RESTRICTED

**WT/BFA/W/179**
24 November 2008

(08-5719)

# WORLD TRADE ORGANIZATION

**Committee on Budget, Finance and Administration**

## ACTUARIAL POSITION OF THE WTO PENSION PLAN

Note by the Chairman of the WTOPP Management Board

1. The present document sets out the current actuarial position of the WTO Pension Plan as it has emerged from the most recent regular actuarial valuation and the action recommended by the Management Board pursuant to Article 9 of the Plan Regulations to maintain the actuarial balance of the Plan.

## I. ACTUARIAL VALUATION AT 31 DECEMBER 2007

2. In accordance with Article 9(a) of the Plan Regulations, regular actuarial valuations are carried out by the consulting actuary of the Plan at three-yearly intervals. The latest such valuation was carried out at 31 December 2007. In carrying out this valuation, the consulting actuary was instructed by the Management Board to amend two key assumptions underpinning the exercise.

3. The first amendment concerned the assumption with respect to expected future improvements in mortality, where the Management Board, having sought the advice of a working group specially set up for the purpose, directed the consulting actuary to apply an improvement of 2 per cent per year over the next twenty years in the current mortality tables used for valuation purposes.

4. The second amendment concerned the assumed rate of general salary inflation, i.e. the rate at which WTO staff salaries increase as a result of seniority progression and promotions, as distinct from adjustments resulting from the application of the salary adjustment methodology. Hitherto, it was assumed that salaries would thus increase at a rate of 3.5 per cent per year. Again on the advice of its working group, which had also sought expert advice from within the WTO Secretariat, the Management Board directed the consulting actuary to adjust the assumed rate of increase from 3.5 per cent to 4.0 per cent for the purposes of the 2007 valuation.

5. In carrying out the valuation, the consulting actuary recommended, and the Management Board agreed, that a smoothing approach to the valuation of Plan assets should be used in order to allow investment gains and losses to be recognized over a period of time and to smooth out the volatility in the asset value used to calculate the required Plan contribution rate. The method recommended by the consulting actuary corresponds to that used by the United Nations Joint Staff Pension Fund. Hitherto, the asset value at the date of the valuation had been used for actuarial valuation purposes.

6. As a direct consequence of the above amendments to the regular valuation methodology, the regular valuation at 31 December 2007 revealed that the contribution rate required to maintain the actuarial balance of the Plan in the long term had increased from 23.1 per cent as of 31 December 2004 to 27 per cent. The actual contribution rate has remained at 22.5 per cent of pensionable remuneration since the inception of the Plan in 1999.

7. As required under Article 9(c) of the Plan Regulations, a copy of the actuarial valuation report as at 31 December 2007 is attached, Attachement 1.

## II. CORRECTIVE ACTION RECOMMENDED BY THE MANAGEMENT BOARD PURSUANT TO ARTICLE 9(D) OF THE PLAN REGULATIONS

### A. NORMAL RETIREMENT AGE

8. In considering the corrective action required to redress the actuarial deficit emerging from the actuarial valuation at 31 December 2007, the Management Board noted that a significant part of that deficit was attributable to the change in mortality assumption. The Management Board considered, therefore, that it would be appropriate to review the definition of "normal retirement age" in Article 2(l) of the Plan Regulations with a view to reflecting the fact that Plan beneficiaries would be expected to draw their benefit for a longer period in retirement.

9. It was concluded that it would be appropriate to increase the normal retirement age to 65 for new entrants and, at the same time, allow existing staff to remain in service beyond the current age of 62 in order to maximize the beneficial impact on the Plan of the increase in normal retirement age. The consulting actuary has determined that that amendment to the Plan Regulations would reduce the required contribution rate by 2.8 percentage points.

10. The Management Board further recommends that the effective date of the above amendment to Article 2(l) of the Plan Regulations be 1 January 2010 in order to take into account specific human resource policy considerations brought to the attention of the Management Board by the Director-General. The consulting actuary has indicated that the current actuarial position would not be significantly affected by delaying the implementation of a higher normal retirement age by one year.

