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**FINANCE COMMITTEE**  
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**Item No. 4 on the Agenda: Review of the compensation and social security package offered to UNIDROIT staff**

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Expert review of the compensation package offered by UNIDROIT, including salaries, health and pension insurance, with a view to assessing the financial implications of a possible move to another pay scheme and also examine possible alternatives to the Italian social security scheme for purposes of health and insurance for UNIDROIT staff</i>
<i>Action to be taken</i>	<i>Opinion of the members of the Finance Committee with regard to the study on the implementation of an independent pension scheme prepared by the International Service for Remunerations and Pensions (ISRP)</i>
<i>Related documents</i>	<i>UNIDROIT Regulations; Headquarters Agreement</i>

***Introduction***

1. At its 74<sup>th</sup> session (Rome, 26 September 2013), the Finance Committee supported the request to authorise the Secretary-General, in accordance with Article 38(4)(a) of the Regulations to use part of the surplus carried over from the financial year 2012 for the purpose of covering the cost of an expert review of the compensation package offered by UNIDROIT, including salaries, health and pension insurance, with a view to assessing the financial implications of a possible move to another pay scheme and also examine possible alternatives to the Italian social security scheme for purposes of health and insurance for UNIDROIT staff. The Finance Committee requested the Secretary General to keep the cost of the proposed studies as low as possible. The General Assembly, at its 72<sup>nd</sup> session (Rome, 5 December 2013), took note of that information with regard to the use of the surplus (cf. UNIDROIT 2013, AG(72) 9, para. 32).

2. As authorised, the Secretariat hired a consultant to undertake a "Total Compensation Comparison" between UNIDROIT and the Coordinated Organisations and other Rome-based international organisations, including those of the UN system, with a view to assessing the financial implications of a possible move to another pay scheme. At the time of writing, work by the consultant is still ongoing.

3. As to the possible alternatives to the Italian social security scheme for purposes of health and pension insurance for UNIDROIT staff, in accordance with Article 19(a) of the Mandate of the International Service for Remunerations and Pensions of the Co-ordinated Organisations (ISRP),<sup>1</sup> the Secretariat entrusted the ISRP with the preparation of a report containing recommendations with a view to the adoption of a Pension Scheme which, while remaining specific to UNIDROIT, is in line with the pension schemes in force in the Co-ordinated Organisations. Such Study is to be found as Appendix to this document.

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<sup>1</sup> The ISRP is a common service platform for the 6 Co-ordinated Organisations and other international organisations, providing services for their pension schemes and remuneration policies.

**APPENDIX**



# UNIDROIT

Study on the implementation of an independent pension scheme:

Proposal for a regulation

Actuarial assessment

Financing arrangements

SIRP(2013)044

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# 1 Purpose of the study

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- 1.1 In accordance with Article 19(a) of the Mandate of the International Service for Remunerations and Pensions (CCR/R(2011)4), the International Institute for the Unification of Private Law (UNIDROIT), by means of a Memorandum of Understanding that entered into force on 1 July 2013, entrusted the International Service for Remunerations and Pensions (ISRP) with the preparation of a report containing recommendations with a view to the adoption of a Pension Scheme which, while remaining specific to the Organisation, is in line with the pension schemes in force in the Co-ordinated Organisations, that report to be accompanied by detailed explanations and the reasoning underlying the choices made.
- 1.2 The report also includes two further sections, one on the actuarial assessment of the recommended scheme and another on the definition of the various actuarial parameters and ratios, as well as the definition of a financing plan.

## *References*

*SIRP/MOA/UNIDROIT(2013)01*

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## 2 Recommendation for a Pension Scheme

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- 2.1 UNIDROIT has many reasons to contemplate the implementation of its own pension scheme. Some of these reasons are of a budgetary, financial or actuarial character and will be discussed in other chapters of this report. In the following paragraphs, the report will detail those basic elements that are of a regulatory or legal nature.

### *General remarks on the ISRP recommendations*

- 2.2 The ISRP recommends that UNIDROIT adopt the Rules for a Pension Scheme as reproduced in Annexe 1. That text is a very slightly amended version of the “New Pension Scheme” currently in force at the OECD, the Council of Europe, ESA, EUMETSAT, as well as at the European Union Satellite Centre and the European Union Institute for Security Studies.
- 2.3 This recommendation differs slightly from the preliminary advice previously submitted (a “simplified” version of the NPS Rules) and takes several considerations into account. The first of these is the question of how the scheme should be run. Although this is a scheme specific to each of the Organisations involved, and does not come within the competence of the Coordination, all these Organisations have elected to maintain the special role of the Committee of the Pension Scheme of the Co-ordinated Organisations (CAPOC). This Committee offers technical advice on any change in the rules, whether these concern the articles or the implementing instructions, and also refers to the statements on assessment of entitlement. Even though not an option for UNIDROIT, the ISRP nevertheless feels that the permanent watch kept by CAPOC could be of benefit to UNIDROIT and prove a great asset given the resources available to the Organisation. In order for this permanent watch to be of use to UNIDROIT, a degree of similarity of the rules is required. The ISRP could keep UNIDROIT informed at regular intervals of any changes in the rules which CAPOC recommends to the Organisations involved.
- 2.4 In July 2012, the Hague Conference on Private International Law (HCCH) also adopted the NPS Rules for new staff members. The adoption, by UNIDROIT, of a regulation similar in all points to that of the HCCH would be a strong argument in respect of certain delegations and members of the Organisation’s staff.

### *Optional: acknowledging a special link with HCCH*

- 2.5 In this regard, recognition of the HCCH scheme could be made part of the UNIDROIT Pension Rules. This would create bridges between the two Organisations, and would grant full transferability of their pension rights to staff members moving between the two. Full reciprocity would be ideal; failing that, unilateral recognition by UNIDROIT would nevertheless serve to attract staff currently employed by HCCH. All the provisions in square brackets contained in the draft Rules refer to this system, based on the existence of a joint scheme.



*Replacing the Italian national system and equal treatment for all staff members*

- 2.6 The ISPR takes note of the fact that at present, the overwhelming majority of UNIDROIT staff members are affiliated to the INPS (13 out of 17), with some staff members retaining pension rights in another national system or another international organisation. This is not compatible with the needs of international organisations, which ought to be able to offer identical cover to all their staff members. Given the specific nature of an international organisation and the geographical diversity of its recruitment, dependence on any given national social security scheme inevitably creates problems (residence requirements, minimum affiliation requirements, lack of coordination with the systems in place in some countries, etc.) that can only be solved by the Organisation adopting its own scheme. A link with a system already in place in other international organisations does not create such problems, especially in view of the occupational nature of the pension scheme.

*Terms of adoption*

- 2.7 The Governing Council of UNIDROIT will only have to approve the Articles of the Pension Rules; the implementing instructions, reproduced in an Annexe to this report, may be promulgated by the Secretary-General.

*Conditions for entry into force*

- 2.8 Upon adoption of the Pension Scheme, all newly recruited UNIDROIT staff members will automatically be required to join the scheme.
- 2.9 Moreover, in order to ensure equal treatment, the ISPR recommends that existing staff members also be drawn into the system, as of the date of entry into force of the Rules. However, this recommendation pre-supposes that this move will not be detrimental to staff members' rights as accrued under their existing pension scheme; if that were the case, optional affiliation would be the only option. The ISPR does not particularly recommend allowing affiliates, under transitional provisions, to redeem rights acquired prior to the date of entry into force of the scheme, unless the Italian authorities agree to refund the actuarial equivalent of the pension rights of all staff members for the entire period of their affiliation to the INPS. If need be, the issue of transitional provisions could be studied in greater depth at a later date, in light of the position taken by the Italian authorities.

*Transferability of pension rights*

- 2.10 The transferability of pension rights can be arranged in a variety of ways which will be examined in detail in this section. The first consists in creating a kind of "first circle" between UNIDROIT and HCCH. Staff mobility between the two Organisations could then translate into a quasi-automatic transfer of rights (it would remain optional for staff members leaving the Organisation after less than ten years of service) that would include recognition of the contributions made and the number of years served for the acquisition of pension rights. All the provisions relating to this particular approach are reproduced between square brackets in the draft Rules annexed to this Report.

- 2.11 The other system is covered by Article 12 of the draft Rules. It provides that all previous pension rights may be transferred to the scheme in place at the Organisation; in the event of a staff member leaving the Organisation, the latter is required to agree to the transfer of rights, which is consistent with European principles relating to the social responsibility of the employer with regard to the transferability of pension rights. Care should be taken to ensure that the pension rights thus waived will effectively be used to acquire a retirement pension. If previously existing rights are transferred into the UNIDROIT scheme, staff members will be entitled to a yearly pension allowance, and the transfer will not affect the minimum service requirement. In both cases, actuarial logic will prevail, and its parameters will be adjusted in step with actuarial studies, so as to guarantee a fair price to both staff members and the Organisation itself.
- 2.12 To date, those Co-ordinated Organisations that have set in place a system comparable to that recommended for UNIDROIT benefit from transfer agreements with a number of other international Organisations (European Central Bank, Asian Development Bank, European Union, European Patent Office, World Trade Organization). That similarity should make it easy for these organisations to conclude transfer agreements with UNIDROIT. The ISRP could assist in facilitating the discussions.
- 2.13 By the same token, UNIDROIT could by rights claim treatment comparable to that granted to the Co-ordinated Organisations in countries that have made transfer arrangements (Belgium, Greece, the Netherlands) or that allow rights to accumulate (France).

*Operational aspects: ISRP prepared to administer UNIDROIT pension records*

- 2.14 The ISRP joint pensions administrative section currently administers the pension records of several international organisations, whether Co-ordinated or not. It has all the necessary equipment to calculate pension benefits, family benefits, tax adjustments and to see that they are paid over. This special unit is currently responsible for monitoring and administering the pensions records (ranging from relations with the pensioner to successions) for the Council of Europe, ESA, EUMETSAT, OCDE, the Development Bank of the Council of Europe, the European Union Satellite Centre, the European Union Institute for Security Studies and the HCCH, covering a total of 5460 pensioners on 30 June 2013.
- 2.15 If UNIDROIT were not in a position to administer its pension scheme using internal resources, that duty could be delegated by the Organisation to the ISRP, in accordance with a Memorandum of Understanding. The Rules annexed to this Report takes this possibility into account, following the example of the provisions in force in the other Organisations (Articles 31 and 27, instruction 36.1/1).

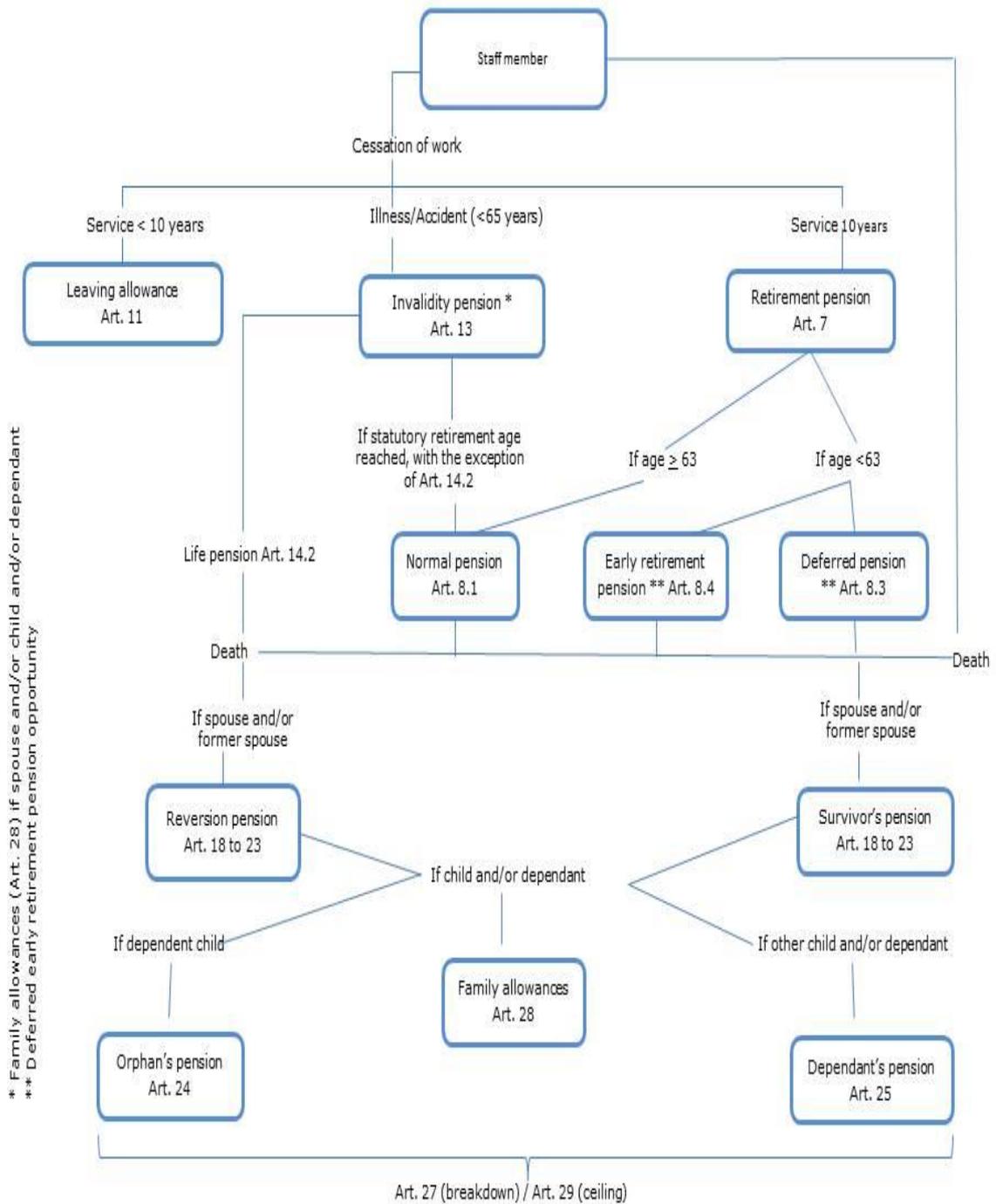
*Description of services*

- 2.16 The core service of the recommended scheme is the retirement pension. Such a pension is acquired at the rate of 2% per reckonable year of service for staff members with ten years' service in the Organisation. Staff members who do not reach that threshold would be entitled to a "start-up benefit", a formula equivalent to almost total refund of the contributions made by employee and employer, less the amounts paid in for invalidity and death while in service. The formula is as follows: 2.25 multiplied by the rate of contribution (employee) multiplied by the amount of the last monthly salary multiplied by the number of reckonable years of service. To date, the right to



retirement pension commences at the age of 63 in most organisations and UNIDROIT could follow this practice.

- 2.17 The invalidity pension corresponds to a theoretical retirement pension matured at the statutory minimum retirement age, which is 65 in all organisations. Special provisions are made for occupation-related invalidity.
- 2.18 The survivor's pension (death in service) or reversion pension (reversion to retirement or invalidity pension) corresponds to 60% of the primary pension. The orphan's pension is a pension derived from the survivor's / reversion pension (40-80% of the latter, depending on the circumstances). The pension for dependants is the lowest of the three amounts (twice the allowance for a dependent child, the amount of maintenance insured or a part of the orphan's pension).
- 2.19 All pensions are inflation-adjusted annually.



*Amending the recommended Rules*

- 2.20 The ISRP recommends that UNIDROIT adopt the annexed Rules, which echo the New Pension Scheme. That Scheme is a frame of reference for the family of Co-ordinated Organisations and those organisations that, in one way or another, follow the Co-ordination recommendations. Above all, it is the same regulation as that which adopted in July 2012 by HCCH for its new staff members.
- 2.21 However, a wind of change has affected several organisations and/or schemes, and UNIDROIT should be aware of the background to some of the proposals and the goals pursued by others.
- 2.22 Based on the NPS, the Council of Europe has gradually increased the minimum retirement age from 63 to 65, thereby reducing the retirement “window” to just one age, i.e., to the statutory age limit, unless special dispensation is granted. This reform applies to existing staff members, using a scale of implementation designed to protect staff members’ rights. The European Union has likewise decided on a similar increase for its existing staff members, but new staff members will not be able to retire until they reach the age of 66.
- 2.23 The Council of Europe has moreover adopted a new pension scheme for staff recruited after 1 April 2013. This “Third Pension Scheme” (TPS) remains closely tied to the co-ordinated scheme and the NPS, except in that it stipulates an accumulation rate reduced to 1.75% per reckonable year of service (as against 2% in the NPS), a reduction of certain minimum amounts (invalidity pension: from 120% to 100% of the C1/1; survivor’s / reversion pension: from 35% to 30% of the last salary), the contribution by the staff member to represent 45% of the cost of the scheme (as against 40% in the NPS), absence of any tax adjustment system and the insertion of a flexibility clause. This latter provision is a potential source of possibly serious litigation.
- 2.24 Should UNIDROIT decide to amend the annexed draft Rules along the lines indicated above or in other ways, care should be taken to ensure overall consistency. New actuarial calculations may likewise be needed, depending on the extent of the modifications made.

