

CERN — ESO Pensioners' Association

Minutes of the Ordinary General Assembly of 27 March 2013

1. Welcome, introduction and election of the Chairperson of the meeting

Gerrit Jan Bossen, President of GAC-EPA, opened the 2013 Ordinary General Assembly which took place this year from 14:00 to 16:30 in the Globe Auditorium. Gerrit Jan explained that we had had to change the venue on account of works in the Main Auditorium but that the drink will take place in restaurant 1; we will have to take a short walk!

He welcomed the 280 or so participating members, thanking them for attending, and to whom should be added some 80 members represented by proxy.

He pointed out that this year, like last year, the meeting can be followed live by webcast; this allows our ESO colleagues and anyone else who cannot attend the meeting to be able to follow it passively without being able to vote. (Thirty-five persons followed the meeting online.)

He then paid tribute to all those retired members who had passed away since the last Ordinary General Assembly and invited the audience to observe a minute's silence in their memory.

Finally, the President proposed Jean-Claude Gouache as Chairman of the Meeting and this was unanimously adopted.

NB The presentations used by the speakers are listed in the Appendices where necessary for the comprehension of the Minutes. They are also available in full on our website:

<http://www.gac-epa.org/History/OGA/2013-03-27-OGA/Presentations-fr.html>

The Spring bulletin will be distributed along with the Minutes. A lot of information given today will be there; we shall try to avoid too much repetition.

2. Approval of the Agenda

Jean-Claude Gouache, Chairman of the session, welcomed the audience and proposed the adoption of the Agenda. The Agenda was adopted unanimously.

3. Approval of the Minutes of the 2012 Ordinary General Assembly

Jean-Claude Gouache asked if there were any remarks to be made on the 2012 OGA Minutes; there were none.

Therefore, the Minutes of the Ordinary General Assembly of 23 March 2012, distributed in May 2012, were approved unanimously.

4. Report on the 2012-2013 activities and presentation of the new Committee

Jean-Claude Gouache gave the floor to Gerrit Jan Bossen, President since January 2012, who gave the following report:

Gerrit Jan, after mentioning the minor incident concerning the mailing of the election papers, recalled the composition of the 2013 GAC-EPA Committee: 21 elected members and 1 invited member, an informatics expert.

Ten candidates stood for election: 7 outgoing members and 3 new candidates. Only one outgoing member did not stand for re-election, Jean-Claude Vialis, whom the President thanked on behalf of the whole Committee for his investissement wholehearted investment during 2 successive mandates over 4 years..

Name	First name	Candidature	Votes	Percentage
VITASSE	Michel	Outgoing candidate re-elected	581	95%
GOUACHE	Jean-Claude	Outgoing candidate re-elected	564	92%
BABOULAZ	Michel	Outgoing candidate re-elected	548	89%
BARTHELEMY	René	Outgoing candidate re-elected	499	81%
GHINET	François	Outgoing candidate re-elected	496	81%
SEIS	Irene	Newly elected candidate	489	80%
DANESIN	Mario	Outgoing candidate re-elected	466	76%
VANDONI	Carlo	Outgoing candidate re-elected	417	68%
RADERMACHER	Ernst	New candidate not elected	287	47%
DALP	Pierre	New candidate not elected	270	44%

NB: The detailed composition of the 2013 Committee, and the assignment of duties along with the results of the 2012 elections are given in the Spring bulletin.

Gerrit Jan continued with a brief comment on each function of the Committee:

Executive - Presidency

president@gac-epa.org

No change in the Presidency or Vice-Presidency for 2013.

Gerrit Jan BOSSEN remains as President until the end of 2013, André John NAUDI as Vice-President until the end of 2013, and Jean-Claude GOUACHE remains as Vice-President until the end of 2014.

Executive - Treasury & List of Members

tresorier@gac-epa.org

No change here either: Monique HÄUSERMANN, treasurer until the end of 2013 and Eddie ROEBUCK, assistant treasurer until the end of 2013, manage the budget, expenses, membership fees and the list of members. They try to keep the membership list up to date (with help from the Pension Fund and the Mail Office). They would also like to have your e-mail address, for communication purposes.

Gerrit Jan mentioned the necessity for an increase in membership fees since a large increase in printing expenses in 2012 has led to a deficit.

Executive - Secretariat & Translations

secretariat@gac-epa.org

Mario DANESIN, (who is probably watching the webcast), was re-elected and continues with the secretariat for another two years. He is helped by Françoise THEVENET elected until the end of 2013. Even if the work of the secretariat is not the most visible, it is essential for the Committee for the organization of meetings and the Minutes, for the organization of elections and the vote counting, amongst other things. All documents for the members are published in French and English. We manage to publish all the documents in both languages thanks to our devoted translators whom we warmly thank; we have been able to recruit two new translators recently (Susan Leech O'Neale and William Blair).

Executive - ESO

eso.representant@gac-epa.org

Martin CULLUM remains the representative of ESO pensioners until the end of 2013.

In the absence of Martin, Gerrit Jan gave some information in English on his behalf about ESO pensioners who are members of GAC-EPA.

1. The recognition of GAC-EPA as the representative of the pensioners by the ESO Management has allowed them to obtain an access card to the ESO sites and to be represented in the ESO Health Insurance working group.
2. The recognition by the ESO Staff Association of its pensioners and their implication in the future revision of Staff Rules (the previous version had no mention whatsoever of pensioners). The new Rules should come into force in the Autumn.
3. ESO Management recently agreed to host a GAC-EPA website devoted to ESO pensioners; a volunteer is available to act as webmaster. The site could come into service in the next 2 to 3 months.

Contacts with the Staff Associations

In order to defend the interests of pensioners, members of the Committee cooperate closely in the work of the CERN Staff Association:

- Commissions on Health Insurance, Pensions, and Pensions Guarantees

- Legal and Hygiene & Safety Commissions
- Mutual Aid Fund Commission.