11. The Management Board recommends, therefore, that Article 2(l) of the Plan Regulations be amended as shown in Attachement 2

### B. CONTRIBUTION RATE

12. In order to make good the remaining difference of 1.7 percentage points between the current overall rate of contribution of 22.5 per cent and the actuarially required rate of 27 per cent - 2.8 per cent = 24.2 per cent, and taking into account the current 2:1 sharing ratio applied to contributions by the WTO and Plan participants, respectively, the Management Board recommends that the overall Plan contribution rate be increased to 24.3 per cent, the participant contribution rate being set at 8.1 per cent and the WTO contribution rate being set at 16.2 per cent.

13. The Management Board further recommends that the above, higher rates of contribution enter into force on 1 January 2009.

14. The Management Board recommends, therefore, that Article 20(a) of the Plan Regulations be amended as also shown in Attachement 2.

---

15. In making the above recommendations, the Board is of the firm view that any future adjustment made necessary by the actuarial position of the Pension Plan should be governed by the long-term cost-sharing principle upon which the Plan was established of one-third/two-thirds between participants and the Organization, respectively. In taking this view, the Board notes that regular measures are taken to monitor the performance of the Plan, both long-term and short-term, including the triennial actuarial valuations and the asset liability management study (ALM).

---

**ATTACHEMENT 1**

# WORLD TRADE ORGANISATION PENSION PLAN ACTUARIAL VALUATION REPORT AS AT 31 DECEMBER 2007

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

22, Rue François-Perreard
CH-1225 Geneva
+41 22 918 1003

Prepared by : Cameron Hannah

Reviewed by : Gilles Demottaz

*Version: 14 July 2008*

**Consulting. Outsourcing. Investments**

## Contents

## 1. Executive Summary

This report sets out the results of the Actuarial Valuation completed as at 31 December 2007 for the World Trade Organisation Pension Plan (WTOPP). This is the fourth formal actuarial valuation of the WTOPP, the previous valuations having been completed effective 31 December 2004, 31 December 2001 and 1 January 1999.

Currently, the long term funding principle is to establish a stable long term contribution rate that is sufficient to finance the benefits promised. It is noted that from one valuation to the next, the normal contribution rate may vary due to changes in asset values.

The security of benefits in the event of dissolution of the WTO is governed by Article 21 of WTOPP Regulations which states that:

"*In the event of dissolution of the WTO, the General Council shall take the necessary steps to guarantee the benefits acquired under these Regulations by participants and beneficiaries at the date of dissolution"*

During the inter-valuation period since the previous formal actuarial valuation, a working group was established to review actuarial assumptions and funding objectives. The working group presented its report to the Management Board of the plan in 2007. As Consulting Actuary to the WTO Pension Plan, we were included in this working group as an adviser and concur with the two key recommendations on actuarial assumptions. The Board has thus instructed us to adopt two amendments to the actuarial assumptions, specifically to:

- Increase the general salary inflation assumption from 3.5 per cent to 4.0 per cent
- Apply a mortality improvement to the EVK 2000 tables. We have applied an improvement of 2 per cent per year applied geometrically for 20 years

A summary of the results of the valuation are set out below:

- The long term normal contribution rate using the same assumptions as at 31 December 2007 is 23.1 per cent of pensionable salaries, excluding the expense loading.
- After adopting the two amended assumptions (general salary inflation & mortality improvement), the long term cost increases to 26.5 per cent of pensionable salaries.
- We further recommend adopting a smoothing approach for valuing the assets of the plan which is the same as the method used by the UNJSPF. This would increase the long term cost by 0.3 per cent from 26.5 per cent to 26.8 per cent of pensionable salaries.
- The rate of contribution required to meet the cost of expenses should be increased from 0.2 per cent to 0.8 per cent of pensionable salaries. As the costs are all met by the Organisation at the moment, we recommend that the additional 0.6 per cent of pensionable salaries cost is met by the Organisation.
- We recommend that the Board formulates its position on how to bring the long term cost of the plan (27.6 per cent of pensionable salaries) into balance with the cash contributions received by the plan (currently 22.5 per cent of pensionable salaries). This may be achieved by either making amendments to the benefit structure and / or

amendments to the cash contributions payable to the plan by the members and the Organisation.