## 3 Actuarial assessment

### *Composition of the workforce at UNIDROIT*

- 3.1 At the beginning of 2013, UNIDROIT had 19 employment positions (of which two vacancies); the average gross remuneration was 5,520 euro monthly; the average age of the workforce was 52, with an average length of service of 17 years.
- 3.2 A detailed analysis of the workforce reveals two rather distinct profiles, that of administrators, on the one hand, and that of supporting staff, on the other hand. The Organisation had 7 administrators and 12 members of supporting staff. Moreover, while the basic gross salary of administrators is fixed on the basis of the salary scale of the Co-ordinated Organisations for Italy, we understand that this is not necessarily so for supporting staff. The main characteristics of the active workforce by profile (administrators and supporting staff) are summarised in the table below.

	Administrators	Supporting staff
Average age	52	52
Average length of service	14	19
Average gross remuneration (including family allowances)	9589	3486

- 3.3 One important factor, in our view, is that the turnover in administrators seems significantly higher than that of supporting staff (the average length of service is shorter, whereas the average age is the same).

### *Assessment of the cost of an NPS-type scheme*

- 3.4 It is not technically feasible to propose a reliable assessment of the cost of a pension scheme like the NPS on the basis of so small a statistical sample as that offered by the UNIDROIT workforce. On the other hand, it is possible to assert that the contribution rate (i.e., the annual contribution expressed as a percentage of annual basic gross salaries), as estimated for Organisations with a larger workforce, may reasonably be expected to finance such a scheme for UNIDROIT. This is the approach we have adopted.
- 3.5 Two profiles have been analysed: an administrator's profile, with the following characteristics:

	Administrator
Monthly basic gross salary upon recruitment	€ 8000
Average annual salary growth in real terms (not adjusted for inflation)	+1%
Total length of service	25 years
Annual rate of contribution <sup>2</sup>	23.25%
Yield of financial assets in real terms	3.5%

<sup>2</sup> This is the rate of contribution in force for the NPS at the OECD, the Council of Europe, ESA and EUMETSAT.

and a profile of supporting staff, with the following characteristics:

	Supporting staff
Gross basic monthly salary upon recruitment	€ 3500
Average annual salary growth in real terms (not adjusted for inflation)	+1%
Total length of service	27 years
Annual rate of contribution	23.25%
Yield of financial assets in real terms	3.5%

- 3.6 The NPS is a pension scheme in which benefits are related to the gross salary achieved at career-end. Based on the above hypotheses, it has been possible to assess the actuarial equivalent of the rights that would be associated with each of these two profiles. The term "actuarial equivalent" refers to the amount that would have to be invested on the financial markets on the day the beneficiary retires in order to be able to finance the relevant pension for the remainder of the beneficiary's life.
- 3.7 The amounts invested reputedly yield an average of 3.5% p.a. in real terms (not adjusted for inflation). This is a relatively standard yield for long-term pension financing, and is situated at the lower end of the range applicable in some international Organisations. It therefore errs on the side of caution.
- 3.8 In terms of the profiles outlined above, the actuarial equivalents of the pension rights are 990,393 euro and 477,367 euro for administrators and supporting staff, respectively.
- 3.9 The second stage of the analysis consisted in assessing the amount that would be accumulated in a fund on the day on which a staff member (whether administrator or supporting staff) retired, if a contribution of 23.35% of the gross annual salary had been paid into the fund and if that fund had yielded an average 3.5% p.a. in real terms throughout the beneficiary's years of service. In the case of the two profiles, these amounts would be 964,950 euro and 477,844 euro, respectively. Assuming the above hypotheses, the actuarial equivalents of the pension rights would, therefore, be adequately financed by a contribution of 23.25%.
- 3.10 This analysis is based on the NPS rules, which were used as a reference for the Rules recommended by the ISRP. Accordingly, any substantial modification of these rules would affect the cost of the scheme. Moreover, no account has been taken of any transitional measures that might be taken when the scheme is implemented: the option of transferring or redeeming rights, or the decision automatically to including all or part of the workforce in the new scheme. The cost of such transitional measures should be evaluated with care.

#### *Development of the cost of the scheme*

- 3.11 If the Regulation recommended for UNIDROIT is approved, the ISRP suggests that the Organisation, like other international Organisations that adhere to the recommendations of the Co-ordination in other areas, comply with the recommendations with regard to the development of staff members' contribution rates resulting from the actuarial studies carried out as part of the five-yearly assessments of

the cost of the scheme in relation to the workforce of those Co-ordinated Organisations affiliated to the NPS. These assessments follow from the provisions of Article 41 of the Rules.

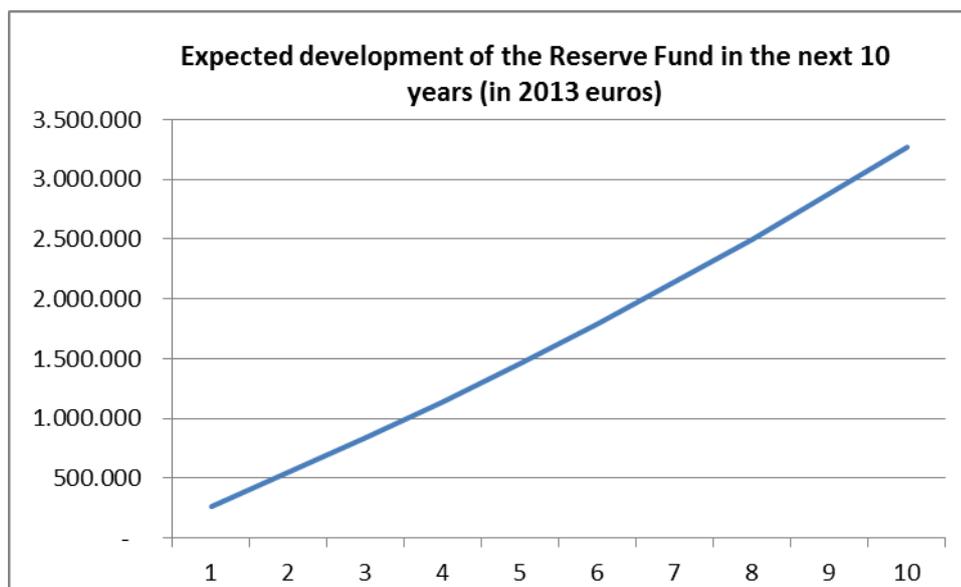
- 3.12 The currently applicable rate (9.3%) is the outcome of actuarial studies carried out in 2008/2009 which entered into force on 1 January 2010. New actuarial studies are scheduled to revise staff members' contribution rates. These revised rates should enter into force as of 1 January 2015.



## 4 Financing arrangements

### *General comments*

- 4.1 As we understand the position at UNIDROIT, the annual gross basic wage bill (not allowing for benefits) amounted to 1,150,000 euro in 2013. Assuming that all staff members are affiliated to a system similar to the NPS, the annual cost of the scheme would be in the region of 270,000 euro, of which 162,000 euro payable by the Organisation. In other words, the cost to the Organisation would amount to 13.95% of the gross basic wage bill (the employer/employee ratio being 60%-40%). This is comparable to, for example, the cost of the national Italian system, which reputedly now stands at 23.81% for the employer.
- 4.2 Moreover, if few or no benefits were paid out in the first ten years of the existence of the pension scheme, a reserve fund fed by employers' and employees' contributions (13.95% and 9.3% of the gross basic wage bill) would achieve a value of 3,20,000 euro in ten year (2013 euros), with a yield of 3.5% in real terms, as shown in the table below.



### *A legal precondition: setting up a fund with its own statute*

- 4.3 The ISRP recommends that the Organisation set up a pension reserve fund without delay, in order to be able to fulfil its pension obligations in their entirety. The ISRP strongly recommends that the Governing Council of UNIDROIT be seized of a proposal to adopt a proper statute for such a fund.
- 4.4 The purpose of adopting such a statute is to give legal notice of the existence of the fund and to solemnly state its objective, with a view to offering the best possible "guarantees". These guarantees are essentially based on the principles of separation

and specialisation of the fund. The statute should moreover specify which supervision and monitoring systems will be set in place to ensure optimal functioning.

- 4.5 Such precautions may prove useful in keeping the pension scheme on course in terms of financing its obligations. The Pension Section (the forerunner of the ISRP), drawing on its extensive experience, has devised a framework statute (reproduced in Annexe 2) that incorporates the best practices current in the international organisations. All three international Organisations mentioned below have now adopted such a statute. UNIDROIT could do likewise, where necessary adjusting it to its own specific needs.

*A structural precondition: the fund must have specific governance*

*A brief conceptual definition*

- 4.6 The term “governance” has gained in popularity in recent years, notably through the literature produced by financial auditors and counsellors. The term is now commonly used to refer to management methods and supervisory activities. According to the guidelines published by the OECD in relation to governance for pension funds, the concept covers both “structures” and “mechanisms”. The former exist to guarantee suitable separation between operational and supervisory functions, as well as the professional responsibility and competence of the persons carrying out these functions. The latter cover all the means brought into place to supervise and to communicate, and to guarantee transparency and periodic assessment.

*An indispensable corollary to capitalisation of pension obligations*

- 4.7 The capitalisation of UNIDROIT’s pension obligations would be important from several points of view. Besides the fact that the decision to capitalise would be a long-term decision, unlike many other financial measures taken by international organisations, the financing of pension benefits implies the transfer to the fund of part of the financing burden. Thus, without prejudice to Article 40 of the Pension Rules, which provide that the benefits and allowances paid out by the system constitute an item of the Organisation’s budget, and that the member States are collectively held to guarantee their payment, the establishment by UNIDROIT of a pension fund would signal to member States that their obligations were being properly looked after, while it would also help to stabilise the financial contributions to the pension scheme over time, a consideration of considerable importance to the member States.
- 4.8 The partial transfer of responsibility together with a pre-financing decision should, as a consequence, be accompanied by specific measures to ensure that the Organisation takes full responsibility in setting up the fund, defining its objectives and monitoring its performance. It is up to the Secretary-General to submit proposals to this effect.

*Governance structures and mechanisms: a range of models*

- 4.9 The financing of retirement schemes adopted by international organisations is no different from the financing of pension schemes: each structure has its own specific features and considerable diversity is the result. One aspect, however, is central to all such schemes: the need to ensure that the fund enjoys the same privileges and immunities as the Organisation itself. This concern should accordingly also be prominent in UNIDROIT’s discussions on the subject.

- 4.10 As to structures, to our knowledge only the CERN Pension Fund operates a (structural, not institutional) separation between the Organisation and the fund. The position of the United Nations Joint Staff Pension Fund is likewise a special case, being linked to the Secretary-General of the United Nations and to its federal character, with a variety of autonomous international organisations sharing an umbrella salary and pension system. The great majority of international organisations have opted for another model, in which the decision-making and supervisory bodies remain within the ambit of the relevant Organisation.
- 4.11 This is especially true of the International Monetary Fund, the World Trade Organization and the European Investment Bank. Two Organisations, however, stand out for their decision, at the time of setting up a permanent mechanism to finance their pension obligations, to abide by the primary principles of governance, to the extent that their status as an international Organisation permitted them to do so. The OECD and the Council of Europe each decided to create a reserve fund for pensions, run by a “management committee” made up of (four) national delegates and one representative each of the Secretary General and the staff. The committee chiefly reports to the Organisations’ highest decision-making body, the Council.
- 4.12 All these models have in common the institution of one or more special committees, assisted where necessary by experts, and acting as a trust. Their members, regardless of function or title, act as independent trustees in ascertaining that the management of the fund is carried out in complete accord with its original purpose.

*An original joint governance model*

- 4.13 The JPAS, precursor of the ISRP, was invited to reflect upon the creation of governance structures suitable for smaller organisations, drawing on its experience as acting Secretariat for the management committees of the OECD and Council of Europe Pension Funds. Basing itself on the directives issued by the OECD in respect of pension fund governance as well as on the experience gained by other international organisations, the JPAS came up with a “joint governance” mechanism that takes account of the specificities of each of the organisations involved.
- 4.14 The principles of that “joint governance” model have now been approved by three international Organisations: the European Union Satellite Centre, the European Union Institute of Security Studies and the Hague Conference on Private International Law.
- 4.15 Concretely, the mechanism is a joint technical body with trust status in terms both of its mandate and its membership as well as the recommendations it formulates. The “Administrative Funds Committee” (AFC), on which each Organisation that adheres to the model is represented, is responsible for formulating recommendations on the management and administration of the fund which are either submitted to the Council of each of the Organisations involved (where the more important decisions are concerned) or passed on to the Secretariat (which effectively implements the guidelines). The AFC is also responsible for evaluating the funds’ performance reports. It meets regularly and its Secretariat currently falls to the ISRP.
- 4.16 In order to guarantee the independence of the CFA, each Organisation has approved, in identical terms, the CFA Mandate (see Annexe 3) as well as a code of conduct for its members (see Annexe 4). It should be noted that the code of conduct, which is a

standard feature of fund management, is primarily aimed at strengthening committee members' independence.

- 4.17 It should be stressed at this juncture that this particular model relies on express delegation of competences to the ISRP for the purpose of administering the funds, as in other areas of its work, such as managing pensioners' records and making pension payments.
- 4.18 Each of the funds remains the property of its respective Organisation, but all are administered by the ISRP Pensions Administrative Section, the cost being shared among several Organisations in order to achieve economies of scale. The Organisations that have thus delegated these competences are in return entitled to call upon the "negotiating powers" vis-à-vis the financial intermediaries which the ISRP wields as administrator of the OECD and Council of Europe funds.
- 4.19 The ISRP is prepared to take charge of all contractual undertakings involved in administering the pension fund, except for direct intervention in financial markets, the adopted model being an "external management" model.
- 4.20 The ISRP is at the full disposal of UNIDROIT for any further in-depth study that may be required to establish the methods of participating in the model described in this report.



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**CHAPTER I**  
**GENERAL PROVISIONS**

**ARTICLE 1 – SCOPE**

1. The pension scheme established by these Rules applies to staff members who:
  - took up duty after the 1<sup>st</sup> of January 2014;
  - hold indefinite term or definite or fixed-term appointments in the Organisation.
2. The Scheme shall not apply to other categories of personnel defined in the Organisation, such as Experts, Consultants, Temporary Staff, Auxiliary Staff, Employees and personnel hired under local labour legislation, etc.
3. In these Rules, the term “Organisation” refers to Unidroit [, the term “other Organisation” means the Hague Conference on Private International Law] and the term “staff member” means the staff referred to in paragraphs 1 and 2 above.

**ARTICLE 2 - DEFERRED ENTITLEMENT**

1. Where the medical examination which every staff member has to undergo as part of the appointment process (and the consequences of which will have duly been expounded to him before his appointment) shows him to be suffering from an illness or disablement, the Organisation may decide that, as regards risks arising from an illness or disablement existing before he took up his duties, the said staff member shall not be entitled to the invalidity or death benefits provided for in these Rules until the expiry of a period not exceeding five years from the date of his appointment. [If a staff member leaves an organisation which has adopted the Scheme and, within a period of not more than six months, enters the service of another organisation which has also adopted the Scheme, the time spent in the service of the first organisation shall be deducted from the period of deferred entitlement.]

**Instructions**

**2.1/1 - Medical examination**

*The Organisation shall inform the staff member in writing of the application of a period of deferred entitlement and of its duration, which may be from one to sixty months. The Medical Consultant of the Organisation shall inform him in writing of the nature of the illness or disablement which justified the application of the deferment period.*

**2.1/2 - Definition of entitlements during the deferment period**

*i) If the staff member concerned leaves the Organisation during the deferment period, the leaving allowance shall be paid to him and the years of service completed during the deferment period shall be taken into account.*

*ii) In the event of either permanent total invalidity or death resulting from a cause which justified the deferment period in course:*

- a) should such an event occur before the staff member has fulfilled the condition provided for in Article 7, the staff member or the beneficiaries shall be entitled to a lump sum, calculated in accordance with the provisions of Article 11;*
- b) should such an event occur after the staff member has fulfilled the condition provided for in Article 7*
  - and if this condition was fulfilled during the deferment period, the staff member or the beneficiaries shall be entitled to a lump sum calculated in accordance with the provisions of Article 11, in respect of the reckonable years of service credited within the meaning of Article 6;*
  - and if this condition was fulfilled prior to the deferment period, the staff member or the beneficiaries shall be entitled to both a lump sum calculated in accordance with the provisions of Article 11, in respect of the reckonable years of service completed during the deferment period, and the benefits to which they would have been entitled before the staff member's appointment.*

*iii) In the event of either permanent total invalidity or death resulting from either an accident at work, or an illness or disablement other than that which justified the deferment period, and which occurred after commencement of duties, the staff member or the beneficiaries shall be entitled to the benefits provided by the Pension Scheme for such events.*

### **ARTICLE 3 - DEFINITION OF SALARY**

1. For the purposes of these Rules, unless otherwise specified, salary shall be the monthly basic salary of the staff member, according to the scales in force in the Organisation at the time when the pension is assessed, and updated in accordance with the provisions of Article 36.

### **ARTICLE 4 - DEFINITION OF SERVICE CONFERRING ENTITLEMENT TO BENEFITS**

1. Subject to the provisions of Articles 5 and 41, paragraph 1, entitlement to benefit under these Rules shall be determined by the total of the periods actually served in the Organisation [or in another Organisation]:

- i) as a staff member;
- ii) in any other capacity prior to appointment as a staff member, provided any periods so served were not separated by breaks of more than one year.

2. In addition to the total reckonable years of service thus calculated, a staff member may request, on cessation of work, that those corresponding to certain statutory allowances be taken into account, in particular payment in lieu of notice, for loss of employment, and for leave not taken, under the provisions

laid down by Instruction\*.