Nine members of our Committee attend the Staff Council of the Staff Association with the right to vote if the subject concerns the interests of pensioners.

At ESO, Martin CULLUM is in direct contact with the executive of the ESO SA.

Pension Fund

pensions.administration@gac-epa.org

François WITTGENSTEIN is a member of the Pension Fund Governing Board (PFGB) until 4 April 2013.

Claude GENIER is the designated successor to the post of member of the Pension Fund Governing Board (PFGB); he takes up his functions on 5 April 2013.

- The GAC-EPA is actively involved in the governance of the Pension Fund; we have a voting member in the Governing Board
- Reminder: in December 2011 the Committee named a designated successor to our representative so that he could be ready to succeed him
- The concept of ‘designated successor’ was accepted by the PFGB (and the Member States) in its internal rules
- In addition, Gerrit Jan has met twice with Professor Riska, President of the PFGB; two letters have also been exchanged.

Results: the CERN internal audit is more implicated in the affairs of the PF; the President of the PFGB and the CEO of the PF have a better understanding of our request for transparency.

Pensions Commission

pensions.commission@gac-epa.org

We have 7 representatives on the Pensions Commission who prepare and analyse documents and discussions:

François WITTGENSTEIN, André John NAUDI, Claude GENIER, elected until the end of 2013; Jean-Claude GOUACHE, François GHINET, Michel VITASSE, elected until the end of 2014; and Irene SEIS newly elected for 2 years.

Pensions Guarantees

pensions.garantie@gac-epa.org

Michel VITASSE is our delegate to the working group on pensions guarantees.

Carlo-Enrico VANDONI is the deputy delegate to the working group on pensions guarantees.

They are both elected until the end of 2014.

Last year, and for many years previously, Edith Deluermoz indicated that this working group had been dormant, we shall see later that it seems to be coming out of hibernation. Let us hope that this is not temporary.

CERN Health Insurance Scheme (CHIS)

chis.board@gac-epa.org

Michel BABOULAZ and David JACOBS are our 2 delegates to the CERN Health Insurance Scheme (CHIS Board): the financial situation is satisfactory after measures were taken, the governance and functioning of the Scheme could change after the internal audit undertaken in 2011. We must take care that the Rules of the Scheme which are being revised are not unfavourable to the insured.

Social Security

David JACOBS and Michel BABOULAZ are our representatives on the Social Security Commission. They are helped by other members of the Committee where necessary.

Legal Commission

Jean-Claude GOUACHE is our representative on the Legal Commission where the revision of various circulars that concern us is discussed, such as access to the site, using the flags carpark, etc. The revision of the Staff Association statutes is also discussed in this Commission.

Safety and Hygiene Commission

Jean-François MICHAUD is our new representative on the Safety and Hygiene Commission. He replaced Carlo VANDONI at the beginning of 2013. There is not much activity in this Commission.

Mutual Aid Fund

Gunilla SANTIARD is our representative on the Mutual Aid Fund which gives financial assistance to active and retired members who find themselves in temporary difficulties. Gunilla Santiard replaces Jean-Claude Vialis.

GAC-EPA's own activities

permanences@gac-epa.org

Gunilla SANTIARD as the responsible person, René BARTHÉLEMY and Jean-François MICHAUD as representatives run the Information Sessions.

- Our monthly Information Sessions are regularly used by members who are confronted by a variety of problems in daily life. We try to solve these problems or point the people to the relevant CERN or external services who can help them.

- Major subject: French taxes.

Liaison with CERN

Liaison with CERN services is assured by Carlo-Enrico VANDONI, person responsible and his deputy Jean-François MICHAUD. We shall see how well this liaison works on the Open Days in September.

Liaison with the CERN Medical Service

After the death of Jean-Paul DISS, François WITTGENSTEIN has taken over the function of liaison with the CERN Medical Service and the Geneva University Hospitals (HUG) (study on brain ageing, internal activities of the HUG in 2012, the relevant persons will be recontacted this year).

Communication

The GAC-EPA has many means at its disposal to communicate and exchange information with its members:

- Documents published in the 2 official languages of CERN (French + English) on paper and electronically
- The GAC Bulletin
- The CERN Staff Association's Echo
- The website www.gac-epa.org
- E-mail
- (Newsletter): being discussed in the Committee
- (Forum): being discussed in the Committee.

Bulletin

Bernard DUCRET replaced Jean-Marie THOMAS as editor of the Bulletin, Jean-Marie is now his assistant.

We will now produce 2 Bulletins per year, as well as some new sections (forum, a word from pensioners). USE THEM.

The next Bulletin will be in May and will be distributed along with the Minutes of the OGA.

Mail

Responsible David JACOBS, assisted by Gunilla SANTIARD.

Our addresses:

- gac-epa@gac-epa.org (email)
- c/o SA CERN (paper) ATTENTION: looked at on a regular basis, but not daily
- You will receive a reply or be directed to the competent person.

Informatics

webmaster@gac-epa.org

Internet presence: Robert CAILLIAU, resident expert

- Website for you + website for the Committee
- Continuous update (computer hosting, technical evolution, President's requests)
- New version with Françoise Thévenet
- Membership list and programming with André Bogaerts.

Social & Cultural Activities

social@gac-epa.org

- Gunilla Santiard replaces Jean-Claude Vialis
- Organization of the end of year drink appreciated (no meeting before) and the drink after the OGA.

5. Treasurer's Report

Jean-Claude Gouache gave the floor to our treasurer Monique Häusermann, who presented the accounts for the year 2012, the profit and loss accounts, and the balance.

