

INFORMATION NOTE ON

THE NATO DEFINED CONTRIBUTION PENSION SCHEME

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1

Introduction

1. Welcome to NATO. Unless you have worked for, or with, NATO before, much will probably be new and may, in some respects, be different from what you are used to. For example, in the field of personnel benefits, NATO is not subject to national social security legislation. Consequently NATO has its own system of medical insurance – see the separate brochure on this scheme – and its own retirement plans.
2. This document is designed to give you an overview of one of NATO's retirement plans - the NATO Defined Contribution Pension Scheme. Full details of the Scheme and your entitlements and obligations are set out in the Civilian Personnel Regulations, Chapter XV.B and in the Scheme Rules in Annex VI. As they are approved by the Council, the Articles of the CPRs and of the Scheme Rules will always override anything in this document if a dispute arises over your rights or obligations under the Scheme.

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Benefits and Advantages

3. The NATO DCPS is, as its name suggests, a defined contribution pension plan. It provides pensions on a money purchase basis.
4. NATO will open an account for each member of the Scheme. The account will be credited each month with cash contributions by you and by NATO which will be invested in order to build up a sum which will buy you a pension on retirement.
5. In brief, the DCPS provides you the following benefits and advantages:
 - ✓ A flexible way to build up savings for retirement.
 - ✓ Guaranteed cash contributions by NATO towards your pension.
 - ✓ Choice, within limits, in the amount you save.
 - ✓ Choice, within a range of options, in the way you invest.
 - ✓ Choice in the retirement benefits you will receive.
 - ✓ Portability if you leave before retirement – possibility to transfer in and out of the Scheme
 - ✓ A pension according to commercial rates at any time after leaving NATO if you are aged 50 or over and have contributed for more than 6 years.
 - ✓ Partial compensation for tax on the pension.
 - ✓ Survivors' or invalidity pensions under NATO's social security system if you should die or become disabled while employed by NATO
 - ✓ Possibility to draw 25% of your holdings as a tax-free cash lump sum at the moment of retirement

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Who is a member of the NATO Defined Contribution Pension Scheme?

6. If your appointment to NATO started on or after 1 July 2005 and you have not previously worked for NATO or one of the Co-ordinated Organisations¹, you are a member of the DCPS.
7. If you have previously worked for NATO or for one of the Co-ordinated Organisations for a period or periods of at least 10 years and if, as a result, you have rights to a deferred pension in the Pension Scheme of the Co-ordinated Organisations, you will be affiliated to that scheme again and will not be a member of the DCPS. If you worked for one or more of the Organisations mentioned (including NATO) for a period or periods totalling less than 10 years and therefore do not have rights to a deferred pension in the Pension Scheme of the Co-ordinated Organisations, you are a member of the DCPS.

A fully
capitalized,
modern
pension plan

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Contributions

8. NATO will open a pension account for you when you join the Organisation. We will give you details of your account and how to receive information on your account value and on the investment options available shortly after your first regular monthly salary is paid.
9. Both you and NATO contribute to the scheme. You will contribute 8% of your basic salary to the DCPS each month. NATO will contribute 12% of the same basic salary to the scheme into your account. The monthly contributions made into your account from any source are considered part of your emoluments.

Flexibility
in member
contribution
rates

¹ NATO is associated for salaries and pensions with a group of other international organisations called the Co-ordinated Organisations and comprising the Council of Europe, European Space Agency, OECD, Western European Union, EUMETSAT and the European Centre for Medium Range Weather Forecasts.

5

Additional Voluntary Contributions (AVCs)

10. You may elect to make additional voluntary contributions (AVCs) to the scheme in multiples of 1%, up to a maximum of 5% of basic salary. These contributions will be paid into your account in the scheme. No counterpart contribution will be made by the Organisation in respect of any such additional voluntary contributions. You have the possibility to revise your decision regarding AVC once per calendar year, in a timeframe situated between January and March each year.
11. If you want to make AVCs, you are invited to return the form, which is attached at Annex 1 to this notice, to instruct payroll to deduct AVCs from your monthly salary. You must inform us within the first three months of service with NATO if you wish to make AVCs. If you decide not to make AVCs, you need do nothing. As indicated above, you may review your decision on AVCs once per year.

Possibility
to import
previous
pension
entitlements

6

Inward transfer

12. You may also transfer to the DCPS the cash value of your pension rights accrued in the pension scheme of your previous employer in as far as that scheme allows such a transfer. If you wish to transfer these previously accrued pension rights to the DCPS, you should write to your previous employer's scheme to see if such a transfer is possible. You will be allowed to transfer such rights at any time up to six months from the date that your appointment is confirmed on successful completion of your probationary period.
13. If you have previously served in NATO or one of the other Co-ordinated Organisations and left with a leaving allowance from the Pension Scheme of the Co-ordinated Organisations, you may transfer the full amount of the leaving allowance to the DCPS. If you wish, you may also add 4% compound interest to this sum for the period since leaving NATO or the other Co-ordinated Organisation.

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Investment

- The contributions paid into your account will be invested. The Scheme offers a range of investment options into which your holdings can be placed. The Fund range is BNY Mellon Global Funds, distributed by BNY Mellon Asset Management based in London, England and the InstiCash EUR fund distributed by BNP Paribas.
- You may choose to invest your holdings in equity, bond and cash funds denominated in either US Dollars (USD) or Euros (EUR). The options are currently:

Choice in
the way
you invest

Equity Funds:

Mellon Global Equity Portfolio USD C
Mellon Global Equity Portfolio EUR C

Bond Funds:

Mellon Global Bond Portfolio USD C
Mellon Global Bond Portfolio EUR C
Mellon Euroland Bond Portfolio EUR C

Cash Funds

Universal Liquidity Funds – Liquidity Plus USD
BNP Paribas InstiCash Fund - EUR.

