



Minutes of the ANARCP Plenary Meeting Thursday 27 April 2023 at SHAPE

Present:

Hessel Rutten	Chair
Huub Simons	Vice-Chair, NATREP NLD
Jean Vanderwal	Treasurer
Marc Stevenson	Secretary
Süleyman Acar	EXCOM Member, NATREP TUR
Marco Controtti	EXCOM Member
Yves Sanders	NATREP BEL
Jean Delor	Deputy NATREP BEL
Gert Thorsen	NATREP DNK
Graham Robertson	NATREP FRA
David Woodcock	Deputy NATREP GBR
Vincenzo Arzeni	NATREP ITA
Yigit Gücer	Deputy NATREP TUR

Excused:

Kirsten Overby	Deputy NATREP DNK
Günter Franzreb	Deputy NATREP FRA
Denis Rait	NATREP GBR
Franco Veltri	Deputy NATREP ITA
Klaas Van Den Broek	Deputy NATREP NLD
Kirsten Marie Holmen	NATREP NOR
Einar Thorsen	Deputy NATREP NOR
Andrea Caputa	NATREP USA

1 Opening Remarks

Hessel welcomed the participants. Marc made some administrative announcements. The minutes of the preceding meeting, distributed in October 2022 were approved. The agenda was approved.

2 Tax Issues

Tax issues are occurring in several countries.

In Belgium, the health insurance contributions (which are specified in the tax declaration document provided by the NATO Pension Unit) are, in the view of some tax inspectors, no longer exempt from taxation. The Confederation is handling this. Some progress has been reported.

In Luxembourg, there is a similar issue, again handled by the Confederation. Gérard Malet will be attending the ANARCP Annual General Assembly and will give more details.

In France, some members of coordinated organisations are being asked for extra contributions. This is being handled by the AROF Chair and AAPOCAD. Currently about 40 pensioners are affected, especially in the Strasbourg area, but the number is growing. NATREP FRA asked his membership if they were affected by this issue. There was no confirmation. The issue is related to whether or not members have to pay French social security. There are international agreements enabling members from some countries to use the health system of other countries (e.g. UK citizens in France).

In The Netherlands, discussion about taxation of NATO pensions have been ongoing since 2006, involving taxation experts, which have now resulted in a decision by the Ministry of Finance. The new decision is fully optional and the new rules can be applied, where part of the pension is taxed under the property tax rules, or the traditional taxation as income can be used. Members in the Netherlands are still not fully happy with the new rules and only option then is to go to court in The Netherlands.

3 German NATREP

Lon Raets, the current Chair of the Staff Association in Geilenkirchen had volunteered to become NATREP DEU. But he is not retiring for a couple of years. The CNCSC Chair objected due to a perceived conflict of interest. Lon has now withdrawn his offer. A new candidate, Mr Norbert Lindner, has emerged. He will meet with Hessel soon. Lon could provide support to him.

4 Elections

Marco Controtti and Jean Vanderwal were introduced as the newly elected EXCOM members. Jean has extensive experience working in various roles in the EXCOM. Marco was previously active in the SCSA and chaired the SCSA for several years.

5 DCPS

Since July 2005, the Coordinated Pension Scheme (CPS) does not apply to new NATO employees. Other coordinated organisations are also affected. They have new defined benefit pension schemes since 2002. NATO is the outlier, having introduced the Defined Contribution

Pension Scheme (DCPS), which despite its name is not a pension scheme, it provides a lump sum when a staff member retires. Allianz can be asked to convert this lump sum into an annuity. But not in an advantageous way for the member.

At the NATO Joint Consultative Board (JCB) level, the CNRCSA with the active staff, are trying to work out a new pension system. The nations, however, are not interested. They are happy with DCPS which is less costly to them. Some changes have been made to DCPS, in particular, an allowance to take money out to buy a property.

There is a serious problem with DCPS in Germany. When people have received the lump sum on retirement, the German authorities have taxed it at 45%. Two of our members in this situation went to the Administrative Tribunal (AT), but the AT ruled that it was not competent and that the German authorities should decide on this. The Confederation, through Birgit Hütten, is supporting two of our members at national level. The first member goes to court on 18 May 2023. We are hoping the matter will be resolved through some kind of tax adjustment.