Expenditure 2012 and budget 2013

EXPENDITURE	2011	2012	BUDGET 2013
Staff Association	20'713.00	21'075.00	21'000.00
Bank fees	14.80	12.60	20.00
Postal charges	41.35	22.50	30.00
Receptions	12'611.30	14'704.13	15'200.00
Printing	4'896.50	8'853.00	9'000.00
Computing	612.50	597.07	600.00
Entertainment expenses	130.10	-	150.00
Total expenses	39'019.55	45'264.30	46'000.00
Surplus	4'405.10	-	
TOTAL	43'424.65	45'264.30	46'000.00

Receipts 2012 and provisions for 2013

RECEIPTS	2011	2012	BUDGET 2013
Membership fees	43'049.00	42'494.00	43'000.00
Donations			
Bank interest	358.60	298.20	300.00
Postal interest	17.05	12.80	20.00
Total receipts	43'424.65	42'805.00	43'320.00
Expenses excess		2'459.30	2'680.00
TOTAL	43'424.65	45'264.30	46'000.00

Balance at 31 December 2012

ACTIVE		PASSIVE	
Postal account	4'813.97	Carried over	126'814.36
UBS current account	8'743.04	Deficit of 2012 exercise	2'459.30
UBS savings account	110'798.05		
TOTAL Own funds	124'355.06	TOTAL Own funds	124'355.06

Monique will talk about the 2013 budget and the increase in membership fees shortly.

6. Auditors' Report

Guy Salomon, auditor, presented the following report:

Under the mandate that has been entrusted to us at the last General Assembly, I have proceeded with the auditing of the accounts for 2012, Mr Christian Boudineau being absent from Geneva.

After checking, I found perfect agreement with the justifications at my disposal and the written accounting indicated in our books. I can but recommend to the present Assembly to give approval of the accounts to our devoted treasurers.

I congratulate our friends Monique Häusermann and her deputy Eddie Roebuck for their management, transparency and immaculate presentation of their accounts.

On account of the deficit and the foreseeable tendency, I must back the proposal for an increase in the annual membership fees starting with the 2014 exercise.

Signed:

Christian Boudineau (absent) and Guy Salomon, auditors

CERN, 18 March 2013

7. Approval of the three preceding reports

Jean-Claude proposed that the Assembly approve the three preceding reports (Activities 2012-2013, Treasurer, Auditors), simultaneously:

There was no opposition and no abstention.

These three reports were approved unanimously with applause.

Jean-Claude congratulated the President, the treasurer and the auditors on their presentations and on their precise and thorough work.

8. Scrutineers for the 2012 elections

The Secretary Mario Danesin being unable to attend this meeting, the Chairman of the Meeting presented the current list of scrutineers; he thanked them for their participation in the counting of the votes for the 2012 elections.

There are 16 scrutineers; they are asked to stay on. They will all be retained in 2013 unless any of them wishes to resign by contacting the Secretary.

First name	Surname
Olivier	BAYARD
Norman	BLACKBURNE
Edith	DELUERMOZ
Roland	GAY
Ruth	HAAS
Louis	HENNY
Jean	HUGUENIN
Jean-François	MALO
Yolande	MARTI
Jean	PASQUALI
Luisa	PASSARDI
Bernard	PERRUCHON
Carlos	PINTO-PEREIRA
Keith	POTTER
Peter	ROHMIG
Bernard	THONY

***Note:** Edith Deluermoz became a candidate at the 2012 OGA; we are saddened by the death on 3 April 2012 of Mario Ceselli who was a scrutineer for many years.*

Finally Jean-Claude appealed for new candidates, the group's statutes allow for 20 scrutineers; members wishing to enrol can do so by approaching the Secretary or by e-mail:

Appeal for new candidates. You wish to become a scrutineer: contact the Secretary after the meeting or send an e.mail to: secretariat@gac-epa.org, or call the Secretary on +41 22 776 19 94.

He asked the Assembly to approve the list of scrutineers, this was done unanimously.

9. Report on the Pension Fund

The Chairman of the session gave the floor to François Wittgenstein for this important topic of pensions.

François began by thanking the members of GAC who have shown their appreciation and had confidence in him over many years.

NB: François's presentation is an Appendix to these Minutes.

He started his report by assuring the audience that his goal is not to darken the picture of the state of the Fund, but rather to give some optimism to the auditorium without hiding the difficulties faced by our Fund.

François is very confident about the management of the Fund at the moment as shown by the two trophies awarded to it in 2012 and which appear in the first two slides.

He then returned to a part of his presentation of last year (OGA of 23 March 2012) evoking the unsteady state of the markets where the traders are struggling and even the central banks are at a loss.

It is in this cloudy atmosphere that pension funds, including our own, have to try to come out on top.

François reaffirmed that the current situation does not allow the Fund to compensate for the loss of capital in 2008 by the simple addition of the returns on assets and contributions of members (slides 3 to 7).

He came back to the restructuring put in place by the CEO in 2010 and 2011 and which led in 2012 to very positive results and an increase in the rate of coverage by 2.2 points (slide 8).

In the next slide he showed us the spread of the classes of assets and comments that the capital of the Fund is at almost 4000 MCHF on 12 March 2013: an increase of more than 300 MCHF since 31 December 2011, which he considers to be a good performance.

In the next slide he showed a comparison of our PF with that of other Swiss funds with a capital > 1000 MCHF (UBS information), and we see that we are following the general trend.

Another slide shows the difference in returns between different financial instruments and thus the need for diversification; it is noteworthy, for example, that since the beginning of the year shares have approached a return of 9% whilst bonds are at almost 0%; but we cannot conclude that the trend will continue.

François then showed us the distribution of asset classes in our portfolio.

He reminded us of the mandate given by the CERN Council to the CEO of the PF which is above all to preserve the capital of the Fund so that we do not relive the experience of 2008 when we lost 25% of our capital; this requires strict risk management. Progress has been made in the estimation of these risks: we estimate that we have a risk of 5% of losing 8% of our capital, this is the upper limit fixed beyond which we must liquidate to go into cash.

