



CONFEDERATION DES ASSOCIATIONS DE RETRAITES DE
L'OTAN
CONFEDERATION OF NATO RETIRED CIVILIAN STAFF
ASSOCIATIONS

SOUS LA PRESIDENCE D'HONNEUR DE
MONSIEUR LE SECRETAIRE GENERAL DE L'OTAN

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NEWSLETTER – FEBRUARY 2025

Dear retired colleagues,

This annual newsletter is being issued slightly later than usual as I wished to wait for the Council decision on rebalancing contributions to the Retirees' Medical Claims Fund (RMCF). Nevertheless, on behalf of the Bureau and the Executive Committee of the Confederation of NATO Retired Civilian Staff Associations (CNRCSA), I hope it is not too late to wish all members of the four retired staff Associations (ARNS, ANARCP, NFSA and AROF) a very happy and healthy 2025.

I am attaching, for your information, an update on the major issues that the CNRCSA dealt with last year and that affect all of us as retirees. If you have questions about any of the issues, please do not hesitate to contact your Association.

I should also like to take this opportunity to thank the Assistant Secretary General for Executive Management, Mr Carlo Borghini, as well as his staff, for the steadfast support they provide to the CNRCSA and the entire community of NATO retired staff.

Jonathan Parish
Chairperson, CNRCSA

Annex:

Newsletter – February 2025 - Update on Major Issues of Concern to the CNRCSA

NEWSLETTER – FEBRUARY 2025 - UPDATE ON MAJOR ISSUES OF CONCERN TO THE CNRCSA

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1. CNRCSA STRUCTURE AND REPRESENTATIVES

There are four Associations representing retired NATO civilian staff:

- the Association of Retired NATO Civilian Staff (ARNS) that represents around 1400 retired staff who used to work at the NATO Headquarters in Brussels;
- the Association of NATO/ACE Retired Civilian Personnel (ANARCP) representing about 1200 retired staff who had worked in the NATO military structure or in any of the NATO Agencies;
- the NATO Support and Procurement Agency (NSPA) Former Staff Association (NFSA) representing about 460 retired staff who formerly worked at the NSPA or in one of its Agencies; and
- the Association of NATO Retirees in France (AROF) representing around 100 retired staff who had worked for the various NATO entities located in France.

These four Associations deal primarily with issues of a local nature. However, there are some issues that are of interest to retired NATO staff as a whole; this is where the Confederation of NATO Retired Civilian Staff Associations (CNRCSA) has a role to play.

The Confederation's role is described in the NATO Civilian Personnel Regulations (NCPR) and it includes the following five tasks:

1. providing a forum for the examination of matters of interest to retired NATO staff as a whole, to include proposals aiming at the protection of their collective interests;
2. representing the interests of retired NATO staff on matters which affect them directly;

3. giving advice on matters submitted to it by the competent administrative authorities;
4. representing the views of retired NATO staff as a whole, notably in the Joint Consultative Board and other joint committees where participation of the CNRCSA is provided for; and
5. representing the views of retired NATO staff who are entitled to a pension under the Coordinated Pension Scheme in the Association of Pensioned staff of the Coordinated Organisations and their Dependants (AAPOCAD).

The work necessary to fulfil the CNRCSA's designated role is directed by an Executive Committee, which includes four representatives from each of the four NATO Associations of retired civilian staff. As at 31 December 2024, the Executive Committee consisted of:

ARNS:	Gérard Malet Billy Roden Erwig Marquenie Jonathan Parish
ANARCP:	Hessel Rutten Huub Simons Jean Vanderwal Marco Controtti
NFSA:	Olivier Guidetti Bernard Burnet Patricia Munaut Christiane Baretti
AROF:	Jean-Philippe Prouteau Roger Renard Marc Durand Robert Goyens

To ensure the proper day-to-day functioning of the CNRCSA, the Executive Committee elects, from its members, a Bureau; the Bureau comprises the four elected positions of Chairperson, Vice-chairperson, Treasurer and Executive Secretary as well as any Association Chairperson who does not hold one of the four elected positions in the Bureau. Chairpersons of CNRCSA Working Groups and other advisers are also invited to participate in Bureau meetings when appropriate.

