



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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NEW YEAR'S NEWSLETTER 2023

Dear retired colleagues,

On behalf of the Bureau and the Executive Committee of the Confederation of NATO Retired Civilian Staff Associations (CNRCSA), I should like to wish all members of the four retired staff Associations (ARNS, ANARCP, NFSA and AROF) a very happy and healthy New Year. I should also like to thank, on your behalf, all members of the CNRCSA Bureau, Executive Committee and Working Groups who give up a lot of their time and work hard to protect the rights and represent the interests of our retired NATO civilian staff community.

The past year was extremely busy and some key decisions were taken that will have an impact on all of us during the course of this new year; an update on the major issues is attached for your information.

During the course of 2023, all these issues will continue to be followed closely by the CNRCSA and you will be provided with any updates through your Association. Furthermore, these issues will be the subject of discussions with the NATO Administration and I also intend to raise them with the new Assistant Secretary General for Executive Management once he takes up his appointment.

As our active staff colleagues are also affected by many of these issues, the CNRCSA will continue to liaise with the Confederation of NATO Civilian Staff Committees (CNCSC) to ensure a coordinated position wherever possible. Finally, any issues related to the Coordinated Pension Scheme will continue to be discussed with our

c/o ARO/ARNS - North Atlantic Treaty Organization / Organisation du Traité de l'Atlantique Nord

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retired colleagues in the Association of Pensioned Staff of the Coordinated Organisations and of their Dependants (AAPOCAD).

If you have questions about any of the issues covered in this Newsletter, please do not hesitate to contact your Association.

A handwritten signature in black ink, appearing to read 'J. Parish', with a long, sweeping flourish extending upwards and to the right.

Jonathan Parish
Chairperson, CNRCSA

Annex:

New Year's Newsletter 2023 - Update on Major Issues of Concern to the CNRCSA

NEW YEAR'S NEWSLETTER 2023 - UPDATE ON MAJOR ISSUES OF CONCERN TO THE CNRCSA

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1. CNRCSA STRUCTURE AND REPRESENTATIVES

There are four independent 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 all work individually to protect the specific interests of their own retired staff. However, there are some issues that affect the staff from all four Associations, and 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 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).

It is important to emphasise that the role of the CNRCSA is to address issues of a **general** interest to retirees; its role is certainly not to interfere in the work of the four individual Associations who deal with issues of a more local or specific nature.

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. The Executive Committee currently consists of:

ARNS:	Gérard Malet Billy Roden Erwig Marquenie Jonathan Parish
ANARCP:	Hessel Rutten Huub Simons Marc Stevenson Süleyman Acar
NFSA:	Olivier Guidetti Bernard Burnet Patricia Munaut Christiane Baretta
AROF:	Robert Goyens Jacques Devaux Jean Michel Torres Rodger Hickman

The Executive Committee meets at least twice a year and extraordinary meetings are also convened when necessary. In 2022, the Executive Committee met in April and in October.

To assist in the day-to-day running of the CNRCSA, the Executive Committee elects, from its members, a Bureau, consisting of the Chairperson, a Vice-chairperson, a Treasurer and an Executive Secretary. In addition to these four elected positions, the Bureau also includes the Chairperson of any Association 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 an extraordinary election held at the Executive Committee meeting in April, and the scheduled elections held at the Executive Committee meeting in October, the Bureau currently consists of:

Chairperson	Jonathan Parish (ARO, until October 2023)
Vice-chairperson	Olivier Guidetti (NFSA, until October 2024)
Treasurer	Erwig Marquenie (ARO, until October 2024)
Executive Secretary	Bob Goyens (AROF, until October 2023)
Other Bureau members:	Gerard Malet (as Chairperson of the ARO) Hessel Rutten (as Chairperson of the ANARCP) 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 Retirees' Medical Claims Fund (RMCF) Supervisory Committee.
- The Defined Contribution Pension Scheme (DCPS) Management Board.
- The Executive Committee of the Confederation of NATO Civilian Staff Committees (CNCSC) which is the Confederation representing all the active staff. The CNRCSA is always invited to send an observer to the CNCSC Executive Committee meetings.

While acknowledging that there are some staffing constraints in the NATO Administration, the CNRCSA and the CNCSC have become increasingly concerned by the poor preparation of some of these NATO-led joint committees and boards. Dates of some meetings have been announced at short-notice and papers to support the discussions are often issued late; this prevents proper consultation among the Associations and coordination with our active staff colleagues. These concerns have already been raised by the CNRCSA with the NATO Administration and will also be raised with the incoming Assistant Secretary General for Executive Management; we hope to see better preparations for meetings in the future.

