (CGMA) Investments (MCSI)  
 External Boards 2 (UK PF + IO PF)

## Team



**Elena Manola-Bonthond**  
Chief Investment Officer

2012  
 13  
 PhD, MBA, Investments (CAIA)  
 5 (IO PF + 2 x IO Inv Co + CAIA + Standards body)

- Team of 17 managing investments
- 6 Portfolio Managers
- Av experience: 20 years
- Quals: PhD, CAIA, CFA, MA
- Experience: Barclays, Reuters, Bank of China, BNP, Pictet, Bank of New York, Deutsche Bank, Bank of England




**Kandy Mitchell**  
Chief Operating Officer

2011  
 25+  
 Accountancy (CA)

- 5 Benefits Services specialists
- 4 accountants
- Av Experience: 20 years
- Experience: Barclays, UN Joint Staff Pension Fund, Deloitte, CTF Audit, BNP, Real Estate agencies, PwC, Deutsche Bank


# Strategic Partners during 2024




AON (CH)  
Actuarial Services  
Valuation of liabilities



Northern Trust (UK)  
Asset Safe Custody



UBS (CH)  
Main Banker  
Payments



Apex (IRE)  
Investment back-office services



Ortec (CH)  
Risk Consultant  
Advise on investment risk

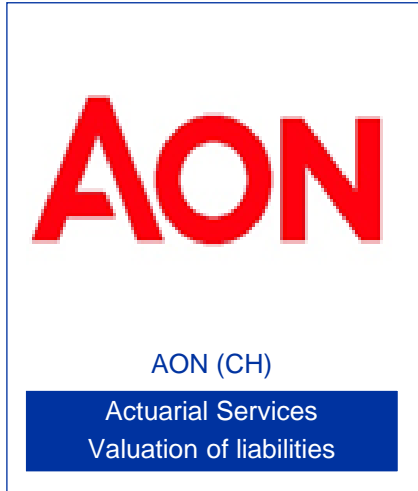


Portuguese Court of Auditors  
External Auditor  
Review annual accounts

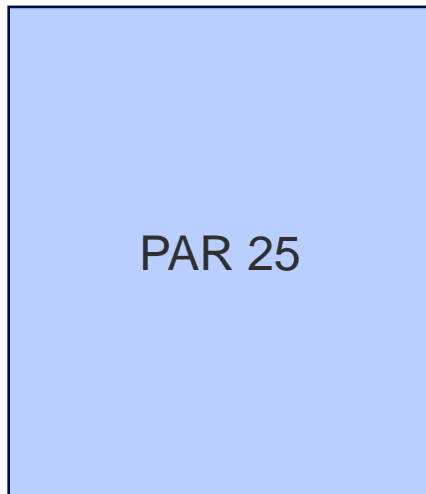


CERN / PwC (UK)  
Internal Auditor  
Perform internal audits

# Appointment of a new Actuary and PAR 2025



- In October 2023 the Governing Board appointed AON (CH) as the Fund Actuary.
- Aon succeed Buck (UK) after 10 years of support to the Fund.
- The principal role of Actuary is to provide independent specialist advice on issues related to funding, benefits, factors and other technical matters.



- At least every three years a Periodic Actuarial Review must be undertaken.
- 1 January 2025 is the next PAR date, following 1 January 2022.
- The PAR is a comprehensive evaluation of the obligations of the Fund to determine current and project funding levels.
- Demographic and financial assumptions are required to determine the present-day values of the Fund's obligations.
- Demographics: e.g. workforce, longevity, disability, marital status (+ age delta)
- Financials: e.g. future asset return rate, inflation, salary increases

# Information for members and beneficiaries

Annual Information Meeting 2024

# Membership Overview

7 Beneficiaries aged 100 or over

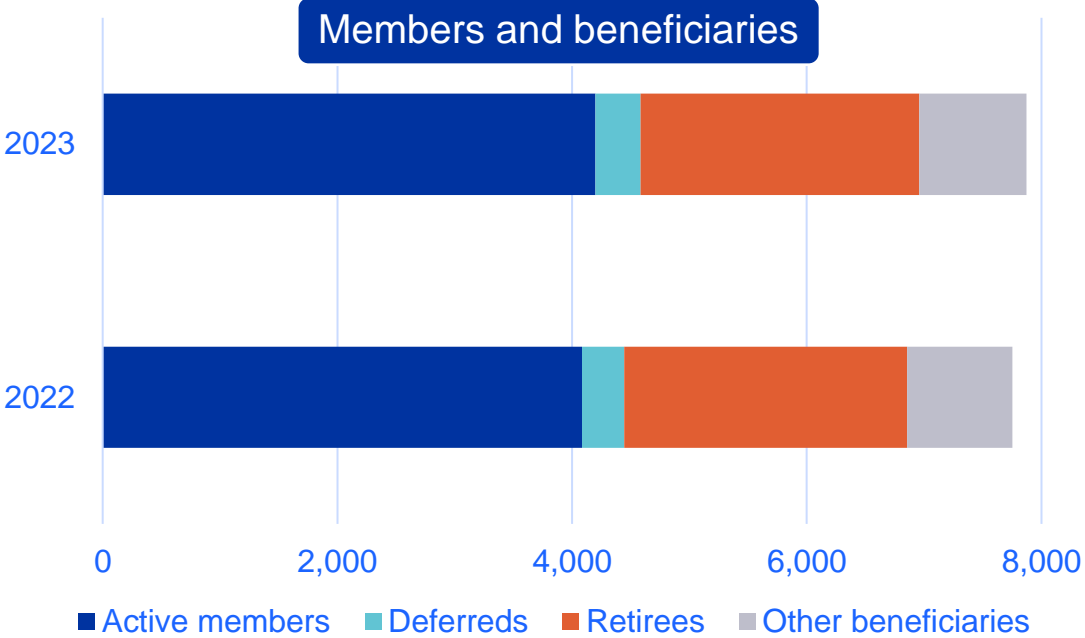
18 Beneficiaries aged under 21



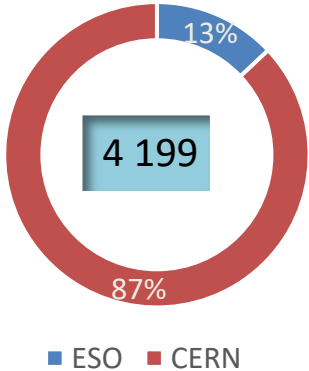
46 Countries with beneficiaries

25 Million CHF paid each month

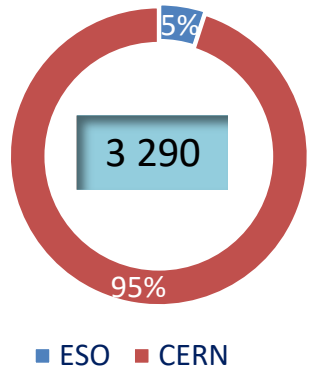
10 Beneficiaries in payment > 50 years



Members by Organisation



Beneficiaries by Organisation (excl. deferred)



# Listening to beneficiaries and members



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At PFMU and at Board level, member and beneficiary feedback directly influences our service plans and priorities. We engage with GAC and the Staff Association constructively.

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The positive themes are: that benefits are valued and recognised to be valuable; the service from PFMU is reliable, efficient and easy to access.

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The less positive themes are: that transfer values paid on leaving < 5 years of service are too low; the mechanism (PPL) for annual indexation is a concern; payment arrangements (CH only) aren't flexible enough.

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# Continuing the momentum of planned improvements

## Digital capability

2024: we migrated all beneficiary records to an indexed, digital / searchable set of records. This adds efficiency and control in our administration and reduces our reliance on paper records.

> 2025: we will design and implement our portal to allow beneficiaries to interact with us digitally, should they choose.

## Payments outside of Switzerland

We recognize that payments in CHF to a bank account in Switzerland does not reflect our beneficiary population.

In 2025 we plan to widen our policy to allow beneficiaries to choose to receive payments to accounts in Member State countries.

More information to follow.

## Life Certificates

This annual exercise is an essential control for us to ensure benefits are paid accurately. Based on beneficiary feedback we are re-designing the form and will issue it one month earlier (November) to avoid periods of absence due to travel around the festive period.

## Transfer Values

The amount of the transfer value paid on separation is consistently the highest point of negative feedback with younger members. A Working Group has been established to review this and other “factors” and is studying the situation.

# Examples of feedback

“je vous remercie pour votre gentillesse et pour votre disponibilité, je les ai toujours appréciées. ”

“J’en profite pour vous remercier de l’extrême gentillesse dont vous avez fait preuve lors du décès de mon mari”

“Thank you very much for your detailed response. Everything is now much clearer, and I appreciate your assistance.”