Following the scheduled elections held at the Executive Committee meeting in October, the Bureau currently consists of:

Chairperson	Jonathan Parish ARO (until October 2025)
Vice-chairperson	Olivier Guidetti NFSA (until October 2026)
Treasurer	Erwig Marquenie ARO (until October 2026)
Executive Secretary	Bob Goyens AROF (until October 2025)
Other Bureau members:	Gerard Malet (as Chairperson of the ARO) Hessel Rutten (as Chairperson of the ANARCP) Jean-Philippe Prouteau (as Chairperson of the AROF) Billy Roden (as a Special Adviser).

As well as electing the Bureau, the Executive Committee appoints individuals to represent the CNRCSA at a number of key NATO joint committees and boards. The four that are of most importance to the CNRCSA are:

- **The Joint Consultative Board (JCB).** This is the Board where the NATO Administration consults and takes decisions with the Human Resource representatives of the principal NATO bodies, as well as the representatives of the Confederation of NATO Civilian Staff Committees (CNCSC) and the CNRCSA. The JCB also has a number of working groups, and the two Confederations are also represented on those working groups. The Executive Committee meets just before the meetings of the JCB as this enables the Executive Committee to agree the lines to take and provide clear direction to the CNRCSA's representatives at the JCB.
- **The Retirees' Medical Claims Fund (RMCF) Supervisory Committee.**
- **The Defined Contribution Pension Scheme (DCPS) Management Board.**
- **The Plenary Meetings of the Confederation of NATO Civilian Staff Committees (CNCSC).** The CNCSC is the Confederation representing all the active staff and it always invites the CNRCSA to send an observer to its Plenary meetings. At the end of 2024, Mr Helmut Hassink completed his mandate as Chair of the CNCSC; the new Chair, with effect 1 January 2025, is Mr Glenn Habex from Air Command at Ramstein.

Finally, the Executive Committee also elects annually the Chairpersons and members of the CNRCSA Working Groups.

2. The NATO Medical Plan

Phase One of the Modernized NATO Medical Plan was implemented at the beginning of 2023.

In 2024, the focus of the CNRCSA's work was on addressing Phase Two of the Modernized NATO Medical Plan. This Phase Two work aims to bring further improvements to our cover and to ensure the long-term financial viability of the Plan for retired staff – both for those already retired and for those who will retire in the future.

Within this Phase Two work, there were three strands of work that have been particularly significant. These strands of work relate to:

- a. the list of serious illnesses;
- b. additional cover for Long Term Care and Home Care, including cover for non-medical assistance; and
- c. rebalancing contributions to the Retirees' Medical Claims Fund (RMCF).

a. The list of serious illnesses. The CNRCSA worked very closely with the CNCSC and proposed an updated list which was approved by the NATO Administration. The list has a differently structured categorisation of conditions based on type of disease, and it includes several new medical conditions. The list remains non-exhaustive and medical conditions of comparable seriousness will also be considered for cover.

As a reminder, for someone suffering from a recognised serious illness, the applicable benefit levels are doubled, and reimbursement is increased to 100%. That is why it is so important that the list be updated regularly.

The updated list became effective on 1 July 2024 and will be incorporated in the new benefit guide when it is re-published at the beginning of 2025.

This updated cover did not lead to a change in the premium.

b. Additional cover for Long-Term Care (Custodial Care and Home Adaptation). The two Confederations again worked very closely together, as well as with the NATO Administration, and produced a series of proposals that significantly enhances the cover provided by the NATO Medical Plan.

At the beginning of this year, Allianz issued an information brochure to all policy holders which explains the eligibility for, and benefits of, this enhanced cover.

This enhanced cover is new, it is compulsory for all members of the NATO Medical Plan (active staff and retired staff), and it will lead to a very slight increase in premium. For retirees, the additional premium will be 0.9% of the basic salary corresponding to the grade and step held at the time of departure from the Organisation. This 0.9% will be paid one third by the policy holder and two thirds by the Organisation. Premiums for this

new cover will be collected through the NATO Pensions Unit for bridgers/disabled staff/retired staff in receipt of a NATO pension. For those not in receipt of a NATO pension, a request for premium payment will be made by Allianz.

c. Rebalancing contributions to the Retirees' Medical Claims Fund (RMCF). This was an extremely contentious issue and warrants a detailed description of the background to the issue as well as of the main factors that the Executive Committee considered when discussing the subject.