## 2. Data

A summary of data used for this valuation is set out below. The data was provided by Trianon, the WTOPP administrator. All figures are in CHF.

| **Active members**<br>**All figures in CHF** | **Male** | **Female** | **Total** |
|---|---|---|---|
| Number | 325 | 385 | 710 |
| Total Final Average Remuneration | 57’273’049 | 55’880’468 | 113’153’517 |
| Average Final Average Remuneration | 176’225 | 145’144 | 159’371 |
| Average age | 45.00 | 43.26 | 44.06 |
| Average adjusted credited service | 10.11 | 9.3 | 9.67 |

| **Beneficiaries** | **Male** | **Female** | **Total** |
|---|---|---|---|
| Number | | | |
| Retirement | 54 | 43 | 97 |
| Disability | 4 | 3 | 7 |
| Spouse | - | 4 | 4 |
| Children | 10 | 5 | 15 |
| Total | 68 | 55 | 123 |
| **Average age** | | | |
| Retirement | 63.8 | 62.8 | 63.3 |
| Disability | 53.1 | 49.1 | 51.4 |
| Spouse | - | 58.0 | 58.0 |

| **Beneficiaries (annualised pension in payment (in CHF)** | **Male** | **Female** | **Total** |
|---|---|---|---|
| Retirement | 3'131’098 | 2'580’556 | 5’711’654 |
| Disability | 211’800 | 130’691 | 342’491 |
| Spouse | - | 218’584 | 218’584 |
| Children | 47’994 | 22’734 | 70’728 |
| Total | 3'390’892 | 2'952’565 | 6’343’457 |

| **Deferred Retirees**<br>**All figures in CHF** | **Male** | **Female** | **Total** |
|---|---|---|---|
| Number | 3 | 3 | 6 |
| Deferred retirement pension at separation | 54’012 | 51’012 | 105’024 |

Pensions are the annualised rate of pension payment as at 31 December 2007. Although there has been a significant increase in the number of pensioners (from 55 as at 31 December 2004 to 123 as at 31 December 2007), the WTOPP is still immature with the bulk of members being active and contributing to the plan.

Tables providing further analysis of member information are included in appendix A.

## 3. Assumptions

Current assumptions

The table below provides a summary of the base line actuarial assumptions used at this valuation and the three previous valuations.

| Date | 31 Dec 2007 | 31 Dec 2004 | 31 Dec 2001 | 1 Jan 1999 |
|---|---|---|---|---|
| **Financial**<br>Discount (interest) rate<br>General salary inflation<br>Pension increase rate<br>Consumer price inflation | 6.5%<br>3.5%<br>3.0%<br>3.0% | 6.5%<br>3.5%<br>3.0%<br>3.0% | 6.5%<br>3.5%<br>3.0%<br>3.0% | 6.5%<br>3.5%<br>3.0%<br>3.0% |
| **Demographic**<br>Mortality<br>Disability<br>Withdrawal<br>Early retirement | EVK 2000<br>EVK 1990<br>WTO Specific<br>WTO Specific | EVK 2000<br>EVK 1990<br>WTO Specific<br>WTO Specific | EVK 2000<br>EVK 1990<br>WTO Specific<br>WTO Specific | EVK 1990<br>EVK 1990<br>WTO Specific<br>WTO Specific |
| **New entrants**<br>Proportion Male / Female (Professional / General), age, pensionable remuneration | M50%, 35, 120’000<br>F50%, 34, 90’000 | M50%, 35, 120’000<br>F50%, 34, 90’000 | M50%, 35, 120’000<br>F50%, 34, 90’000 | MP64%, 35, 117’000<br>FP36%, 35, 117’000<br>MG32%, 30, 62’000<br>FG68%, 30, 62’000 |