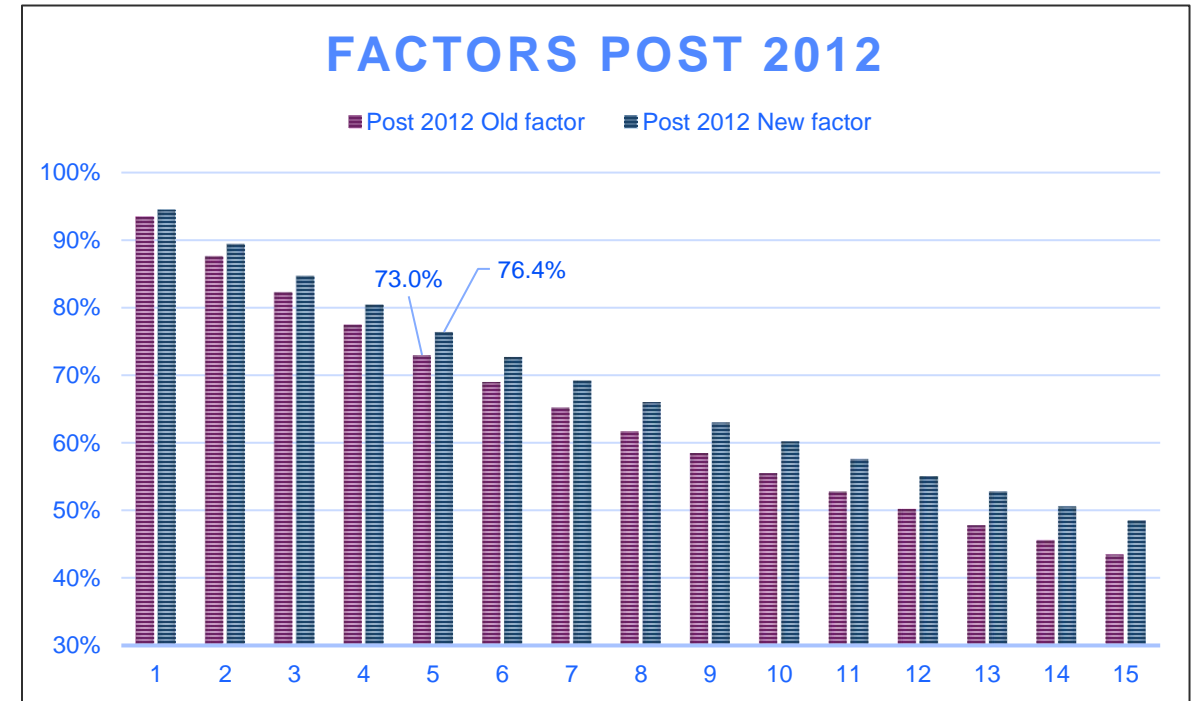
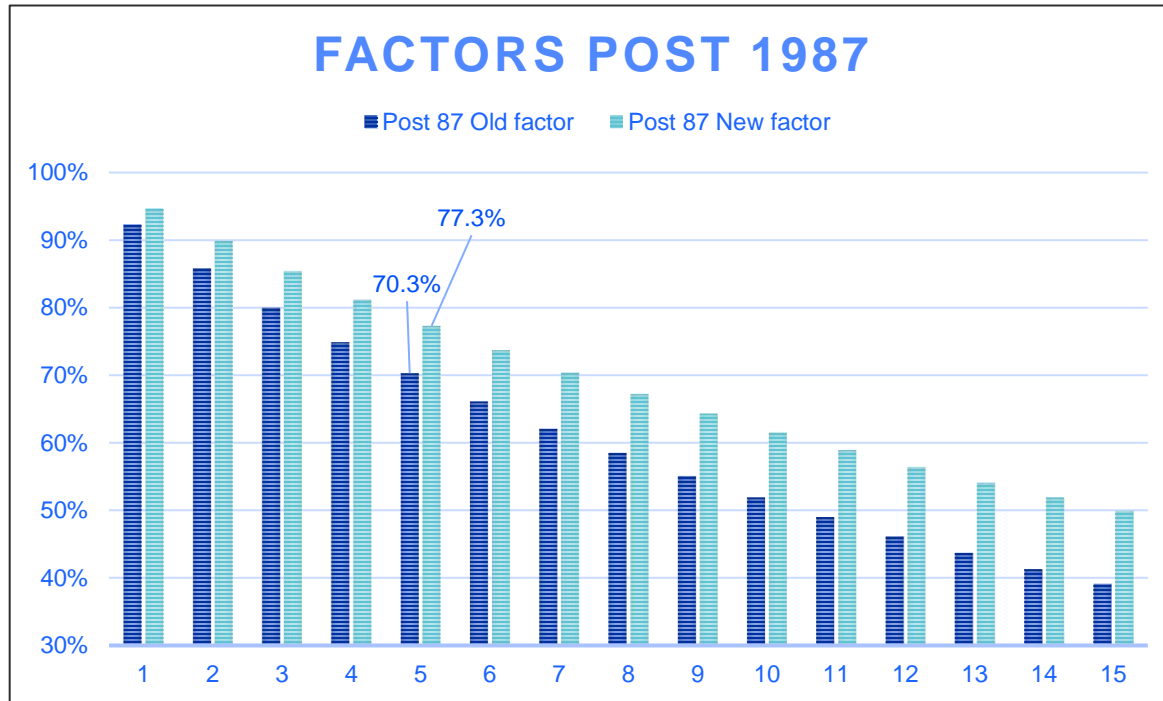
“I sincerely appreciate your patience and understanding as we work together to clarify and resolve the issues related to my orphan benefit. It’s a relief to have your support throughout this process!”



# Changes to factors during 2024

What are factors?	Pension benefits with an element of choice require a factor for conversion.
What factors changed?	The reduction factor for early retirement and the cost of acquiring additional periods of membership changed in 2024.
What changed?	Early retirement reductions became smaller (increasing pension amounts). The costs of additional periods were simplified (4 rate tables became 2) and were calculated using an age-based best estimate to match the cost to member and cost to the fund.
Why were these changes made?	The Council requested that a review be undertaken to ensure that factors in the Fund remained suitable. A working group conducted analysis and proposed these changes.

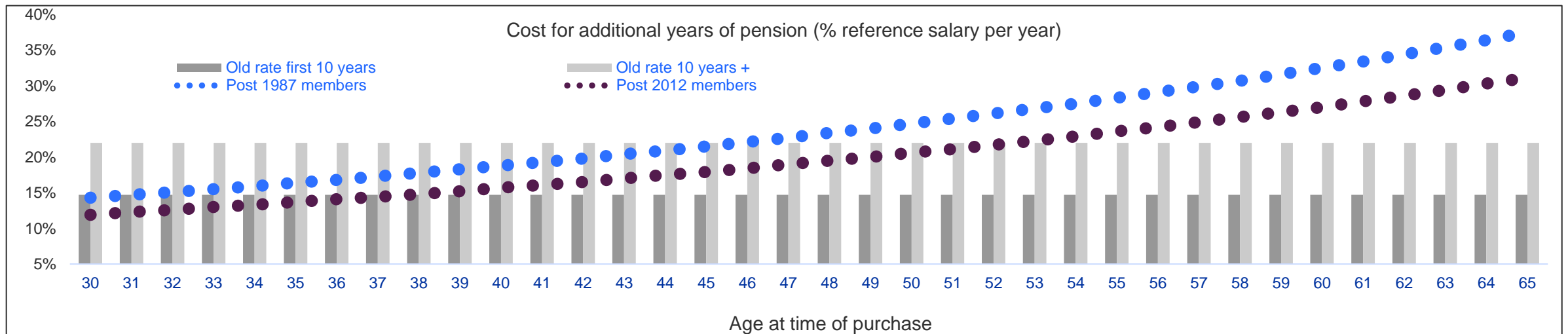
# Changes to factors during 2024 – early retirement



- There is improvement in the factor at each early year due to movement in underlying demographic assumptions
- Increased longevity means that the reduction necessary to equalise a payment over two differing time periods is smaller
- At the point of early retirement, the effect on the funding ratio is neutral due to *best estimate factors*

# Changes to factors during 2024 – additional periods

	Transfer in from Pension Fund		Purchasing using Own Funds	
	Eligibility	Rate	Eligibility	Rate
Less than 5 years of service	Eligible	Age-based best estimate	Not eligible	n/a
From 5 years of service	Eligible	Age-based best estimate	Eligible	Age-based best estimate



# How to find information - benefit factsheets

## CAISSE DE PENSION INFORMATIONS POUR LES NOUVEAUX MEMBRES DEPUIS LE 1 JANVIER 2012



Notre but est d'assurer nos membres et bénéficiaires, ainsi que les membres de leur famille, contre les conséquences économiques de l'invalidité et de la veillesse, ainsi qu'en cas de décès.

### A PROPOS DE LA CAISSE / COTISATIONS / TRANSFERTS D'AUTRES CAISSES

- Caisse en primauté de prestations.
- Cotisations et prestations calculées en fonction de votre salaire de référence mensuel.
- Titulaires : salaire de base **Justaucœur** / Boursiers : 6.273 CHF / Nouveaux diplômés : 5 683 CHF
- Affiliation obligatoire en tant que membre du personnel employé du CERN ou de l'ESO (boursiers, nouveaux diplômés)
- Une cotisation d'élevand à 12,64 % sur votre salaire de référence est déduite mensuellement.
- L'Organisation paie également une cotisation.
- La Caisse est un régime basé sur la solidarité; les prestations sont définies selon les Statuts et Règlements et non pas selon les cotisations individuelles.
- d'augmenter vos prestations à la fin de votre contrat.
- de pouvoir être au bénéfice d'une pension de retraite différée (si vous avez au moins cinq ans de service)
- Ces transferts peuvent être effectués à l'opportunité quel moment pendant la durée de votre contrat, mais doivent être reçus avant votre dernier jour de contrat. [Pour en savoir plus...](#)

### OPTIONS À LA FIN DU CONTRAT / VALEUR DE TRANSFERT / PENSION DE RETRAITE DIFFÉRÉE / PENSION DE RETRAITE

- Obligation si vous avez moins de cinq ans de service.
- Le montant est basé sur votre dernier salaire de référence et est de 14,7 % pour les dix premières années et de 22 % pour les années suivantes.
- Elle peut être versée :
  - sur votre compte personnel Suisse (bénéficiaire si vous avez moins de dix ans de service)
  - à une autre caisse de pensions privée (si elle accepte)
- L'imposition dépend de votre pays de résidence.
- A la fin de votre contrat, vous pouvez opter pour une pension de retraite différée au plus tard jusqu'à l'âge de 67 ans.
- Le droit commence si vous avez au moins cinq ans de service.
- L'âge de la retraite applicable est possible à partir de 52 ans.
- Le montant mensuel est de 1,85 % de la moyenne de vos salaires de référence des 36 derniers mois, par année d'affiliation.
- Cette pension est payable quand vous atteignez l'âge de la retraite applicable, i.e. 67 ans. Une pension de retraite anticipée est possible à partir de 52 ans.
- L'imposition dépend de votre pays de résidence.
- Le droit commence si vous avez au moins cinq ans de service.
- L'âge de la retraite applicable est possible à partir de 52 ans.
- Une pension de retraite anticipée est possible à partir de 52 ans.
- L'imposition dépend de votre pays de résidence.