A general description of the characteristics of these funds is attached at Annex 2.

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Switches

- You may invest in more than one fund. If you invest in more than one fund your initial investments should be in multiples of 10% of your total holdings with a minimum of 20% allocated to each fund. No more than three funds may be “active” (i.e. receive contributions).
- You may request to switch your holdings via the DCPS website, in whole or in part, into different funds. However, you may also maintain your past contributions in the funds in which they are invested and ask that future contributions should be invested in different funds (in multiples of 10% with a minimum of 20% allocated to each fund). However, no more than 3 funds may be “active” at any one time and you may not hold more than 6 funds in total. You may switch your holdings and/or ask to reallocate your future contributions up to six times per calendar year.

Flexibility
in managing
your
investments

Switch process - Annex 6

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Risk

18. The amount of your ultimate pension or other benefit from the scheme is dependent upon the amount of money which you have accumulated in your account in the scheme.
19. Investments can go down as well as up. Thus, risk is an integral part of investment; it is important to remember that risk is not necessarily a bad thing and that taking risk can be very effective. The longer the time to your expected departure from NATO, the more risk you should be able to shoulder. The funds which are available under the scheme vary in the level of risk. The equity funds carry the most risk and are the most volatile in the short term but over time the return on equity has been higher than on bond and cash funds.
20. Your own attitude to risk is likely to be related to factors such as your age, your responsibilities and your past experiences. The length of your contract with NATO may also be a factor. The different options are designed to suit those who want to take a more cautious approach, those who are prepared to take more risk in search of potentially higher returns, and those who are somewhere in between. In order to help you to define your personal attitude to investment risk, a "Risk Profiler" has been made available to DCPS members on the DCPS web site (see paragraph 39).
21. BNY Mellon Asset Management and BNP Paribas provide regularly updated information on each of the funds available which are to be found on the scheme administrator's website to help you in decisions on investment.

Choice
of risk
options

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Initial investment and the Life-style investment option

22. The contributions that you make for the first three months (pay cycles) will be invested according to a pre-programmed investment strategy. The investment strategy for staff appointed on definite duration contracts is different from that for staff holding initial or indefinite duration contracts. In both cases the scheme administrator will instruct the investment manager to invest your holdings according to pre-arranged strategies based upon the length of time before we expect you to leave NATO.
23. We shall place the contributions for staff paid on the basis of salary scales for countries in Europe (including Turkey) in EUR denominated funds and in USD for staff paid on other scales.
24. If you hold an initial, reassignment or indefinite duration contract, we assume retirement at age 65, the age limit set down in the CPRs. If you are some way from retirement, the scheme will invest your holdings in equity funds. As you progress towards retirement the scheme will phase down your investments in equity funds, so that at age 65 your holdings will be in bond and cash funds. We call this strategy the "lifestyle option". Details of the lifestyle investment strategy are available on the scheme administrator's web-site.



- 25. However, if you hold a definite duration contract, your contributions for the first three months (pay cycles) will be invested wholly in a cash fund because of the relatively short duration of your contract with NATO. Should you subsequently be employed by NATO on an indefinite duration contract you should review your investments in the light of your prospects of longer service with NATO.
- 26. From the fourth month (pay cycle) onwards you may switch your holdings into different funds. If you do not wish to choose the fund(s) in which your holdings will be invested, you may remain in the default investment strategy. However, if you choose to switch, you will leave the default strategy and future contributions will be made into the fund(s) that you have chosen and in the proportions which you have specified. The investments which you have chosen will remain unchanged until you instruct the scheme administrator to switch your investments again. As stated in paragraph 17 above, you may instruct the scheme administrator to switch your investments six times per calendar year.
- 27. You may also opt to join (or to rejoin) the lifestyle option as one of your switches. In this case your total holdings will be automatically reallocated between funds according to the number of years to expected retirement.

Default investment for members who don't want to take investment decisions

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Benefits

- 28. Your holdings in the scheme will provide the basis for all the benefits which you will be paid from the scheme.

Less than 6 years' service

- 29. If you leave NATO without having contributed to the scheme for 6 years or more, NATO will pay you your holdings as a tax-free cash lump sum when you leave. Alternatively NATO will transfer your holdings to another pension scheme if you request this before you leave NATO.

Flexibility in the payment of benefits

6 years' service or more

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Pension

30. The normal retirement age is 65. Under current regulations NATO will pay you your pension at the end of the month following the month in which you reach the age of 65. Your pension will be purchased from a commercial pension provider at commercial rates available at the time. It will be adjusted each year. If you are married, your pension will include a survivor's pension for your spouse in the case of your death.

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Transfer value

31. If you leave NATO before age 65, having contributed to the scheme for 6 years or more, you may transfer your holdings to another approved pension scheme.

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Deferred pension

32. If you do not transfer your holdings in the scheme to another scheme, NATO will maintain your holdings in your account in the DCPS until you reach age 65. Your holdings will remain invested. You may switch funds if you wish but you will not be able to make any contributions. You will have access to details of your account on the scheme administrator's web site. Remember that in this case you must keep NATO informed of any change in your contact details.