3. Periods of part-time service shall be taken into consideration in calculating entitlement to benefit under these Rules provided they correspond to at least half-time work as defined by the provisions laid down by Instruction.

4. The periods referred to in Article 16, paragraph 3 shall also be taken into consideration.

## **Instructions**

### **4.1/1 - Service counting for entitlement**

*Reckonable service shall consist of the following:*

*i) any periods of service completed as a staff member in the Organisation [or in another Organisation];*

*ii) any periods of sick leave or temporary incapacity in respect of which benefits have been paid; the staff member concerned shall be required to have paid his personal contribution to the Scheme as calculated on the amounts so received; such periods shall be counted without any reduction;*

*iii) any periods of unpaid leave, if such periods are not taken into account by a new employer for the purposes of a pension scheme; the crediting of periods of unpaid leave equal to or less than two months shall be dependent on payment, for these periods, of the staff member's personal contribution to the Scheme; the crediting of periods of unpaid leave beyond two months and up to a maximum of the four months following, shall be dependent on payment by the staff member, for these periods, of a contribution equal to two and a half times his personal contribution to the Scheme;*

*iv) any periods of secondment, should the staff member be reinstated, provided that these periods are not taken into account for the purposes of another pension scheme; the detailed rules for the crediting of such periods shall be laid down in the regulations applicable to staff.*

### **4.1/2 - Service completed in another capacity before appointment as a permanent staff member**

*Periods of service referred to in Article 4, paragraph 1 ii), may be taken into account in accordance with Article 5, paragraph 5, if the following conditions are fulfilled:*

*i) such periods must have been prior to the appointment as a staff member of the Organisation [or of another Organisation].*

*ii) such service must have been completed as a salaried employee of the Organisation or of another Organisation working on a full- or at least half-time basis.*

*Such employment must have been remunerated according to periods of time and not by the job or piece, being service performed on the premises and under the control and to the instructions of the Organisation, according to its hours of work.*

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\* Unless otherwise specified, the term "provisions laid down by Instruction" refers, throughout these Rules, to the implementation provisions in Article 44.

*The staff member must have received all his emoluments for the service mentioned in the above sub-paragraph directly from the Organisation.*

*iii) any such periods completed in the service of the Organisation [, or of another Organisation,] must not have been broken for more than 12 consecutive months.*

*iv) in accordance with the provisions of Instruction 6.2, periods so to be taken into account must be of a minimum of thirty days; periods of part-time work, equal to or more than half time, shall be taken into account as a proportion of full time. The periods thus validated must total at least 30 days of full time.*

#### **4.2 – Crediting of reckonable years of service corresponding to indemnities**

*A staff member may request, on cessation of work, the crediting of reckonable years of service corresponding to:*

*i) compensatory payments in respect of leave not taken;*

*ii) compensatory payments in lieu of notice;*

*iii) indemnity for loss of employment.*

*Such reckonable years of service shall be credited subject to payment by the staff member of the personal contribution to the Scheme in respect of all these amounts [and insofar as the periods on which the calculation was based are not taken into account by a new employer for the purposes of the pension scheme of another Organisation].*

*Only reckonable years of service corresponding to periods below the statutory age limit may however be taken into account for the calculation of benefits provided for in these Rules.*

#### **4.3 - Definition of half-time service**

*A staff member shall be considered as working half-time, within the meaning of Article 4, paragraph 3, when the number of his working hours, calculated on a monthly basis, is equal to half the number of full-time working hours.*

### **ARTICLE 5 - CALCULATION OF SERVICE CONFERRING ENTITLEMENT TO BENEFITS**

1. Where a staff member appointed by the Organisation has previously served with the Organisation [or another Organisation], his entitlement to benefits under the terms of Article 4 shall be conditional upon his paying over to the Organisation which re-appoints him the amounts paid to him on leaving his previous service pursuant to Article 11 plus compound interest on such amounts at 4 % per annum from the date when the staff member received them until the date they are paid over in accordance with this paragraph. Should the staff member fail to pay over the amounts in question, reckonable service shall count only as from the new appointment.

2. Where a staff member appointed by the Organisation was previously drawing a retirement pension in respect of service with the Organisation [or another Organisation], payment of that pension shall cease.

If the staff member refunds to the Organisation offering him a new appointment the pension payments he has received, the provisions of Article 4 shall apply on cessation of his new appointment.

If he does not make this refund, the years of service for which credit was acquired in the employment that originally entitled him to payment of the discontinued retirement pension shall be taken into account in the calculation of the retirement pension due on cessation of his new employment by reference to the salary for his last grading in such previous employment; moreover, that part of the final pension figure shall be abated by 5 per cent for each whole year during which the staff member drew the initial pension before the pensionable age.

3. Where a staff member ceases his functions at a grade and step lower than that which he had previously held in the Organisation [or in another Organisation], his entitlement to benefits under these Rules shall be determined by taking into account the total of his reckonable years of service and the benefits shall be calculated on the basis of the salary for the highest grading held by him. However, a reduction shall be made in the number of years of service to be credited to him in respect of time served at a lower grade and step after having held the grade by reference to which benefits are calculated; this reduction shall be proportionate to the difference between the said gradings.

4. For the implementation of paragraphs 2 and 3 above, salaries shall be taken into account in accordance with the scales in force when the final pension assessment is made.

5. The crediting of the periods referred to in Article 4, paragraph 1 ii) shall be conditional on:

- i) the staff member submitting an application to that effect within six months following his taking up duty as a staff member; the application shall specify the periods of service with which the staff member wishes to be credited;
- ii) the Organisation giving its agreement;
- iii) the staff member paying, for each month of service with which he is to be credited, the contribution provided for in Article 41, calculated on the basis of his first monthly salary as a staff member.

## Instructions

### 5.1/1 - Service completed as a staff member

*i) Application for any service referred to in Article 5, paragraph 1 or paragraph 2, to be taken into account must be made not later than twelve months after the new appointment.*

*ii) Where, pursuant to Article 11, the staff member received a leaving allowance at the end of his previous appointment, then pursuant to Article 5, paragraph 1, no partial crediting of such service shall be allowed; accordingly, the staff member concerned shall be required either to refund such leaving allowance in full or to forgo the right to have the corresponding service credited.*

*iii) Should the staff member fail to make a full refund immediately, he may be authorised to make such refund, at the latest, as from the expiry of the period referred to in sub-paragraph i) above, by monthly deductions of not less than 20 per cent of the basic monthly salary received at the time of beginning such refunds; compound interest at the rate of 4 per cent per annum shall be applied to the amount outstanding, until the refund has been made in full.*

*iv) If at the date on which any benefit under the Pension Scheme is payable, such refunds have not been completed, the balance still due shall be repaid in its entirety through deduction from the benefits to be paid, including those payable to persons entitled under the staff member. The Organisation may authorise payment by instalments, in which case compound interest at the rate of 4 per cent per annum shall be applied to the amount outstanding, until the refund has been made in full.*

*v) In the event of incapacity, death or termination of the service of the staff member concerned, any amount still remaining unpaid shall be set off against the capital sums due to him or to the persons entitled under him, in accordance with the provisions of Instruction 38.1, and the balance still due shall be deducted in accordance with the provisions of sub-paragraph iv) above.*

*vi) In the event of the termination of his service without any payment of leaving allowance or pension, the staff member concerned may request time not exceeding twenty-four months in which to make up all or part of any refund then still outstanding, subject to the provisions of sub-paragraph iv).*

#### **5.1/2 - Crediting of service completed before appointment as a staff member**

*i) Application to be credited with service completed before appointment as a staff member must be made within six months after confirmation of the said appointment.*

*ii) Persons entitled under a deceased staff member may not apply in his place for service to which this Instruction applies to be credited.*

*iii) Service shall be credited subject to payment of the contribution referred to in Article 41 as calculated on the basis of the first monthly salary as a staff member and multiplied by the number of months of service in respect of which rights are credited, a pro rata deduction being made, where appropriate, for part-time service. First monthly salary here means the salary corresponding to full-time employment in the grade and step of the staff member, whether he be recruited on a full-time or a part-time basis. Such payment may be made by instalments in the form of monthly deductions from emoluments, commencing not later than the end of the relevant period referred to in sub-paragraph i) above and spread over a period not exceeding the duration of the previous service so credited.*

*Interest at 4 per cent per annum shall be due in respect of any part of the payments which is deferred beyond such period at the request of the staff member.*

*If, at the date on which any benefit under the Scheme is awarded, such payments have not been completed, the balance still due shall be deducted from the benefits to be paid, where necessary by instalments.*

*iv) On making his application to credit such service as aforesaid, the staff member shall be required to consent to the Organisation's having first claim on any capital sums payable in the event of his death or invalidity or of the termination of his service, to the extent of any amounts then still outstanding in respect of crediting such service.*

*v) In the event of the termination of his service, the staff member or persons entitled under him may request time not exceeding twelve months in which to make up any amount then still outstanding, subject to the provisions of sub-paragraphs iii) and iv) above.*

## 5.2 – Non-refund of previous pension payments

Example illustrating the application of Article 5, paragraph 2, last sub-paragraph of the Scheme:

(i) First pension paid from age 52 to 54:  $[T' \times 40/100]$

reduced pursuant to Article 8.4 of the Rules

( $T'$  = salary used as basis of calculation)

(20 reckonable years of service at 2%)

(ii) Second period paid from age 54 to age 60:  $[T'' \times 12/100]$

( $T''$  = salary used as basis of calculation at age 60)

(6 reckonable years of service at 2%) / leaving allowance

### Total pension

(i) + (ii) =  $[(T' \times 40/100) \times (90/100)] + [(T'' \times 12/100)]$

i.e.  $0.4T' - 0.04T' + 0.12T''$

(iii) The pension between brackets  $[(T' \times 40/100) \times (90/100)]$  has now been reduced pursuant to Art. 5.2, not Art. 8.4 of the Rules ; the amount as stated in i) above is reduced to 90%.

## 5.3 – Termination of service at a lower grade

For the implementation of Article 5, paragraph 3 of the Rules, the calculation shall be made as illustrated below :

(i) On previous termination of service (or at highest point in career before downgrading):

10 years' service, grading on departure, A5/5 = theoretical final salary:  $100 = T'$

i.e. 10 years' reckonable service.

(ii) On final termination of service:

10 years served in second period,

grading on departure, A4/5 = theoretical final salary:  $75 = T''$

the reckonable service in respect of the second period will thus be reduced in the ratio:

$$T''/T' = 75/100$$

i.e. 7.5 reckonable years.

(iii) Total:  $10 + 7.5 = 17.5$  years' reckonable service.

(iv) Total pension will be calculated on the basis of:  $T' = 100 \times 17.5$  reckonable years of service.

## **ARTICLE 6 - RECKONABLE YEARS OF SERVICE**

1. The benefits provided for under these Rules shall be calculated by reference to reckonable years of service consisting of:

- i) service calculated in accordance with the provisions of Articles 4 and 5;
- ii) service credited in accordance with Article 12, paragraph 1.

2. Incomplete years of reckonable service shall be taken into account on the basis of one-twelfth of a year for each whole month of service. For benefit calculation purposes the period remaining shall be treated as a whole month if it is equal to or more than 15 days.

However, the period remaining shall not be taken into account for the purpose of calculating the ten years' service required for entitlement to the retirement pension provided for in Article 7.

3. In the case of part-time work:

- i) reckonable years of service shall be calculated in accordance with the ratio between the working hours corresponding to part-time service and the official number of hours for full-time work in the Organisation;
- ii) however, reckonable years of service shall not be reduced when the staff member authorised to work part-time has contributed to the Scheme on the basis of full-time work, by paying, in addition to his personal contribution to the Scheme for the part corresponding to his part-time work, a contribution equal to two and a half times the rate of contribution mentioned in Article 41, paragraph 3, on the difference in salary between his part-time work and the corresponding full-time work, under the provisions laid down by Instruction.

### **Instructions**

#### **6.2 - Fractions of a month**

*Any fraction of less than thirty days remaining after aggregating periods of service shall be treated as a whole month if it is equal to or more than fifteen days and disregarded if it is less than fifteen days.*

#### **6.3 – Non reduction of reckonable years of service**

*A staff member authorised to work part-time may request to contribute to the Scheme on the basis of full-time work, provided that these periods are not taken into account by another employer for the purposes of a pension scheme and the amount of the supplementary contribution referred to in Article 6, paragraph 3 ii) is paid in accordance with the provisions of Article 41, paragraph 2. The staff member should make his request not later than the eighth day following the beginning of the period for which he is authorised to work part-time. This request shall be final, unless an exceptional derogation is granted by the Secretary General upon receipt of a duly justified request from the staff member.*

## ARTICLE 6bis -PART-TIME SERVICE - EFFECTS ON THE CALCULATION OF ENTITLEMENT

1. If, when a staff member's service ends, he is working part time, the amount of the benefit due shall be calculated with reference to the full salary for the grade and step to be used as a basis under the provisions of these Rules.

2. However, when an official terminating his service in the circumstances described in paragraph 1 above had been recruited to serve on a part-time basis, or authorised to work part-time for an indefinite period or for a fixed-term renewable by tacit agreement and if the provisions of Article 6, paragraph 3 ii) are not applied, the rate of the invalidity pension provided for in Article 14, paragraph 2, and the minimum and maximum amounts that apply, shall be set in accordance with the provisions laid down by Instruction.

### Instructions

#### 6 bis.2/1 – Benefit payable to a staff member who has only worked part time

*i) For the purposes of calculating the benefit payable under Article 6 bis, paragraph 2, to a staff member who has only worked part time, the following shall be reduced by an amount corresponding to the ratio between the number of hours actually worked and the official number of hours for full-time work:*

*(a) the maximum rate of retirement pension provided for under Article 10, paragraph 2 and the maximum amount of retirement pension provided for under Article 10, paragraph 3;*

*(b) the rate of invalidity pension under Article 14, paragraph 2, and the minimum amount of invalidity pension provided for under Article 14, paragraph 4;*

*(c) the maximum amount of invalidity pension provided for under Article 14, paragraph 4, and the salary referred to in Article 15;*

*(d) the minimum amounts of survivor's pension provided for under Article 19, paragraph 3;*

*(e) the minimum amounts of orphan's pension provided for the first beneficiary under Article 24, paragraphs 3 and 4, as well as the increases provided for under Article 24, paragraphs 3 and 4, for orphans in respect of the second and every further beneficiary;*

*(f) the amount of the dependant's pension provided for under Article 25, paragraph 2;*

*(g) the ceiling for benefits payable to survivors and orphans as defined in Article 29.*

*ii) However, when a staff member was recruited by the Organisation for part-time service, after having worked full time for the Organisation [or another Organisation] he shall be subject to the provisions of Instruction 6bis.2/2 provided he pays over, if appropriate, the sums specified in Article 5, paragraph 1 or Article 5, paragraph 2, as the case may be.*

**6 bis.2/2 - Benefit payable to a staff member who, at the time of termination of his service, is working part time for an indefinite period or for a fixed period renewable by tacit agreement, having previously worked full time**

*i) For the purposes of calculating the benefit payable under Article 6bis, paragraph 2 to a staff member authorised to work part time for an indefinite period or for a fixed period renewable by tacit agreement, the following shall be reduced in accordance with the ratio between the number of hours actually worked and the official number of hours for full-time work:*

*(a) the rate of invalidity pension under Article 14, paragraph 2, and the minimum amount of invalidity pension provided for under Article 14, paragraph 4;*

*(b) the minimum amounts of survivor's pension provided for under Article 19, paragraph 3;*

*(c) the minimum amounts of orphan's pension provided for the first beneficiary under Article 24, paragraphs 3 and 4, as well as the increases provided for under Article 24, paragraphs 3 and 4 for the second and every further beneficiary of an orphan's pension;*

*(d) the amount of the dependant's pension provided for under Article 25, paragraph 2.*

*ii) However, when a staff member fulfils the conditions laid down in Article 7 at the date from which he is authorised to work part time for an indefinite period or for a fixed period renewable by tacit agreement, the benefit resulting from application of the provisions of subparagraph i) above, may not be less than that to which he or his authorised representatives would have been entitled had he ceased working for the Organisation at that date for a reason other than invalidity or death.*

## CHAPTER II

### RETIREMENT PENSION AND LEAVING ALLOWANCE

#### SECTION 1: RETIREMENT PENSION

##### ARTICLE 7 - CONDITIONS OF ENTITLEMENT

1. A staff member who has completed ten or more years' service, within the meaning of Article 4, in the Organisation [and, where applicable, in another Organisation], shall be entitled to a retirement pension.

##### Instructions

##### 7.1/1 - Service for the purposes of Article 4

*For the purposes of Article 4, service as a staff member shall be:*

- periods served in respect of which the staff member's contributions to the Scheme have been paid in accordance with Article 5, paragraphs 1 and 5;*
- periods referred to in Article 16, paragraph 3, in accordance with Article 4, paragraph 4.*

##### 7.1/2 - Part-time service

*Without prejudice to Article 6, paragraph 3 i), periods of part-time service shall be considered periods of full-time service within the meaning of Article 7.*

##### ARTICLE 8 - AGE OF ENTITLEMENT, DEFERRED OR EARLY PENSION

1. A staff member shall become eligible for a retirement pension at the age laid down by the Organisation.

2. Pension rights shall continue to accrue to a staff member continuing to be employed after pensionable age, but his pension shall not exceed the maximum amount laid down in Article 10, paragraph 2.