He then informed us of ESO's request to adapt the PF according to the salary scale of new recruits of that Organization.

François finished his speech with a comment on his own situation, regretting that the GAC-EPA Committee considered it necessary to put an early end to his PFGB mandate. He underlined that that decision, even though not irregular, surprised the Chairman of the PFGB and several members of the board, and also many members of GAC. But he accepts the decision and wishes good luck to his successor who is not his heir.

He thanked the audience for their attention.

Jean-Claude Gouache thanked François warmly for his presentation, commenting that he has managed to maintain optimism amongst the pensioners despite his final bitter remarks.

Jean-Claude considered that we should be most thankful for the devotion and energy that François has consistently expended in the defense of the interests of the Pension Fund and pensioners and asks for a round of applause.

An attendee is surprised that the Committee decided to replace François in the PFGB following all his work. Gerrit Jan indicated that the Committee took the decision to replace François in the PFGB before the end of his mandate and that this difficult decision was taken in the Committee after much thought and by a secret ballot. Gerrit Jan asked members to read the GAC-EPA Autumn 2012 Bulletin where all this was explained. He considers that repeating the arguments will add nothing.

Jean-Claude Gouache gave the floor to Michel Baboulaz for the next important item on the agenda.

10. Report on the Health Insurance Scheme

Michel Baboulaz remarked that David Jacobs and himself are the two representatives of GAC-EPA on the supervisory committee of the Health Insurance Scheme, namely the CHIS Board.

He presented the main points of his presentation but says that this will not be complete since UNIQA was unable to supply all the statistics because of a fire in their Geneva office. In addition, the financial situation at 31-12-2012 is not yet known.

NB Michel's presentation is included in the Appendices to the Minutes.

1. The 2012 statistics show us the insured population of 13714 persons of which 5051 are pensioners, the amount of reimbursements of 66.7 MCHF of which 68.1% are for pensioners, the principal cost items for which hospitalisation

comes out on top (no surprise there) for a total of 30.1 MCHF, the increase in the number of beneficiaries of the LTC to 175 persons.

2. The 2012 financial situation is not yet known but preliminary figures point to its being positive. There will be a progressive increase in the rate of contributions until 2015 when they will be at 13.37%.
3. At the beginning of each year the CHIS actuary evaluates CERN's financial engagement for health insurance according to IPSAS standards; from the hypotheses retained on 31-12-2011, this engagement amounts to the colossal sum of 3428 MCHF.
4. An internal audit of CHIS in April 2011 should lead to measures being taken in the functioning of the Board and its composition. UNIQA was also audited and this led to a delay in the calls for tender for the management of the scheme; the UNIQA contract will be extended until the end of 2014.

Jean-Claude Gouache thanked Michel Baboulaz for his excellent report and since there were no questions, he gave the floor to Michel Vitasse for the report on pension guarantees.

11. Report on Pension Guarantees (and Health Insurance)

Michel Vitasse is glad to announce that things seem to be moving on the pensions guarantee front as can be seen from the two indicators: the restart of discussions of the Working Group in June 2012 and the document presented in December 2012 by the Management to the Finance Committee and CERN Council entitled 'Obligations of the Member States of CERN upon leaving the Organization'.

NB Michel's presentation is included in the Appendices to the Minutes.

He then reminded us of the composition of the Working Group.

According to the document presented by the Management, engagements of the CERN Member States at the end of 2012 amounted to more than 8GCHF, which corresponds to eight annual contributions. These engagements include, amongst other things, the long-term cost of the financial balance of the social security schemes of the Organization.

Michel then reminded us of the two stages retained in order to guarantee pensions in case of a dissolution of the Organization, namely:

- 1st stage: Between 1976 and 1996, the setting up of a Foundation to receive the assets of the Pension Fund at the moment of the dissolution.
- 2nd stage: The necessary measures for a good functioning of this Foundation.

There are four aspects to these measures:

- The consequences on the Fund of the withdrawal of a Member State.
- The preservation of the purchasing power of pensions.
- Payment of the Organization's debts.

- Health Insurance of the beneficiaries of the Foundation.

Jean-Claude Gouache thanked Michel and since there were no questions he gave the floor to Jean-François Michaud for the report on the Information Sessions.

12. Report on the Information Sessions ‘permanences’

Jean-François is one of the three musketeers who, with Gunilla Santiard and René Barthélémy, put a lot of themselves into listening to the grievances of our members every first Tuesday of the month except in January, July and August.

Jean-François, in the name of the whole team, assures the members of their will to finding solutions to the problems that pensioners have by trying to inform them and direct them to the relevant services.

The text presented:

INFORMATION SESSIONS

The team tries as much as humanly possible, to best inform all persons encountering problems in their retirement: insurance, health, tax etc.

This year after the scare in 2012 about the declaration of accounts held abroad (abroad meaning outside France) there was a rush to the sessions.

Even though we tried to obtain written information from the French tax authorities, the replies that we obtained to your questions were only verbal and will most probably remain that way.

Apparently there is no limit to the sums that can be held in these accounts, but officially the existence of these accounts must be declared.

All accounts: current, savings, portfolios, etc. must be declared by giving the name and address of the bank and account number(s).

It is not necessary to indicate the amounts in these accounts; it is the authorities who will look into them if they want.

The verbal replies obtained were reassuring in that even though the vast majority of retired functionaries have never indicated on their tax forms the possession of such foreign accounts, it is, however, recommended to regularise their situation by either filling in Form 3916 or giving a list on paper. We can understand that this is disquieting for some, especially if the sword of a fine is held over their heads. But as indicated, the tax authorities know full well that most CERN and international functionaries have a salary account through which their pension transits.

This is what we can say on the subject of these demands for the moment.

What is clear is that each one can make his own decision about this regularisation.