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Early pension and lump sum

33. Alternatively you may request your pension at any time from the age of 50. However, you must bear in mind that the earlier you request your pension the less time your holdings will have had to accrue interest on the one hand, and the longer you will be deemed to draw your pension on the other. It is therefore likely that the sum in your account will be lower than at 65 and that the annuity rate applied to that sum by the pension provider will be less advantageous in order to take account of the additional months' payments which would normally be expected.
34. If your pension is due, either at age 65 or, at your request, before that age, you may elect to take up to 25% of your holdings as a tax-free lump sum. You should note that this is not compulsory and that you may take less than 25% as a lump sum. You should be aware that any such lump sum will reduce the amount which is available for your pension which will be reduced accordingly.

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Tax

35. Your pension is not exempt from taxation. You will be required to declare it for taxation purposes to the relevant tax authorities who alone are responsible for assessing whether tax is due and, if so, how much.
36. However, if you are required to declare your pension in a NATO member state, you will be entitled to partial compensation for tax from NATO because of an element of double taxation. Broadly speaking, the compensation is around 50% of the tax that you might expect to pay if the pension was your only income.
Tax adjustment applies only to your NATO pension, not to other incomes you may receive.

17

Death and permanent invalidity while employed by NATO

37. NATO has arranged insurance under its Group Insurance scheme as provided for in Article 47 of its Civilian Personnel Regulations, to provide survivor benefits if you die in service or become invalid. A brief description of the cover is given at Annex 3. Please note however that, if you die in service, your holdings in the DCPS will be used to provide survivor benefits if you are married or have one or more dependent children or other dependants, and you are entitled to the household allowance. If you are not married and do not have dependent children or other dependants, and are not entitled to household allowance, your holdings will be paid into your estate.

Risk
benefits

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Scheme Administrator

38. NATO member states in the Advisory Group of Financial Counsellors decided that the administration of the scheme should be outsourced. The scheme administrator appointed by NATO is a specialist pension scheme administrator – Previnet located in Mogliano Veneto, Italy.
39. As a member of the scheme you will be able to consult your account and to view information about investments, FAQs and to request fund switches via the Scheme's website, run by Previnet, which can be accessed from any PC, via <http://natodcps.previnet.it> using the password which is given to you by your payroll administrator.
40. If you have any questions about the Scheme which are not answered from the Scheme's website, please get in touch with your **local HR Office**. You can reach the NATO Pensions Unit in NATO HQ on via an e-mail: mailbox.pensions@hq.nato.int.

At your
Service

A1

Annex 1

Application to make additional voluntary contributions

Please return to your Payroll Service

Name (block capitals):

I hereby request to make additional voluntary contributions to the NATO Defined Contribution Pension Scheme (DCPS) in accordance with Article 5.3 of the Regulations governing the NATO Defined Contribution Pension Scheme (CPRs, Annex VI) and authorise [the International Staff] to deduct from my monthly basic salary the percentage, which I indicate below, as a contribution to the DCPS:

Tick one box only

1% 2% 3% 4% 5%

Signature:

Date:

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Annex 2 General fund characteristics

What are equity funds - General characteristics

Equities, or shares, are a fraction of the capital of an enterprise. The BNY Mellon Global Equity Funds are pooled investment funds, which means that the assets are distributed in a fund portfolio, spread over several industrial sectors and containing many stock level contributors, or enterprises. Within the fund range made available by BNY Mellon, the equity funds are considered to be more volatile and represent the riskiest form of investment. However, risk can be approached under the condition that the scheme member's remaining membership period is sufficiently long to recover from short term negative investment performance. Statistically and compared to bond and cash funds, equity funds have the highest return on investment over the long term.

What are bond funds - General characteristics

A Bond can be defined as a written promise to pay a debt at an agreed time and to pay an agreed rate of interest on that debt. Bonds are generally considered to be more stable and less risky than equities, but they are also subject to fluctuation on the financial markets. All bonds have a fixed maturity date. The maturity date, trends in Central Bank interest levels as well as impact of the currency exchange rates of the major fund currencies do have an impact on the performance of the bond funds.

What are cash funds - General characteristics

Cash funds aim to pursue a high level of income in consistency with preservation of capital, while offering the maintenance of liquidity. In general, Liquidity funds are not considered a full scale investment option. Cash portfolio usually contain investment in commercial papers, time deposits, zero coupons and floating rate. The advantage of a cash fund is that it is free of any investment risk. The disadvantage is that cash funds are not considered very efficient in terms of return on investment, over medium and long term period.

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Annex 3

Risk benefits for DCPS members* - Death in Service

For Staff who are entitled to Household Allowance

Benefits	Illness other than occupational disease	Occupational illness	Accident other than work accident	Work accident	Cumulative Limits
Life insurance basic cover - Premium (S1)	lump sum equal to 3 years' emoluments	lump sum equal to 3 years' emoluments	lump sum equal to 5 years' emoluments	lump sum equal to 3 years' emoluments	
Additional cover - Premium (S2), if subscribed	lump sum equal to 2 years' emoluments	lump sum equal to 2 years' emoluments	not applicable	lump sum equal to 2 years' emoluments	
Additional cover - Premium (S3), if subscribed	not applicable	not applicable	lump sum equal to 3 years' emoluments	lump sum equal to 3 years' emoluments	
DCPS Survivor pension - spouse	85% of C1/1	85% of C1/1	85% of C1/1	85% of C1/1	
DCPS Survivor pension - orphan 1	15% of C1/1	15% of C1/1	15% of C1/1	15% of C1/1	
DCPS Survivor pension - orphan 2 + subsequent	equivalent to dependent child allowance	equivalent to dependent child allowance	equivalent to dependent child allowance	equivalent to dependent child allowance	
Work-related Pension - Spouse	not applicable	30% of emoluments	not applicable	30% of emoluments	max 80% of emoluments
Work-related Pension - per child	not applicable	15% of emoluments	not applicable	15% of emoluments	
Excess in Pension Holdings (if any) are paid to the estate	Yes	Yes	Yes	Yes	