The lump sum depends on the status of the financial market. Also the system is not flexible so that it can take months to take out the money. This means that one cannot take the money out at the optimal time. Also different investment options are available, but again, it takes time, which can lead to sub-optimal results.

The NATO Secretary General has been in contact with both the former and current German chancellors Mrs Merkel and Mr Scholz.

There is also the potential issue that money taken out of the DCPS lump sum to buy property may be subject to taxation. Dutch members in that situation have to sign a statement that they know they may be taxed.

Question from David Woodcock: are there still members in the Provident Fund. Answer: no, the Provident fund is closed, but there are still retirees that have used the Provident Fund. Note that when the CPS was introduced, the nations did not pay into it from 1974 to 1998.

German members are leaving their money in the DCPS system, hoping for a favourable change in the taxation rules.

6 Modernisation of the medical plan

Huub gave a presentation on the NATO Health Insurance Modernisation (presentation attached). The presentation also included an update on Allianz claims experience.

We do not know how many members or active staff took up the Affinity options.

The Affinity options can be expensive, for example with Affinity Pro, around 900 euro a year for

a couple.

The new Affinity options do not quite match the old Supplements.

How to contest some aspects of the modernisation? First there is an administrative review. Then appeals can be launched. Appeals can take a long time. The arguments in the appeal must be based on violations of the CPR or of existing laws.

Outstanding issues are long term care, home care, improvement of serious illness list, hardship cases, cost containment. Care of the elderly at home is not considered medical so not currently covered. We will work on these issues through the CNRCSA together with the NATO administration.

In The Netherlands there are government provided nursing homes that are less expensive. But NATO pensioners are not allowed to use them.

Different countries have different health systems, so it is difficult to have a global system that is fair across the countries. The old Supplements catered for these national specificities.

The JCB HIWG (Health Insurance Working Group) is looking at potential improvements to our health cover, but are not expected to meet until Q4 2023. The pensioner associations are represented through the CNRCSA HIWG chaired by Huub. Active staff are also represented.

We had good cooperation with the active staff when Lon Raets chaired the CNCSC Health Insurance Working Group. How this will work with the new chair Carlos Suarez needs to be assessed, but cooperation with the active staff Associations needs to continue.

7 RMCF

Huub's presentation on modernisation included an update on the Retirees Medical Claims Fund (RMCF).

Of note is the recent ISRP model which we do not think is realistic and is overly pessimistic. The active staff are highly concerned that the RMCF will be depleted too rapidly and is asking for a better balance of contributions between active and retired staff. The CNRCSA does not yet see the need to make any changes to cost contributions. Indeed over the past 10 years, the RMCF has doubled in value. There is no reason this trend will suddenly stop (as the CNCSC thinks).

8 Allianz Claims Experience

There are delays in getting claims reimbursed. Most of these are related to postal claims.

There are instances of hospitals complaining that Allianz takes too long to pay them.

In the UK, members retiring from Germany or The Netherlands, with Supplements, have encountered problems.

For Italian members, the modernisation has improved things and has improved the reimbursement under the complex billing system in Italy, with higher reimbursements than before.

9 Treasurer's Report

Jean Vanderwal presented the 2022 Treasurer's Report as well as the Budget for 2023, so far.

Our financial situation is "very stable and safe". This is partly due to covid, as we did not have to pay for travel or meetings in the last three years.

The 2022 report has been audited.

Issue of travel payments for the confederation: ANARCP has paid for some trips for members of the IT Working Group (ITWG) expecting CNRCSA to reimburse. CNRCSA was expecting NATO IS to cover these costs. However NATO HQ has declined on the basis that the ITWG is not an official working group. This means that ANARCP has not been reimbursed for several trips, going back to 2021. ANARCP will again approach CNRCSA asking for reimbursement.

CNRCSA asked in October 2022 that ANARCP's contribution to CNRCSA should be raised from 2 euro to 3 euro per member, essentially to help finance the maintenance of the CNRCSA website. The EXCOM proposal is to conditionally approve the increase on the two conditions that the CNRCSA can prove that maintenance can be done within the new increased budget and that the website will provide value for money.

Question from Jean Delor: would it make sense to invest the ANARCP money to get a return.
Answer: the money belongs to the members. We must be very careful not to put it at risk in any way.