Investments & asset value calculation

The table below provides a summary of the investment returns during the nine year period since the WTOPP was established. The average real return (investment return – price inflation) over this period is approximately 2.5 per cent compared with an expected long term real return of 3.5 per cent used in the valuation assumptions. In appendix B, we provide more detail on the market value, income and outgo of the plan.

| Year | Investment return | Price inflation | Real return |
|---|---|---|---|
| | **A** | **B** | **C = A - B** |
| **1999** | | | 3.62% |
| **2000** | 4.73% | 1.5% | 3.23% |
| **2001** | -10.13% | 0.30% | -10.43% |
| **2002** | -18.31% | 0.90% | -19.21 |
| **2003** | 10.01% | 0.60% | 9.41% |
| **2004** | 4.5% | 1.4% | 3.1% |
| **2005** | 23.7% | 1.0% | 22.7% |
| **2006** | 9.0% | 0.6% | 8.4% |
| **2007** | 3.5% | 2.0% | 1.5% |

Based upon prior asset studies, the investment strategy selected is expected to yield a long term real return in excess of 3.5 per cent.

In a number of countries and moreover for the UNJSPF, an asset smoothing method is used for the long term funding valuation. The objective of using a smoothing method is to allow investment gain and losses to be recognized over a duration of time and smooth out the volatility in the asset value used in calculating the normal contribution rate.

There are a number of different asset smoothing approaches including:

- discounted cash flow;
- average of cost and market value;
- predictor – corrector;
- moving market average.

The most commonly adopted approach is the moving market average. This is the method that is used by the UNJSPF. The smoothing period is typically three to five year. The UNJSPF smoothes returns over the previous four calendar years.

It is common practice to include a cap (maximum) and collar (minimum) extent to which the smoothed value deviates from the market value, for example a maximum of 115 per cent of market value and a minimum of 85 per cent of market value.

The impact of using a smoothing method is given below.

Smoothed asset value = MV – 80%xE1 – 60%xE2 – 40%xE3 – 20%xE4

Where:

- MV = Market value at the valuation date.
- E1 to E4 are the excess / deficiency in the amount of the investment earnings over that expected according to the nominal long term return on assets assumption.
- Detail of the excess / deficiency since plan inception is given in the Appendix B.
- Apply a cap of 115% and collar of 85% (i.e. 15% either side of market value).

The table below provides information on how this would affect the asset value used for the WTO valuation.

| **Results (CHF million)** | **Market Value** | **Smoothed value** | **Difference** |
|---|---|---|---|
| 31 December 2007 | 366 | 354 | 97% |
| 31 December 2006 | 339 | 309 | 91% |
| 31 December 2005 | 297 | 274 | 92% |
| 31 December 2004 | 223 | 250 | 112% |
| 31 December 2003 | 196 | 225 | 115% |
| 31 December 2002 | 163 | 187 | 115% |

The smoothing method would increase the contribution rate by 0.3 per cent of pensionable salaries as at 31 December 2007.

**Recommendation**

Adopt the UNJSPF approach to asset smoothing.

New Entrants

During the calendar years 2005 to 2007, the average new entrant details are set out in the table below. Although the ratio between male and female new entrants and moreover their respective average ages at entry does not differ significantly from the current assumption, the average salary at entry has increased.

| Sex | Age | Pensionable Salary | Distribution |
|---|---|---|---|
| M | 35 | CHF 135’000 | 45% |
| F | 34 | CHF 120’000 | 55% |

**Recommendation**

We recommend adopting the following assumptions for the current valuation:

| Sex | Age | Pensionable Salary | Distribution |
|---|---|---|---|
| M | 35 | CHF 135’000 | 50% |
| F | 34 | CHF 120’000 | 50% |

This change will have no impact on the long term contribution rate of the plan.