For Staff who are not entitled to Household Allowance

Benefits	Illness other than occupational disease	Occupational illness	Accident other than work accident	Work accident	Cumulative Limits
Life insurance basic cover - Premium (S1)	lump sum equal to 1 year's emoluments	lump sum equal to 2 years' emoluments	lump sum equal to 1 year's emoluments	lump sum equal to 2 years' emoluments	
Additional cover - Premium (S2), if subscribed	lump sum equal to 2 years' emoluments	lump sum equal to 2 years' emoluments	not applicable	lump sum equal to 2 years' emoluments	
Additional cover - Premium (S3), if subscribed	not applicable	not applicable	lump sum equal to 3 years' emoluments	lump sum equal to 3 years' emoluments	
DCPS Pension Holdings are paid to the estate	Yes	Yes	Yes	Yes	

* also applicable to staff aged under 65 who have left the Organization and who are in receipt of an invalidity pension for DCPS members.

Please note: The above information is a summary of rules for information purpose only. Individual circumstances may affect the benefits. The benefits to which you may be entitled can only be fully assessed on the basis of the circumstances and your situation at the time a claim arises. Nothing in this document overrides the provisions of the NATO contract for these benefits with Allianz Worldwide Care Limited.

Annex 4

Risk benefits for DCPS members

Permanent invalidity while employed by nato

A. General

1. The amount of any invalidity pension is a percentage of your total emoluments at the time that you are recognised as suffering from permanent invalidity. The percentage of your total emoluments is the same as your loss in earning capacity as assessed by the medical authority appointed by Allianz Worldwide Care Limited.
2. The invalidity pension is paid in full if you cease gainful employment. No invalidity pension is paid if you continue in full-time employment. The invalidity pension is reduced if you work part-time at a percentage of full-time work higher than the percentage of loss of earnings capacity. The total of the invalidity pension and earned income cannot exceed the last salary.

B. Invalidity is work-related

No invalidity pension is paid if your loss of earnings capacity is less than 5%.

Any pension is paid either until you cease to be invalid or until you die, whichever is earlier.

Maximum pension is 80% of emoluments.

Your holdings in the DCPS remain invested and will be converted into a retirement pension on request from age 50 or in any event at age 65. Your retirement pension will be paid in addition to any work-related invalidity pension.

C. Invalidity is not work-related

No invalidity pension is paid if your loss of earnings capacity is assessed as less than 33.33%.

Any pension is paid either until you cease to be invalid or until age 65, whichever is earlier.

You will pay 8% of your pension into your account in the DCPS (plus AVC if you so decide).

If your loss of earnings capacity is assessed as between 33.33% and 50%, Allianz Worldwide Care Limited will pay 12% of the invalidity pension into your DCPS account as “employer’s contribution”.

If your loss of earnings capacity is assessed as more than 50%, Allianz Worldwide Care Limited will pay 12% of the basic salary for your grade and step into your DCPS account.

Your holdings in the DCPS will remain invested and will be converted into a retirement pension at age 65.


Please note: The above information is a summary of rules for information purpose only. Individual circumstances may affect the benefits. The benefits to which you may be entitled can only be fully assessed on the basis of the circumstances and your situation at the time a claim arises. Nothing in this document overrides the provisions of the NATO contract for these benefits with Allianz Worldwide Care Limited.

1. As an active member of the NATO Defined Contribution Pensions Scheme (DCPS), you are insured against the risk of permanent invalidity from the first day of duty onwards. Insurance is provided through Allianz Worldwide Care Limited for permanent invalidity resulting from occupational disease or accident at work, or and for invalidity resulting from other illnesses and for other accidents. This insurance is mandatory and covers all staff members in active service.
2. Permanent invalidity can only be declared by the appropriate medical authority. The subsequent decision on the employment of the scheme member is taken by the Head of NATO body.
3. The level of work incapacity, as assessed by the designated medical authority, determines whether an invalidity pension will be paid out to you or not. If you qualify for an invalidity pension, the level of benefits paid to you depends on the level of incapacity to work recognized by the medical authority and whether the invalidity results from an occupational disease or work-related accident or not.

Benefits

I. Invalidity resulting from illness or accident other than occupational disease or work accident

- 1.1 If you become entitled to an invalidity pension, it does not mean that your contract will be terminated automatically. NATO and your HR Managers will discuss your options with you. NATO does not discriminate against staff with disabilities. In some instances a staff member who becomes entitled to an invalidity pension may be able to continue working full-time in his/her existing post. In other cases it may be possible to transfer such a person to different duties or for him/her to work part time. Only as a last resort, will the contract be terminated.
- 1.2 If you are recognized as invalid, you will fall into one of the following categories:
 - (a) if your recognized level of permanent work incapacity is lower than 33.33%, this result will be kept on file but no invalidity pension will be paid out to you;
 - (b) if your recognized level of permanent work incapacity is above 33.33%, the insurance company will pay an invalidity pension equal to the percentage of reduction of income, multiplied by your monthly emoluments and up to a maximum of 60%. Furthermore, Allianz Worldwide Care Limited will pay a contribution to your DCPS retirement account equal to:
 - (i) 12% of your invalidity pension if you are recognized at less than 50% permanent work incapacity;
 - (ii) 12% of your last basic salary if you are recognized at 50% or higher level of permanent work incapacity.
- 1.3 If you continue to work while entitled to an invalidity pension, you may accumulate the pension with earned income provided that the total of the pension plus earned income does not exceed your last salary.
- 1.4 If you are recognized as incapacitated for work at 60% or more, you will not be required to pay insurance contributions for life insurance and medical coverage for the duration of your invalidity or until age 65, whichever is earlier and provided you have no other paid occupation.

