

**Report by the Chairman of TREF, Mr B. Dormy,
to the Finance Committee on 14 March 2012**

TREF held its 80th meeting on 29 February. This was the first meeting for several new members, Mrs Gouinguenet and Mrs Tolstoi of France, Mr Bal of Switzerland, and Mr Defert, the new Vice-President of the Staff Association. It was also the last meeting of Mr Evéquo, who had represented Switzerland at TREF since October 2009. TREF extended warm thanks to Mr Evéquo for his work on its behalf and his commitment to the Organization and wished him the very best for his retirement.

The main items examined at this first meeting of 2012 were as follows:

Proposal by the Management to adjust the total contribution rate for new members of the Pension Fund within the framework of the package of measures adopted in 2010 and 2011

You will recall that, in approving the second part of the package of measures to restore the Pension Fund to full funding, in June 2011 the Council took note that the total contribution rate for new members of 28.33% had been established in accordance with the actuarial parameters valid at that time. It was agreed that, should a change in those parameters, such as an increase in longevity, make it apparent that the rate was no longer sufficient to finance the pension promise made to new members of the Fund (i.e., those who joined the Fund as from 1 January 2012), the Management could come back with a proposal to increase the rate within the same package of measures.

In February this year, the Pension Fund Governing Board and its Actuarial and Technical Committee endorsed a recommendation by the actuary to replace the current mortality tables by new tables, which are deemed more relevant to the longevity of the CERN Pension Fund beneficiaries. Taking account of these tables, the Management drew up a proposal for a new total contribution rate for new members of 31.6%, which was presented to TREF. The Management emphasised that the choice of 31.6% was dictated by the need to apply a simulation by the actuary based on the new longevity tables that takes account exclusively of the liabilities of the new staff members themselves, namely that is sufficient to finance the pension promise made to them. It further clarified that an adjustment to a level greater than 31.6% would not satisfy the requirements of the equitable distribution model of the package which guaranteed that, given the level of their benefits, the applicable contribution rate would not exceed the cost of their pension promise.

Following an extensive discussion, TREF unanimously endorsed the Management's proposal, on the understanding that the impact of increased life expectancy for the existing members and beneficiaries and possible associated measures needed to preserve full funding over the projection period would be addressed in the framework of the next three-yearly actuarial review in 2013/2014.

The Member State delegations further underlined the importance of regular reporting on the Fund's performance and were gratified to learn that regular updates by the Pension Fund General Manager will be presented to the Finance Committee.

I hope that the Council will be able to approve the proposal tomorrow, thereby bringing the package of measures to restore the Pension Fund to full funding to a successful close after two years of intensive discussions.

Annual report on voluntary programmes

TREF also heard a report covering the main features, conditions and aims of the Progressive Retirement Programme and the Programme of Part-Time Work as a Pre-Retirement Measure, as well as statistics on participation and eligibility.

The Management recalled that the aims of the two programmes, introduced in 1997 and 1993 respectively and extended each year subject to approval by the Director-General, include the transmission of know-how and flexibility in the personnel budget. It also confirmed that, while participation has declined somewhat in recent years due to the fall in the number of staff in the relevant age bracket, both programmes continue to serve a useful purpose for both the staff and the Organization.

TREF work plan for 2012

Finally, TREF discussed and approved the tentative work plan for 2012, which makes provision for two further meetings, the first on 30 May and the second on 30 October. The May agenda will include the 2011 personnel statistics, a presentation of proposed modifications to the Staff Rules and Regulations and an introductory report on diversity policy by the new diversity programme leader. The October agenda will feature a second report on diversity, focussing on planned measures in this area, as well as proposals for the 2012 cost-variation index, a second round of discussion on modifications to the Staff Rules and Regulations if necessary, a progress report on the CERN Health Insurance Scheme, a report on the saved leave scheme, and the 2013 work plan.