We remind you that Form 2047 (pink) must be filled in for all pensions and private income received from abroad.

Jean-Claude heartily thanked Jean-François and seeing that there were no questions gave the floor to Gerrit Jan Bossen for the next topic.

13. Activities for the next 12 months

Gerrit Jan briefly recalled that the activities for this year will be to continue to maintain the best possible conditions for our social protection.

We must also keep in contact with the Administration so that the pensioners are not forgotten and so that access to the sites can be made without difficulties.

We must also continue our efforts to have good communications with members of GAC and move towards an electronic future.

Jean-Claude gave the floor to Monique for the presentation of the 2013 budget and membership fees for 2014.

14. Approval of the 2013 budget and membership fees for 2014

Monique Häusermann presented the 2013 budget, assets and expenditure, as shown in paragraph 5: Treasurer's Report and if there are no objections asked that the budget be approved whilst pointing out that there will be a deficit of 2680.00 CHF.

She also proposed an increase in the annual membership fees from 25 to 30 CHF.

Jean-Claude put to the vote the 2013 budget and the membership fees for 2014:

- No opposition
- 1 abstention.

The 2013 budget and the 2014 membership fees were approved.

Monique asked the members to take the necessary steps with the bank to modify standing orders, or to ensure that the fees are paid each year before March 31.

15. Any other questions

1) A member of the audience pointed out that one can deduct these membership fees on one's tax declaration to the French authorities.

2) Another member regretted that the list of names of those who have left us has no longer been displayed during the minute of silence at the beginning of the OGA for the last few years. Jean-Claude replied that this will be remedied in future.

Minute taking: Mario Danesin and Françoise Thévenet

NB: These Minutes must be kept for the next Ordinary General Assembly. There will be no further distribution.

Appendices

Appendix: Pension Fund

François WITTGENSTEIN, PFGB

Trophies



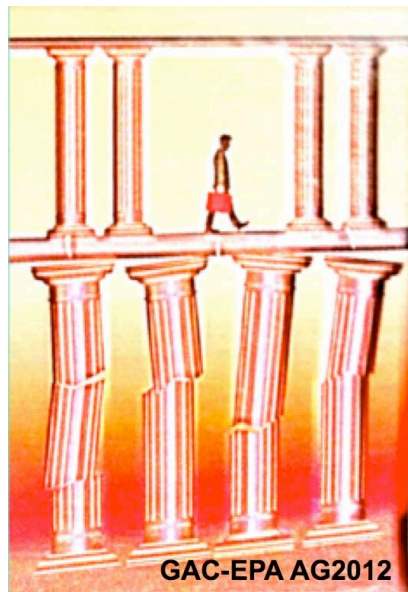
Asset international Chief Investment Officer New York 2012



Presentations of 24 November 2011 and 23 March 2012
Swiss Traffic / mars 2011



Echec du désendettement
de la Caisse de pensions des CFF:
3 décembre 1939.