### PENSION D'INVALIDITÉ / EN CAS D'UN DÉCÈS D'UN MEMBRE / SERVICE DES PRESTATIONS

- Une pension d'invalidité est versée à un membre dont l'invalidité, partielle ou totale, a été reconnue par l'Organisation.
- Le montant est égal à la pension de retraite ou serait reçue le membre à l'âge de la retraite applicable (peu importe la durée du contrat)
- L'imposition dépend de votre pays de résidence.
- Conjoint(s) survivant(s) :
  - Une pension mensuelle est versée pour autant que le mariage/partnership légalement enregistré a été maintenu au moins un an.
  - Le montant est de 11 % du dernier salaire de référence par année d'affiliation que le membre avait que à l'âge de la retraite applicable.
  - Versée jusqu'au dernier jour du mois du décès/renoncement du conjoint survivant.
  - Orphelins : une pension mensuelle est versée aux enfants célibataires et sans emploi, jusqu'à l'âge de 20 ans, ou jusqu'à l'âge de 25 ans s'ils poursuivent des études à plein temps. [Pour en savoir plus...](#)
- A disposition pour répondre à vos questions.
- Rendez-vous possibles en personne ou par zoom.
- Mars / Mercredi / Jeudi de 9h30 à 11h30 et de 14h30 à 16h30.

Les informations contenues dans ce guide ont pour but de résumer les aspects pertinents des statuts et règlements de la caisse de pensions. En cas d'ambiguïté ou de contradiction, seuls les statuts et règlements de la caisse font foi. Le texte intégral des statuts et règlements peut être consulté sur le site de la caisse de pensions.

+41 22 767 88 11  
[pension.benef@cern.ch](mailto:pension.benef@cern.ch)  
<http://pensionofcds.cern.ch>

## CAISSE DE PENSION INFORMATIONS POUR LES BÉNÉFICIAIRES



Notre but est d'assurer nos membres et bénéficiaires, ainsi que les membres de leur famille, contre les conséquences économiques de l'invalidité et de la veillesse, ainsi qu'en cas de décès.

### PAIEMENT DES PENSIONS ET DROITS / COMMUNICATIONS OFFICIELLES / CERTIFICAT DE VIE

- Les prestations sont payées :
  - en francs suisses sur des comptes personnels en Suisse,
  - entre le 6 et le 10 de chaque mois pour le mois en cours.
- Les comptes joints sont acceptés et permettent d'éviter un délai de paiement de la pension de conjoint survivant suite au décès de son conjoint.
- Les dates de paiements sont disponibles sur le site de la Caisse et dans le bulletin du CERN en décembre. [Pour en savoir plus...](#)
- Vous recevez par courrier postal :
  - **Échéancier** : un décompte de vos prestations mensuelles, valable pour l'année en cours (pas de décompte mensuel). Une mise à jour de ce document sera envoyée en cas de changement de situation.
  - **Échéancier** : une attestation pour la déclaration de revenus.
  - **Échéancier** : une "déclaration d'intention" pour les bénéficiaires ayant des enfants à charge entre 20 et 25 ans à nous retourner dûment complétée et signée.
  - **Échéancier** : une lettre d'information concernant l'indexation des prestations ainsi qu'un "certificat de vie" à nous retourner dûment complété et signé.
- Questionnaire envoyé chaque année fin décembre.
- Confirmez à la Caisse que vos droits à pensions sont corrects.
- Qu'il être retourné, par courrier postal ou email, au plus tard à la date indiquée. Sans retour de ce document, les prestations seront automatiquement suspendues.
- Si vous envisagez de vous absenter pendant la période mentionnée, merci de bien vouloir prendre contact avec le Service des prestations avant de partir.

### CHANGEMENT DE DONNÉES PERSONNELLES / EN CAS DE DÉCÈS / PRESTATIONS DES SURVIVANTS

- Il est important de notifier à la Caisse, tout changement dans les 30 jours suivant la survenue de celui-ci.
- Adresse postale / adresse email : envoyer, par courrier postal ou email, un document signé mentionnant le changement et la date de celui-ci.
- Comptes bancaires : envoyer, par courrier postal uniquement, un document de la banque mentionnant votre nom, l'IBAN et le BIC. Ce document doit impérativement être signé par vous-même.
- État civil : envoyer, par courrier postal ou email, une copie du document officiel (statut d'enfant à charge - envoyer, par courrier postal ou email, une copie du document pertinent).
- Conjoint(s) éligible(s) : une pension égale à 50 % de la pension de base du bénéficiaire décédé + une somme fixe de 564 CHF (reduite si la période d'affiliation est inférieure à la période maximale). Le droit à pension peut être acquis si l'on n'est pas automatique.
- Conjoint(s) divorcé(s) éligible(s) : une pension égale à la pension alimentaire définie par le jugement, ou le montant payé par le bénéficiaire décédé, si, au moment du décès, le montant était inférieur.
- Orphelins : une pension basée sur le dernier salaire de référence indexé du bénéficiaire décédé et appliquant un taux dépendant du nombre d'enfants à charge au moment du décès.
- Les droits à pensions sont définis par les Statuts et Règlements. [Pour en savoir plus...](#)

### INDEXATION ANNUELLE DES PRESTATIONS / IMPOSITION / SERVICE DES PRESTATIONS

- Les pensions, la somme fixe et les allocations sont adaptées annuellement conformément à la méthode définie dans l'Annexe C (selon la date à laquelle vous êtes devenu bénéficiaire)
- Les prestations sont versées sans privilèges d'imposition fiscale ni d'une quelconque déduction d'imposition interne.
- Il existe un mécanisme de sous-indexation en lien avec le taux de couverture de la Caisse.
- A disposition pour répondre à vos questions.
- Rendez-vous possibles en personne ou par zoom.
- Mars / Mercredi / Jeudi de 9h30 à 11h30 et de 14h30 à 16h30.

Les informations contenues dans ce guide ont pour but de résumer les aspects pertinents des statuts et règlements de la caisse de pensions. En cas d'ambiguïté ou de contradiction, seuls les statuts et règlements de la caisse font foi. Le texte intégral des statuts et règlements peut être consulté sur le site de la caisse de pensions.

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<http://pensionofcds.cern.ch>

## PENSION FUND KEY INFORMATION FOR BENEFICIARIES



Our purpose is to insure our members, beneficiaries and members of their family against the economic consequences of disability, old age and death.

### PENSIONS PAYMENT AND CURRENCY / OFFICIAL COMMUNICATIONS / LIFE CERTIFICATE

- Benefits are paid :
  - in Swiss francs into a personal bank account in Switzerland,
  - between the 6th and the 10th of each month for the current month.
- Joint accounts are acceptable and could avoid any delay of surviving spouse's pension following the death of the beneficiary.
- **Intentional statement** : a statement of your income for tax declaration purposes.
- **Intentional statement** : a "declaration of completion" (for beneficiaries with dependent children aged 20 to 25 years old) to be completed and returned.
- **Intentional statement** : information on the annual adjustment and a "Life certificate" to be completed and returned.

### CHANGE OF DETAILS / IN THE EVENT OF DEATH / SURVIVOR BENEFITS

- Important to inform the Fund of any change within 30 days.
- Address-related address: send, by post or email, a signed document with new details and the date at which the change should be made.
- Bank accounts: send, by post only, a document issued by your bank showing your name, IBAN and BIC. You should sign the document.
- Marital status: send, by post or email, a copy of the official relevant document.
- Child dependency status: send, by post or email, a copy of the official relevant document.
- The Fund should be informed as soon as possible.
- The Fund will provide support on the process to follow.
- Surviving spouse and / or orphan pension(s) may be payable.
- Eligible spouses: a pension equal to 55% of the basic pension of the deceased beneficiary + a fixed sum of 564 CHF (reduced if not maximum membership).
- Eligibility can be presumed if not automatic. Eligible divorced spouses: a pension equal to the maintenance defined by a judgement or the amount paid by the deceased beneficiary, if lower.
- Orphan: pension based on the beneficiary's last indexed reference salary and using a rate depending on the number of dependent children at the time of death.
- Eligibility is established by the Rules. [To find out more...](#)

### ANNUAL ADJUSTMENT OF BENEFITS / TAX / BENEFITS SERVICE

- Pensions, fixed sum and allowances are adjusted annually in accordance with the method defined in Annex C (depending on the date you became a beneficiary).
- There is an under indexation mechanism in place linked to the Funding rate of the Fund.
- Tax treatment depends on your country of residence.
- Benefits are paid without any privilege of tax exception or deduction of any internal taxation.
- Available to answer any queries.
- Appointments possible in person or by Zoom, if you prefer.
- Tuesday / Wednesday / Thursday 9.30 to 11.30am / 2.30pm to 4.30pm.

The information in this guide is intended to summarize the relevant aspects of the pension fund rules and regulations. In the event of ambiguity or conflict then only the content of the rules shall apply. The rules can be accessed via the pension fund website.

+41 22 767 88 11  
[pension.benef@cern.ch](mailto:pension.benef@cern.ch)  
<http://pensionofcds.cern.ch>

## PENSION FUND KEY INFORMATION FOR NEW MEMBERS (JOINING AFTER 1 JANUARY 2012)



Our purpose is to insure our members, beneficiaries and members of their families against the economic consequences of disability, old age and death.