Regarding the increase of the contribution to CNRCSA from 2 euro to 3 euro to finance the CNRCSA website, another option would be for the CNRCSA to go to the NATO IS for funding as it is an official entity.

Question: why does the money provided by SHAPE for official ANARCP travel not appear in the budget? Answer: because this money does not transit through the ANARCP. It goes straight from SHAPE to the traveller.

10 Constitution and Bye-Laws

The Constitution and Bye-Laws were modified to allow for retirees from US commands to join, to improve the election process, and to reintroduce national chapters and national representatives

(NATREPs).

The EXCOM approved that the proposed changes would be presented to the Annual General Assembly for final approval.

If approved by the General assembly, the new Constitution will be submitted to SACEUR for his own approval before becoming effective.

11 NATREP Reports

NATREP DNK

Gert Thorsen presented the report.

Despite what was suggested in the initial report, Gert Thorsen and the deputy Mrs Kirsten Overby would both stay as national representatives of Denmark.

Gert suggested that some of the mentioned issues could be better resolved by visiting the NATO HQ and talking to the relevant people, e.g. the NPU.

There is frustration among the membership in Denmark about a “lack of interest” in the pensioners. This lack of interest is not at the level of the Associations or the Confederation, but at the level of NATO HQ. For example, the NPU have been struggling to respond to the issue of bank fees on NATO pensions in recent years, without a satisfactory solution. This is not the NPU fault as they were severely undermanned. It is NATO IS that did not initiate the hiring of new staff and the creation of new posts in a timely manner. Huub will raise the concern about a “lack of interest” to solve the Danish bank fees issue at the JCB.

The issue of bank charges on Allianz reimbursements was raised. Danish members are not fully reimbursed as charges are applied to the Allianz reimbursement. (after meeting note: this was discussed with Allianz who will investigate this as they usually pay for any bank fees at their end. It seems that bank fees may be applied twice).

NATREP ITA

Vincenzo Arzeni presented the report.

Italy has about 60 members.

In Italy, currently there are only ANARCP members from the Naples HQ as this was the only organisation in Italy that would formally fall under the SHAPE structure. With the new Constitution, other Italian members could be considered in the future.

No information had been received from the NPU related to the pension increases in ITA. It is noted that such information would normally come from AAPOCAD.

Vincenzo clarified the issue regarding equal treatment of taxation on pensions. Reference was made to the situation in the Netherlands where the pension premiums are paid from the net salary and as such the resulting 1/3rd of the pension (equivalent to the 1/3rd premium paid by active staff) are taxed differently. While the taxation is a national responsibility, Italy wants an equivalent treatment based on equivalent principles and this should start with a recognition that 1/3rd of the pension has been derived from a net salary. It was agreed that this issue should be brought to the attention of the AAPOCAD for resolution.

NATREP TUR

Süleyman Acar presented the report for Türkiye.

Main issue for Türkiye was the degradation of pensions in Türkiye. The active staff have been asked to participate in a Purchasing Power survey, in view of the effects of real inflation that exceeds the HCPI, and it is highly likely that the active staff salaries will be increased as a result. Since the pensions in Türkiye are only adjusted for inflation an equivalent compensation will then not be automatic on pensions, resulting in a further difference between active staff salaries and pensions. A special adjustment of pensions, in accordance with Article 36.2, will be necessary. This should be further discussed at the AAPOCAD for resolution.

NATREP reports of GBR, BEL, FRA and NLD

No important issues were raised in the other presented NATREP report that required attention by ANARCP.

The NATREP reports of NOR and USA/CAN were not presented as no NATREP was available at the meeting.

12. AOB

No further topics were discussed

Marc Stevenson
ANARCP Secretary
2023.05.12

Enclosures:

ANARCP Plenary 2022.10.20 Agenda

ANARCP Constitution
ANARCP Bye-Laws
Modernisation of Medical Plan Presentation
ANARCP Treasurer's Report Year 2022
ANARCP Budget 2023
NATREP report Belgium
NATREP report Denmark
NATREP Report France
NATREP Report UK
NATREP Report Italy
NATREP Report Netherlands
NATREP Report Norway
NATREP Report Türkiye
NATREP Report US