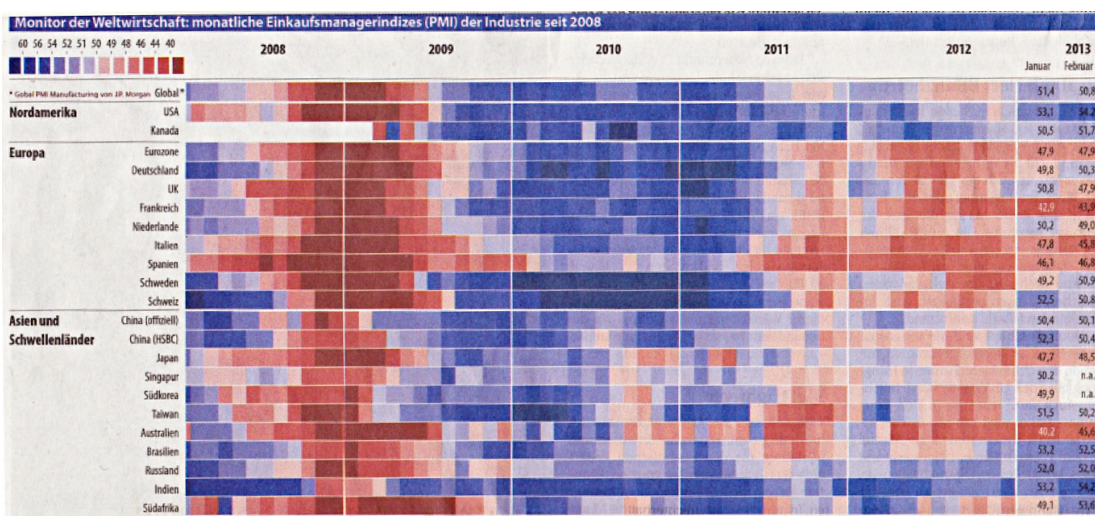


Current general situation

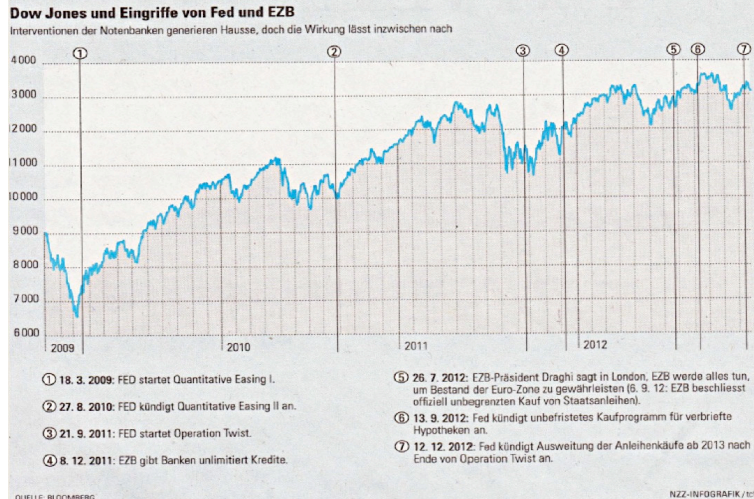
ONLY LOOK AT THE COLOURS

Climate: Industrial purchasers view of the economy

Blue = optimism , brown=pessimism



Climate: The weakening impact of the action of central banks



NZZ 4 January 2013

Restructuring actions of the CEO of the PF

Résumé taken from the CEO's report of 31.12.2011

1. The principal objectives of 2010 have been maintained:
 - Improve operations as a function of normal practice
 - Improve the return/risk ratio of the Fund
2. Progress towards obtaining results:
 - Setting up a unique reporting system on the evolution of portfolios
 - Installation of a management system of beneficiaries
 - Independent report on calculation of returns
 - Beginning of the setting up of a system for preserving capital
 - Strengthening of the Administrative Unit team
 - Follow-up of the risk/performance report internally and externally
 - Setting-up of documented internal rules on the follow-up of financial operations.

2011: A Year of Milestone Actions

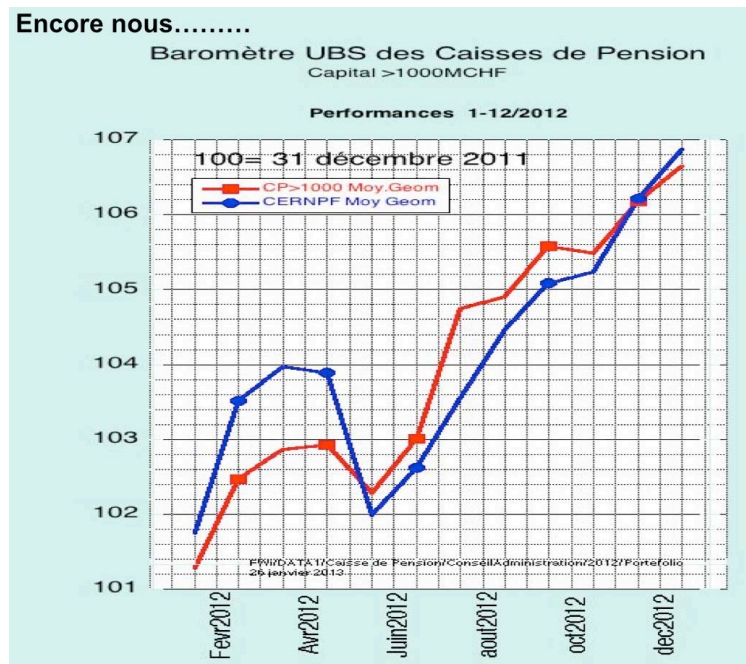
In 2012 the coverage increased by +2.2 points

Distribution of assets

	Performance Report 31 December 2011	Asset class level at 12 March 2013
Total CERN	3'665'129 kCHF	3'980'331 kCHF
Total Bonds	1'160'937	1'247'377
Total Equity	1'140'536	1'230'621
Total Real Estate	484'286	554'488
Total Private Equity	105'490	95'553

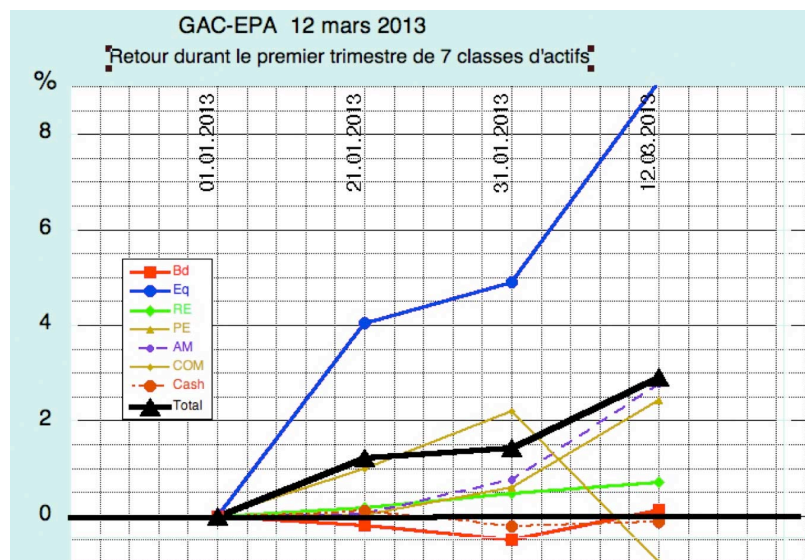
Total Alternative Investments	386'017	499'209
Total Commodities	45'491	49'207
Total Overlay	57'238	75'246
Total Cash	285'134	228'630

Comparison of performance



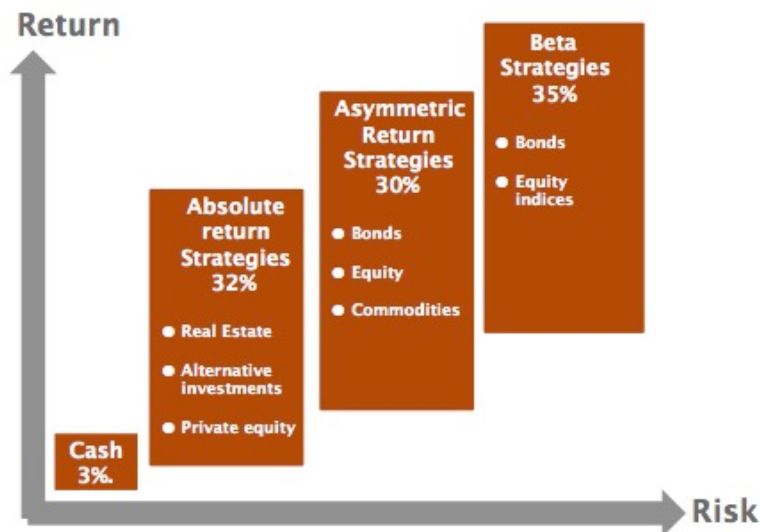
Difference in returns according to investment categories