### ABOUT THE FUND / CONTRIBUTIONS / TRANSFERS FROM OTHER CAISSES

- A defined benefit scheme.
- Contributions and benefits are based on your monthly reference salary.
- The Organization also makes a contribution.
- The Fund is a defined benefit scheme and benefits are defined by the Rules and not by individual contributions.
- Compulsory affiliation, as employed member of the CERN or ESO personnel (fellow, graduate or staff).
- Transfers accepted from employer pension schemes allowing you to purchase additional pension benefits to:
  - increase your benefits at the end of your contract.
  - become entitled to a pension (if at least five years of service).
- Can be made at any time during your contract however must be received before the end of your contract. [To find out more...](#)

### TRANSFER VALUE / DEFERRED RETIREMENT PENSION / RETIREMENT PENSION

- Compulsory for less than five years of service.
- The amount is based on your final reference salary and is 14.7% for each of the first 10 years and 22% for each further year.
- Can be paid :
  - to your personal Swiss bank account (only if you have less than 10 years of service)
  - into another private pension scheme (if they agree).
- Tax treatment depends on your country of residence.
- At the end of your contract, you could be entitled to a retirement pension deferred to age 67 at the latest.
- Entitlement begins after a minimum of five years of service.
- The monthly amount is 1.85% of the average of your last 36 months' reference salaries per year of membership (maximum: 70% for 37 years and 10 months).
- Tax treatment depends on your country of residence.
- Entitlement to a pension begins after a minimum of five years of service.
- Applicable retirement age is 67. Early retirement option available (from 52 years old). [To find out more...](#)
- The monthly amount is 1.85% of the average of the last 36 months' reference salaries per year of membership (maximum: 70% for 37 years and 10 months).
- Tax treatment depends on your country of residence.

### DISABILITY PENSION / IN THE EVENT OF DEATH OF A MEMBER / BENEFITS SERVICE

- Paid to a member whose disability (partial or total) is recognised by the Organization.
- Amount is equal to the retirement pension the member would have received at the applicable retirement age (regardless of the contract duration).
- Tax treatment depends on your country of residence.
- Surviving spouses:
  - Monthly pension payable provided the marriage/partnership lasted at least a year.
  - Amount is 11% of the last reference salary per year of membership (the member would have cumulated up to the applicable retirement age).
  - Fact and the death or remarriage of the spouse/partner.
- Orphan: monthly pension payable to unemployed and unmarried children until 20 years old, or until 25, if in full-time education. [To find out more...](#)
- Available to answer any queries.
- Appointments possible in person or by Zoom, if you prefer.
- Tuesday / Wednesday / Thursday 9.30 to 11.30am / 2.30pm to 4.30pm.

The information in this guide is intended to summarize the relevant aspects of the pension fund rules and regulations. In the event of ambiguity or conflict then only the content of the rules shall apply. The rules can be accessed via the pension fund website.

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<http://pensionofcds.cern.ch>

Providing easy access to key information.  
 Issued to each new member or beneficiary and available on our website



# Indexation and PPL (purchasing power loss)

## Indexation of pension

- Pension amounts (excluding allowances) are reviewed for indexation each year
- The relevant index is Geneva CVI from September to August each year
- Beneficiary indexation depends on month of retirement

## Geneva CVI

- September 2023 – August 2024 was +0.6%
- The prior year was +1.3%

## Communication

- Each beneficiary will receive a letter with their indexation amount and details of any Purchasing Power Loss (PPL) balance



# Benefits Service



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Aïsha Bankolé



Pilar Herguedas



Garance Louvin

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# 2023 Annual Report & Financial Statements

Annual Information Meeting 2024

# 2023 Annual Report & Financial Statements

The format follows International Public Sector Accounting Standards (IPSAS) and pension fund best practice. Includes:

- Message from the PFGB Chair
- Pension Fund Governing Board summary
- Governance information
- Management Commentary
- Benefits Service overview
- Financial statements and explanatory notes
- Actuarial Status of the Fund



Available on request or via [our website](#)



**ACTUARIAL STATUS OF THE FUND**

A key measure when assessing the financial situation of a defined-benefit pension fund such as the CERN Pension Fund (the "Fund") is the funding ratio. The funding ratio indicates the degree to which the Fund's assets cover the value of liabilities to be paid now and in the future and is calculated by dividing the net assets at the balance sheet date with the present value of the liabilities.

Another approach to liability measurement which does take into account anticipated increases in benefits is the projected benefit obligation (PBO) method. This measure accounts for expected remuneration increase linked to career change and indemnation, and also pension indemnation. The funding ratio based on the PBO is generally considered the single most appropriate measure for assessing the financial position of the Fund at a given date.

When considering how a pension fund's liabilities will evolve over time the PBO liability is projected forward using a consistent set of actuarial assumptions. The PBO can be projected forward on either a "closed fund" or "open fund" basis. For a closed fund projection, no allowance is made for any new entrants to the Fund over time such that the analysis focuses only on the current membership.

**LIABILITY MEASUREMENT**

It is important to note that a pension fund's liabilities can be defined and measured using different funding ratios. The accumulated benefits into account those liabilities given valuation date. Only

Liability Measure

- ABC
- PBO (Closed Fund)
- PBO (Open Fund)

Table 1 summarises the asset



**MEMBERS AND BENEFICIARIES**

**BENEFITS SERVICE OVERVIEW FOR THE YEAR 2023**

The purpose of the Fund is to insure its members and beneficiaries, as well as the members of their families, against the economic consequences of disability, old age and death. (Article 1.1.01).

Engaging with our members and beneficiaries

During the year many of you interacted with our Benefits Service, whether by email, telephone or a visit in person. The service also enjoyed a very successful visit to our members at ESO, providing direct in-person access to the Benefits Service.

We were delighted to be able to also meet members and beneficiaries during our annual sessions at both CERN and ESO, which allowed us to update you on the Fund's investment performance, benefits and governance matters. The sessions were attended by over 500 members and beneficiaries, either in person or via the webcast. We very much appreciate these opportunities to share information regarding the status and activities of the Fund and to answer your general questions and feedback.

Updated factheets for our new members and those approaching retirement

Last year we launched new factheets for those approaching retirement. We also took the opportunity to update the factheets that are shared with our new members. Both documents are available on our website. We hope that you find these a useful reference point for key information on these important milestones of your pension journey.

In-person information sessions continue as part of the induction sessions for new members. Refinement seminars are held each year as you approach retirement.

Amendments to the Fund's Rules

We are pleased to inform you that the changes to the actuarial factors in the Fund's Rules (i.e. early retirement and purchase additional periods of membership) have been approved by the Pension Fund Governing Board. We will look at the suitability of some of the administration of pension benefits. As when a change is made to standards by when you exercise an option available and the defined benefit payable from

Supported 31 of beneficiaries via

Converted 21 to defers

46 countries via

Processed 23 to retiree

**CERN PENSION FUND IN NUMBERS 2023**

"The purpose of the Fund is to insure its members and beneficiaries, as well as members of their families, against the economic consequences of disability, old age and death. (Article 1.1.01)"

Formed in 1955

2 Sponsor Organisations

4199 members

3674 beneficiaries

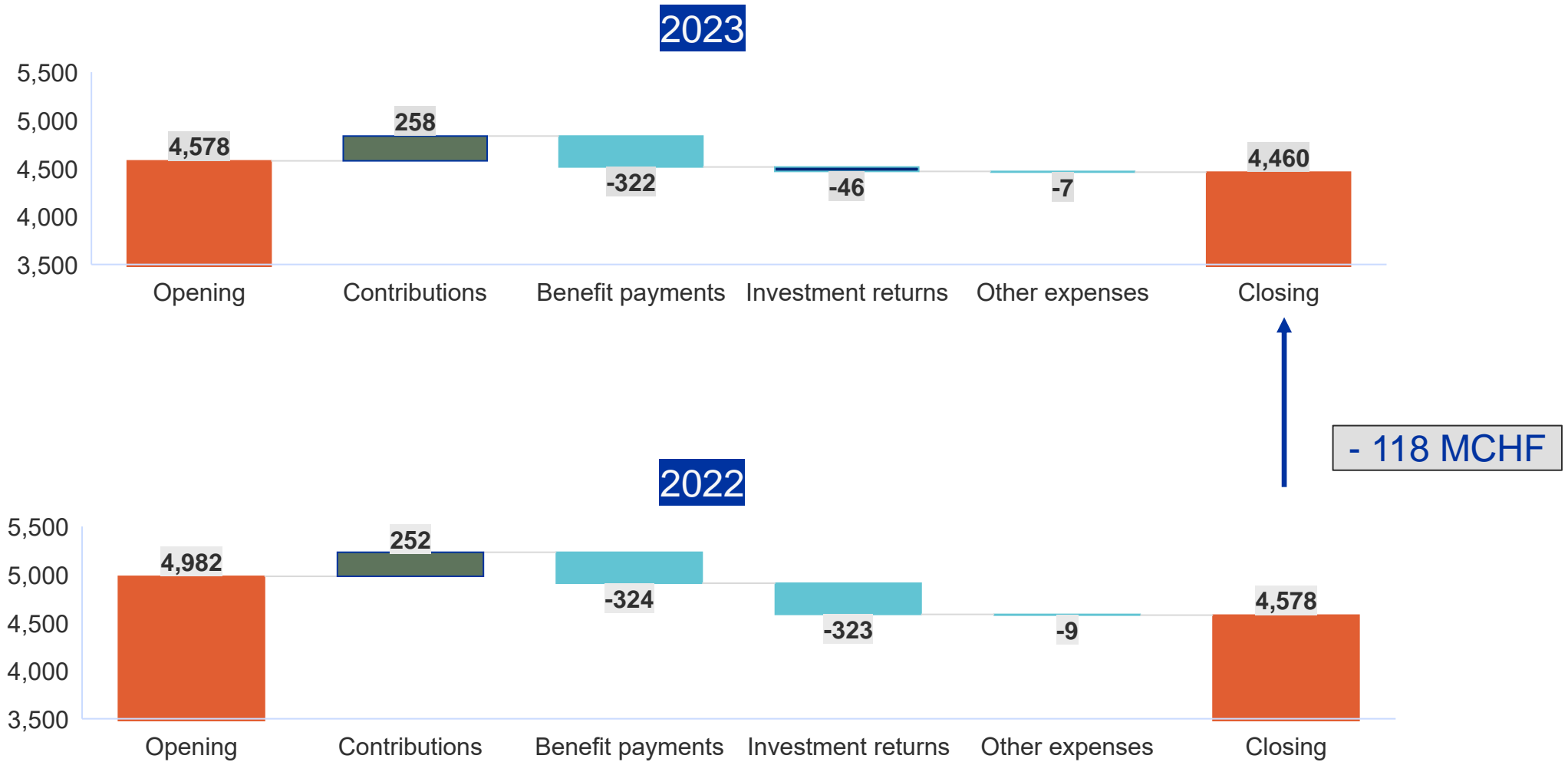
Welcomed 570 new members

Supported families of 164 beneficiaries who sadly passed away

"The Pension Fund takes a holistic approach to the management of risk and operates an assurance framework that provides the PFGB and other stakeholders with an assessment of the strength of controls for risk management."