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- 1.5 If you are recognized as incapacitated for work at between 33.33% and 60% and have no other paid occupation, your contributions to medical cover are reduced in proportion to the level of invalidity, for the duration of your invalidity or until age 65, whichever is earlier.
 - 1.6 Your invalidity pension and the Employer's part to your pension contributions will be paid for the duration of your invalidity until you reach age 65 unless you die before that.
 - 1.7 Your personal 8% pension contribution, plus a possible Additional Voluntary Contribution (AVC), varying from 1% to 5% according to your choices, will be deducted from your Invalidity pension.
 - 1.8 The invalidity pension will cease to be paid at 65. A retirement pension will be paid using your holdings in the DCPS from age 65.
 - 1.9 Allianz Worldwide Care Limited will calculate the amount of invalidity pension to which you are entitled by applying the rate of recognized invalidity to your total emoluments. Bi-annual adjustments on 1st January and on 1st July will be applied on the basis of the inflation index for the country concerned published by the OECD.
 - 1.10 The NATO Pensions Unit will pay your invalidity pension to you on a monthly basis, and ensure that the relevant DCPS contributions (Staff contribution, Additional Voluntary Contribution and Employer's part) are invested as part of the monthly DCPS cycle. The Pensions Unit is also responsible for the preparation and payment of any tax adjustment to which you will be entitled.
 - 1.11 If a DCPS member who receives an invalidity pension dies before reaching age 65, the same benefits as for death in service will apply.

II. Invalidity resulting from occupational illness or work accident

- 2.1 If your recognized level of permanent work incapacity is lower than 5%, this will be kept on file but no invalidity pension will be paid to you.
- 2.2 If your recognized level of permanent work incapacity is higher than 5%, no Invalidity pension will be paid to you if you remain at work and if there is no reduction in salary. The overall ceiling for any invalidity pension payable to you is equal to 80% of your last salary.
- 2.3 NATO will pay you invalidity pension until you cease to be invalid or until you die, whichever is the earlier. No contributions to the DCPS will be paid by you or by NATO.
- 2.4 If you are recognized as incapacitated for work at 60% or more, you will not be required to pay insurance contributions for life insurance and medical coverage until you cease to be invalid or until you die, whichever is the earlier and provided you have no other paid occupation.
- 2.5 If you are recognized invalid at between 33.33% and 60% and have no other paid occupation, your contributions to medical cover are reduced in proportion to the level of invalidity, until you cease to be invalid or until you die, whichever is the earlier.
- 2.6 Allianz Worldwide Care Limited will calculate the amount of invalidity pension to which you are entitled by applying the rate of recognized invalidity to your total emoluments. Bi-annual

adjustments on 1st January and on 1st July will be applied on the basis of the inflation index for the country concerned published by the OECD.

- 2.7 The NATO Pensions Unit will pay your invalidity pension to you on a monthly basis. The Pensions Unit will also calculate and pay any tax adjustment to which you may be entitled.
- 2.8 If a DCPS member who is in receipt of an invalidity pension dies prior to age 65, the same benefits as for death in service will apply. If a DCPS member dies after age 65, the surviving spouse will be entitled to a reversion pension equal to 60% of the invalidity pension.

Please note: The above information is a summary of rules for information purpose only. Individual circumstances may affect the benefits. The benefits to which you may be entitled can only be fully assessed on the basis of the circumstances and your situation at the time a claim arises. Nothing in this document overrides the provisions of the NATO contract for these benefits with Allianz Worldwide Care Limited.

Annex 5

Risk benefits for DCPS members

Death in service(*)

1. As an active member of the NATO Defined Contribution Pension Scheme (DCPS) you are insured against the risk of death in service from the first day of duty onwards. Insurance against death is provided through Allianz Worldwide Care Limited, both for death as a result of accident at work or an occupational disease and for death by other causes e.g. accident at home, or other diseases.
2. This life insurance is part of the NATO Group insurance package and is mandatory for all DCPS members. It covers you while you are in active service or if you have left NATO because of invalidity in service and are in receipt of an invalidity pension because your loss of earnings capacity has been assessed to be at least 33.33%.

Benefits

3. If you die while employed with NATO, benefits will be paid out to the surviving members of your household and to nominated beneficiaries. Benefits consist of a “lump sum” payment, and the payment of a DCPS survivor pension. If death results from an occupational illness or a work accident, a work-related pension will be paid in addition to the lump-sum and the DCPS survivor pension. You must specify separately in writing the person or persons to whom the life insurance should be paid.
4. Survivors’ pensions will be paid under the insurance policy concluded through Allianz Worldwide Care Limited. Following your death your holdings in the DCPS will be used to pay the premium for the survivors’ pension.
5. If you are married NATO will pay a survivor’s pension to your spouse. A survivor’s pension will be paid for life or until your surviving spouse remarries. The survivor’s pension will be an amount equal to 85% of grade C1 step 1 salary. It is the same for everybody. It takes no account of your grade or length of service.
6. If you have dependent children when you die, orphans’ pensions will be paid to them. The orphan’s pension is paid as long as the child satisfies the conditions for entitlement to the dependent child allowance, as defined in the NATO Civilian Personnel Regulations (CPRs). An orphan’s pension is an amount equal to 15% of grade C1 step 1 salary for the first child, plus an amount equal to dependent child allowance for each subsequent orphan, the amount divided equally between the orphans.
7. Please note that survivors’ pensions and orphans’ pensions are not in principle exempt from taxation in most NATO countries. A surviving spouse or orphan will be required to declare their pensions to the tax authorities in most NATO countries. However, if survivors’ and orphans’ pensions are taxable and these benefits are declared in a NATO member state, your surviving

spouse and/or orphans will be entitled to partial compensation for tax from NATO in the form of a tax adjustment, which will be paid with the pension.