Example of differentiated returns



Makeup of our portfolio

Balanced Portfolio In Place



Objective fixed by CERN Council

Capital Preservation Mandate:

Requires Managing Risk

Achieve the actuarial return objective of 3% above inflation,

with the lowest possible level of risk at all times

(Capital Preservation)

Annual risk limit set by the PFGB at 5% probability of losing 8%

Request from ESO

CERN Pension Fund

ESO Modified Request

Report to CERN Council: *for approval*

The PFGB has considered the following three possible scenarios for a redefined reference salary for future ESO recruits with a view to accommodating ESO's concerns:

- A. A Euro-denominated section within the existing CERN Pension Fund, with contributions received and benefits paid in Euros. All assets and liabilities, whether in Euros or Swiss francs, would be commingled and there would be no separate account structure.
- B. A Euro-denominated scheme within the existing CERN Pension Fund, with contributions received and benefits paid in Euros. This scheme would be financed solely by ESO contributions and managed separately, with a separate asset portfolio and technical balance sheet.

- C. Establishment of a new ESO reference salary scale which reflects the actual ESO salary scale values, whilst maintaining the Swiss franc as the currency for both contributions and benefits.

François mentioned his own situation

To those who have listened to me for so long



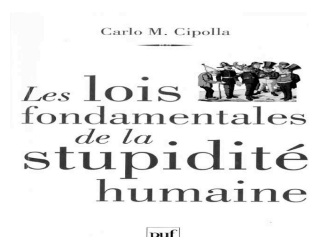
a) PFGB Member mandate of F. Wittgenstein: Letter from GAC-EPA Chairman (Mr G. Bossen) to the CERN Council Chairman (Mr. M. Spiro)

(CERN/PFGB/40.8)

The CHAIRMAN presented document CERN/PFGB/40.8.

The Governing Board **took note**

- of the letter from G. Bossen, President of the CERN-ESO pensioners Association (GAC-EPA) (CERN/PFGB/40.8). informing the President of Council that the GAC-EPA had appointed Claude Genier the member of the PFGB appointed by the CERN-ESO Pensioners Association for a period of three years from 5 April 2013, replacing F. Wittgenstein from that date;
- that F. Wittgenstein's term of office would thereby be terminated prematurely on 15 April 2013, bearing in mind that it was due to terminate on 31 October 2013;
- of clarification by the CEO that under the current Rules the GAC-EPA has authority to appoint and terminate the appointment of the member of the Board appointed by it; the sole requirement of the current Rules being that "a procedure similar to that followed for his appointment must be followed;"
- of a statement by the CHAIRMAN that he would have wished to see F. Wittgenstein remain a member of the PFGB through the end of his own term;
- of a statement by Samper, supported by Mantel, expressing outrage at the early termination by GAC-EPA of F. Wittgenstein's term of office as a member of the PFGB.



Appendix: Health Insurance Scheme

Michel Baboulaz

Our health insurance in 2012

- Statistical evolution
- Financial situation
- IPSAS actuarial study
- Ongoing revisions

CHIS Statistics 2012

On account of a fire at their offices, UNIQA has not been able to provide the usual statistics

Insured population on 31 December 2012

Year	Population insured	Of whom pensioners	% pensioners
2012	13'714	5'051	36.8%
2011	13'451	5'063	37.6%
2010	13'214	4'998	37.8%

Of the 5051 insured via the Pension Fund:

34% live in Switzerland – 58% live in France – 8% live elsewhere

54% are women

Even though the insured population has increased, there are fewer pensioners for the first time.

CHIS Statistics 2012

Reimbursements paid out
including loss of income, in MCHF

Year	Grand total	Annual variation	Total to pensioners	% pensioners
2012	66.7	+1.9%	45.5	68.1%
2011	65.5	+5.5%	45.0	68.7%
2010	62.1	-8.5%	42.6	68.6%

Coverage **reimbursement / medical costs** in 2011

global: 87.9% — 88.7% for pensioners

In 2012, this rate is:

global: 87.4% — 87.9% for pensioners

CHIS Statistics 2012

Principal cost centres (in MCHF)

Year	Doctors' fees	Pharmacy	Examinations Ambulatory care	Dental care	Hospitalisations
2012	8.4	6.2	10.0	4.9	30.1
2011	8.0	6.3	10.0	5.5	30.5
2010	8.1	6.6	8.9	5.6	27.9

In the less important costs,
there is an increase of 24%, to 1.44 MCHF
in paramedical care for beneficiaries of LTC.

CHIS Statistics 2012**LTC régime beneficiaries**

74 cases were evaluated in 2012

Year	Number of beneficiaries on 31-12	Daily allowance MCHF	Hospitalisation of beneficiaries MCHF
2012	175	4.7	
2011	162	4.1	3.7
2010	142	3.3	5.6

Financial Situation

Rate of contributions (%)

Year	retirees	CERN	total
2013	4.55	7.93	12.48
2014	4.70	8.21	12.91
2015	4.86	8.51	13.37

The financial situation of the CHIS at the end of 2012 had not yet been communicated to the CHIS Board on 20/03/2013.

First indications are that it is positive, meaning that the CHIS funds have increased by several million CHF.

Actuarial Study 2012

- At the beginning of each year, the CHIS actuary evaluates the financial engagement of CERN in CHIS, according to the "International Public Sector Accounting Standards" (IPSAS).

- As a function of the given hypotheses, he calculates the current value of future outlays of CHIS to its members, reduced by their contributions, for the period after their employment.
- This current value represents, according to IPSAS rules, the engagement of CERN to the members of its Health Insurance Scheme. This amount has been inscribed in the accounts of the Organization since 2008.