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

2. THE NATO MEDICAL PLAN

The CNRCSA's Health Insurance Working Group, chaired by Huub Simons, has done a considerable amount of work this past year to ensure that retirees' concerns about the Modernised NATO Medical Plan and the performance of Allianz were forcefully presented to Allianz and the NATO Administration.

Performance of Allianz.

During the course of 2022, there were consistent reports of delays in reimbursing medical expenses and answering the Allianz phonenumber, as well as problems with the handling of some claims. Also, there were frequent complaints about the Allianz My Health application being complicated to use and often unavailable. These complaints were raised with the NATO Administration who explained that it monitors the Allianz Service Level Agreement regularly and had identified that an unusually high turnover of Allianz staff during the summer period had caused some delays in the Allianz response times and in some errors being made with claims handling; this has been addressed, additional staff have also been recruited by Allianz, and the required targets are now being met.

As far as the My Health application is concerned, a bug was identified in the system and has been corrected.

Modernization of the NATO Medical Plan

The Modernized NATO Medical Plan is the result of more than three years of extensive discussions between the NATO Administration, the Confederation of active staff and our own Confederation, and it came into effect on 1 January 2023. The Modernized NATO Medical Plan aims to:

- protect the level of coverage;
- increase the level of equality between members;
- reinforce the solidarity concept on which the NATO group insurance is based;
- help enhance the attractiveness of the employment package;
- contribute to improving and facilitating cost containment and avoiding additional expenses;
- help reduce administrative overheads;
- provide greater predictability in terms of future costs;
- reduce complexity and increase transparency;
- re-calibrate the Plan to better align it with modern medical practices.

An important feature of the Modernised NATO Medical Plan is the move of the NATO Wide Supplementary Cover into the Base Cover; the NATO Wide Supplementary Cover includes 100% reimbursement (with increased limits depending on the type of treatment) for hospitalisation, serious illnesses and medical expenses for disabled children. This change means that the cost of the NATO Wide Supplement will now be paid 2/3 by nations and 1/3 by active and contributing retired staff instead of being paid entirely by active and retired staff. Supplement D will also be absorbed into the Base Cover.

Another important feature of the Modernised NATO Medical Plan is the replacement of the other Supplements (A, B and C) by the new, optional Affinity Products. This change increases the level of equality between members as it offers all active staff and retirees, independent of their current or last duty station, the same choice of additional insurance products with common benefits and common premiums. However, there are concerns from some retirees who feel that this change undermines the solidarity between

affiliates as the premiums they will need to pay for the Affinity Products will be higher than the premiums they paid for the Supplements.

The Affinity Products offer some new benefits and the optional extended coverage may be attractive to a number of retirees. Nevertheless, the CNRCSA and the Associations will follow closely the impact of all the changes to the NATO Medical Plan to ensure that any adverse effects can be brought promptly to the attention of the NATO Administration.

In recent months, the focus of the CNRCSA's and Associations' work has been on helping to ensure a smooth implementation of the Modernised NATO Medical Plan through provision of additional information and supporting the organisation of various onsite and online information sessions with Allianz. Unfortunately, a few retirees were not initially informed of the upcoming changes to the NATO Medical Plan; these individuals appear to be those for whom Allianz does not have a registered email address and, prompted by the CNRCSA, Allianz has now sent a comprehensive information package by post to these individuals.

Also, the languages used to inform affiliates about the changes are in English and French. However, some surviving spouses don't understand these languages. The Associations have been providing support and advice to surviving spouses in local languages where possible and the CNRCSA has also asked Allianz to look at whether information could be provided in local languages.

There is some further work – so-called Phase 2 work – that still needs to be addressed and this will start later this year. Some of this Phase 2 work is especially important as it seeks to bring further improvements to the NATO Medical Plan; it includes:

- Ensuring representation of the Confederation on the Intercover Association Members' Board that will manage the Affinity Products;
- Updating the list of serious illnesses;
- Developing proposals for specific cover for Long Term Care and Home care, including cover for non-medical assistance;
- Developing proposals for cost-containment. This is particularly important because the costs dictate the premiums;
- Providing greater clarity over the handling of cases of hardship and reassurance that potential hardship cases will be looked at sympathetically; and
- Reviewing the distribution of premium costs between active and retired staff. It is important to note that it is the Confederation of active staff that has insisted on the distribution of premium costs between active and retired staff being reviewed. Active staff as well as some retired staff currently contribute to the Retirees' Medical Claims Fund (RMCF) from which the medical expenses for all retired staff are paid and the Confederation of active staff

want retirees to pay an increased share of these contributions to the RMCF. Furthermore, it wants all retirees to contribute, including those who are currently exempt from contributing in accordance with the footnote to Article 51.2 of the NATO Civilian Personnel Regulationsⁱ. This is going to be a particularly contentious part of the follow-on work as the CNRCSA does not see a need to change the current arrangements and premium share, which it views as key components of the solidarity principle that underpins the NATO Medical Plan.

