

Pension Fund

New Governance Structure

Contents

- **Background**
- **Main decisions - CERN Council / June 2007**
- **New Governing Board**
- **Next steps**

Background

- **2004-2005: OSNES I** (5 Council Delegates; nobody from PFGB)
 - Review chairman election process and PFGB terms of office
 - Council decides 6-year limit on PFGB mandates
 - Council decides PFGB Chairman always a Council Delegate
- **2005: OSNES II** (5 Council Delegates; 3 PFGB members; 1 ESO)
 - Review whole Pension Fund Governance structure
 - Proposal (agreed by everyone in the OSNES II WG)
 - Diverging views expressed (by Council Delegates, by CERN DG)
 - Council asks 3 independent experts for advice
- **Sept 06: experts report submitted to Council**
 - Alternative governance structure outlined
 - Council endorses Panel's recommendations
 - Council appoints OSNES III to draft proposals

Background

- **2006: OSNES III (4 Council delegates + 1 ESO)**
 - PFGB members want to participate -> rejected
 - Staff Association asks to participate -> rejected too
 - Proposals submitted to CERN Council in December
- **Strike at CERN to oppose to the OSNES III report**
- **New WG “Levaux” decided by Council**

“Levaux” Working Group

■ 9 members:



P. Levaux, chairman

P. Williams

CERN Council



F. Ferrini

PFGB



F. Bello

ESO Council



S. Lettow

CERN Management



J.A. Schneider



Ph. Lambert

Expert



E. Allaert

ESO Staff Assoc.



D. Duret

CERN Staff Assoc.

■ 1 observer from the Pensioners

■ with the help of CERN Services (Legal , Translation)

Main decisions - CERN Council / June 2007

- **Reaffirmation of the roles of CERN Council**
 - Regulator
 - Supreme authority
 - Sponsor
- **The Fund remains under the sole legal framework of the Organization (CERN)**
 - CERN Council remains the ultimate authority
 - The management of the Fund is delegated to an executive structure, separate from the CERN Management

Main decisions - CERN Council / June 2007

- **Clarification of roles/responsibility/line of reporting of each of the organs of the Fund**
 - The GBPFB reports directly to the CERN Council
 - The CERN DG has no responsibility as far as governance is concerned, but:
 - If the proposals may have a direct impact on the staff policy, the Council shall instruct the DG to elaborate concerted concrete proposals (SCC, TREF loops, ...)
 - If the proposals have a direct impact on the budget of the Organisation, the Council shall consult the DG before any decision
 - ESO to be consulted as described in the agreement between CERN and ESO

Main decisions - CERN Council / June 2007

■ Funding Policy to be established

- must be clearly defined and incorporated into the Rules and regulations of the Fund
- must define the funding ratio, the Fund's objective being to reach and maintain this ratio
- must define the mechanisms and duration of the recovery period to reach these objectives in case of underfunding
- must reinforce the guarantees in the event of dissolution of the Organisation or withdrawal of one of the Member States

Main decisions - CERN Council / June 2007

- **A smaller GBPF**
 - 10 members instead of 20
- **The professional character of the bodies of the Fund is reinforced**
 - 2 experts in the GBPF (with voting rights)
 - 2 experts in the Investment Committee
- **A code of conduct for the members of the GBPF**

Governing Board: Composition

- 10 members and 10 ~~alternates~~
- ✓ ■ 2 members appointed by Council
- ✓ ■ of which the President
- ~~1~~ representative ESO DG
 - 1 ESO Council/DG, 1 ESO Staff Association
- 1 ■ ~~2~~ appointed by CERN Management
- 4 ~~directly~~-elected members
- 2 ■ ~~1~~ appointed by the Staff Association
- new ■ 1 appointed by CERN and ESO Pensioners Association (CEPA)
- new ■ 2 experts (with voting rights)
- 1 ■ ~~1~~ Vice-presidents, 1 “employer”, 1 “employee”
- ✓ ■ General Manager (*ex-officio*)

Governing Board: Mandate

- Entrusted by Council with responsibility for overseeing the operation of the Fund
- Secure and maintain the actuarial balance of the Fund in order to meet the Organisations's pension obligations to the members and beneficiaries
- Define the Funding Policy, incl. risk level

Investment Committee : Composition

- ~~Maximum 8 members~~ minimum 6 members
- ~~1 member appointed by CERN Council~~
- ~~2 “employer” members of GBPF~~
- ~~2 “employee” members of GBPF~~
- Administrator ex-officio without right to vote
- 2 ■ External Professional Experts appointed by GBPF
- ✓ ■ President chosen from among the members of the GBPF
- 2 members of GBPF, with expertise in investment policy and practice
- 1 member from Investment Unit (without right to vote)
- GBPF may widen the composition if necessary

Investment Committee: Mandate

- Advises GBPF on investment matters
- Draws up an annual investment plan **new**
- Defines tactical investment
- Supervises performance of Fund managers
- Reports to GBPF

The New Governing Board



D. Duret



F. Ferrini, chairman



Ph. Lambert



S. Lettow



G. Deroma



F. Derie



F. Wittgenstein



K. Van Riel



J.A. Schneider



D.-O. Riska

Next steps

- Appointment of the Vice-president (for approval by CERN Council in December)
- Definition of the Funding Policy and decision on SAA
- Code of Conduct
- Appointment of the General Manager
- Appointment to the Investment Committee
- Actuarial review: proposals to CERN Council
 - Indexation of pensions for 2008-2010
 - Increase of Contributions ?
- **And make the new governance structure a success**