Background

According to article 51.2 of the NATO Civilian Personnel Regulations (NCPR), “... *staff members who leave the Organization having completed a minimum of ten years of uninterrupted service and who have reached the age of 55 shall be permanently entitled to the reimbursement of medical expenses for themselves and their recognized dependants within the prescribed limits. ...*”

Until 31 December 2000, any retired staff member who had at least ten years of uninterrupted service and was aged 65 was provided with a memorandum by an insurer guaranteeing to cover his/her medical expenses for life (known as “Old” Continued Medical Cover (CMC)). However, from 1 January 2001, NATO assumed the responsibility for providing the CMC guarantee for new retirees and set up a fund, the Retirees' Medical Claim Fund (RMCF), to cover its obligations for retirees aged 65 or more, and their dependents.

Management and Supervision of the RMCF

The RMCF is managed by an independent private investment manager on behalf of NATO and the management is overseen by the NATO RMCF Supervisory Committee. The Supervisory Committee and the investment manager generally meet twice a year to review the investment strategy and results. The Supervisory Committee also receives full monthly reports from the investment manager. Two retiree representatives designated by the CNRCSA are full members of the Supervisory Committee.

Each year the Supervisory Committee provides a status report on the administration of the Fund to the Secretary General and is subject to an annual audit by the International Board of Auditors for NATO (IBAN).

Financing of the RMCF

The RMCF is financed by contributions (payable one third by staff/retirees and two thirds by the Organization) which are then used by the RMCF to pay the premiums for eligible retirees' CMC.

Initially, only active staff and a very small number of retirees were required to contribute to the RMCF. Retirees who had been recruited before 1 January 2001 and had

contributed to the NATO Medical Plan for at least 25 years were not required to pay contributions to the RMCF after the age of 65.

In the early years of the RMCF, the annual contributions were more than sufficient to pay the annual premiums for eligible retirees aged over 65; the surplus was invested and this ensured that the RMCF grew in value each year. However, by the early 2010s, the number of beneficiaries had grown significantly, and it was becoming increasingly clear that the costs of the annual premiums would soon start to exceed the income from the annual contributions and that the RMCF would then progressively diminish and eventually come to a time when it would be completely depleted.

In 2013, in annual audits of the financial statements of the RMCF, the International Board of Auditors (IBAN) noted that there were insufficient funds in the RMCF for the Organization to meet its future obligations and the contribution rate for retirees was increased from 3% to 5% of last basic salary, shared one third by the staff and two thirds by the Organization.

In the following years there were extensive discussions about the problem and, in 2016, the North Atlantic Council (NAC) approved the Supervisory Committee's proposal to limit eligibility for free CMC. The footnote to Article 51.2 of the NCPR was amended to read as follows: *“Provided they were recruited before 1st January 2001, staff members who on 3 August 2016 have contributed to the group insurance scheme for a minimum of 25 years shall not be required to pay a premium after the age of 65, under the condition they retire from service by 3 August 2016. Retired staff who have not contributed to the group insurance scheme for a minimum of 25 years by 3 August 2016 shall be required to pay a premium after the age of 65 to continue coverage under the scheme.”*

Those staff members who retire from the Organisation after the age 55 but before the age of 65 and have at least ten years of continuous service are able to affiliate to the "bridging cover". The "bridging cover" provides the same benefits as for active staff and eligible retirees, and continues until the staff member is 65. Benefits paid to members affiliated to the "bridging cover" are financed differently and are not paid from the RMCF.