3. If a staff member ceases his functions before pensionable age, payment of his retirement pension shall be deferred until he reaches that age.

4. However, a staff member who retires before pensionable age may request early payment of his pension 12 years before that age at the earliest.

In such a case, the amount of the retirement pension shall be reduced by reference to the age of the staff member when his pension is assessed, as shown in the table below.

Age when pension is assessed	Ration of pension on early retirement to pension at pensionable age (n)
n-12	51 %
n-11	54 %
n-10	56 %
n-9	60 %
n-8	63 %
n-7	66 %
n-6	70 %
n-5	74 %
n-4	79 %
n-3	83 %
n-2	89 %
n-1	94 %

An actuarial study of the reduction coefficients used in this table, based in particular on the relevant data from the study provided for in Article 41 on the contribution rate of staff members, shall be carried out at the same intervals as this latter study.

5. Where the Organisation terminates the appointment of a staff member, the reduction coefficient applicable to early payment of his pension shall be 3% a year between the age of 60 and the pensionable age. However, this provision does not apply when the Organisation terminated the appointment as a result of disciplinary action or for unsatisfactory service.

## Instruction

### 8.4 - Method of reducing pension - Early pension

*i) Early retirement pension shall be calculated as follows:*

*- if the pension that would be due with no reduction at pensionable age is lower than the minimum rate prescribed in Article 10, paragraph 3, it shall be brought up to that minimum rate and the reduction provided for in Article 8, paragraphs 4 and 5, shall then be applied to it;*

*- if the pension that would be due with no reduction at pensionable age is higher than the aforesaid minimum rate, the reduction shall be applied to it even if the result is lower than that minimum.*

*ii) The reductions provided for in Article 8, paragraphs 4 and 5, shall be applied by reference to whole years, no account being taken of months.*

*iii) Family allowances shall be paid and calculated in accordance with the provisions of the Instructions of Article 28.*

*iv) Under the conditions laid down in Article 8 and in this Instruction, an early pension may be requested at any time during the 12 years preceding pensionable age, once the staff member's service has terminated. Such requests must be in writing, and dated.*

*v) Subject to the provisions of Article 5, paragraph 2, payments shall begin, irrevocably, on the first of the month following the date on which the request was made.*

## **ARTICLE 9 - COMMENCEMENT AND CESSATION OF ENTITLEMENT**

1. Entitlement to payment of a retirement pension shall commence on the first day of the month following that in which the person concerned became eligible for payment of the pension.
2. Entitlement shall cease at the end of the month in which the pensioner dies.

## **ARTICLE 10 - RATE OF PENSION**

1. The amount of the retirement pension shall be, per reckonable year of service within the meaning of Article 6, 2 % of the salary corresponding to the last grade held by the staff member for not less than one year before cessation of his appointment and the last step held in that grade.
2. The maximum rate of the pension shall be 70 % of this salary, subject to the provisions of paragraph 3 below.
3. The amount of the retirement pension shall not be less than 4 % of the salary for grade C1, step 1, per reckonable year of service credited pursuant to Article 6; it may not, however, exceed the staff member's last salary as defined in Article 3.

### **Instructions**

#### **10.3/1 - Part-time Service**

*The minimum rate of the retirement pension shall be calculated on reckonable years' service, to be taken into account where applicable in fractions corresponding to any part-time service in accordance with Article 6, paragraph 3 i); this minimum shall therefore be equal to 4% of the salary for grade C1, step 1, per year of service thus credited.*

#### **10.3/2 – Termination of service at a lower grade**

*In cases where Article 5, paragraph 3 is applied, the minimum rate of the retirement pension shall be equal to 4% of the salary for grade C1, step 1, per reckonable year of service, without any reduction.*

## SECTION 2: LEAVING ALLOWANCE

### ARTICLE 11 - LEAVING ALLOWANCE

1. A staff member whose service ceases otherwise than by reason of death or invalidity and who is not entitled to a retirement pension nor to the benefit of the provisions of Article 12, paragraph 2, shall be entitled on leaving to payment of an amount equal to 2.25 times his rate of contribution as applied to his last annual salary, multiplied by the number of reckonable years of service credited within the meaning of Article 6, paragraph 1, i)\*.
2. The reckonable years of service credited in accordance with Article 12, paragraph 1 shall not be taken into account for the calculation of the leaving allowance but shall give rise to the payment of an actuarial equivalent calculated in accordance with Article 12, paragraph 2, unless the amounts initially transferred are refunded to the previous employer.
3. A staff member who is re-appointed by the Organisation after having received a leaving allowance must pay it back if the period during which he was not employed by the Organisation, in whatever capacity, is less than 12 months.

#### Instructions

##### 11.1/1 - Last annual salary

*"Last annual salary" shall be construed to mean the salary, as defined in Article 3, corresponding to the official's last grade and step, according to the scales in force at the time his service terminates, multiplied by twelve.*

##### 11.1/2 - Rate of contribution

*In the case the rate of contribution is reviewed over the periods of service for which contributions to the pension scheme were paid pursuant to Article 4, the coefficient of 2.25 mentioned in Article 11.1 is applied to the successive contribution rates, prorata temporis.*

##### 11.1/3 - Staff member whose service terminates at the end of a period of unpaid leave

*When final termination of service occurs at the end of a period of unpaid leave during which no contributions were made to the Scheme, the amounts stipulated in Article 11 shall, notwithstanding Instruction 11.1/1, be calculated on the basis of rights acquired and salary at the date of commencement of that period, without any subsequent adjustment or interest.*

##### 11.3/1 – Compulsory repayment of the leaving allowance

*A staff member who has received a leaving allowance as provided in Article 11, paragraph 1, but whose service has not terminated according to Article 11, paragraph 2, shall repay the whole leaving allowance received upon his previous appointment, in accordance with the provisions laid down in instruction 5.1/1 sub-paragraphs iv) to vii). The time limit for application set out in instruction 5.1/1 i) shall not apply.*

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\* See Article 33, paragraph 7.

## SECTION 3: INWARD AND OUTWARD TRANSFER OF PENSION RIGHTS

### ARTICLE 12 - INWARD AND OUTWARD TRANSFER OF PENSION RIGHTS

1. A staff member who enters the service of the Organisation after leaving the service of a government administration or national organisation, or international organisation not referred to in [Article 1](#) or a firm, may arrange for payment to the Organisation in accordance with the provisions laid down by Instruction, of any amounts corresponding to the retirement pension rights accrued under the pension scheme to which he was previously affiliated in so far as that scheme allows such a transfer.

In such cases, the Organisation shall determine, by reference to the provisions laid down by Instruction, the number of years of reckonable service with which he shall be credited under the present scheme.

2. A staff member who leaves the service of the Organisation to enter the service of a government administration or national organisation, or international organisation, not listed in [Article 1](#), which has entered into an agreement\* with the Organisation, shall be entitled to transfer to the pension fund of that administration or organisation:

- either the actuarial equivalent of his retirement pension rights accrued under these Rules, such equivalent being calculated in accordance with the provisions laid down by Instruction;
- or, in the absence of such rights, the amounts provided under Article 11.

### Instructions

#### 12.1 - Inward transfer of previously accrued rights

##### *i) Previous periods of affiliation to a pension scheme*

*a) Reckonable years of service shall be credited pursuant to Article 12, paragraph 1, subject to the conditions set out in this Instruction, in respect of a period of affiliation to the last pension scheme prior to appointment in the Organisation. Such affiliation may cover periods served in several administrations, organisations or firms, on condition that all these rights have been taken into account by the pension scheme of the last administration, organisation or firm before appointment in the Organisation.*

*b) An amount shall be taken into account under this Instruction only if it has been certified by the previous pension scheme as being the amount of the actuarial equivalent of retirement pension rights or a capital payment in respect of rights to a pension or rights under a provident scheme (excluding compensation for dismissal or a leaving gratuity), and it must represent the total amounts paid to the staff member by the previous pension scheme in question. The "total amounts paid" shall be taken to mean the amounts representing the total rights transferable to the Organisation. Staff members shall not be entitled to transfer only part of their accrued rights where that part*

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\* See the list of agreements on page ...

*is not equal to the transferable maximum.*

*ii) Amounts taken into account*

*For the purpose of calculating the reckonable years of service credited under Article 12, paragraph 1, the amounts indicated in sub-paragraph i) b) above shall be taken into account, as calculated by the previous pension scheme - as a capital sum, and with interest where applicable - as at the date on which they are paid to the Organisation<sup>1</sup>; any conversion into the currency of the salary paid by the Organisation shall be made at the rate of exchange in force on that date.*

*iii) Calculation of reckonable years of service*

*The number of reckonable years of service to be credited under Article 12, paragraph 1, shall be calculated on the basis of the table annexed to this Instruction, by dividing the amounts taken into account under sub-paragraph ii) above by the coefficient corresponding to the age of the staff member as at the date of payments of the amounts, and then by dividing the resultant amount by the theoretical value of a reckonable year of service (2% of the annual basic salary), established on the basis of the salary corresponding to the staff member's grade and step as at the date of payment of the amounts.*

*iv) Maximum number of reckonable years of service*

*Taking such reckonable years of service into account shall not have the effect of bringing the total pension up to more than the maximum rates prescribed in Article 10.*

*v) Time limits for application and revocation*

*Failing any special provisions in a reciprocal transfer agreement entered into by the Organisation, application for the amounts referred to in sub-paragraph ii) above to be taken into account by the Organisation shall be made in writing:*

*a) either within 6 months from the date of notification of confirmation of appointment after the probationary period;*

*b) or within twelve months from the date on which the previous pension scheme allowed such transfers.*

*The application to transfer pension rights may be revoked by the staff member at any time before the payments provided for in sub-paragraph ii) above have been made in accordance with sub-paragraph vi) below.*

*The application to transfer pension rights shall be null and void if the payments provided for in sub-paragraph ii) above have not been made at the time of the staff member's termination of service.*

*vi) Time limit for payment*

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<sup>1</sup> *The accrued rights are invariably rights which are not yet due or the actuarial equivalent thereof.*

*Payment of the amounts referred to in sub-paragraph ii) above shall be made:*

*- within three months after the expiry of the time limit prescribed in sub-paragraph v) above, if the person concerned has actually received such amounts from his previous employer;*

*- on receipt of such amounts from the previous employer in other cases.*

*Payment to the Organisation shall be made in the currency – or its equivalent value at the rate of exchange in force on the date of actual payment to the Organisation – in which the amounts referred to in sub-paragraph ii) above have been or will effectively be paid by the previous pension scheme.*

## **12.2 - Transfer of pension rights to an outside scheme**

### *i) Time limit for application*

*a) Application for transfer of pension rights under Article 12, paragraph 2 must be made by the staff member to the Organisation in which his service has terminated, within six months after his definitive appointment by the new administration or organisation referred to in Article 12, paragraph 2.*

*b) If the Organisation is unable to conclude with the new administration or organisation referred to in Article 12, paragraph 2, an agreement for such transfer on terms which it considers satisfactory, it shall confine itself to making immediate payment of the amounts referred to in Article 11, paragraph 1, or to immediate or deferred payment of a retirement pension.*

### *ii) Conditions as to transfer*

*The amounts referred to in Article 12, paragraph 2 may be transferred only to the pension fund of the administration or organisation referred to in Article 12, paragraph 2, that is to say, to the statutory or contractual pension scheme in force in that administration or organisation.*

### *iii) Calculation of amounts to be transferred*

*The actuarial equivalent of the retirement pension rights referred to in Article 12, paragraph 2 shall be calculated on the basis of the table annexed to this Instruction, the annual pension acquired in the Organisation - established on the basis of the salary scale in force at the date on which the staff member ceases his functions - being multiplied by the coefficient corresponding to the age of the staff member at that date.*

**ANNEX TO INSTRUCTIONS 12.1 iii) AND 12.2 iii)**

Age	Coefficient	Age	Coefficient
20	2,871	45	7,732
21	2,988	46	8,031
22	3,154	47	8,342
23	3,271	48	8,664
24	3,402	49	8,999
25	3,539	50	9,347
26	3,683	51	9,708
27	3,832	52	10,085
28	3,988	53	10,476
29	4,149	54	10,885
30	4,317	55	11,310
31	4,491	56	11,755
32	4,672	57	12,220
33	4,859	58	12,707
34	5,054	59	13,218
35	5,256	60	13,755
36	5,466	61	14,322
37	5,684	62	14,923
38	5,909	63	15,564
39	6,143	64	16,133
40	6,385	65	16,719
41	6,636		
42	6,896		
43	7,165		
44	7,443		

Table established on the basis of the assumptions used to determine the cost of the scheme at

31 December 2007.

## CHAPTER III

### INVALIDITY PENSION

#### ARTICLE 13 - CONDITIONS OF ENTITLEMENT - INVALIDITY BOARD

1. Subject to the provisions of Article 2, an invalidity pension shall be payable to a staff member who is under the age limit laid down in the Staff Regulations and who, at any time during the period in which pension rights are accruing to him, is recognised by the Invalidity Board defined below to be suffering from permanent invalidity which totally prevents him from performing his job or any duties corresponding to his experience and qualifications which may have been proposed to him by the Organisation.

2. The Invalidity Board shall consist of three medical practitioners, the first two being appointed by the Organisation and the staff member, respectively, and the third one selected jointly by the first two. Cases shall be submitted to it by the Organisation either on its own initiative or at the request of the staff member concerned.

#### Instructions

##### 13/1 - Period of non-activity

*i) The invalidity pension shall not be payable if it results from an illness or accident occurring during unpaid leave or a period of non-active status which did not give rise to contributions to the Scheme (leave for personal reasons, military service).*

*ii) On the other hand, it shall be payable if the events mentioned above occur during a period of non-active status which follows a period of sick leave, and during which the staff member is in receipt of an allowance for temporary incapacity; in such event, he shall continue to pay contributions to the Scheme in accordance with Instruction 4.1/1 ii). The same shall apply to any periods of unpaid leave provided for under Instruction 4.1/1 iii).*

##### 13/2 Invalidity Board

##### Tasks of the Invalidity Board

*i) Subject to the provisions of Article 2, the tasks of the Invalidity Board are:*

*a) to ascertain whether a staff member is suffering from invalidity within the meaning of Article 13, paragraph 1.*

*b) when an incident is recognised by the Organisation as falling within the scope of Article 14, paragraph 2 (work accident, occupational disease or public-spirited act), to decide to what extent the staff member's invalidity is the result thereof ;*

*c) to decide whether, following an examination under Article 16, the former staff member no longer fulfils the conditions for entitlement to an invalidity pension.*

## **Secretariat of the Invalidity Board**

*ii) The Organisation shall appoint a staff member as secretary of the Invalidity Board. Secretariat services may also be provided by the Organisation's medical adviser, who shall be given any administrative assistance he requires.*

## **Convocation and composition of the Invalidity Board**

*iii) When the Invalidity Board is to be convened at the staff member's request, the request shall be addressed to the Head of Personnel responsible for him : it must include his formal application to be declared a permanent total invalid, and give the name of the medical practitioner who is to represent the staff member on the Invalidity Board. The request may be accompanied by a medical file, under separate confidential cover, for the attention of the Organisation's medical adviser.*

*Upon receipt of this request the Head of Personnel shall forward it to the Organisation's medical adviser with a request to contact the medical practitioner nominated by the staff member. The staff member must ask his medical practitioner to forward to the Organisation's medical adviser all medical evidence in support of his application.*

*Within 30 calendar days following receipt of the staff member's request, the Head of Personnel shall inform the medical practitioner nominated by the staff member of the name of the medical practitioner who will represent the Organisation on the Invalidity Board.*

*iv) When the Invalidity Board is to be convened at the request of the Organisation, the Head of Personnel shall notify the staff member accordingly and ask him to make his observations, if any, and to nominate a medical practitioner to represent him on the Board, within 30 calendar days following receipt of the said notification.*

*This notification shall also state the name of the medical practitioner who will represent the Organisation on the Invalidity Board.*

*The Head of Personnel shall ask the staff member to forward all medical documents concerning him to the medical practitioner representing the Organisation.*

*v) If one of the parties has not nominated a medical practitioner to represent it on the Invalidity Board within the prescribed time - limit, the other party shall ask the Chairman of the Appeals Board / Administrative Tribunal of the Organisation to appoint such a medical practitioner as soon as possible. He may, for this purpose, consult a list drawn up by:*

*-- a national judicial body, or*

*-- the Medical Council, or*

*-- failing this, another national body of the staff member's duty station or home country.*

*vi) The third medical practitioner shall be selected by the other two within 30 calendar days at the most following notification of their names to the parties; failing agreement on this nomination within the prescribed time, the Chairman of the Appeals Board/ Administrative Tribunal shall nominate, at the request of either party, this third medical practitioner in accordance with the procedure set out in the above sub-paragraph.*

## **Meeting of the Invalidity Board**

vii) *The Invalidity Board shall meet at the latest within 60 calendar days following the appointment of the third medical practitioner.*

viii) *The Invalidity Board shall have at its disposal:*

*a) an administrative file submitted by the Head of Personnel containing, in particular, an indication of the post occupied by the staff member in the Organisation together with a description of his duties and of any duties proposed to him by the Organisation corresponding to his experience and qualifications, so that the Board can give its opinion as to whether the staff member is incapable of carrying out those duties. This file shall also specify whether the application to be declared an invalid is likely to fall within the scope of Article 14, paragraph 2.*