Retirees' Medical Claims Fund

Although not part of the Phase 2 work, ensuring the continued viability of the Retirees' Medical Claims Fund (RMCF) is a vital task. The purpose and rules of procedure of the RMCF are laid down in the NATO Civilian Personnel Regulations and a relevant extract is included as an endnoteⁱⁱ.

An Asset and Liability study of the RMCF has recently been carried out by experts based at the Organisation for Economic Cooperation and Development (OECD) in Paris. The study looked at the current value of the fund, and then using a range of assumptions, it estimated future income and expenditure to assess if and when the fund would most likely be depleted (the probability of such depletion occurring in the short or medium term is extremely low). It then also looked at a range of options for sustaining the Fund for longer.

The option that has the biggest impact in lengthening the life of the Fund is containing the cost of medical expenditure. It is therefore essential that all members of the NATO Medical Plan play their part in containing these costs and two specific measures would have a significant positive impact:

- a. All affiliates should make every effort to seek medical providers that apply reasonable charges and avoid those providers who seem to inflate their charges when they know that the costs will be reimbursed to the patient by Allianz;
- b. Some retirees and some retirees' spouses are also affiliated to another insurance system and it is extremely important (and also a requirement of the NATO Medical Plan) that these other insurance systems be used as the primary source of reimbursement and the NATO Medical Plan only be used as complementary cover.

3. PENSIONS

Coordinated Pension Scheme

There is little to report on this issue this year. The revised adjustment methodology has been applied consistently and correctly and many retirees received a special adjustment in the course of 2022 to reflect an increase of more than 6% in the Harmonised Index of Consumer Prices in the country concerned. The annual adjustments for 2023 will most likely be paid at the end of February, but back-dated to 1 January 2023.

Defined Contribution Pension Scheme (DCPS)

The CNRCSA's DCPS Working Group, led by Birgit Hütten, also had an extremely busy year in 2022. From the perspective of active and retired staff, the DCPS has many shortcomings; it has been a constant cause of concern since its introduction in 2005 and the decision by Germany to tax the DCPS lump sum is a particularly worrying development. However, from the perspective of the nations, the DCPS is a success because it is so much cheaper for them than the Coordinated scheme it replaced.

In October last year, the Financial Controller presented an overview of the scheme to the nations at NATO. While she acknowledged that there had been some improvements, such as the Housing Withdrawal Option and the Passive Membership, she also made it very clear that the DCPS was simply not fit for purpose and that its underlying problems need to be addressed. As an example, she pointed out that recent retirees had lost up to 30% of the value of their assets due to volatility in the financial markets.

While the NATO Administration is now looking again at the possibility of developing a third pension scheme, this must not be at the expense of efforts to improve the current DCPS.

One of the biggest concerns and the main focus of the CNRCSA DCPS Working Group is trying to find a solution to the problems caused by Germany's decision to tax the DCPS lump sum. In 2020, two former staff members of NSPA and NAMEADSMA were requested by the German tax authorities to pay taxes on their DCPS lump sum. Supported by the CNRCSA, these two former members of staff lodged appeals to the NATO Administrative Tribunal seeking reimbursement from NATO for the sums they had to pay in tax. In its judgments in May and June 2022, the Tribunal recognised that the appellants had suffered damage, but found that this was not as a consequence of an act or failure to act by the Organisation and therefore concluded that the appeals were unfounded. On 18 October 2022, the Tribunal rejected the petitions for a re-hearing filed by the appellants and confirmed its earlier findings. That decision closes all legal avenues for those two individuals to seek compensation within NATO.

The two former members of staff are also pursuing cases in the German national courts to challenge the decision of the German authorities. These cases are currently still pending and NATO is providing legal support to one of the staff members. The CNRCSA continues to emphasise that these two cases are the result of a decision by the German authorities to change an agreement that had been reached at the level of the North Atlantic Council and going back on an agreement in this manner undermines the essence of NATO's collective and consensus-based decision-making.

This situation has, understandably, led to considerable worry among all staff and retirees whose fiscal residence is in Germany, and until there is clarity on the issue, they face financial uncertainty and are unable to make any long-term financial planning.