Actuarial Study 2012

hypotheses retained on 31-12-2011

- Annual adjustment rates:
salaries 3%, pensions 1%, health costs 3%, LTC daily allowance 3%.
- Actualisation rate: **1.23% (=obligatory in CH)**, versus 2.10% in 2010, and 2.55% in 2009
- Note that the current value of the same future amount is higher if the actualisation rate is lower.
- Average health costs by age for the CHIS. Life expectancy table of the LPP 2010 for women (applied to all).

Actuarial Study 2012

hypotheses retained on 31-12-2011

- Benefits and contributions (after 2015) unchanged.
- Demographic simulation:
Pensioners and active Staff Members only
 - If a LD contract: 60% leave after 5 years, 40% get an indefinite contract;
 - If an IC contract: 0,5% / year leave or retire at 61 years of age if they came before 01-07-1987,
or at 65.

Actuarial Study 2012

hypotheses retained on 31-12-2011

- Demographic simulation:
Family composition changes according to the average statistics of the CERN population.
Children are covered until the age of 25.
- On 31-12-2011 the model comprised:
5419 members - 3445 spouses - 2779 children

Actuarial Study 2012

Results on 31-12-2011

Total commitments are evaluated at:

3'428 million CHF

an increase of 33% on the 2'570 MCHF of 2010.

Main reasons: low actualisation rate (+ 657 MCHF), new life expectancy tables (+ 186 MCHF)

Examples of the great sensitivity of the calculation:

- If the actualisation rate: +0.5% → - 437 MCHF (-12.7%)
- If medical inflation: +1% → + 1050 MCHF (+30.7%)
- Generational survival table → +823 MCHF (+24%)

Reviews of the CHIS

- In the second quarter of 2012 PWC conducted an audit of UNIQA Geneva. This delayed the calls for tender for the administration of the CHIS, thus requiring an extension of the contract until the end of 2014.
- The Director-General asked the Administration to prepare answers to the various points raised by the Internal Audit in its report of April 2011. The CHIS Board is in the spotlight for the way it operates and its composition.

Appendix: Pension Guarantees

Michel VITASSE

Working Group on Pension Guarantees Activities in 2012

Since June 2012: talks have restarted.

- Composition of the Working Group
- Defined a working method, fixed a calendar
- Made a list of subjects (health insurance)

December 2012: CERN Council Finance Committee

- Management presents, for information, a document entitled «Obligations of CERN Member States in case of withdrawal from the Organization» (CERN/3042).

Composition

The mandate of the Working Group, as defined in 1997, gives its composition as follows:

Legal Service (two representatives), Pension Fund (two representatives), HR (one representative), Staff Association (three representatives), GAC-EPA (one representative).

- Legal Service: E.-M. Gröniger-Voss and J.-M. Favre
- Pension Fund: T. Economou and S. Weisz
- HR: J.-M. Saint-Viteux
- Staff Association: M. Goossens, A. Raimondo, N. Delruelle
- GAC-EPA: M. Vitasse

«Obligations des Etats membres du CERN en cas de retrait de l'Organisation »
(CERN/3042)

- According to the CERN Convention,
 - All financial obligations of the Organization must be covered by the contributions of the Member States.
 - These engagements include, amongst other things, the long-term cost of the financial balance of the social security schemes of the Organization.
- The amount of the engagements is indicated in the accounts of CERN, audited by the external auditors and approved by the CERN Council every year
- On this basis, the engagements of CERN at the end of 2012, amounted to more than 8 GCHF, which corresponds to approximately eight years of contributions.

Reminder

Two stages retained in order to guarantee pensions in case of a dissolution of the Organization:

- 1st stage: Between 1976 and 1996, the setting up of a Foundation to receive the assets of the Pension Fund at the moment of the dissolution
- 2nd stage: Take the necessary measures for a good functioning of this Foundation
 - The consequences on the Fund of the withdrawal of a Member State.
 - The preservation of the purchasing power of pensions.
 - Payment of the Organization's debts
 - Health Insurance of the beneficiaries of the Foundation

Four aspects of pension guarantees to be dealt with

a) Consequences on the Fund of the withdrawal of a Member State

Since December 2012, the obligations of a Member State of CERN wishing to withdraw from CERN are clear: they have to share in the engagements of the Organization including those linked to the social protection schemes of the Organization.

- One has still to determine precisely the share of this State and how this would be paid.

Four aspects of pension guarantees to be dealt with

b) Preservation of the purchasing power of pensions

Since October 2006, the Council has adopted a new method for the adaptation of pensions different from that of salaries; this takes into account only the cost of living in Geneva and the financial situation of the Fund.

- Since we benefit from a better statute in a defined benefits regime, we must ensure that this method pertains also for the whole duration of existence of the Foundation.

Four aspects of pension guarantees to be dealt with

c) Payment of the Organization's debts

Even though the Organization's debt to the Pension Fund which dates back to 1981 was paid back in June 2006, there still remains the debt for the long-term financial health of the Organization's social protection schemes.

- One has to precisely define the procedure for the determination and the payment of this debt in case of the dissolution of the Organization in order to avoid uncertainty and delays in payments which could result.

Four aspects of pension guarantees to be dealt with

d) Health Insurance of the beneficiaries of the Foundation

Our Pension Fund is capitalized, but our Health Insurance Scheme has to show a balanced budget every year: the outlays have to be paid for by the contributions of CERN, active staff, and pensioners.

However, whilst there is a Foundation, there will be no more contributions to the Scheme from the Organization.

One now has to:

- define the amount of capital that will be needed to compensate for this absence of contributions,
- identify possible solutions and rules of application to ensure the continuity of the rights of the beneficiaries.

The question of joining a larger social protection system will also be considered.