*Before being forwarded to the Invalidity Board, the foregoing particulars shall be communicated to the staff member by the Head of Personnel for his written comments, if any, to be sent by him to the Personnel Division within 15 calendar days following their receipt.*

*b) a medical file containing the report presented by the medical representative of the party - the Organisation or the staff member - that has asked for the Board to be convened, and, if appropriate, the medical report presented by the other party, as well as any reports or certificates from the staff member's medical practitioner or from practitioners whom the parties have consulted. This medical file shall also contain details of the length of absences of the staff member concerned which have provided grounds for the Board to be convened, as well as the nature of the disability on which the Board is asked to give a ruling.*

*All these reports, documents and certificates must be communicated to the three medical practitioners.*

ix) *The proceedings of the Invalidity Board shall be secret. The Board may ask to hear the staff member concerned. It may also ask him to undergo an additional medical examination by a medical practitioner appointed by the Board.*

x) *The cost of the meeting of the Invalidity Board shall be met by the Organisation.*

*The Organisation shall bear the fees and the travel expenses - the latter calculated according to the rules applicable to staff members - of the medical practitioner representing the staff member only when this practitioner lives in the country of the staff member's last duty station, his home country if he is living there at the time of the establishment of the lasting nature of his disability, or in the country of residence of the former staff member concerned.*

xi) *The findings of the Invalidity Board shall be determined by a majority vote. They shall be final except in the case of obvious factual errors.*

### **Findings under Article 13, paragraph 1 or Article 14, paragraph 2**

*xii) The findings of the Invalidity Board shall state:*

- whether or not the staff member suffers from permanent invalidity which totally prevents him from performing his duties or any duties proposed to him by the Organisation corresponding to his experience and qualifications;*
- whether the invalidity results from an incident recognised by the Organisation as falling within the scope of Article 14, paragraph 2 (work accident, occupational disease or public-spirited act) ;*
- the date on which the disability became lasting ; this date may be prior to the date of the meeting of the Invalidity Board.*

### **Findings under Article 16**

*xiii) Where the Board meets under Article 16, the findings of the Board shall state:*

- whether the former staff member is incapable of performing the duties attaching to his former post or any duties proposed to him by the Organisation corresponding to his experience and qualifications;*
- or, whether it has been found that the former staff member is no longer an invalid.*

### **13/3 Decision of the Secretary/Director-General**

#### **Decision under Article 13, paragraph 1, or Article 14, paragraph 2**

*i) In accordance with the findings of the Invalidity Board and without prejudice to the competence of the Appeals Board / Administrative Tribunal, the Secretary/Director-General of the Organisation shall decide either:*

- a) to grant to the staff member concerned an invalidity pension under Article 13, paragraph 1, or Article 14, paragraph 2; this decision shall specify the date on which the pension takes effect; or,*
- b) not to recognise the staff member as an invalid within the meaning of the Rules.*

#### **Decision under Article 16**

*ii) In accordance with the findings of the Invalidity Board and without prejudice to the competence of the Appeals Board / Administrative Tribunal, the Secretary/Director-General of the Organisation shall decide either:*

- a) to continue payment of the invalidity pension to the former staff member;  
or*
- b) no longer to recognise the staff member as an invalid within the meaning of the Rules and to terminate such payment, at a date which may not be prior to the meeting of the Board, in accordance with the conditions provided for in Instruction 16/3.*

### **Obvious factual error**

*iii) In the event of an obvious factual error, the Secretary/ Director-General shall again refer the case to the Invalidity Board.*

### **Notification of the decision of the Secretary/Director-General**

*iv) Within 30 calendar days of receipt of the findings of the Invalidity Board, the Secretary/Director-General shall notify his decision in writing, together with the findings of the Invalidity Board, to the staff member or former staff member.*

## **ARTICLE 14 - RATE OF PENSION**

1. Subject to the provisions of Article 5, paragraph 3, the invalidity pension shall be equal to the retirement pension to which the staff member would have been entitled at the age limit laid down in the Staff Regulations if he had continued to serve until that age, the requirement for a minimum of ten years' service under Article 7 not being applicable.

2. However, where the invalidity arises from an accident in the course of the performance of his duties, from an occupational disease, from a public-spirited act or from risking his life to save another human being, the invalidity pension shall be 70 per cent of salary. In the event of invalidity resulting from a cause other than these, the invalidity pension provided for in this paragraph may not be less than the invalidity pension which would be payable under paragraph 1 of this Article.

3. The salary used as a basis for the calculation of the invalidity pension referred to in paragraphs 1 and 2 above shall be the salary for the grade and step held by the staff member in accordance with the scales in force at the date laid down in Article 17, paragraph 1.

4. The invalidity pension shall not be less than 120 per cent of the salary for grade C1, step 1, but may not be more than the last salary, such salaries being those which appear in the scales in force at the date laid down in Article 17, paragraph 1, subject to any adjustments provided for under Article 36.

5. In the case of invalidity deliberately brought about by the staff member, the Organisation shall decide whether he should receive an invalidity pension or only a retirement pension or a leaving allowance, depending on his length of effective service.

## **Instructions**

### **14.1 - Part-time Service**

*Where a staff member working part time is found to be suffering from invalidity and the provisions of article 6, paragraph 3 ii) are not applied, the period subsequent to the date on which he is recognised as unfit for service shall, for the purposes of calculating the invalidity pension provided for under Article 14, paragraph 1, be counted as a period of part-time work in the cases referred to in Article 6bis, paragraph 2.*

## **14.2 - Work accident and occupational disease**

*For the purposes of Article 14, paragraph 2, reference shall be made to the Rules applicable in the Organisation for the definition of the risks of work accident and occupational disease.*

## **ARTICLE 15 - CONCURRENT EARNINGS**

1. Where a person in receipt of an invalidity pension is nevertheless gainfully employed, this pension shall be reduced by the amount by which his pension together with the remuneration he receives for the said employment exceeds the salary for the highest step in the grade he held at the time of his being recognised an invalid.
2. This reduction shall apply only up to the age limit laid down in the Staff Regulations.

### **Instruction**

#### **15.1 - Double entitlement to an invalidity pension and other income**

*a) By gainful employment under Article 15 is meant any employment outside the Organisation, as well as employment pursued therein, including as temporary, auxiliary or local official personnel or as an "employee", and also as an expert in receipt of fees.*

*b) A person in receipt of an invalidity pension shall immediately notify the Organisation which pays the pension of any gainful, non-occasional employment; in addition, he shall inform that Organisation of the total amount of remuneration he received during the preceding calendar year, the reduction referred to in Article 15 thus being calculated on a monthly basis.*

*Express mention of this obligation shall be made in the decision notifying the award of an invalidity pension.*

## **ARTICLE 16 - MEDICAL EXAMINATION - TERMINATION OF PENSION**

1. While a person receiving an invalidity pension is still under the age limit laid down in the Staff Regulations, the Organisation may have him medically examined periodically to ascertain that he still satisfies the conditions for entitlement to such pension, in particular having regard to any new duties corresponding to his experience and qualifications which may have been proposed to him by the Organisation.
2. When a person receiving an invalidity pension who has not reached the said age limit ceases to satisfy the conditions for entitlement to the invalidity pension, the Organisation shall terminate that pension.
3. The time during which the person concerned has received his invalidity pension shall then be reckoned, without payment of back contributions, for the calculation of the leaving allowance or retirement pension, as the case may be.

## **Instructions**

### **16/1 - Suspension of Invalidity Pension**

*If the recipient of an invalidity pension fails to submit to medical examination as prescribed by the Organisation, payment of the invalidity pension may be suspended.*

### **16/2 - Medical Examination and new Invalidity Board**

*The periodical medical examinations required under Article 16 shall normally take place at the place of residence of the person concerned, unless the Organisation requires otherwise or it is impracticable to have the person concerned examined at his place of residence.*

*Such examinations shall be carried out by a medical practitioner chosen by the Organisation; the latter shall bear the cost thereof, including travelling expenses of the person concerned if exceeding 50 km from his home. Should the medical practitioner chosen by the Organisation report that the staff member no longer satisfies the conditions of entitlement to an invalidity pension, notably having regard to any new duties proposed to him by the Organisation corresponding to his experience and qualifications, an Invalidity Board shall be convened in accordance with the provisions of Article 13 and its implementing Instructions.*

### **16/3 - Cessation of Entitlement to an Invalidity Pension**

*Where the Invalidity Board, in application of Article 16, paragraph 2, declares that the person concerned who is still under the age limit has ceased to satisfy the conditions of entitlement to an invalidity pension, the payment of that pension shall be terminated; if the person concerned does not resume work in the Organisation, he shall receive either a leaving allowance based on his years of service and years of invalidity where the total is less than 10 years, or a deferred or early retirement pension.*

### **16/4 - Re-entitlement to an Invalidity Pension**

*Where the person concerned is entitled to a deferred or early pension and subsequently suffers a relapse, while still under the age limit laid down in the Staff Regulations, resulting from the same condition as that which had entitled him to the previous invalidity pension, the Invalidity Board, convened at the staff member's request in accordance with instruction 13/2, shall declare that he once again effectively fulfils the conditions required under Article 13, paragraph 1, insofar as he is not receiving for that same condition an invalidity benefit or pension borne by another scheme.*

## **ARTICLE 17 - COMMENCEMENT AND CESSATION OF ENTITLEMENT**

1. Entitlement to an invalidity pension shall commence on the first day of the month following the date of the beginning of the invalidity as recognised by the Invalidity Board.
2. Subject to application of Article 16, paragraph 2:
  - i) the invalidity pension payable under Article 14, paragraph 2 shall be paid for life;
  - ii) in other cases, entitlement to an invalidity pension shall terminate:
    - either at the age limit laid down in the Staff Regulations

- or at the end of the month in which the recipient of such a pension dies.

Where the invalidity pension terminates because the person concerned has reached the age limit laid down in the Staff Regulations, he shall, notwithstanding the ten-year minimum requirement provided for in Article 7, be entitled to a retirement pension calculated as follows:

- reckonable years of service shall be calculated as if he had remained in service until the age limit laid down in the Staff Regulations;
- the reference salary shall be that of his grade and step at the time of his being recognised an invalid, updated in accordance with Article 36.

## CHAPTER IV

### SURVIVOR'S AND REVERSION PENSIONS

#### ARTICLE 18 - CONDITIONS OF ENTITLEMENT

1. The surviving spouse\* of a staff member who died in service shall be entitled to a survivor's pension, provided they had been married to each other for at least one year at the time of the staff member's death, unless the death resulted either from disablement or illness contracted in the performance of his duties, or from an accident.

2. A reversion pension shall be payable to the surviving spouse:

- i) of a former staff member drawing an invalidity pension, if they were married to each other for at least one year at the time of his being recognised an invalid; this condition of anteriority shall not apply if the marriage had existed for at least five years at the time of the former staff member's death, or if the death resulted either from disablement or illness contracted in the performance of his duties, or from an accident;
- ii) of a former staff member drawing a retirement pension, if they had been married to each other for at least one year at the time when the former staff member's appointment ceased; this condition of anteriority shall not apply if the marriage had existed for at least five years at the time of the former staff member's death; or
- iii) of a former staff member entitled to a deferred pension, if they had been married to each other for at least one year at the time when the former staff member's appointment ceased; this condition of anteriority shall not apply if the marriage had existed for at least five years at the time of his death.

3. The above-prescribed conditions of anteriority or minimum duration of marriage shall not apply where there are one or more children of the marriage or of a marriage of the staff member contracted prior to the cessation of his appointment, inasmuch as the non-remarried surviving spouse is providing for their needs; in such case, the survivor's or reversion pension shall be payable, under the present paragraph, for so long as the children are actually being so provided for.

When they are no longer being so provided for, the survivor's or reversion pension shall nonetheless continue to be payable for so long as the surviving spouse does not have an income of his own from the exercise of any occupation, or from any retirement pension or other survivor's or reversion pension, equal to at least the amount of the survivor's or reversion pension from the Organisation.

4. Entitlement to a survivor's or reversion pension shall be subject to the provisions of Article 2.

#### Instruction

##### 18.1 - Staff Member dying during Leave granted for Personal Reasons

- i) When a staff member who has completed at least 10 years' service within the meaning of*

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\* Wherever it occurs in these Rules, the expression "surviving spouse" applies indifferently to the wife or husband of the deceased staff member.

*Article 4 dies during a period of leave in respect of which no contributions were made to the Scheme, the surviving spouse shall be entitled to:*

*- the survivor's pension under Article 19, paragraph 1, the minimum and maximum amounts of such pension being in accordance with paragraphs 3 and 4 of the same Article;*

*- and, where appropriate, the benefits specified in Article 28.*

*In addition, any orphans and/or dependants shall be entitled to the benefits specified in Articles 24 and 25.*

*ii) Where the deceased staff member had not completed ten years of service conferring entitlement, as defined in Article 4, the amounts provided for in Article 11 shall be paid to his estate; such amounts shall be calculated on the basis of rights acquired and salary at the date of termination of the period in respect of which contributions to the Scheme were payable, without any subsequent adjustment or interest.*

#### **ARTICLE 19 - RATE OF PENSION**

1. The survivor's pension shall be 60 % of the retirement pension that would have been payable to the staff member, had he not died in service, on the basis of his reckonable years of service credited up to the time of his death, the requirement for a minimum of ten years of service under the provisions of Article 7 not being applicable.

2. Where a staff member has died as the result of an accident in the course of the performance of his duties, from an occupational disease, from a public-spirited act or from risking his life to save another human being, the survivor's pension shall be 60 per cent of the invalidity pension to which the staff member would have been entitled, had he survived, under Article 14, paragraph 2.

3. The survivor's pension shall not be less than 35 per cent of the staff member's last salary; nor shall it be less than 100 % of the salary for Grade C1, step 1.

4. When the former staff member was receiving a pension at the time of his death, the amount of the reversion pension shall correspond to the highest of the following amounts:

- 60 % of the retirement or invalidity pension to which the former staff member was entitled at the time of the assessment of his pension, no account being taken of any reductions resulting from the application of Article 8, paragraph 4 or Article 15;
- 35 % of the former staff member's last salary at the time of the assessment of his pension; or
- 100 % of the salary for grade C1, step 1, under the scale in force at the time of the assessment of his pension.

These amounts shall be updated in accordance with the provisions of Article 36.

5. When the former staff member was not receiving a pension at the time of his death, the amount of the reversion pension shall correspond to the highest of the following amounts:

- 60 % of the retirement pension to which the former staff member would have been entitled had he reached the pensionable age at the time of his death;

- 35 % of the former staff member's last salary corresponding to his last grade and step, under the scale in force at the time of his death; or
- 100 % of the salary for grade C1, step 1, under the scale in force at the time of the former staff member's death.

6. The amount of the reversion pension shall not exceed that of the pension received by the former staff member or, in cases provided for under paragraphs 4 and 5 above, the amount of the pension to which the former staff member would have been entitled had he reached, respectively, the statutory age limit or the pensionable age at the time of his death.

## **ARTICLE 20 - REDUCTION FOR DIFFERENCE IN AGE**

1. Where the difference in age between the deceased staff member or former staff member and his younger surviving spouse and/or former spouse, minus the length of time they have been married, is more than ten years, the survivor's or reversion pension, calculated in accordance with the preceding provisions, shall be subject to a reduction, per year of difference, amounting to:

- 1 % for the years between ten and twenty;
- 2 % for the years twenty up to but not including twenty-five;
- 3 % for the years twenty-five up to but not including thirty;
- 4 % for the years thirty up to but not including thirty-five;
- 5 % for the years from thirty-five upwards.

## **ARTICLE 21 – REMARRIAGE**

1. Entitlement to a survivor's or reversion pension shall cease on remarriage. The survivor shall be entitled to immediate payment of a capital sum equal to twice the annual amount of the pension, if there are no dependent children to whom the provisions of Article 24, paragraph 4 apply.

2. The capital sum paid to the ex-spouse shall not be more than the amount to which he could still be entitled under Article 22, paragraph 1.

### **Instruction**

#### **21.1 Payment of the capital sum**

*The capital sum provided for under Article 21, paragraph 1 shall be calculated with reference to the amount of the pension at the date of remarriage, and paid to the recipient.*

## **ARTICLE 22 - RIGHTS OF A FORMER SPOUSE**

1. The non-remarried former spouse of a staff member or former staff member shall, on the latter's death, be entitled to a survivor's or reversion pension, provided that and for as long as the staff member or former staff member was, at the time of his death and by virtue of a court decision which has become final and binding, under an obligation to pay maintenance or compensation to the former spouse, in a personal capacity, but the survivor's or reversion pension shall not exceed the amount of such payment.

This entitlement shall not arise if the former spouse remarried before the staff member or former staff member died. If remarriage takes place after the staff member's or former staff member's death and while the conditions laid down in the sub-paragraph above are still fulfilled, the provisions of Article 21 shall apply.

2. Where a staff member or former staff member dies leaving both a spouse entitled to a survivor's or reversion pension and a non-remarried former spouse fulfilling the conditions laid down in paragraph 1 above, the whole of the survivor's or reversion pension shall be divided between the before-mentioned persons in proportion to the duration of their marriages.

The amount to which a non-remarried former spouse is entitled shall however not be more than the amount of the maintenance or compensation payable at the time of the death of the staff member or former staff member.