# 2023 Annual Report & Financial Statements (M CHF)



# Funding level – two different measures used

31 December 2023

67.4%

44.0%

## 1 Best estimate / Actuarial

- Determined by the Actuary at least every 3 years in the Periodic Actuarial Review
- Monitored every 6 months in the dashboard
- Uses assumptions that are most likely to be borne out in practice (concept of equal chance of being better or worse)
- Key driver is the discount rate which also serves as the target rate of return on assets

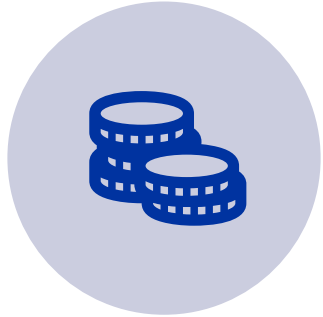
## 2 Accounting / IAS 26

- Produced by the Actuary using a corporate bond yield curve (AON AA) matched to liability maturity profile
  - Typically, is much lower than the target rate of return used for the actuarial funding ratio
- Disclosed in PF and CERN AR&FS
- Used in the method of adjusting pension benefits for indexation

# Investment Report

Annual Information Meeting 2024

# Investment markets – important note



The CERN Pension Fund pays *defined-benefit* pensions. Benefits are calculated according to your service period, reference salary and any applicable factors



Benefits are not affected by the funding level or investment performance



This report on investment activity, markets and performance is provided for insight and transparency



The investment activities are overseen by the Governing Board and its Investment Committee. More information is available in our Annual Report.

# Managing our assets

What are the assets of the Fund?

The Pension Fund pays benefits from its financial resources: funds it has built up through contributions and investment returns.

Why do we invest?

The Pension Fund is only sustainable if we are able to earn returns, over the long-term, in excess of the rate of inflation. This is known as positive real returns.

Do we have a target?

To achieve or exceed a return in excess of the real discount rate (currently 2.6%)  
To manage the portfolio within a Risk Limit of  $\pm 8\%$  using 5% Conditional Value at Risk

Who manages the assets?

The PFMU and its advisers propose a Strategy and Risk Limit, for PFGB to approve.  
The implementation of the strategy is delegated to PFMU, under oversight of PFGB.  
PFMU takes advice or outsources some strategies, but most assets are managed internally

Are there risks?

Virtually all major events in the world affect financial markets, positively or negatively.  
Diversification within the assets is key to managing risk.  
A long-term view and approach is essential to managing through volatility.

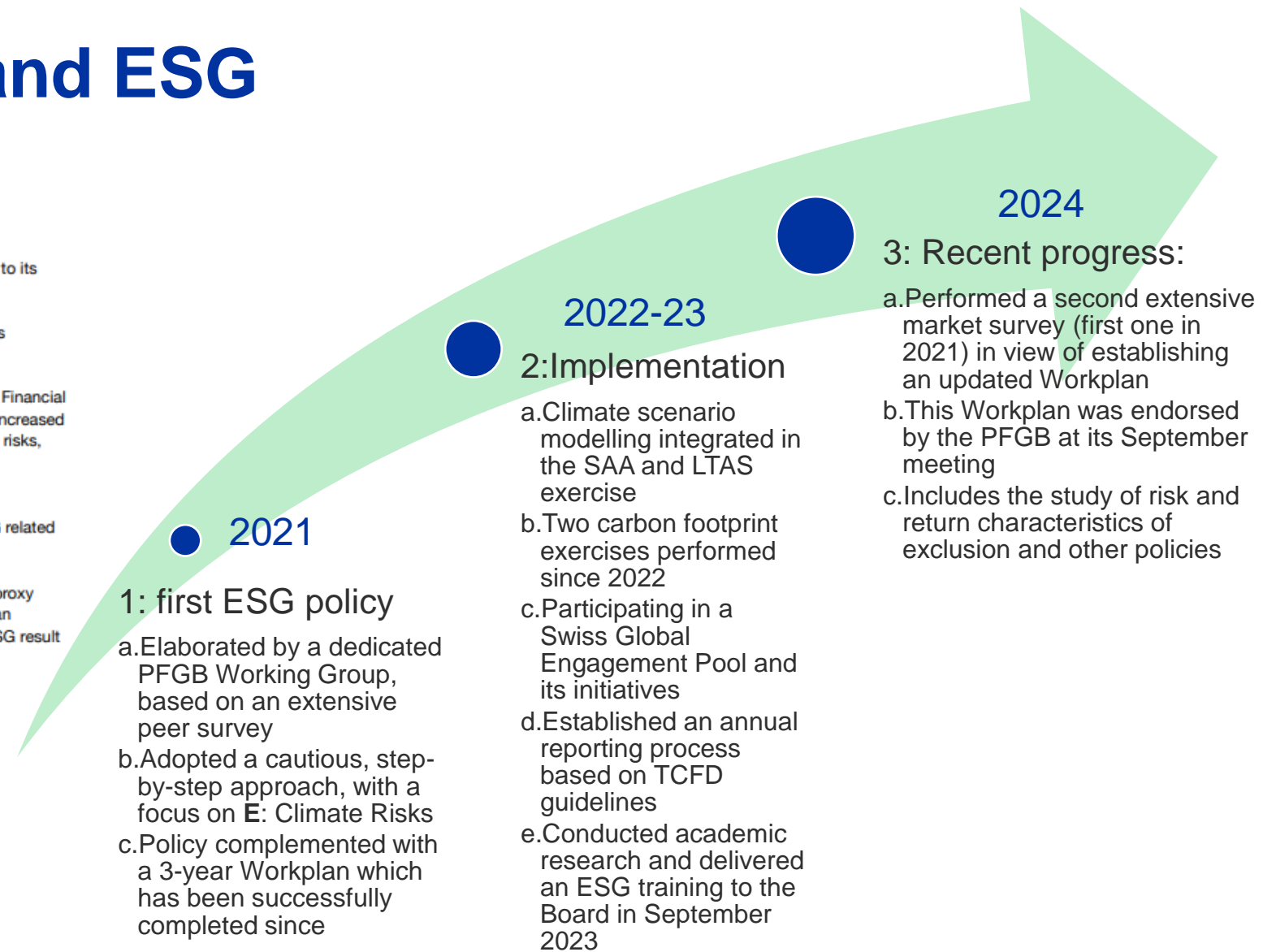
# CERN Pension Fund and ESG

## ANNEX – ESG POLICY

The Fund acknowledges the relevance of environmental, social and governance (ESG) value drivers to its ability to meet its fiduciary duties.

The Fund pursues its investment objectives by taking into consideration ESG risks and opportunities according to the following four pillars:

1. **Manage climate-related risk and opportunities** within the Task Force on Climate-related Financial Disclosure (TCFD) framework. Climate change, in particular, is expected to be a source of increased physical (e.g. climate events) and transition risks (e.g. tighter regulatory requirements, legal risks, stranded assets, social unrest),
2. **Develop an asset manager engagement framework** that promotes good governance, consideration of social factors and value-drivers, climate-aware risk management and ESG related disclosures,
3. **Adopt responsible ownership practices**, principally through collective engagement and proxy voting. While divestment may result in increased cost of capital for a company and act as an incentive for improvement, there is an argument that engagement can achieve the same ESG result coupled with financial benefits to the investors,
4. **Carry out regular reviews of the market to keep abreast of best practices and global regulatory trends.**





# ESG content in our Annual Report



## MACROECONOMIC HIGHLIGHTS

In 2023, global economic activity sustained its expansion. The IMF reports a 3.1% increase in global GDP, representing a slight deceleration compared to the 3.5% growth observed in 2022.

Contrary to the initial forecasts, which had predicted a significant slowdown in developed economies due to monetary policy tightening, the United States and several major emerging market and developing economies showed considerable resilience. This ongoing growth was partly fuelled by the continued expenditure of savings accumulated by consumers during the 2020 pandemic. However, economic performance was not uniform across all regions. Europe and China, for instance, experienced a slowdown. In Europe, higher interest rates and supply constraints impeded growth, while China's real-estate market stresses adversely impacted its economic activity.

Labour markets globally continued to strengthen, with unemployment rates remaining low in many countries, although some economies observed a moderate increase.

Despite the sustained economic growth in 2023, inflation rates began to recede, although they still remained high. The IMF estimates a drop in global CPI inflation to 6.8%, down from 8.7% in 2022. This decline was more pronounced in advanced economies. In the US and Europe, some alleviation of the previous supply constraints led to a reduction in goods prices. Core inflation also decreased but continued to be relatively high, influenced by the tight labour market and persistent labour supply shortages.

In response, central banks continued to implement a series of interest rate hikes throughout the year, pausing their tightening cycles when rates reached levels deemed to be sufficiently

restrictive and inflation showed signs of decline. Due to the rapidity of previous interest rate increases, monetary policy rates reached their highest point since the 1980s.