While in active employment, all staff members are obliged to contribute to the RMCF and their contributions are based on their total emoluments. Retirees' contributions are based on the basic salary corresponding to the grade and step held at their time of departure from the Organisation. Contribution rates are reviewed at regular intervals. The contribution rates for the RMCF in 2024 were as follows:

Summary of current RMCF contribution rates in 2024

Category	Calculation Base	Member	NATO	Total
Active staff	Total Emoluments	1.50%	3.00%	4.5%
Retired staff	Basic Salary	1.67%	3.33%	5.0%

The breakdown of Allianz Policy Holders under the NATO Medical Plan and the details of those who contribute to the RMCF are shown below:

ALLIANZ & RMCF DATA – AS AT APRIL 2024
TOTAL ALLIANZ POLICY HOLDERS & DEPENDENTS

Category	Policy holders	Dependents	Total Insured
Active staff	6862	11791	18653
Bridgers	469	479	948
Invalids (not yet 65)	239	227	466
Invalids (over 65)	144	99	243
Retired staff (with footnote)	1928	1343	3271
Retired staff (no footnote)	1001	988	1989
Widows/Orphans			33
TOTAL	10643	14927	25603

RMCF: CURRENT BENEFICIARIES

Category	Policy Holders	Dependents	Total Insured
Invalids (over 65)	144	99	243
Retired staff (over 65) (CPS - with footnote)	1928	1343	3271
Retired staff (over 65) (DCPS & CPS - no footnote)	1001	988	1989
TOTAL	3073	2430	5503

RMCF: CURRENT CONTRIBUTORS

Category	Policy Holders	Dependents	Total Insured
Active Staff	6862	11791	18653
Retirees (over 65) CPS	896	813	1709
Retirees (over 65) DCPS	105	175	280
Widows/Orphans CPS			33
TOTAL	7863	12779	20675

RMCF: CURRENT NON-CONTRIBUTORS

Category	Policy Holders	Dependents	Total Insured
Invalids CPS (not yet 65)	214	196	410
Invalids DCPS (not yet 65)	25	31	56
Invalids CPS (over 65)	144	99	243
Retired staff (with footnote)	1928	1343	3271
Bridgers (with footnote)	24	18	42
Bridgers (no footnote)	445	461	906
TOTAL	2780	2148	4928

NOTES:

1. CPS = Coordinated Pension Scheme.
2. DCPS = Defined Contribution Pension Scheme.
3. With footnote = exempt from paying contributions to the RMCF in accordance with footnote 1 to Article 51.2 of the NCPR
4. No footnote = required to pay contributions to the RMCF
5. Medical costs of bridgers and invalids who are not yet 65 are not financed by the RMCF; however their medical costs are financed by the RMCF from when they turn 65.
6. Premiums are paid one third by insured member and two thirds by NATO
7. The percentage of retirees who benefit from the RMCF but who don't currently contribute is $((144+1928)/3073 \times 100) = 67.43\%$

RMCF Study

In 2021, the NATO Administration commissioned a study by the International Service for Remuneration and Pensions (ISRP). The study built on a previous study carried out in 2016, and looked at, inter alia, the sustainability of the RMCF.

The study highlighted that the assets and liabilities of the RMCF can be affected by many different factors; they include, for example, changes in the number of beneficiaries, evolution in medical treatments, changes in life expectancy, the rate of medical cost inflation, the number of individuals contributing to the RMCF, changes in the level of their contributions, the evolution of the salaries on which the contributions are based, and the return on investments of the Fund.

Based on a range of key assumptions relating to these factors, the ISRP study concluded that the increase in the number of claimants and medical cost inflation is likely to have a significant impact on the ability of the Fund to cover expenses within the next 20 years and that the RMCF is likely to deplete between 2039 and 2049.

As it was extremely concerned by these conclusions, the CNRCSA conducted its own study. Although the depletion rate in some scenarios was slower, the CNRCSA's own study confirmed that the RMCF would, under certain circumstances, be depleted in the future if no corrective action were taken.

The corrective actions identified in the ISRP study were either cutting costs and/or increasing contributions. The ISRP proposals for cutting costs included reducing the number of medical procedures covered, reducing or capping reimbursement levels, and/or obliging retirees to use their national health insurance as primary cover and using RMCF only as a complementary top-up cover.

Proposal for Rebalancing Contributions to the RMCF

Driven by the conclusions of the ISRP study and a long-standing demand from the CNCSC to rebalance the contributions between active and retired staff, the NATO Administration produced a paper proposing a way to improve the sustainability of the RMCF. The proposal was that the footnote to Article 51.2 of the NCPRs should be deleted, and that all present and future beneficiaries of the RMCF (active staff, retirees independently from their retirement date, "bridgers", disabled staff) should make a contribution into the RMCF.