3. Where one of the persons entitled to a survivor's or reversion pension renounces his share, ceases to satisfy the conditions for entitlement or forfeits his rights under Article 35, or where the amount of his pension has been restricted under the terms of the second sub-paragraph of paragraph 2 above, his share shall accrue to the share of the other person, except where pension rights revert to orphans, as provided under the last sub-paragraph of Article 24, paragraph 3. In such a case, the restriction laid down in the second sub-paragraph of paragraph 2 above shall apply.

4. Reductions in respect of difference in age as provided for in Article 20 shall be applied separately to survivors' and reversion pensions calculated in accordance with the present Article.

### **Instruction**

#### **22.1 Rights of a non-remarried former spouse**

*i) The maintenance or compensation payments referred to in Article 22, paragraph 1 shall, where appropriate, be converted into the currency of the scale applicable to the country of the staff member's or former staff member's last posting or, in cases to which Article 33, paragraph 2 applies, of the scale for which an option has been exercised by the former staff member prior to his decease, by applying the rate of exchange used in the relevant Organisation at the date the latter's pension was assessed;*

*ii) the maintenance or compensation payments referred to in the preceding sub-paragraph shall be subject to the same adjustments as those actually applied to calculate the survivor's or reversion pension provided for under Article 19.*

## **ARTICLE 23 - COMMENCEMENT AND CESSATION OF ENTITLEMENT**

1. Entitlement to a survivor's or reversion pension shall commence from the first day of the month following that in which the staff member or former staff member died. If the salary of a staff member who died in service continues to be paid to a surviving spouse or former spouse, directly and in full, under the Staff Regulations and Rules of the Organisation, payment of the pension of the person concerned shall be deferred accordingly.
2. Entitlement to a survivor's or reversion pension shall cease at the end of the month in which the recipient of the pension dies or ceases to satisfy the conditions for entitlement to that pension.

## CHAPTER V

### ORPHAN'S OR DEPENDANT'S PENSION

#### ARTICLE 24 - RATE OF ORPHAN'S PENSION

1. Where a staff member or former staff member receiving a retirement or invalidity pension or entitled to a deferred pension dies, his children shall be entitled to an orphan's pension if they fulfil the conditions laid down in paragraph 2.

2. The legitimate, natural or adopted children of a staff member or former staff member who has died shall be entitled to an orphan's pension:

- i) when the deceased or his household provided their main and continuing support at the time of death; and
- ii) when they satisfy the conditions of age, education or handicap required for the granting of the child's allowance.

The legitimate or natural children of a deceased staff member or former staff member who were born not more than 300 days after his death shall also be entitled to an orphan's pension.

3. Where there are one or more persons entitled to a survivor's or reversion pension, the amount of the orphan's pension shall correspond to the higher of the following amounts:

- i) 40 % of the survivor's or reversion pension, no account being taken of reductions pursuant to Article 20; or
- ii) 50 % of the salary for grade C1, step 1, according to the scale in force when the former staff member's pension was assessed, this amount being updated in accordance with the provisions of Article 36, or, if he was not receiving a retirement or invalidity pension, according to the scale in force at the time of death.

The orphan's pension shall be increased, in respect of the second and every further beneficiary, by an amount equal to the allowance for a dependent child.

The orphan's pension shall be brought up to the level provided for in paragraph 4 in the event of the beneficiaries of a survivor's or reversion pension dying or remarrying or losing their right to that pension.

4. Where there are no beneficiaries of a survivor's or reversion pension, the orphan's pension shall correspond to the higher of the following amounts:

- i) 80 % of the survivor's or reversion pension, no account being taken of reductions pursuant to Article 20; or
- ii) 100 % of the salary for grade C1, step 1, according to the scale in force when the former staff member's pension was assessed, this amount being updated in accordance with the provisions of Article 36, or, if he was not receiving a retirement or invalidity pension, according to the scale in force at the time of death.

The orphan's pension shall be increased, in respect of the second and every further beneficiary, by an amount equal to twice the allowance for a dependent child.

5. The total amount of the orphan's pension shall be divided equally among all the orphans.

## **Instructions**

### **24.3 - Rate of pension for orphans dependent on a non-remarried former spouse**

*Subject, where appropriate, to the provisions of Instructions 27.1/1 and 27.1/2, the provisions of Article 24, paragraph 3 shall apply where a staff member or former staff member dies leaving a non-remarried former spouse entitled to a survivor's or reversion pension under Article 22. In such a case, the orphan's pension shall be fixed without having regard to the reductions provided for in Articles 20 and 22.*

### **24.4 - Rate of pension for orphans belonging to another family group**

*Subject to the provisions of Instructions 27/1.1 and 27/2.1, the provisions of Article 24, paragraph 4 shall also apply where a staff member or former staff member dies leaving a surviving spouse or former spouse on one side and orphans belonging to another family group on the other side.*

## **ARTICLE 25 - RATE OF PENSION FOR OTHER DEPENDANTS**

1. Where a staff member or former staff member receiving a retirement or invalidity pension or entitled to a deferred pension dies, the persons (including children not fulfilling the conditions laid down in Article 24) recognised as satisfying the conditions for the granting of the child's or dependant's allowance under the Staff Regulations and Rules of the Organisation shall be entitled to a dependant's pension.

2. The pension paid to each dependant shall be equal to the lowest of the following amounts:

- i) the amount, as recognised by the Organisation, of the support provided to that person by the staff member or former staff member at the time of his death;
- ii) twice the amount of the dependant's allowance in force in the Organisation at the time of the death of the staff member or former staff member; or
- iii) where an orphan's pension is paid, the amount of each orphan's share pursuant to Article 24, paragraph 5.

### **Instruction 25.2 – Pension adjustment**

*The amount of the dependant's pension referred to in this Article shall be subject to the same adjustments as those effectively applied to calculate the orphan's pension provided for under Article 24.*

## **ARTICLE 26 - COMMENCEMENT AND CESSATION OF ENTITLEMENT**

1. The pensions provided for under Articles 24 and 25 shall be payable from the first day of the month following that in which the staff member or former staff member died. If the salary of a staff member who died in service continues to be paid to a surviving spouse or former spouse, directly and in full, under the Staff Regulations and Rules of the Organisation, payment of the pensions shall be deferred accordingly.

2. The pensions under Articles 24 and 25 shall cease to be payable at the end of the month in which the child or other dependant ceases to satisfy the conditions for entitlement to the allowance for a dependent child or dependent person under the Staff Rules and Regulations of the Organisation.

## **ARTICLE 27 - BENEFICIARIES OF MORE THAN ONE CATEGORY**

1. Where a staff member or former staff member leaves a spouse or former spouse, on the one hand, and children or dependent persons, on the other, with entitlement to a pension, the total pension, calculated as if for a surviving spouse having all these persons dependent on him, shall be apportioned among the various categories of persons concerned in proportion to the pensions which would have been payable to each category if treated separately.

2. Where there are children or dependent persons from different family groups, with entitlement to a pension, the total pension, calculated as though all were from the same family group, shall be apportioned among the various categories of beneficiaries in proportion to the pensions which would have been payable to each category if treated separately.

### **Instructions**

#### **27.0 - Beneficiaries of more than one category - General provisions**

*In cases of coexistent pension entitlements of a spouse, former spouse(s), children and/or dependants, the "total pension" referred to in Article 27, paragraphs 1 and 2 is defined in Instructions 27.1/1 i) and 27.2/1 i) respectively. It shall be apportioned as follows:*

*i) If the beneficiaries are:*

*- the spouse, and*

*- former spouse(s)*

*with no dependent children and/or dependants, the pension shall be apportioned in accordance with the provisions of Article 22.*

*ii) If the beneficiaries are:*

*- the spouse or former spouse(s), on the one hand, and*

*- children and/or dependants, on the other,*

*belonging to different family groups, the pension shall be apportioned in accordance with the provisions of Instruction 27.1/1.*

*iii) If the beneficiaries are:*

*- the spouse or former spouse(s) with children and/or dependants, on the one hand, and*

*- orphans and/or dependent persons, on the other*

*belonging to different family groups, the pension shall be apportioned in accordance with the provisions of Instruction 27.1/2.*

*iv) If the beneficiaries are:*

*- the spouse, and*

*- former spouse(s)*

*one of whom at least has children and/or dependants, the pension shall be apportioned in accordance with the provisions of Article 22 for survivors' and reversion pensions, and of Instruction 27.2/1 for orphans' and/or dependants' pensions.*

*v) If the beneficiaries are:*

*- persons entitled to orphans' and/or dependants' pensions belonging to different family groups,*

*the pension shall be apportioned in accordance with the provisions of Instruction 27.2/1.*

*Where, when Instructions 27.1/1, 27.1/2, 27.2/1 are applicable, one of the family groups is affected by a change in situation, the individual entitlement within the other family group shall remain calculated in accordance with the initial apportionment of benefits.*

**27.1/1 – Coexistence of beneficiaries, without children or dependants, entitled to a survivor's or reversion pension on the one hand, and of orphans and/or dependants on the other, belonging to different family groups**

*i) In this case, the total pension referred to in Article 27, paragraph 1 shall be calculated as if all beneficiaries of the deceased staff member or former staff member formed part of a single family group. This total pension shall comprise:*

*- a survivor's or reversion pension as would be payable to a surviving spouse of the deceased staff member or former staff member in accordance with Article 19 only;*

*- orphans' pensions calculated as if all orphans of the deceased staff member or former staff member belonged to the family group entitled to the survivor's or reversion pension mentioned above;*

*- dependants' pensions calculated theoretically as orphans' pensions before application of the provisions of Article 25, paragraph 2.*

*In accordance with Article 24, paragraph 3 ii), only one minimum orphan's pension (50% of C1/1) shall be taken into account in this calculation.*

*ii) The total pension shall be apportioned among:*

- the surviving spouse or non-remarried former spouse(s) and*
- orphans and/or dependants,*

*in proportion to the amounts which would have been payable directly to each of these family groups considered separately, after application of Articles 20 and 22 for the survivor's or reversion pension, Article 24 for orphans' pensions, and Article 25 for dependants' pensions.*

*iii) If the amounts so apportioned exceed the pensions to which the beneficiaries would have been entitled if they had been considered separately, including, for dependants' pensions, after application of Article 25, any such excess amounts shall not be payable.*

*iv) The minimum amounts laid down for survivors' and reversion pensions and for orphans' and/or dependants' pensions shall no longer apply to the shares actually attributed.*

**27.1/2 – Coexistence of beneficiaries entitled to a survivor's or reversion pension with children and/or dependants on the one hand, and of orphans and/or dependants belonging to another family group on the other.**

*i) In this case, the total pension, calculated in accordance with Instruction 27.1/1 i), shall be apportioned among:*

- the surviving spouse or former spouse(s) and the children and/or dependants thereof and*
- the children and/or dependants belonging to another family group,*

*in proportion to the amounts which would have been payable directly to each of these family groups considered separately, after application of Articles 20 and 22 for the survivor's or reversion pension, Article 24 for orphans' pensions, and Article 25 for dependants' pensions.*

*ii) Within the group consisting of a surviving spouse or former spouse(s) and orphans and/or dependants, the share going to that group shall be apportioned, for the purpose of calculating the individual entitlement of each member as mentioned above, in proportion to the survivor's or reversion pension on the one hand, and the orphans' and/or dependants' pensions on the other.*

*iii) If the amounts so apportioned exceed the pensions to which the beneficiaries would have been entitled if they had been considered separately, including after application of Article 25, any such excess amounts shall not be payable.*

*iv) The minimum amounts laid down for survivors' and reversion pensions and for orphans' and/or dependants' pensions shall no longer apply to the shares actually attributed.*

**27.2/1 – Coexistence of beneficiaries entitled to orphans' and/or dependants' pensions belonging to different family groups**

*i) In this case, the total pension referred to in Article 27, paragraph 2 shall be calculated as if all the persons entitled to an orphan's pension and/or dependant's pension formed part of a single family group. Before apportionment, dependants shall be treated in theory as orphans. This total pension shall comprise:*

*- a single orphan's pension calculated, as the case may be, in accordance with the provisions of Article 24, paragraph 3 i) if there are one or more persons entitled to a survivor's or reversion pension, or of Article 24, paragraph 4 i) where there are no such persons;*

*- orphans' pensions equal to the dependent child allowance where there are one or more persons entitled to a survivor's or reversion pension, or to double that allowance where there are no such persons.*

*ii) This total pension shall be apportioned among the different family groups in proportion to the pensions which would have been payable directly to each of these family groups considered separately.*

*iii) Within each family group, the share going to that group shall be divided equally among the beneficiaries before application of Article 25, where applicable.*

*iv) The minimum amounts laid down shall no longer apply to the shares actually attributed.*

## CHAPTER VI

### FAMILY ALLOWANCES

#### ARTICLE 28 - GENERAL PROVISIONS

1. Household allowance, children's or dependants' allowance, handicapped child allowance and education allowance, paid to the staff members of the Organisation as family allowances, are granted according to the modalities and conditions of entitlement provided for under the Staff Regulations and Rules and under the present Rules :

- i) to the recipient of a retirement pension as from the age of 60;
- ii) to the recipient of an invalidity pension;
- iii) to the recipient of a survivor's or reversion pension, in respect of the sole beneficiaries who were or would have been recognised as depending on the staff member or the former staff member if he had not died.

2. The double entitlement regulations apply to any allowance of a same nature, regardless of its name.

3. a) The household allowance shall be calculated by reference to the pension of the recipient.

b) Where the recipient of a survivor's or reversion pension is a staff member of the Organisation or is in receipt of a pension assessed by the Organisation, only one household allowance shall be granted.

c) Where the spouse of a person entitled to a pension referred to in paragraph 1 is a staff member of the Organisation or is in receipt of a pension assessed by the Organisation, the household allowance shall only be paid to one of the spouses.

d) Where the spouse of the recipient of a pension referred to in paragraph 1 is entitled, under another scheme, to an allowance of a same nature than the household allowance, only the difference between the amount of the allowance under the present scheme and that of the allowance received by the spouse under the other scheme shall be paid to the recipient of the pension.

4. Where the recipient of a pension referred to in paragraph 1, or his household or the beneficiary concerned, is entitled to allowances referred to in paragraph 1 and also, under another scheme and for the same person, to a children's or dependants' allowance, or a handicapped child allowance of a same nature than those referred to in paragraph 1, the Organisation shall only pay the difference between the amount of the allowances granted under the present scheme and that of the allowances received under the other scheme.

5. The deduction of family allowances received under another scheme, referred to in Article 28, paragraphs 3 and 4, shall be automatic, save where the recipient produces evidence that the above-mentioned scheme makes a deduction of the amounts received under the present scheme.

6. The amount of the allowance for a child or other dependant payable to the recipient of a survivor's or reversion pension shall be twice the normal amount.

7. Entitlement to the allowances provided for in this Article shall cease at the end of the month in which the conditions for entitlement to those allowances under the Staff Rules and Regulations of the Organisation are no longer satisfied.

## **Instructions**

### **28/1 - Entitlement**

*Entitlement to family allowances when pension benefits are being paid shall be subject to the conditions relating to the attribution of such allowances, in accordance with the Staff Regulations and Rules of the Organisation.*

#### **28.1/1 - Early pension**

*Family allowances shall not be paid before the age of 60 to the recipient of an early pension; in such a case, at the age of 60, the household allowance shall be calculated on the basis of the reduced pension, subject to the minimum prescribed by the relevant Staff Regulations and Rules; the other family allowances of fixed amount shall be granted without any reduction.*

#### **28.1/2 - Monthly payment**

*Family allowances shall be paid per whole month starting from the 1st of the month following that in which the entitlement has arisen and until the end of the month during which the entitlement ceases.*

#### **28.1/3 - Education allowance**

*i) Entitlement to the education allowance shall be maintained for children dependent on a former staff member, provided that the recipient of a retirement or invalidity pension -- or the recipient of a survivor's or a reversion pension – has never ceased residing in the country of the last posting since termination of service and inasmuch as he continues to reside in that country.*

*ii) In the event of the death of a staff member or of the recipient of a retirement or invalidity pension, without any survivor's or reversion pension being awarded, or in the event of the death of the recipient of a survivor's or reversion pension, any education allowance which was being paid at the time of the death shall continue to be paid unchanged in its amount, until the expiry of the current school or academic year.*

### **28.3 - Household allowance**

*The household allowance to which the recipient of a pension is entitled shall be calculated on the basis of his pension, but shall not be less than the minimum laid down in the scales in force in the Organisation, save where the allowance is reduced on the basis of the income of the spouse.*

## CHAPTER VII

### CEILING ON BENEFITS

#### ARTICLE 29 - CEILING ON BENEFITS

1. Where a staff member dies, the total amount payable in respect of survivor's, orphan's and dependant's pensions and of family allowances shall not exceed the maximum of the retirement pension referred to in Article 10, paragraphs 2 and 3, together with the family allowances to which the deceased staff member was entitled. In any event, this total shall not exceed the last salary received by the staff member together with the family allowances to which he was entitled.
2. Where a former staff member receiving a retirement pension dies, the total amount payable in respect of reversion, orphan's and dependant's pensions and of family allowances shall not exceed the amount of the pension and family allowances received by the former staff member.
3. Where a former staff member entitled to a deferred or invalidity pension dies, the total amount payable in respect of reversion, orphan's and dependant's pension and of family allowances shall not exceed the amount of the retirement pension and family allowances he would have received if he had reached the statutory age limit at the time of his death.
4. The amounts payable in respect of survivor's, reversion, orphan's and dependant's pensions shall, where applicable, be reduced in proportion to the share of each beneficiary.