Additionally, 2023 witnessed persistently elevated geopolitical risk, due to renewed conflict in the Middle East. This resurgence of instability significantly contributed to heightened volatility in the commodity markets, affecting energy prices in particular. The geopolitical tensions not only disrupted supply chains but also led to fluctuations in oil and gas prices, thereby influencing global economic conditions.

In conclusion, the year 2023 was marked by resilient economic growth and diminishing inflationary pressure, with central banks playing a pivotal role through interest rate adjustments and the gradual easing of financial conditions. Geopolitical risk remained an important factor throughout the year.

## RISK MANAGEMENT AND ASSET ALLOCATION

The Fund's risk management and asset allocation policy is set out in the Statement of Investment Principles, which has been approved by the PFGB. It is based on an annual risk limit and an annual strategic asset allocation (SAA), and on managing the current asset allocation (CAA) in a manner compatible with both the risk limit and the investment return objective.

The Fund's return objective is to meet or exceed the actuarial best-estimate discount rate, adjusted for Geneva inflation, over the long term. Since 2022, the best-estimate real-rate assumption has stood at 2.60% per annum. The

## ESG remains a key priority:

- Update on progress of ESG policy implementation plan
- ESG report follows guidelines of TCFD (Task Force on Climate-Related Financial Disclosures)
- Governance, Strategy, Risk Management and metrics
- Results of two exploratory studies:
  - Climate impact analysis
  - Carbon footprint and transition pathway study

half of the total exposure (NAV plus unfunded commitments). The geographic exposure of the total commitment is spread evenly between Europe and North America.

**Hedge Funds**  
In 2023, the hedge fund portfolio returned +4.25% after currency hedging costs.

At the end of 2023, the hedge fund allocation comprised 14 funds. Several full redemptions were triggered by the time window of opportunity to allocate to high-conviction managers that remain hard-closed for extended periods of time. Additional commitments totalling 97 MUSD were made across existing funds in view of the increased allocation to hedge funds in the 2024 SAA.

The funds in the overlay portfolio delivered a muted performance as these strategies are expected to underperform in strong markets.

**Commodities/Precious Metals**  
In 2023, the commodities and precious metals portfolio delivered a positive performance of 1.41% after currency hedging costs.

### UPDATE ON OPERATIONAL INFRASTRUCTURE

The implementation of the Portfolio Management System (PMS) was completed in 2023. The implementation of a PMS represents a major improvement in the infrastructure of the Fund, as it strengthens all trade flow processes and provides an overall more robust and more reliable set-up in terms of operations and business continuity. The implementation of the new system was audited by the CERN Internal Audit service and no major recommendations were issued.

### AN ESG IMPLEMENTATION WORK PLAN, WITH AN EXPLICIT FOCUS

### ON ADDRESSING CLIMATE-RELATED RISKS AND OPPORTUNITIES

AN ESG IMPLEMENTATION WORK PLAN, WITH AN EXPLICIT FOCUS ON ADDRESSING CLIMATE-RELATED RISKS AND OPPORTUNITIES



### CONCLUSIONS – MACRO OUTLOOK

Looking ahead to 2024, the macroeconomic and financial landscape continues to present challenges. On a positive note, the global economy has demonstrated sustained resilience, notwithstanding the tighter financial conditions and the persistence of elevated geopolitical risk. Moreover, the gradual easing of inflationary pressures, coupled with the prospective advantages of advancements in artificial intelligence, offers encouraging long-term prospects.

However, the prevailing climate is marked by significant uncertainty. This is evidenced by less favourable financial market valuations, which could potentially reduce medium-term returns. Additionally, persistent high inflation remains a primary concern. The possibility of new geopolitical disturbances, potentially affecting commodity prices, could further limit the capacity of central banks to bolster economic growth.

### UPDATE ON THE IMPLEMENTATION OF THE ESG POLICY

In November 2021, the PFGB adopted an ESG policy as in 2023, the Pension Fund Governing Board (PFGB) adopted an ESG policy as an integral part of the Fund's Statement of Investment Principles. At the same time, the PFGB approved an ESG implementation work plan, with an explicit focus on addressing climate-related risks and opportunities, with substantial steps forward taken during 2022. The progress achieved in 2023 is reported in the next section. The ESG plan itself is updated on an annual basis.

In parallel, the Fund continued to participate in collective engagement activities. In 2023, it participated in 15 initiatives on various ESG topics led by Ethos Engagement Pool International (EPI).

### MANAGEMENT OF CLIMATE RELATED RISKS AND OPPORTUNITIES: PROGRESS REPORT

This section summarises the work carried out in 2023 to strengthen the Fund's management of climate-related risks and opportunities. It is organised according to the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD), as reproduced below, around the pillars of governance, strategy, risk management and metrics/targets.

#### I. Governance

Describe the oversight of the climate-related risks and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities.

The Fund acknowledges that climate risk can have a systemic impact on the value of its investments. Climate change is expected to be a source of increased physical risks (e.g. climate events) and transition risks (e.g. tighter regulatory requirements, legal risks, stranded assets, social unrest).

The Fund is on a path of progressively integrating the management of climate risks into its global investment risk management framework. While the responsibility for this integration lies within the remit of the CEO and the CIO, the progress is continuously monitored by the Investment Committee and the PFGB.

#### II. Strategy

In 2022 the Fund completed two exploratory studies, a climate impact analysis and a carbon footprint and transition pathway study, with the objective of providing an initial evaluation of the Fund's climate risk. In 2023 a second carbon footprint measurement was carried out. In addition, the Fund is active in identifying opportunities to invest in climate transition themes. This combination of bottom-up and top-down approaches is deemed to be appropriate, given the complexity of the matter and the inherent uncertainties.

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

In 2022, the PFJU commissioned a climate impact analysis to evaluate the Fund's strategic asset allocation over a long-term investment horizon, according to three stylised climate scenarios:

**Orderly Transition** – explores the transition and physical risks involved in an orderly and smooth transition towards a low-carbon, climate-resilient economy consistent with the goals of the Paris agreement.

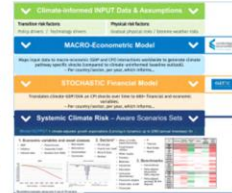


Figure 1: Climate NPV methodology. Source: Onea Finance

**Disorderly Transition** – explores how a transition can have more severe financial impacts when the pricing-in of climate risks occurs abruptly and with financial sentiment shocks.

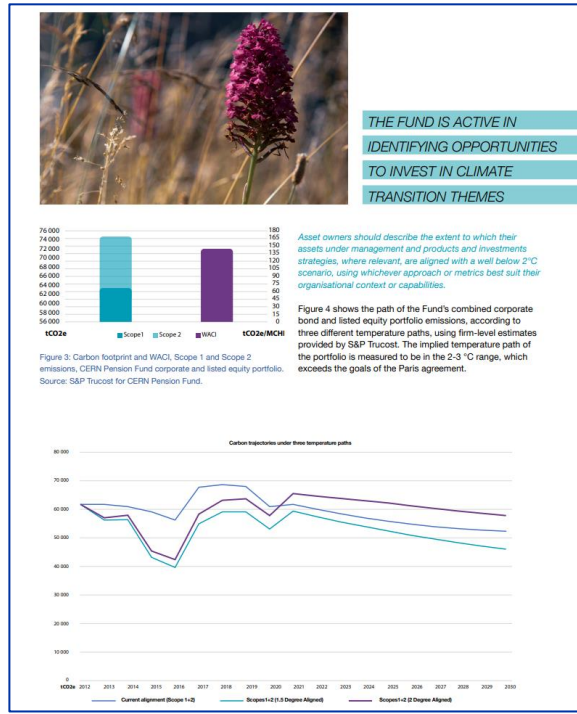
**Failed Transition** – explores the severe physical impacts of a scenario where current policies continue, the Paris Agreement is not met and global temperatures increase well beyond 2°C, triggering serious physical risks.

The methodology is presented in Figure 1.