Premium payable for survivors' pensions

8. If you die and are single with no dependants, no pension will be paid out but the pension holdings you have accumulated in your DCPS account will be transferred to your estate.
9. The lump sum death benefit will be paid to the person or persons that you have nominated. It is important that you review your nomination if your circumstances change. NATO is bound to act on the instructions which you have made while living and cannot pay to other persons.
10. If you have dependants, your holdings in the DCPS will be used to pay the lump sum insurance premium for survivors' and/or orphans' pensions. Unless you have been contributing to the pension scheme for a substantial number of years, your holdings are unlikely to be sufficient to pay the full premium.
11. A separate insurance concluded with Allianz Worldwide Care Limited serves to cover any gap between your existing pension holdings and the lump sum insurance premium. One third of the premium for this insurance is deducted as your personal contribution from your salary, and NATO pays the other two thirds.
12. However, if your pension holdings at the time of death exceed the amount required for the insurance premium, the balance will be paid into your estate.

(*) also applicable to staff aged under 65 who have left the Organization and who are in receipt of an invalidity pension for DCPS members.

Please note: The above information is a summary of rules for information purpose only. Individual circumstances may affect the benefits. The benefits to which you may be entitled can only be fully assessed on the basis of the circumstances and your situation at the time a claim arises. Nothing in this document overrides the provisions of the NATO contract for these benefits with Allianz Worldwide Care Limited.

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Annex 6 NATO Defined Contribution Pension Scheme

How to change Monthly Contributions and Investment Holdings

Introduction

When you joined the DCPS your contributions to the Scheme were invested according to a pre-determined investment strategy which is set by reference to the currency in which you are paid, your age and your expected retirement date. This is called “the Life-style option” (refer Annex A). If you do nothing, your contributions and holdings will continue to be invested according to this strategy.

If you wish to change the way your future monthly contributions and/or current holdings are invested, please use the following instructions.

Remember that you are only able to exercise the option to change your investments after 3 months of joining the Defined Contribution Pension. You will be able to change the way your current holdings or future contributions are invested, **up to six times** in a calendar year.

Before changing your investments, you are advised to consult the data on past performance of the funds in which you may invest which is to be found on the DCPS web-site. However, please note that past performance is not necessarily a guide to future performance. The value of shares and the income from them can fall and rise and investors may not get back the full amount originally invested.

Changing how future contributions on the one hand and accumulated holdings on the other will be invested are separate processes which must be completed on-line by scheme members. All changes to investments, concerning both future contributions and current holdings, must be registered as part of a single on-line operation.

You may invest in up to 7 funds in total but no more than 3 funds may be “active” (i.e. receive contributions) at any one time.

To change the funds in which your existing holdings and/or future contributions are invested, you must login to the NATO DC Pension Scheme website (link: <http://natodcps.previnet.it>) using your personal ID number and password.

Here you will see an option available to you on the **left hand side** of the screen as follows:

Switches

Switches can be carried out at any point in time, but **please remember that one switch has to be carried out entirely before the next switch request can be requested.**

Timelines

The switch does not take place immediately. There is a sequence of actions which have to be taken by the Investment Manager, the Third Party Administrator (Previnet), the NATO IS Financial Controller, and the Custodian bank (ING). At each stage the amounts involved have to be verified and reconciled. When changes are being made to existing holdings there are two processes to be completed, i.e. disinvestment (sale) followed by investment (purchase).

The time required to complete a switch differs depending on the period of the month in which the switch is requested, and whether it is to future contributions or existing holdings. More time is required when existing holdings are being switched to or from a cash fund, or between funds operated by different investment managers.

The description of the new **timelines for switches**, as from 1st October 2012:

(a) Switch requested **between day 1 and day 14 of the month**

- If the request is a change to future contributions, the switch will be executed by no later than the third working day after day 14 of the month.
- If the change is to existing holdings, these will first be disinvested, and the Net Asset Value (NAV) will be established, by no later than the third working day after day 14 of the month.
 - If the switch is between non-cash funds operated by the same investment manager (i.e. BNY-Mellon) the capital resulting from the sale will then be invested in the new destination fund(s) with the same NAV date that was established when the holdings were disinvested.
 - If the switch is from or to a cash fund, or is between funds operated by different investment managers, an additional 10 to 12 days will be required before the capital resulting from the sale is invested in the new destination fund(s).

(b) Switch requested **between day 15 and day 27 of the month**

- If the request is a change to future contributions, the switch will be executed, and the Net Asset Value (NAV) will be established, by no later than the fifth working day of the following month.
- If the change is to existing holdings, these will first be disinvested, and the Net Asset Value (NAV) will be established, by no later than the fifth working day of the following month.
 - If the switch is between non-cash funds operated by the same investment manager (i.e. BNY-Mellon) the capital resulting from the sale will then be invested in the new destination fund(s) with the same NAV date that was established when the holdings were disinvested.
 - If the switch is from or to a cash fund, or is between funds operated by different investment managers, an additional 10 to 12 days will be required before the capital resulting from the sale is invested in the new destination fund(s).