#### Instructions

##### **29/1 - Ceiling on benefits payable to a surviving spouse, former spouse, orphans and/or dependants**

*i) Save where Article 10, paragraph 3 applies, the maximum of the retirement pension referred to in Article 29, paragraph 1 shall be 70 per cent of the salary defined in Article 10, paragraph 1, as adjusted from time to time in accordance with the provisions of Article 36; the same adjustments shall be applied to the family allowances referred to in Article 29, as well as to retirement pensions, deferred or not, and to the invalidity pensions referred to in Article 29, paragraphs 2 and 3.*

*ii) The ceilings stipulated in Article 29 shall be reviewed whenever changes are made to the basis for calculating the benefits due.*

*iii) For the purposes of applying the instructions of this Article, account shall be taken of deductions actually made in respect of allowances received from another source.*

##### **29.3/1 - Ceiling in the event of the death of a person entitled to a deferred retirement pension or who was drawing an early retirement pension**

*Where a deceased former staff member was entitled to a deferred retirement pension or was drawing an early retirement pension, the family allowances to which he would have been entitled at age 60, but which were not paid, shall nevertheless be taken into account in calculating the ceiling referred to in Article 29.*

**29.3/2 - Ceiling in the event of the death of a person drawing an invalidity pension under Article 14, paragraph 2**

*In the event of the death of a former staff member drawing an invalidity pension under Article 14, paragraph 2, the ceiling to be applied shall be the amount of the pension and allowances he was receiving at the time of his death.*

**29.4/1 - Amount of the reduction applicable to survivors', reversion, orphans' and/or dependants' pensions**

*The reduction shall be applied to survivors', reversion, orphans' and/or dependants' pensions. The reduction shall be apportioned among the beneficiaries in proportion to the benefits payable in application of the provisions of Chapter IV (Survivor's and Reversion Pensions) and Chapter V (Orphan's Pension and Dependant's Pension).*

**29.4/2 - Statutory minimum amounts**

*The minimum amounts laid down shall not apply to survivors', reversion, orphans' and/or dependants' pensions reduced in accordance with the provisions of Article 29.*

## CHAPTER VIII

### PROVISIONAL PENSIONS

#### ARTICLE 30 - CONDITIONS OF ENTITLEMENT

1. Where a staff member, or former staff member entitled to a retirement or invalidity pension has been missing for more than one year in circumstances justifying a presumption of death, the persons entitled under him may provisionally be awarded a survivor's, reversion, orphan's or dependant's pension, as appropriate.
2. The provisions of paragraph 1 above shall apply *mutatis mutandis* to persons recognised as dependants of a person in receipt of a survivor's or reversion pension, who has been missing for more than one year.
3. Provisional pensions under paragraphs 1 and 2 above shall be converted into definitive pensions when the death of the staff member, former staff member, spouse or former spouse has been established officially or when that person has been declared missing by a final Court decision.

#### Instruction

#### 30.3 - Forfeiture of rights

*The time limits laid down by Article 35, paragraphs 2 and 3 shall run from the date of the Court decision declaring him to be missing, referred to in Article 30, paragraph 3.*

## CHAPTER IX

### DETERMINATION OF THE AMOUNTS OF BENEFITS

#### SECTION 1: ASSESSMENT OF ENTITLEMENT

##### ARTICLE 31 - ORGANISATION RESPONSIBLE FOR THE ASSESSMENT

1. The assessment of the benefits payable under these Rules shall be made by the Organisation with the assistance of the International Service for Remunerations and Pensions.
2. A detailed statement of the assessment shall be communicated to the staff member or the persons entitled under him after approval by the Organisation.
3. Until this approval has been given, pensions shall be paid on a provisional basis.

##### Instruction

##### 31.2 - Pension Statement

*i) On the termination of service of a staff member, the Organisation shall draw up a statement of his pension rights on the form provided for this purpose.*

*[ii) When a staff member enters the service of another Organisation, he shall hand over the form provided for this purpose.*

*iii) The Organisation making the assessment of entitlement to benefits must take account of all reckonable years of service which have been credited including, where applicable, service in another Organisation.]*

##### ARTICLE 32 - NO DOUBLE ENTITLEMENT

1. Without prejudice to the application of Articles 4 and 5, the following may not be paid concurrently out of the budget of the Organisation:
  - i) a retirement and an invalidity pension as provided for in these Rules or, in cases where Article 7, paragraph 2 is applied, under the Rules of the Defined Benefit Funded Pension Scheme \* ;
  - i) a retirement or invalidity pension and a loss-of-employment indemnity not paid as a lump sum ;
  - ii) two retirement pensions.
2. Recipients of a retirement or invalidity pension under the present Rules may not be granted the status of staff member in the meaning of Article 1. The modalities for double entitlement to a retirement pension and any other remuneration shall be defined by the Organisation.

3. Where they are due to the same cause, there can be no double entitlement to benefits under the present Rules and annuities under a scheme distinct from the Pension Scheme and financed by the Organisation.

## Instructions

### 32.1 - Double entitlement as regards retirement or invalidity pensions

*i) In view in particular of the rules contained in Article 5, paragraph 2, two retirement pensions under these Rules may not be paid by the Organisation [and another Organisation].*

*ii) In calculating an invalidity pension granted under Article 14, paragraph 1, the abatements prescribed in Article 5, paragraph 2 shall be applied in cases where retirement pension payments previously received have not been refunded.*

*iii) Double entitlement to a retirement or invalidity pension and to an indemnity for loss of employment paid month by month on the basis of the salary being received by the staff member at the time of leaving shall be prohibited.*

### 32.3 - Double entitlement to benefits granted under schemes distinct from the Pension Scheme

*Where they are due to the same cause, the annuities or pensions for permanent invalidity or granted in the event of the death of a staff member or former staff member to the spouse and/or former spouse, orphans and/or dependants under a scheme distinct from the Pension Scheme shall be deducted from the amount of the relevant pensions due and calculated under the present Rules, if they were financed wholly or in part by the Organisation [or another Organisation].*

## ARTICLE 33 - BASIS OF CALCULATION

1. Pensions provided for under the Scheme shall be calculated at the time of their assessment by reference to the salary defined in Article 3 and to the scales applicable to the country of the staff member's or former staff member's last posting.

2. However, if the former staff member settles subsequently:

- i) in a Member country of the Organisation [or of another Organisation] of which he is a national, or
- ii) in a Member country of the Organisation [or of another Organisation] of which his spouse is a national; or
- iii) in a country where he has served the Organisation [or another Organisation] for at least five years,

he may opt for the scale applicable to the country in question. The option shall apply to only one of the countries referred to in this paragraph, and shall be irrevocable, except where paragraph 3 below is applicable.

3. On the death of his spouse, a former staff member who settles in the country of which he is a national, or of which such deceased spouse was a national, may opt for the scale applicable in that country.

The same option shall be open to the surviving spouse or former spouse of a former staff member and to orphans who have lost both parents.

4. These options, available under paragraphs 2 and 3, shall be irrevocable.

5. If the staff member, spouse, former spouse or orphan opts for the scale of a country referred to in paragraph 2, but there is no scale approved by the Organisation for that country, the scale applicable to the country in which the Organisation responsible for paying his pension has its headquarters shall be applied temporarily until a scale has been adopted for the country chosen.

6. The amount of the pension based on the scale chosen shall be calculated in accordance with Article 36.

7. The provisions of paragraph 2 above do not apply to the benefits under Article 11. However, a staff member who settles in a country of which he is a national may have the leaving allowance provided for in Article 11 calculated in accordance with the scale for that country, provided such a scale was approved by the Organisation at the time of his departure.

## **Instructions**

### **33/1 - Proof of residence**

*Within the meaning of Article 33, the settlement of a pensioner refers to his principal and effective residence, with the transfer of the permanent and usual centre of his interests and the will to confer stability to such a residence.*

*The option is granted as from the month following the date on which the pensioner proves, to the satisfaction of the Organisation, that he has his principal and effective residence in the country in question. The Organisation may in particular request:*

- a recent certificate of residence;*
- a certificate of removal from the population registry of the former place of residence;*
- a copy of a recent invoice (water, gas, electricity, fixed telephone) established after the date of the removal and for the name and address of the person concerned;*
- a copy of the rent contract or of the purchasing deed of the residence;*
- a copy of the removal invoice;*
- evidence of being subject to property or residence tax;*

*or any other evidence it deems relevant.*

### **33/2 - Alteration due to the exercise of an option**

*Where, in application of Article 33, benefits under the Scheme are to be calculated on the basis of a*

scale other than that which was in force at the time when the right to the benefits arose, then the amount of such benefits must, for the purpose of their payment as from the exercise of the option concerned, be recalculated on the basis of the said scale, in accordance with the provisions of Article 36, paragraph 5.

### **33.3 - Option in cases where there are beneficiaries belonging to different family groups**

*i) Where an option is exercised by a surviving spouse or by children both of whose parents are deceased, and there are other beneficiaries, benefits shall be apportioned in accordance with the provisions of Article 22 or Article 27, as the case may be, and with the Instructions thereto, on the basis of the scale applicable to the country of the staff member's or former staff member's last posting or, in cases to which Article 33, paragraph 2 applies, the scales for which an option has been exercised by the former staff member prior to his decease;*

*ii) the share of benefit apportioned to each beneficiary of the option shall be expressed as a percentage of the basic salary for the grade and step used in calculating the theoretical survivor's or reversion pension;*

*iii) the share apportioned to the beneficiary of the option referred to in Article 33, paragraph 3 shall be equal to the basic salary corresponding to the grade and step referred to in sub-paragraph ii) of the scale applicable in the country chosen, multiplied by the percentage referred to in the same sub-paragraph.*

### **33.5 - Calculation following approval of a new scale**

*In cases where Article 33, paragraph 5 is applied, benefits are calculated under the new scale as from the date of its entry into force, with no retroactive effect.*

## **ARTICLE 34 - RE-ASSESSMENT – CANCELLATION**

1. The benefits provided for under the Scheme may be re-assessed at any time in the event of error or omission of any kind. Any undue payments must be reimbursed. They may be deducted from the benefits payable to the person concerned or to the persons entitled under him or from the amounts due to his estate. The reimbursement may be spread over a period.

2. Benefits shall be subject to modification or cancellation if their award was contrary to the provisions of these Rules.

## **ARTICLE 35 - REQUIREMENT OF EVIDENCE - FORFEITURE OF RIGHTS**

1. Persons who are eligible for benefits under these Rules shall notify the Organisation or the International Service for Remunerations and Pensions of any facts which may affect their entitlement to benefits and to furnish such supporting evidence as may be required of them.

Should they fail to comply with these obligations, they may be deprived of the right to benefits under this Scheme; save in exceptional circumstances, they shall refund any sums received to which they

were not entitled.

2. Where the surviving spouse, orphans or other dependants of a deceased staff member or former staff member fail to apply for their pension within twelve months from the date of his death, payment of the benefits under these Rules may, at the discretion of the Organisation, be postponed until the first day of the month following that in which they make their application.

3. Where a staff member's or former staff member's former spouse referred to in Article 22 fails to apply for her pension within twelve months from the date of his death, his rights may, at the discretion of the Organisation, be wholly forfeited.

## **Instructions**

### **35.1/1 - Statement by staff member or persons entitled under him**

*Subject to the provisions of Instruction 30.3, the recipient of any benefit under the Pension Scheme Rules shall be required to fill out and sign the form to verify continuing entitlement which is sent to him every year.*

### **35.1/2 - Refund of amounts incorrectly received**

*All amounts incorrectly received shall be refunded pursuant to Articles 34 and 35, in the manner prescribed in the Rules and Regulations applicable to staff serving in the Organisation, without prejudice to the special provisions laid down for implementing Article 42 with regard to taxation.*

### **35.1/3 - Obligation on claimants to make themselves known**

*In the absence of a statement provided for under Instruction 35.1/1, it is the responsibility of persons entitled under a deceased staff member or former staff member to notify their existence to the Organisation which they consider to be liable for the payment to them of benefits under the Scheme.*

### **35.1/4 - Notifying beneficiaries**

*The Organisation shall then inform the beneficiaries concerned of the benefits which they may claim under the Pension Scheme Rules.*

## SECTION 2: ADJUSTMENT OF PENSIONS

### ARTICLE 36 - ADJUSTMENT OF PENSIONS

1. The Organisation shall adjust pensions, every year, in accordance with the revaluation coefficients based on the consumer price index for the country of the scale used to calculate each pension.

It shall also adjust them in the course of the year, for any given country, when prices in that country show an increase of at least 6 %.

2. At regular intervals, the Secretary General shall establish a comparison of the difference between increases in salary and increases in pensions, and may, where appropriate, propose measures to reduce it.

3. Where a person receiving a pension dies, and reversion, orphan's or dependant's pensions are due, the following calculation shall be made:

- pensions shall be calculated with reference to the scale in force at the date of the assessment of the entitlement of the deceased former staff member;
- the amounts thus determined shall be updated, as from that date, by application of the pensions revaluation coefficients for the country in question.

4. Where a person receiving an invalidity pension not awarded under Article 14, paragraph 2 reaches the age limit laid down in the Staff Rules and Regulations, his invalidity pension shall be converted, in accordance with Article 17, paragraph 2, to a retirement pension calculated using the method referred to in paragraph 3 above.

5. Where the person receiving a pension exercises one of the options under Article 33, the following calculation shall be made:

- the pension shall be recalculated with reference to the scale in force at the date of its assessment for the country selected;
- the amount thus determined shall be updated, as from that date, by application of the pensions revaluation coefficients for the country in question.

#### **Instruction**

##### **36.1/1 - Notifying beneficiaries**

*Adjustments to pensions currently being paid shall be notified in writing to the persons entitled to such pensions, either by the Organisation or, as instructed by it, by the International Service for Remunerations and Pensions.*

##### **36.1/2 - Consumer price indices**

*Consumer price trends will be monitored with reference to the consumer price indices used in the remuneration adjustment procedure in force in the Organisation.*

## SECTION 3: PAYMENT OF BENEFITS

### ARTICLE 37 - MODE OF PAYMENT

1. Subject to the provisions of Article 11 and unless otherwise provided under these Rules, pensions, family allowances and provisions for tax adjustments shall be paid monthly in arrears.
2. These amounts shall be paid by the Organisation, or by the International Service for Remunerations and Pensions if it has been empowered to do so.
3. Benefits shall be paid in the currency used in their calculation in accordance with Article 33.
4. Benefits shall be paid to the recipient by bank transfer to an account in the country whose scale was used for calculating these benefits, or in the country in which he resides.

#### Instruction

##### 37.1 - Date of Payment

*Pensions, family allowances and provisions for tax adjustments shall be paid in arrears on the last working day but two of the month to which they relate.*

### ARTICLE 38 - SUMS OWED TO THE ORGANISATION

1. Any sum owed by a staff member, former staff member or pensioner to the Organisation which pays the pension at the date when the benefits are payable under these Rules shall be deducted from the amount of these benefits or from the benefits payable to those entitled under him. The deduction may be spread over a period.

#### Instruction

##### 38.1 - Buying back rights - Credit for past service

*Any amounts remaining due on the death, recognition of invalidity or termination of service of a staff member, in respect of pension rights bought back under Article 5, shall constitute a debt owed to the Organisation by the staff member or the persons entitled under him or the estate.*

*Payment to the Organisation of any amounts thus owing shall be made pursuant to the special condition agreed to by the staff member at the time of his application to buy back or to be credited with pension rights; this condition shall give the Organisation a preferential right to deduct such amounts from the capital sums due at the time of death or recognition of invalidity, or of termination of service, where appropriate, under the conditions provided for in Instructions 5.1/1 and 5.1/2.*

## **ARTICLE 39 - RIGHT OF SUBROGATION**

1. Where a staff member's invalidity or death is attributable to a third party, the award of the benefits provided for in these Rules shall in principle be made subject to the beneficiary assigning to the Organisation his claims against such third party, up to the amount of such benefits.
2. However, the Organisation may waive its right to take action pursuant to such subrogation against the third party concerned where special circumstances justify such a waiver.

## CHAPTER X

### FINANCING THE PENSION SCHEME

#### ARTICLE 40 - CHARGE ON BUDGETS

1. Benefits paid under this Pension Scheme shall be charged to the budgets of the organisation responsible for the assessment of these benefits pursuant to Article 31.
2. The Member States of the Organisation jointly guarantee the payment of the benefits.
3. In the event of a merger, reconstitution or other transformation or in the event of dissolution of the Organisation, the Council or any ad hoc body set up, where required in one of the aforementioned cases, shall take the necessary measures to ensure uninterrupted payment of the Pension Scheme benefits until the cessation of entitlement of the last beneficiary.
4. Should a country, being a Member or ex-Member of the Organisation, fail to comply with its obligations under this Article, the other countries shall meet the cost thereof in proportion to their contribution to the budget of the Organisation as fixed annually from and after the said country's default.