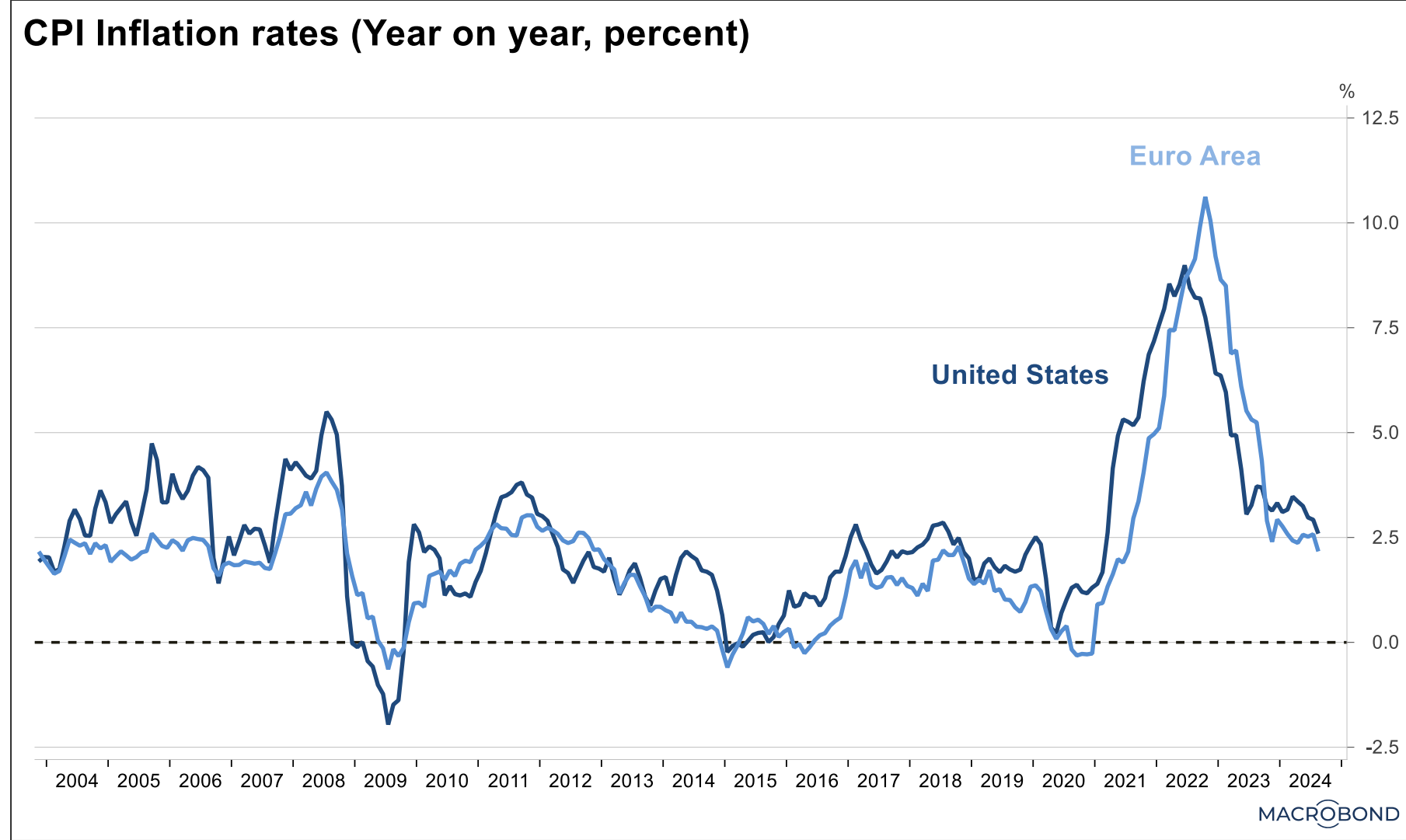
The results of the climate impact analysis were presented in the 2022 investment report. The study revealed that the investment return would be only modestly lower in an orderly transition. In a disorderly scenario, the effect is larger, with transition risks manifesting themselves early. In the failed transition scenario, the performance is expected to deteriorate quite significantly later on, as physical risks start to be realised. Accepting that such studies rely on long-term assumptions and impacts the Fund will carry out further studies when it is likely to result in meaningful and valuable insights. The second iteration of this study is expected to be performed in 2024.

As mentioned in the preamble of this section, the Fund strives to identify opportunities to invest in climate-focused themes. During the reporting period, the Fund invested in an infrastructure fund with an energy transition focus and in a company focused on sustainable batteries.

The Fund continues to invest in the timber asset class, both through direct ownership and through investment funds. The directly owned forests in the portfolio have been managed since inception according to the "irregular forest management" approach.