(c) Switch requested **between day 28 and day 31 of the month**

- If the request is a change to future contributions, the switch will be executed, and the Net Asset Value (NAV) will be established, by no later than the third working day after day 14 of the following month.
- If the change is to existing holdings, these will first be disinvested, and the Net Asset Value (NAV) will be established, by no later than the third working day after day 14 of the following month.
 - If the switch is between non-cash funds operated by the same investment manager (i.e. BNY-Mellon) the capital resulting from the sale will then be invested in the new destination fund(s) with the same NAV date that was established when the holdings were disinvested.
 - If the switch is from or to a cash fund, or is between funds operated by different investment managers, an additional 10 to 12 days will be required before the capital resulting from the sale is invested in the new destination fund(s).

Important

Please note you will not be able to make another request until the current request has been completed!!

You may choose one of the following options:

- **Change existing holdings** (this option will change the way your existing holdings are invested)
- **Reallocate future contributions** (this option will change the way your future contributions will be invested)
- **Full switch** (this option will change the way your existing holdings **and** your future contributions are invested)

Future contributions

You may invest your **future contributions** in up to three funds. If you invest in more than one fund the distribution of your contributions between the funds must be in multiples of 10% with a minimum of 20% allocated to each fund.

Existing holdings

If you invest in more than one fund the distribution of your **existing holdings** between the funds must be in multiples of 10% with a minimum of 20% allocated to each fund.

Please be aware that, once you confirm these choices,

- your request will be sent to the Scheme Administrator for processing;
- your investments will be changed during the next monthly investment cycle;
- you cannot perform a second switch until the first request has been completed.

Available funds

The funds available to you are:

Equity Funds

- Mellon Global Equity Portfolio EUR C
- Mellon Global Equity Portfolio USD C

Bond Funds

- Mellon Global Bond Portfolio EUR C
- Mellon Global Bond Portfolio USD C
- Mellon Euroland Bond Portfolio EUR C

Cash Funds

- BNY Mellon US Dollar Liquidity Fund
- BNY Mellon Euro Liquidity Fund (available only for switch out, as this fund is closed for new subscriptions from 09th July 2012.)
- NATO DCPS No Interest Temporary Account EUR (available for switches until the 27th October 2012)
- BNP Paribas InstiCash EUR (available for switches from 01st of November 2012)

Changing investments; step by step guide

Login to the NATO DC Pension Scheme website using your personal login id and password provided by your Payroll Centre. Select the Switches option to the left-hand side of the screen, by clicking on the option, as seen below.

The screenshot shows the NATO Defined Contribution Pension Scheme website interface. The top header includes the NATO/OTAN logo and the title 'Nato Defined Contribution Pension Scheme'. A 'Logoff' link is visible in the top right corner. The left-hand navigation menu contains several sections: 'HOME', 'LEARN MORE', 'SERVICE AID', 'TOOLS & CRITICAL INFO', 'SERVICES', 'PAYROLL LINKS', and 'LINKS'. The 'SERVICES' section is expanded, and the 'Switches' option is highlighted with a red arrow. Other options in this section include 'Employer details', 'Reconciled contribution slips', 'Members', and 'Change Password'. The main content area displays 'Member's personal details' with a 'Print Welcome Letter' button. Below this, there are sections for 'Personal details', 'Address', 'Correspondence address', 'Membership', and 'Contribution %'. A large 3D 'SAMPLE' watermark is overlaid on the right side of the page.

Member's personal details	
Personal details	
Surname	
First name	
ID	
Date and Place of birth	26/06/1967 -
NATO Study	NCSA HQ
Address	
Address	
City and postcode	
Phone	
E-mail	
Correspondence address	
Correspondence Address is the same as Residential Address	
Membership	
Membership number	1388
Membership type	Res Member
Member status	Active
Membership date	01/01/2008
Membership date (previous)	01/01/2008
Previous pension scheme	
Leaving date	
Contribution %	
Employee contrib. % (AVE included)	8.00
Employee contrib. %	12.00

Once you have selected the Switches option, the following screen appears:

The screenshot shows the 'Nato Defined Contribution Pension Scheme' interface. The main heading is 'Switch Current Holdings for'. Below this, the 'Current Investment Option' is set to 'Individual'. A table lists two contributions:

#	Fund	Currency	Shares	Price per Unit	Unit price date	Individual Account Value
1	ULF-BHYM Liq- Cash (EUR)	EUR	23,094.074	1.202	07/09/2012	27,748.96
2	NATO DCPS No Interest Temporary Account (EUR)	EUR	1,704.740	1.000	19/09/2012	1,704.76

Below the table, there is a section titled 'IMPORTANT INFORMATION BEFORE YOU START'. It explains that users can change funds up to six times a year and can hold up to three active funds. It also states that switches can be carried out at any point in time, but one switch must be completed before the next one.

Three options are provided for switching:

- Change existing holdings (this option will change the way your existing holdings are invested)
- Reallocate future contributions (this option will change the way your future contributions will be invested)
- Full switch (this option will change the way your existing holdings **and** your future contributions are invested)

A note at the bottom states: 'You must indicate the percentages in which you wish your existing holdings and future contributions to be invested in multiples of 10% with a minimum of 20% in each fund (20%, 30%, 40%, 50%, 60%, 70%, 80%, 90%, 100%). The percentages must total 100%. You **must** insert zeroes (0) for each of the funds that you **do not** wish to select.'

**1 To change your future contributions select :
Reallocate future contributions**

You may only choose to contribute to 3 funds at any one time. You must select a minimum of 20% for any one fund in multiples of 10%. The total of the three funds must equal 100%. However, you must insert a zero (0) for each of the funds that you do not wish to select.