#### ARTICLE 41 - STAFF MEMBER'S CONTRIBUTION - COSTING THE SCHEME

1. Staff members shall contribute to the Scheme.
2. The staff members' contribution shall be calculated as a percentage of their salaries and shall be deducted monthly.
3. The rate of the staff contribution shall be set so as to represent the cost, in the long term, of 40 % of the benefits provided under these Rules. The rate shall be 9.3 %. This rate shall be reviewed every five years on the basis of an actuarial study, the procedures for which are appended hereto. The staff contribution rate shall be adjusted, with effect from the fifth anniversary of the preceding adjustment, the rate being rounded to the nearest first decimal.
4. Contributions properly deducted shall not be recoverable. Contributions improperly deducted shall confer no rights to pension benefits; they shall be refunded at the request of the staff member concerned or those entitled under him without interest.

#### Instructions

##### 41.1/1 - Sickness

*The staff members' contribution to the Scheme shall be paid during sick leave and during periods of temporary incapacity following such leave if the staff member concerned continues to receive an allowance equal to the whole or part of his emoluments. This contribution shall be calculated in relation to the portion of the allowances corresponding to salary, but reckonable years of service shall be counted at the full rate, subject to the provisions applicable in the event of temporary incapacity during a period of part-time service.*

#### **41.1/2 - Leave for personal reasons**

*A staff member may not contribute to the Scheme during periods of leave for personal reasons of more than six months' duration, and during such periods the staff member shall not acquire any pension rights.*

*However, the persons entitled under him shall be entitled to receive benefits under the conditions set out in Instruction 18.1.*

## CHAPTER XI

### PROVISIONS RELATING TO ADJUSTMENT OF PENSIONS

#### ARTICLE 42 - PENSIONS WHICH ARE SUBJECT TO NATIONAL TAX LEGISLATION

1. The recipient of a pension under these Rules shall be entitled to the adjustment applying to the Member Country of the Organisation in which the pension and adjustment relating thereto are chargeable to income tax under the tax legislation in force in that country.

2. The adjustment shall equal 50 per cent of the amount by which the recipient's pension would theoretically need to be increased, were the balance remaining after deduction of the amount of national income tax or taxes on the total to correspond to the amount of the pension calculated in accordance with these Rules.

For such purpose, there shall be drawn up, for each Member country, in accordance with the Implementing Instructions referred to in paragraph 6, tables of equivalence specifying, for each amount of pension, the amount of the adjustment to be added thereto. The said tables shall determine the rights of the recipients.

3. In calculating the theoretical amount of income tax or taxes referred to in paragraph 2 of this Article, account shall be taken only of the provisions of tax legislation and regulations affecting the basis of liability and the amount of income tax or taxes for all pensioner-taxpayers in the country concerned.

4. Pensioners without spouse or dependants shall be deemed to be in the position of a pensioner without entitlement to any tax reliefs or allowances for family responsibilities, all other recipients being deemed to be pensioners enjoying the tax reliefs and allowances of a person who is married without children.

No account shall be taken:

- of individual factors related to the personal circumstances or private means of a particular pensioner,
- of income other than that arising under these Rules,
- of the income of the spouse or dependants of the pensioner.

On the other hand, account shall, in particular, be taken of circumstances arising in the course of the year as a result of:

- a change in civil status or settlement in another place of residence with a different taxation system,
- commencement or cessation of payment of the pension.

5. The Organisation shall supply the Member Countries concerned with the names, forenames and full address of pensioners and the total amount of the pension and adjustment.

6. The recipient of an adjustment as specified in this Article shall be required to inform the Organisation of his full address and of any subsequent change therein.

Such recipient shall produce evidence of his pension and the relative adjustment having been declared or taxed; should he fail to comply with this obligation, he shall be deprived of the right to this adjustment and shall refund any amounts unduly received in this respect.

7. The other procedures for calculating the adjustment and, in particular, those necessitated by the special features of certain national tax laws, and the procedure for payment of the adjustment shall be laid down in the Implementing Instructions established in accordance with the tax legislation of Member Countries.

## **Instructions**

### **42/1 - Scope and calculation of the adjustment**

1. *Article 42 of the Pension Scheme Rules shall apply only if the pension and the adjustment relating to it are subject to taxes on income levied in a Member Country of the Organisation. The family allowances provided for in Article 28 of the Pension Rules shall be assimilated to pensions in determining the tax adjustment in so far as similar allowances are taxable under the national tax legislation of the Member country.*

2. *The adjustment referred to in Article 42 of the Pension Scheme Rules shall be determined on the basis of the legal provisions relating to taxes on income in force in the Member country in which the pensioner is legally subject to such taxation. It shall be established in respect of pensions paid during the tax period as determined in that country.*

3. *Where the pension of a person entitled to the adjustment is paid in a currency other than that of the country in which such person is subject to taxes on income, the adjustment shall be determined on the basis of the pension converted into the currency of that country. Such conversion shall be effected at the rate obtained on the official exchange market.*

4. *Where the amounts paid during any tax period include arrears of pension relating to any previous period, the adjustment shall be determined or recalculated, as the case may be, with due regard to the tax treatment applicable to such arrears.*

### **42/2 - Establishment of tables of equivalence for payment of the adjustment**

1. *Tables of equivalence for payment of the adjustment shall be established for each tax year by the International Service for Remunerations and Pensions, hereinafter referred to as 'the Service'.*

2. *The tax authorities of Member countries shall provide the Service, at its request, with the details of legislation and regulations necessary for establishing the tables. The tables shall be checked and confirmed by the tax authorities of the Member country concerned. In the event of disagreement between such authorities and the Service on the content of the tables, the Secretaries-General and the Coordinating Committee shall consider the matter on the basis of Article 42 of the Pension Scheme Rules and of these Implementing Instructions.*

3. *Provisional tables of equivalence shall be drawn up prior to the commencement of the period to which they refer. They shall show, for rounded pension figures and in respect of each Member country, an amount equivalent to 90 per cent of the monthly adjustment calculated according to the distinctions contained in Article 42.3 of the Pension Scheme Rules and on the basis of the tax legislation in force at the time of drawing up the tables.*

4. *The provisional tables shall be revised whenever amendments to tax legislation involve a change in the amount of the adjustment. The Secretaries-General and the Co-ordinating Committee may however decide by mutual agreement to dispense with the up-dating of tables in cases where the balance of gain or loss is minimal.*

5. *As soon as the authorities in Member countries have finally adopted the tax legislation applicable to income for the period covered by the provisional tables, these latter shall be replaced by final tables establishing the rights of recipients in accordance with Article 42.2 of the Pension Scheme Rules. These final tables shall show the amount of the adjustment for the whole of the period which they cover, as well as the monthly amount of the adjustment.*

6. *The provisional and final tables of equivalence shall be accompanied by all such information as is necessary for their use. Such information shall include:*

*- the rules to be observed in cases where changes in family status, dependants or permanent address (domicile) of the person entitled to the adjustment may affect the amount of the adjustment which the person concerned may claim;*

*- the names and addresses of the tax authorities to which the Organisations supply the information specified in Article 42.4 of the Pension Scheme Rules;*

*- the evidence to be supplied by persons entitled to the adjustment as proof of the declaration for tax purposes, or the taxation, of their pension and the adjustment relating thereto;*

*- the dates for making such declarations and for paying the tax in those Member countries which have been authorised to avail themselves of the provisions of Instruction 42/3, paragraph 2 below.*

#### **42/3 - Method of payment of the adjustment**

1. *The adjustment shall be paid by monthly instalments by way of advance at the same time as the pension and in an amount corresponding to that appearing in the provisional tables of equivalence referred to in Instruction 42/2, paragraph 3 above. The amounts of pension, arrears of pension and adjustment shall be shown separately on the instrument of payment issued to the recipient.*

2. *At the request of a country, the Secretaries-General and the Co-ordinating Committee may, by mutual agreement, decide that by way of exception to paragraph 1, there shall be a time lag in payment of the monthly instalments of the adjustment relating to that country, provided however that payment of the whole of the monthly instalments shall be finalised before the ultimate date for payment of the tax to which they refer.*

3. *As soon as the final tables of equivalence are available, the total amount of the monthly instalments paid in respect of the tax period shall be compared to the final amount of the adjustment due for the whole of that period. Any excess or shortfall shall be rectified but so however that the amount involved shall not be taken into account in determining the adjustment in respect of the following tax year.*

4. *The adjustments shall be paid in the currency of the country in which the recipient is subject to taxes on income.*

#### **42/4 - Information to be supplied to Member countries by the Organisation**

1. *The particulars specified in Article 42/4 of the Pension Scheme Rules shall consist of the following:*

*a) a personal particulars form giving the name and forenames, full address and, where applicable, the residence for tax purposes (domicile fiscal) of the pensioner, the total amount of pension paid for the period constituting the tax year, the final amount of the adjustment arrived at for such period, and the amount of arrears of pension, identifying the year to which such arrears relate;*

*b) a master list reproducing for each country, the information contained in the personal particulars form.*

2. *The particulars listed in paragraph 1 of this Instruction shall be supplied to the tax authorities of the country in which the persons concerned are subject to taxes on income. A copy of the personal particulars form shall be sent to the pensioner and a copy of the master list shall be sent to the Representative of the country in question to the Organisation.*

3. *The obligations specified in this Instruction shall be complied with at the time of the rectification referred to in Instruction 42/3, paragraph 3 above.*

#### **42/5 - Evidence of payment of tax**

*The tax authorities referred to in Instruction 42/2, paragraph 6 above shall inform the Service of the evidence by which, in accordance with Article 42.5 of the Pension Scheme Rules, recipients of the adjustment may establish that their pension and the relevant adjustment have been declared for tax purposes or have been taxed.*

#### **42/6 - Financing the adjustment**

1. *The cost of the adjustment provided for in Article 42 of the Pension Scheme Rules shall be borne by the country in which the recipient thereof is subject to taxes on income for the period considered.*

2. *Expenditure arising under paragraph 1 of this Instruction shall be the subject of a separate budget which shall be drawn up at the same time as the other budgets of the Organisation. Final settlement of the contributions to this separate budget shall be made at the end of the period to which it relates.*

#### **42/7 - Date of effect**

*These Implementing Instructions shall take effect on the date of entry into force of the Pension Scheme Rules.*

**CHAPTER XII**  
**FINAL PROVISIONS**

**ARTICLE 43 – DETAILED IMPLEMENTATION**

1. Instructions for the implementation of these Rules shall be drawn up by the Secretary-General of the Organisation.

**ARTICLE 44 – ENTRY INTO FORCE**

1. These Rules shall enter into force on 1<sup>st</sup> January 2014.

**Instruction**

**44.1 - Date of entry into force of the Implementing Instructions**

*The implementing Instructions shall enter into force on the date as laid down by the Secretary-General of the Organisation.*

## ANNEX TO ARTICLE 41 -- ACTUARIAL STUDIES

### Method

1. Calculation, as at the effective date of the study, for all the Co-ordinated Organisations which have adopted the Scheme, of the rate of contribution payable by staff in order to finance 40% of benefits provided under the Scheme, establishing the present value of future entitlements and salaries.
2. Projections of annual amounts of future entitlements will be calculated, on the one hand, for staff affiliated to the Scheme at the date of the study and, on the other hand, for the population of staff who will be recruited and affiliated to this scheme in the years to come. Projections of salaries for these populations will also be established year by year. Each of these amounts will be projected over a period of 80 years and discounted to present worth.
3. Combining these results will make it possible to determine the rate of contribution needed to finance 40% of benefits provided under the Scheme.

### Demographic and salary-related assumptions

4. The demographic assumptions are derived from detailed demographic studies for each of the Co-ordinated Organisations which have adopted the Scheme. These studies examine past experience over a period of 15 years, where the information is available, and also take account of available forecasts regarding future staff numbers.
5. The assumptions relating to salaries are based on detailed observation of the past, over a period of 15 years, where the information is available, and also take account of practices and forecasts available in this field.
6. The rates obtained are adjusted so as to eliminate distortions resulting from insufficient data in certain organisations.

### Economic assumptions

7. The discounting process is based on observed rates of return on long-term government bonds issued in the reference countries, as from the date when they become a reference country.
8. A discount rate net of inflation shall be used. It shall be equal to the arithmetical average of average real rates observed over the thirty years preceding the date when the actuarial study is conducted.
9. The average real rate for a given past year is obtained from the real rates in each country, calculated as the difference between the rate of gross return on bonds and the corresponding rate of inflation, as shown by the national consumer price index. The average is obtained by weighting the real rate in each country by the number of serving staff in that country at the effective date of the study.

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# **Annexe 2 – Projet de Statut du Fonds (version anglaise)**

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## **Article 1 - General Principles**

1. All assets of the Unidroit Pension Reserve Fund (PRF) are the property of the Organisation. They are held and accounted for separately from all the other assets of the Organisation.
2. The Fund's assets may be used only to pay benefits under the pension schemes and to finance the expenses related to the management of the PRF.

## **Article 2 - Budget**

1. The income of the PRF shall be constituted by:
  - a) all Pension Scheme contributions, including staff contributions and employer's share;
  - b) all income earned on the assets of the PRF;
  - c) such other amounts as the Council may decide.
2. The expenses of the PRF shall include:
  - a) The payment of pensions and other benefits under the Unidroit Pension Scheme.
  - b) All the costs related to the management of the PRF and its assets.
3. The Council shall take the appropriate decisions in order to ensure the long-term viability of the PRF. It shall issue to the Secretary General guidelines and goals in respect of the investment of PRF assets.

## **Article 3 – Management of the PRF**

1. The Secretary General shall ensure the proper management of the PRF. The Council may authorise the Secretary General to delegate the management of the PRF to an external specialised authority, organisation or financial institution. The concrete modalities and conditions of such a delegation shall be defined by the Council on proposal of the Secretary General.
2. The PRF shall be administered and audited in accordance with the Financial Rules of the Organisation.
3. The operating budget of the PRF shall be approved annually by the Council of Unidroit.
4. The Secretary General of Unidroit shall report annually to Council on the status of the PRF.

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# **Annexe 3 – Mandat du Comité d'Administration du Fonds (version anglaise)**

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## **ARTICLE 1 – Definition**

The CAF is a joint committee of the international organisations that have delegated the management of their reserve and / or pension funds to the Joint Pensions Administrative Section. It oversees selected management guidelines and policies.

## **ARTICLE 2 - Competences**

1. The CAF provides recommendations to the Boards of member organisations relating to funds management, notably the definition of general guidelines and goals related to the investment of funds assets. The CAF may provide advice on any question submitted by the Board of an organisation.
2. The CAF advises the Directors / Secretaries general of member organisations on the modalities for implementing the general guidelines and goals related to the investment of their Fund's assets. It may provide advice on any question submitted by the Directors / Secretaries general.
3. The CAF oversees the Funds performance reports.

## **ARTICLE 3 - Composition**

1. Each organisation shall appoint one representative to sit on the CAF. The CAF, upon proposal of the secretariat, shall also select one or two qualified personalities.
2. The members of the CAF shall be submitted to the code of conduct approved by the Boards.
3. The members of the CAF shall elect among themselves a President and a Vice-president. The Vice-president shall replace the President in case of need.
4. The CAF shall seek any advice or expertise necessary to fulfil its obligations.

## **ARTICLE 4 – Withdrawal**

Any member organisation may withdraw from the CAF upon not less than one civil year's prior notice.

## **ARTICLE 5 – Internal Rules**

The CAF shall issue and approve its Internal Rules.

## **ARTICLE 6 - Meetings**

The CAF shall meet as often as necessary and at least once a year, upon the convening of the President. The decisions of the CAF shall be made by consensus.

## **ARTICLE 7 - Secretariat**

The International Service for Remunerations and Pensions shall act as secretariat of the CAF.

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# Annexe 4 – Code de conduite des membres du CAF (version anglaise)

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## 1. Preamble

1.1 The members of the CAF shall observe the highest standard of ethical conduct. They are expected to act honestly, independently, impartially, and without regard to self-interest and to avoid any situation liable to give rise to a conflict of interests or appearance of conflict of interests.

## 2. Independence and integrity

2.1 The members of the CAF shall not seek or take instructions from any Member State or from any other body, including any decision-making body that they belong to except as provided for under their statute.

2.2 The members of the CAF shall act independently from any commercial interference in the exercise of their functions and powers. They shall neither seek nor accept any gratuity, benefit, or remuneration in connection with their functions.

2.3 The members of the CAF shall report any fraud, corruption or misuse of any fund's assets.

## 3. Professional secrecy

3.1 The members of the CAF shall be subject to an obligation of strict confidentiality in performing their duties.

## 4. Knowledge and skills

4.1 The members of the CAF and their advisors should together possess and apply the knowledge and skills to fulfill governance responsibilities. They should act in order to constantly meet with the highest level of knowledge required for their mission.

## 5. Conflict of interests

5.1 The members of the CAF shall avoid any situation liable to give rise to a conflict of interests or appearance of conflict of interests. A conflict of interests arises where the members of the CAF have interests, which may influence or appear to influence the impartial and objective performance of their duty. Interests of the members of the CAF mean any potential advantage for themselves, their families, and their other acquaintances.

5.2 Any member of the CAF that should consider him / herself to be in a situation liable to give rise to a conflict of interests or appearance of conflict of interests shall immediately inform the CAF, which shall take the appropriate measures.

## 6. Status of officials

6.1 Officials who have been appointed members of the CAF will exercise such functions in an official capacity. In this respect, they will remain fully subject to the Staff Regulations and Rules of their organisation and will be covered by the relevant privileges and immunities.

## 7. Application of the code of conduct

7.1 In case of any difficulties encountered in the application of the present code of conduct, the CAF shall report to the Councils of the member organisations, which shall take the appropriate measures.

*[dated and signed]*