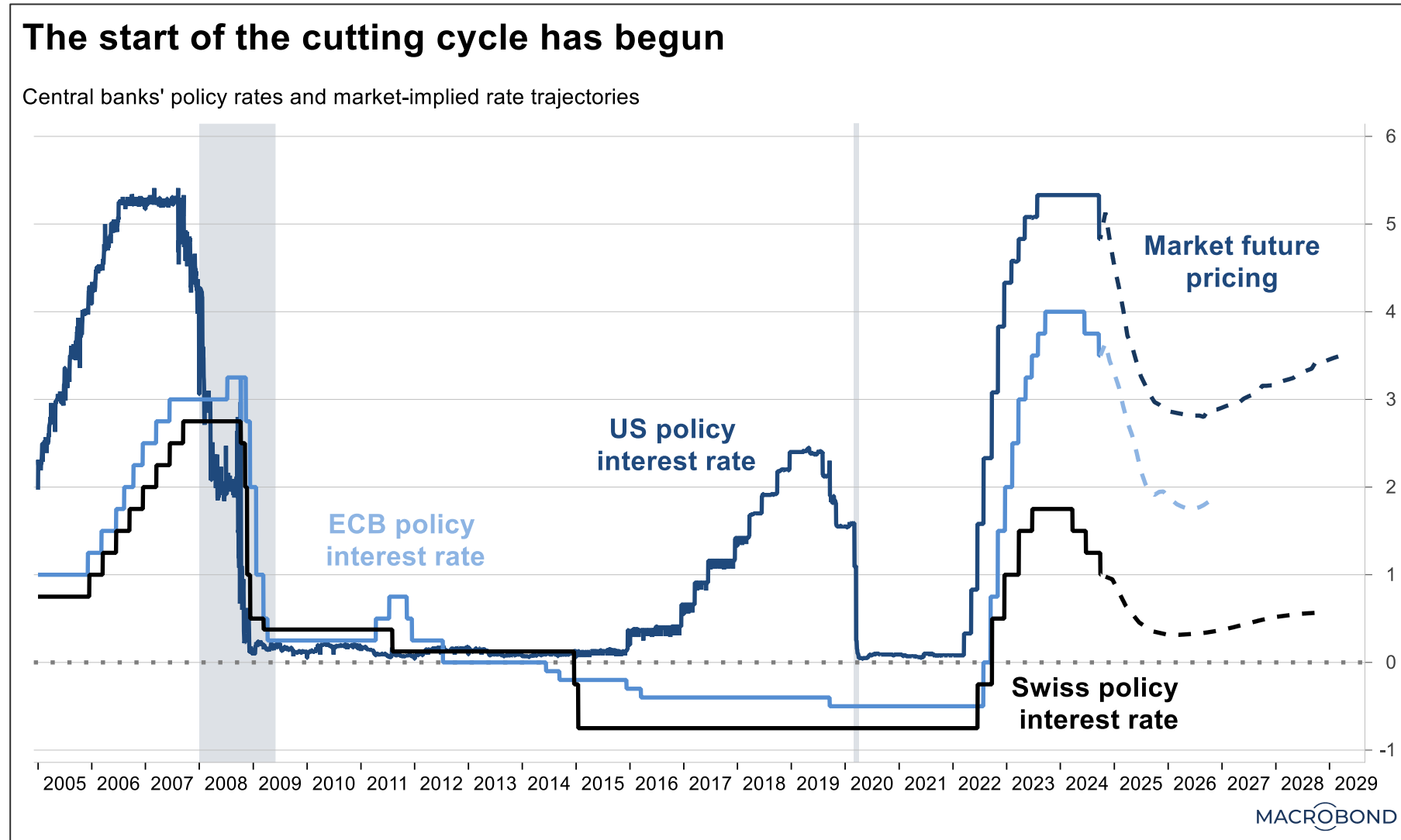


# Economic context

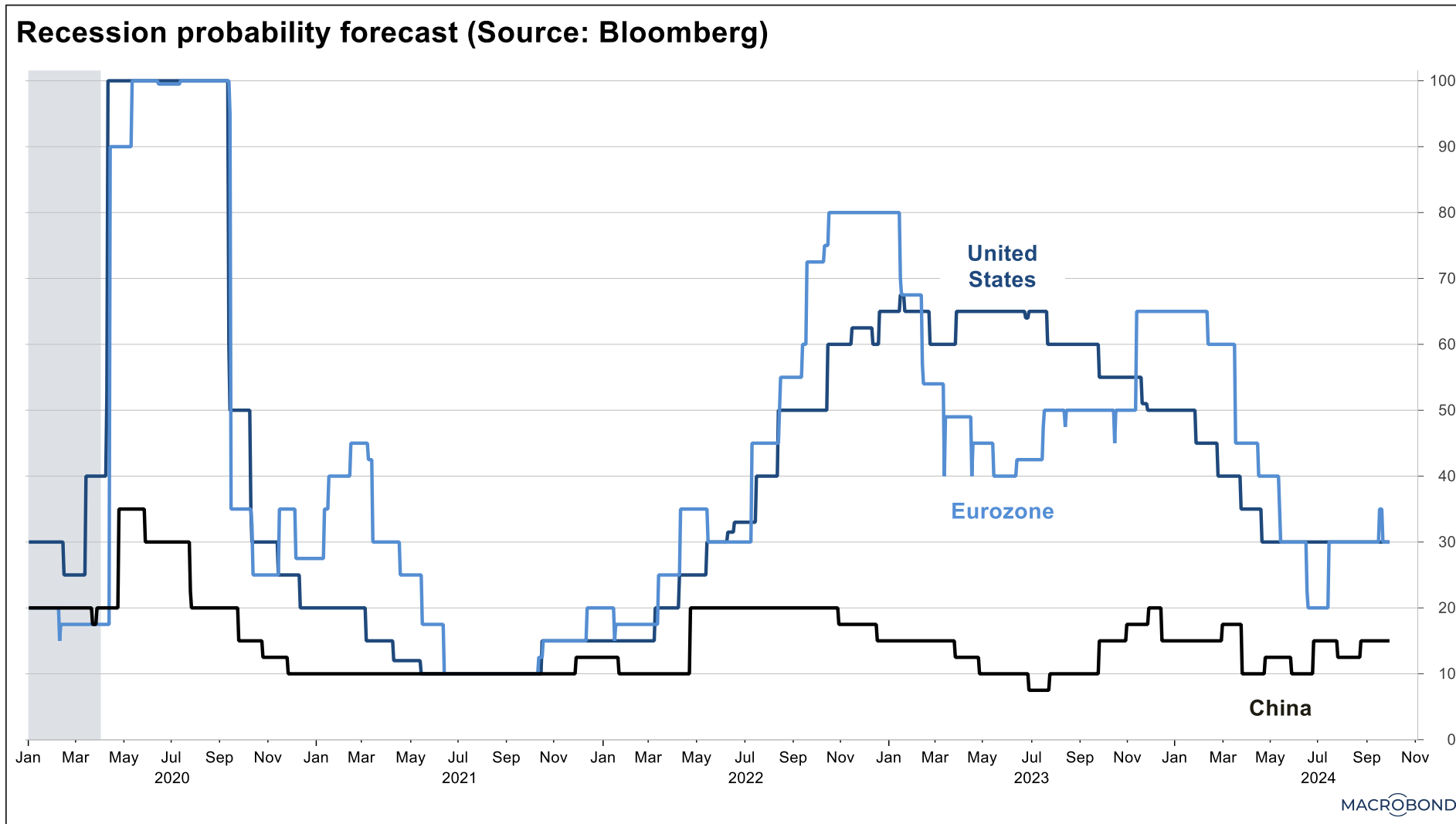




# Economic context



# Economic context



# Strategic Asset Allocation – asset classes



## Precious metals

- Store of value, diversification of risk



## Private Equity and Venture Capital

- Access to early-stage capital growth with a premium for complexity and risk



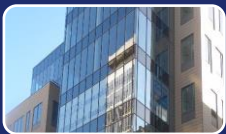
## Hedge Funds

- Risk management; access to uncorrelated returns through active management



## Equities

- Access to capital growth and income from corporate profits



## Real Assets

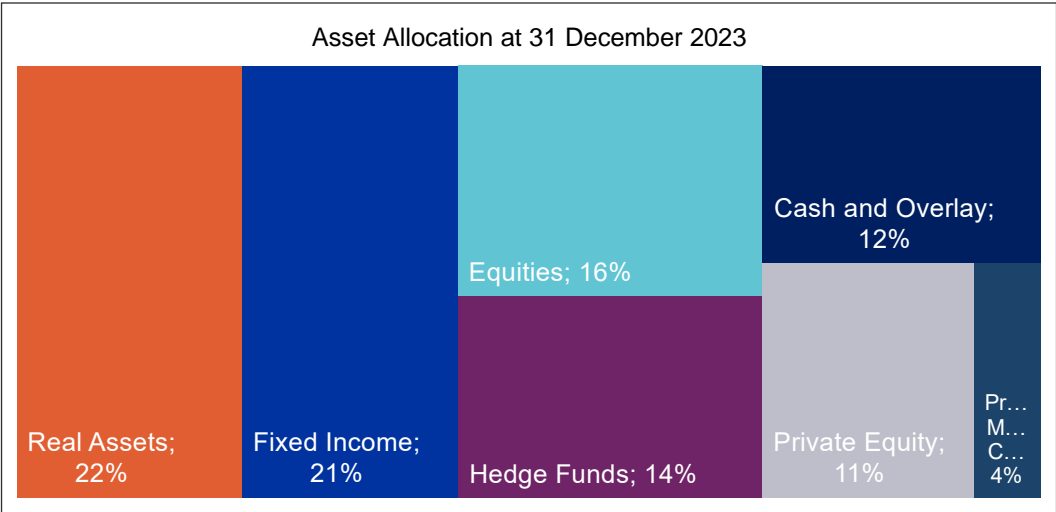
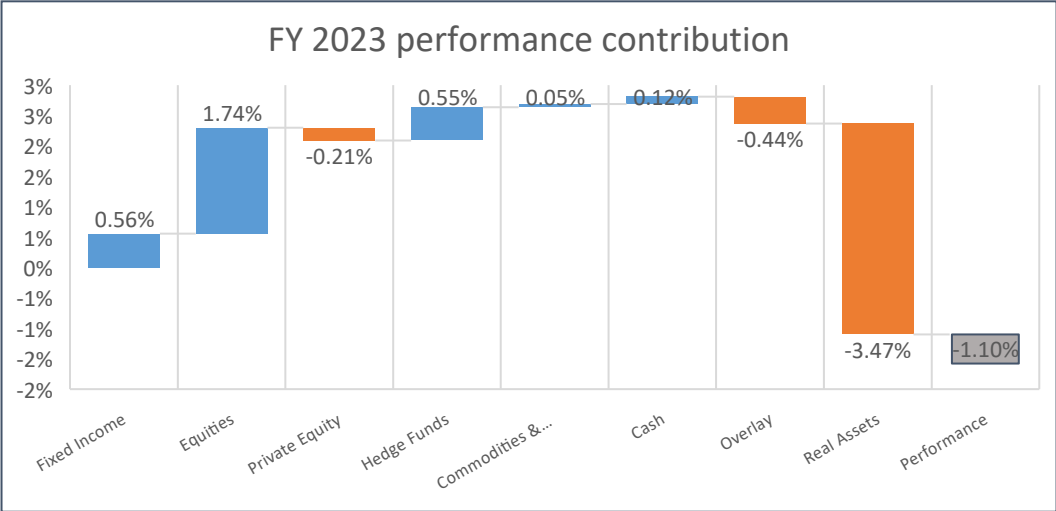
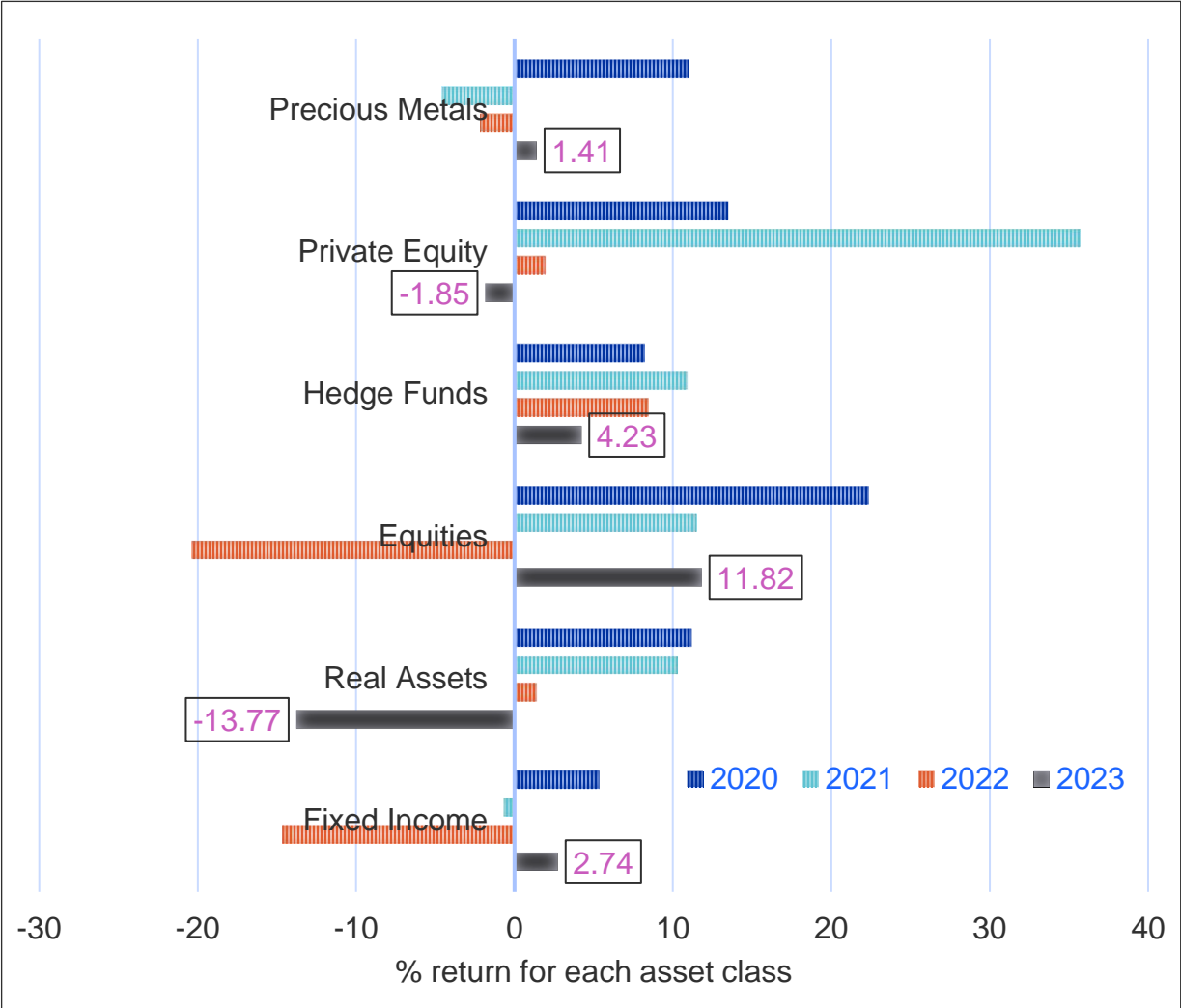
- Real estate, timber, infrastructure: Store of value, stable income and protection from inflation



## Fixed Income

- Benefit of liquidity, with premium over cash deposits for limited default risk

# Returns by asset class – 2023



# Investment – 2023 summary

## Investment performance

- Impacted by unrealised real estate markdowns
- -1.10% (nominal) for full year 2023
- Long-term performance since December 2011 +16.34pp ahead of required rate of return
- Hedging costs (USD to CHF) remain a drag due to interest rate differentials

## Risk limit

- Risk limit at -8% +/- 2pp error margin
- PF operated within the approved risk limit throughout 2023

## Market themes (brief)

- Record levels of inflation following Covid stimulus
- Recessionary fears impacting interest rate policy and market confidence
- War in Ukraine and other geopolitical tensions further impact markets

## Response / outlook

- Investment objective is to achieve returns, but also to protect capital during volatility via risk management
- SAA remains suitable for our needs and the market continues to present opportunities alongside challenges

# Opportunity for questions

**Annual Information Meeting 2024**

# Closing remarks

Annual Information Meeting 2024

# Closing remarks

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Thank you for attending our session today - we hope that you found it to be informative.

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Despite continued challenges in financial markets the Fund has continued to protect the Fund's assets and serve its beneficiaries as it has done since 1956.

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The Fund is in safe hands and has a bright future. It will welcome new members and serve new beneficiaries in 2025 and beyond.

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**Thank you for your  
participation**