Furthermore, by increasing the number of people contributing to the RMCF, the proposal meant that current contribution rate for retired staff would decrease by 10% (from 5.0% to 4.5%). For retirees, "bridgers" and disabled staff, the contribution would be 4.5% of their last basic salary corresponding to the grade and step held at their time of departure from the Organisation; the contribution would continue to be shared one third by the concerned person and two thirds by the Organization.

During the CNRCSA Executive Committee discussions of this proposal, a number of key points were raised:

- When faced with a choice between reducing the benefits and increasing the contributions, the CNRCSA Executive Committee agreed that increased contributions would be the better option. Such an increase in contributions could be achieved by either increasing the amount paid by those who currently contribute or by increasing the number of contributors.
- The active staff currently contribute into the RMCF and rightfully expect that the Fund will still be able to pay their medical claims when they retire in the future and reach age 65. Retirees have a responsibility to help ensure that the RMCF will be viable into the long-term so that the active staff who contribute can also benefit from it at the appropriate time.
- There is inequality of treatment among the retirees; some currently contribute into the RMCF, but the majority don't (67.43%).
- While some retirees who are covered by the footnote feel that it is appropriate they should now also pay into the RMCF in order to preserve its viability, others feel that their previous contributions have earned them the right to free medical cover for life.
- There are many retirees who contributed for more than 25 years as active staff, but who retired after August 2016 and therefore continue to pay contributions; these retirees therefore paid contributions for as long, or even longer, than some of those covered by the footnote and who no longer pay contributions. Many current serving staff have also worked (and therefore contributed) for more than 25 years.
- A small number of those covered by the footnote are in the Provident Fund and the proposal would require them to contribute; this might be difficult for some.
- The majority of those covered by the footnote are in the Coordinated Pension Scheme. As a result of having had to contribute for at least 25 years to benefit from the footnote, they have an inflation-linked pension that is worth at least 50% of their last salary.
- In contrast, many of those who retired after August 2016 were in the DCPS and don't have a monthly NATO pension. The Administration's proposal to rebalance contributions would see a 10% reduction in the contributions currently paid by retirees and this would help retirees who were in the DCPS.
- Finally, the NATO Administration made it clear that there had been adequate consultation on the proposal, the proposal was supported by all other members of the JCB and, even if the CNRCSA were to oppose the proposal, it would seek endorsement from the Secretary General and Strategic Commanders and approval from Council.

CNRCSA position

After extensive discussion, the CNRCSA's Executive Committee agreed, by a majority decision, to support the NATO Administration's proposal.

Way Ahead

This proposal was agreed by the JCB at its meeting in October 2024 and was subsequently endorsed by the Secretary General and the Strategic Commanders. The proposal was finally approved by Council on 31 January 2025.

Consequently, the footnote to Article 51.2 of the NCPRs will be deleted and, with effect from 1 July 2025, all present and future beneficiaries of the RMCF (active staff, retirees independently from their retirement date, “bridgers”, disabled staff) will make a contribution into the RMCF.

Finally, it is emphasized that those individuals who retired before 2001 and are members of the Old Continued Medical Cover, are not affected as there are no changes to the way that their cover is funded and they will not be required to pay a premium.

3. Pensions

There are currently two active pension schemes being administered by NATO: the Coordinated Pension Scheme (CPS) and the Defined Contribution Pension Scheme (DCPS).

Coordinated Pension Scheme

The interests of pensioners who belong to the CPS are defended, primarily, by the Association of Pensioned Staff of the Coordinated Organisations¹ and their Dependants (AAPOCAD). There are about 4400 retired NATO civilian staff, living in 49 different countries, who are in receipt of a Coordinated Pension Scheme pension. However, only about 1200 of these NATO pensioners are members of AAPOCAD. Those who are not members are strongly encouraged to consider joining; even those who were in the DCPS are encouraged to join, as AAPOCAD recently agreed to open its membership to retired staff who were members of NATO’s DCPS. Details can be found on the AAPOCAD website: <https://www.aapocad.org/en/>; applications for membership should be submitted to-AAPOCAD Secretariat (AAPOCAD, c/o OCDE, 2 rue André-Pascal, F-75775 Paris Cedex 16).