Remember this option will **only** change the way your future contributions are invested.

**2 To change your existing holdings select :
Change existing holdings**

You may only choose to contribute to 3 funds at any one time. You must select a minimum of 20% for any one fund in multiples of 10%. The total of the three funds must equal 100%.

Remember this option will **only** change the way your existing holdings are invested.

**3 To make a full switch select :
Full switch**

This option will allow you to change the way your future contributions **and** your existing holdings are invested.

The screen below shows you the list of funds available.

The screenshot shows a web interface for managing pension holdings. On the left is a navigation menu with 'My Account', 'Pension Modeler', 'Show Documents', and 'Change Password'. The main content area is divided into two sections:

CHANGE EXISTING HOLDINGS

#	Fund of origin	Existing holdings will be reinvested as follows	Fund of destination
1	Select..	%	Select..

REALLOCATE FUTURE CONTRIBUTIONS

#	Fund of destination	Future contributions will be reinvested as follows
1	MGF Global Bond (EUR)	%
2	MGF Global Bond (USD)	%
3	MGF Global Equity (EUR)	%
4	MGF Global Equity (USD)	%
5	ULF BNVM Liq. Cash (USD)	%
7	MGF Eurobond (EUR)	%
8	NATO DCPS No Interest Temporary Account (EUR)	%

Below the tables, there are instructions and a 'Confirm' button. A 'Cancel' button is also present at the bottom left.

Some points to keep in mind when making your selection/s:

- You must insert zeroes (0) for each of the funds that you do not wish to select.
- Once you have made your selection you **must** select either the 'CONFIRM' to continue or the 'CANCEL' to go back and make further changes.
- Once you are sure of your selections select the '**CONFIRM**' button to continue with your request. You will be asked a second time to confirm your selection. **If you do not confirm your request a second time, your request will not be sent to the scheme administrator for processing.**
- When you have confirmed the selections a second time, you will see a printer icon in the top right hand section of the screen. Select the printer icon, you should print a copy of this document and keep a copy of the requested changes for your records.



See below for an sample copy of the confirmation request:

I, the undersigned member of the NATO DC Pension Scheme confirm the following changes to my Contributions and/or Switch holdings allocation:

Reallocate Future Contributions

(1) change my current Investment option from lifestyle option/individual option to **NEW individual option/lifestyle option. Next contribution will be invested as follows:
*(Please note: Previous contributions will not be affected by this choice)***

Fund of Destination: _____ New Contributions will be invested as follows: _____

(2) change my current Investment option from individual option to **lifestyle option
*(Current holdings will be converted and next contribution will be invested accordingly to the Scheme reported in the NATO DC Pension Scheme Regulations. Please remember that the lifestyle option is a pre-arranged investment strategy based upon the length of time before expected retirement)***

Change Existing Holdings

(3) change my current holdings from lifestyle option/individual option to **NEW holdings allocation. Existing holdings will be reallocated as follows:
*(Please note: Allocation of future contributions will not be affected by this choice)***

Fund of Origin	Percentage of shares to Be converted:	To New Fund of destination:
_____	_____ %	_____
_____	_____ %	_____
_____	_____ %	_____
_____	_____ %	_____
_____	_____ %	_____
_____	_____ %	_____
_____	_____ %	_____

_____ Date _____ Signature _____

--> PLEASE NOTE YOU WILL NOT BE ABLE TO MAKE ANOTHER REQUEST UNTIL THE CURRENT REQUEST HAS BEEN COMPLETED!!

--> PLEASE RETAIN A COPY OF THIS FORM FOR YOUR RECORDS

How to cancel a selection/s

In order to cancel your selection you need to go back to the 'to be processed' section in the **'Switches'** option and **double click** on the **red cross on the bottom right-hand side**.

You will be asked to confirm the selection.

You will then see that the operational status has changed from 'to be processed' to 'cancelled'.

You may now go back and make any necessary changes to your selections.

Once you have logged out of the website you will not be able to make any changes until the request has been processed by the scheme administrator.

See the screen below for an example:

List of Fund changes					
#	Date	Fund	Future contributions will be invested as follows		Status
	22/09/2006 16:14:00	MSF Eurobond (EUR) MSF Global Bond (EUR)	40.00% 60.00%		To be processed

When is it too late to make changes?

It is too late to make changes once you have made your selections, confirmed, accepted all details, printed out the confirmation slip and then logged out of the website.

Important

It will take some time from the moment a switch has been requested, to the moment of execution. Please keep in mind that the web site is refreshed only twice to three times per month – therefore, you will not be able to see immediately that your switch request is in process. As soon as the web site is updated, you will see a notification "switch in progress" in your DCPS account.

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Annex 7 Lifestyle option

			years to retirement; % of holdings invested											
life-style option (general)	life-style option (EUR); currencies for contribution: EUR; GBP; DKK; ISK; NOK; PLN; TRY	life-style option (USD); currencies for contributions: USD;	10+	10	9	8	7	6	5	4	3	2	1	0,5
Core Growth	MGF Global Equity (EUR)	MGF Global Equity (USD)	100	90	80	70	60	50	40	35	30	25	20	15
Core Bond	from 09/2008: MGF Eurobond (EUR); until 08/2008: MGF Global Bond (USD)	MGF Global Bond (USD)	0	10	20	30	40	50	60	65	70	70	70	70
Core Cash	BNP Paribas InstiCash (EUR)	ULF Cash (USD)	0	0	0	0	0	0	0	0	0	5	10	15
			100	100	100	100	100	100	100	100	100	100	100	100



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