The CNRCSA is also concerned that other Allies are watching this issue closely and has emphasised to the NATO Administration the importance of quickly overturning the current German approach so that it does not set a precedent that other Allies will then

follow. Last year, the CNRCSA and the CNCSC wrote two joint letters to the Secretary General about this subject (February and August 2022), encouraging him to intervene personally with the Chancellor of the Federal Republic of Germany. The Secretary General wrote to the current Chancellor on this issue at the end of August 2022 and also raised it during their bilateral meeting in December. Even though the Secretary General has asked the Chancellor to propose quickly a solution to a problem that Germany has caused, there is still no tangible progress. The CNRCSA will therefore continue to encourage the NATO Administration to maintain pressure on Germany and will raise the issue with the new Assistant Secretary General for Executive Management as soon as he takes up his appointment.

The NATO Administration and the CNRCSA continue to track this issue very closely in case other retirees receive a demand for a payment of tax on their DCPS lump sum payment. If any of you do receive such a demand, please inform your Association and also Cemre Yildiz (yildiz.cemre@hq.nato.int) in the NATO Pensions Unit.

NATO Pensions Unit.

During 2022, the NATO Pensions Unit suffered not only from the absence due to sickness of its Section Head, but also from general understaffing. This created a considerable extra workload for the remaining staff, and inevitably led to some problems over the course of the year. In particular, there were reports of some delays in replying to email enquiries, and the late distribution of the annual Tax Statement. This had caused significant difficulties for retirees when compiling their annual tax returns to their national authorities. These staffing problems have been acknowledged by the NATO Administration; a new Head of Pensions Unit is currently being recruited and it is also hoped that two extra posts will be created in 2023 to help to address the situation.

4. CNRCSA WEBSITE

The CNRCSA's Information Technology (IT) Working Group, chaired by Michel Geeraerts, completed the design and development of a new CNRCSA website. The new website went live briefly in October, but had to be closed down as the NATO Office of Security needs to provide a security accreditation and checks need to be made to ensure that the website complies with the new NATO personal data protection framework policy that is under development.

Once the website is re-established, it is intended to progressively upload more and more information to it so that you can be updated more regularly on issues that affect the NATO retiree community.

One of the biggest challenges with the new website will be how to maintain it. Commercial options are very expensive, so if any of you are IT wizards and have some spare time that you could dedicate to the Confederation website, Michel Geeraerts would love to hear from you (webmaster@cnrcsa.nato.int).

5. CONTACT DETAILS

If you have questions about any of the issues in this Newsletter, please do not hesitate to contact your Association. Contact details are as follows:

ARNS	aro-arns@cnrcsa.nato.int
ANARCP	anarcp@cnrcsa.nato.int
NFSA	nfsa-adan@cnrcsa.nato.int
AROF	arof@cnrcsa.nato.int
CNRCSA Secretariat	confed@cnrcsa.nato.int

6. REFERENCES (Endnotes):

i Extract from NATO Civilian Personnel Regulations, Article 51.2 - Group Insurance Schemes

1. staff members who leave the Organization having completed a minimum of 10 years 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. They shall be required to pay a premium towards this benefit, applying the cost share formula as stipulated in Article 50.2 above. (See footnote)

Article 51.2, Footnote 1. 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 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.

ii Extract from NATO Civilian Personnel Regulations, Annex XIII - Retirees' Medical Claims Fund. Rules of Procedure.

Article 1 Origins of the Fund

1. The Retirees' Medical Claims Fund (RMCF) was set up with effect from 1st January 2001 pursuant to Council approval of PO(2000)123. In approving the PO, the Council agreed to the establishment of a reserve to ensure that sufficient funds are available for the years to come to enable NATO to meet its obligations under Article 51.2 of the Civilian Personnel Regulations. This article lays down that staff members who leave the Organization having completed a minimum of 10 years' uninterrupted service and who have reached the age of 55 are permanently entitled to the reimbursement of medical expenses for themselves and their recognized dependants within the prescribed limits. However, the RMCF only concerns retirees from the age of 65: staff members between the ages of 55 and 65 are covered under the terms of the "bridging cover", which is not dealt with herein.

Article 2 Financing of the RMCF

1. The RMCF shall be made up of the annual premium for continued medical coverage, payable two-thirds by the Organization and one third by the staff. The premiums received in respect of retirees who are required to contribute towards their coverage under the terms of Article 51.2 shall also be paid into the Fund. These premiums are payable two-thirds by the Organization and one third by retirees.
2. The insurance premium due to cover the medical expenses of the retirees in a given year shall be withdrawn from this Fund each month and paid to the insurance brokers on the basis agreed under the NATO Group Insurance Policy.

3. The Fund, held in the name of NATO, will be entrusted to an independent investment manager who will be required to manage the Fund on behalf of NATO, subject to the objectives and restrictions set out in the contract signed between NATO and the Managers.