Attached, for your information, is the AAPOCAD news bulletin for 2025. This bulletin provides an update on the issues of concern to retirees who receive a coordinated pension.

As a reminder, please note that since 2020 pension adjustments are linked to the Harmonized Index of Consumer Prices (HICP) for countries for which it is calculated, or, elsewhere, to the national Consumer Price Index (CPI) and not to the salary adjustments. For the annual pension adjustment, the necessary indexes were not available in time for

¹ The seven Coordinated Organisations are: NATO, Council of Europe, Organization for Economic Cooperation and Development, European Space Agency, Western European Union, European Centre for Medium Range Weather Forecasts, and the European Organization for the Exploitation of Meteorological Satellites (EUMETSAT).

the annual adjustment to be implemented in January, but they will be applied (and paid) in February with retroactive effect from 1st of January 2025.

Pensions in Türkiye

Over the course of the past year, the situation for pensioners in Türkiye has been discussed at every meeting of AAPOCAD and the CNRCSA Executive Committee.

The 338th CCR Report, which was approved by the NATO Council at the end of 2023, introduced, for some serving staff (A/L grades), a special temporary allowance to deal with recruitment and retention problems in Türkiye with effect 1 January 2024. This special temporary allowance effectively doubled the remuneration of some positions to render them more competitive in the employment market and led to the perception of lack of equality in treatment for pensioners in Türkiye as their pensions were only adjusted in accordance with the Consumer Price index.

Considerable efforts were undertaken by AAPOCAD and the CNRCSA to seek application of Article 36.2 of the Coordinated Pension Scheme Rules, which states that *“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.”* However, in response, it was consistently pointed out that the special temporary allowance had a specific purpose, that allowances and other supplements are not part of the “basic salary” on which pensions are calculated, and that the automatic annual and special adjustments in Türkiye had adjusted pensions in line with inflation.

At the end of 2024, the NATO Council approved a further CCR Report (the 347th). The 347th CCR Report recommends a new salary scale for staff in Türkiye and this was implemented on 1 January 2025. As this new salary scale does lead to a significant difference in the increase of salary and of pension, AAPOCAD and the CNRCSA will resume their efforts to seek implementation of Article 36.2 in order to try and obtain an increase in the level of the coordinated pension for retired staff in Türkiye.

There is, however, an unfortunate precedent that was set following the introduction of a new salary scale in Luxembourg several years ago. At that time, pensions were not adjusted upwards to match the increase in the new salary scale. This precedent has also been mentioned during discussions at NATO, even though NATO pensioner representatives pointed out the significantly higher percentage increase in the new scales in Türkiye compared to the new scales that were introduced in Luxembourg.

Defined Contribution Pension Scheme

From the very beginning, in 2005, the Defined Contribution Pension Scheme (DCPS) has been a cause of concern. From the perspective of active and retired staff, it has many shortcomings. However, from the perspective of the Nations, it is a success because it is so much cheaper for them than the Coordinated Pension Scheme it replaced.

A recent staff survey indicated that the DCPS was having an adverse effect on recruitment and retention and significant efforts are now being made to improve pension provision in NATO. The NATO Administration has contracted a study which is being undertaken by a specialist private company. The study results are expected by the end of March this year and it is intended that the results of the study will lead to proposals for a potential New (Third) Pension Scheme, and/or further improvements to the current DCPS.

Throughout 2024, the CNRCSA continued to push for a resolution to the problem caused by Germany's decision to tax the DCPS lump sum. The former NATO Secretary General discussed this problem directly with the German Chancellor and a high-level Task Force was established. A potential solution has been identified by the Task Force and work is now underway to implement it. In the meantime, if any pensioner with a fiscal residence in Germany does receive a demand to pay tax on his/her DCPS lump sum, they are requested to inform their Association and the NATO Pensions Unit.

4. Communications

The CNRCSA continues to lack the technical and financial resources to create and administer its own website in accordance with data protection policies and NATO Security regulations. It is therefore now pursuing options for a dedicated "CNRCSA portal" on a site hosted by the NATO Pensions Unit. Work is still at an early stage and, consequently, the CNRCSA will continue to communicate with retired staff via the four Associations.