

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

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Action to be taken

Voting Procedures

FOR RECOMMENDATION TO COUNCIL	<b>FINANCE COMMITTEE</b> <b>327<sup>th</sup> Meeting</b> <b>11 November 2009</b>	Simple majority of Member States represented and voting and 51% of the contributions of all Member States
FOR APPROVAL	<b>COUNCIL</b> <b>153<sup>th</sup> Session</b> <b>17 December 2009</b>	Simple majority of Member States represented and voting

ADJUSTMENT OF PENSIONS FOR 2010

The Finance Committee is invited to recommend to the Council and the Council is invited to approve the proposal of the Pension Fund Governing Board set out in this document to adjust pensions, fixed benefits and allowances by 0% with effect from 1<sup>st</sup> January 2010.



## ADJUSTMENT OF PENSIONS FOR 2010

Article II 1.15 of the Rules of the Pension Fund, entitled “Annual Adjustment of Pensions”, provides that:

“With a view to protecting the beneficiaries’ purchasing power and taking into account the financial balance of the Fund, the Council shall decide annually on the adjustment to be made to pensions, fixed benefits and allowances in accordance with the method defined in Annex C.

### Annex C

#### Method for the Annual Adjustment of Pensions (Article II 1.15)

- a) As long as the funding ratio of the Fund<sup>1</sup> is below 100%, only a part (see b) below) of the Geneva consumer price index for the last twelve-month period (August to August) shall be granted.
- b) The adjustment factor to be applied to the Geneva consumer price index shall be determined by the Actuary at each actuarial review, so that on the basis of the actuarial parameters applying at the time of the adjustment, the funding ratio would reach 100% by 31 December 2033. The cumulated loss of purchasing power incurred by a beneficiary from 1 January 2005 shall not exceed 8%.
- c) When the funding ratio of the Fund has reached 100%, the full Geneva consumer price index shall be granted.
- d) If the funding ratio of the Fund is substantially above 100%, the Council shall consider a mechanism to restore pensions’ purchasing power.”

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<sup>1</sup> Funding ratio at the end of 2033 as determined by the Actuary in an open fund projection in the periodic review.

Given that:

- the Geneva consumer price index for the period August 2008 to August 2009 was - 0.8 % and the adjustment factor for the period 2008-2010 determined by the Actuary in the Actuarial Review is 81.2%; and,
- the wording of paragraph (a) of the method for annual adjustment of pensions set out in Annex C presupposes inflation, i.e. an increase in the Geneva consumer price index for the last twelve-month period, and is therefore not suited to a deflationary situation;

the Pension Fund Governing Board proposes that pensions, fixed benefits and allowances be adjusted by 0% for 2010.

In this context, the Pension Fund Governing Board affirms that the effective increase of 0.8% in pensioners' purchasing power that results from this 0% adjustment will be included in the Pension Fund's calculation of the cumulated loss of purchasing power provided for under paragraph (b) of Annex C.

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