Financial & Demographic Assumptions

During the intervaluation period since 31 December 2004, a working group was established to review all of the financial and demographic assumptions of the plan. The working group presented its findings to the Board who adopted the following recommendations:

- To increase the general salary inflation assumption from 3.5 per cent p.a. to 4.0 per cent p.a..
- To allow for future mortality improvement.

We recommend that allowance is made for improvement for a 20 year period to the EVK 2000 table using an improvement rate of 2 per cent per year, applied geometrically. This is the same assumption that the UNJSPF currently applies. More information on life expectancies is provided in Appendix C and as will be seen, a 2 per cent improvement to the EVK 2000 table for a 20 year period provides a relatively conservative outcome compared with the tables applied in most countries.

## 4. Methodology

Summary

The approach used to complete this actuarial valuation is summarised below:

| Phase 1 | Phase 2 | Phase 3 | Phase 4 |
|---|---|---|---|
| Collection of data | Decision on assumptions, methodology | Producing draft results on closed group (discontinuance) and open group basis (ongoing). | Presentation and discussion of results |
| A. Outputs | | | |
| Reconciliation of data | Setting up valuation model | Valuation runs on different bases | Final report |

Methodology

The valuation process is based on standard actuarial processes and the assumptions set out in Section 3. The valuation is performed on two scenarios: firstly, on an ongoing basis (that is where the pension plan is assumed to continue) and on a 'discontinuance basis' which tests whether there are sufficient funds to meet the liabilities of the plan if it were to close immediately.

**Ongoing Method (Open Group Valuation)**

We have performed the actuarial valuation for the ongoing method on a so-called Open Group valuation. This approach assumes that there is a steady flow of new entrants into the plan, which replace those leaving the plan through retirement or withdrawal. The assumption on the profile of these new entrants is set out in Section 3.

This approach determines whether the contribution rate set out in the WTOPP regulations is sufficient to meet future liabilities of the plan. The approach is summarised below:

- Determining the total projected benefits of all current employees based on past service and projected future service.
- Determining the value of obligations to current pensioners.
- Determining the value of future projected benefits for future new entrants.
- The present value of these obligations is then determined.
- The present value of future remuneration is then determined and a contribution rate for the employer is derived as follows.
- Required Contribution Rate =

$$\frac{\text{Total value of benefit obligations for existing and future members – Assets}}{\text{Value of future Remuneration}}$$

**Discontinuance Method (Closed Group Valuation)**

In order to determine the position on a 'discontinuance basis', a closed group valuation is performed. This looks at the position of the fund based only on service accrued to date by current members (and beneficiaries liabilities). The active member liabilities are calculated as follows:

- For members eligible to early retirement, it is assumed that the early retirement pension would commence immediately.

- For all other members, the maximum of the withdrawal settlement and value of deferred pension (where applicable) is valued.

The current beneficiary liabilities are calculated using the same approach as for the ongoing method.

The financial assumptions used are consistent with the assumptions used for closed group actuarial valuations for private sector companies (i.e. liabilities are calculated using market long term interest rate and inflation expectations). The assumptions are set out in the table below:

| | Swiss | | European Union | |
|---|---|---|---|---|
| **Date** | **Interest rate** | **Price inflation assumption** | **Interest rate** | **Price inflation assumption** |
| 1 January 1999 | 4.50% | 1.00% | 5.00% | 1.00% |
| 31 December 2001 | 4.10% | 1.00% | 5.30% | 1.00% |
| 31 December 2004 | 2.80% | 1.00% | 3.80% | 1.00% |
| 31 December 2007 | 3.50% | 1.00% | 5.50% | 2.00% |

We have not take into consideration:

- The cost of “buying out” beneficiaries liabilities with an insurance company which may significantly exceed the calculated value.
- The capitalisation of the costs of future expenses of operating a discontinued plan.

## 5. Results

<u>Ongoing or Open Group Valuation</u>

| CHF Millions | | 31 Dec 07 | | 31 Dec 04 | 31 Dec 01 | 31 Dec 98 |
|---|---|---|---|---|---|---|
| | | New | Base | | | |
| A | Assets at market value | 366 | 366 | 223 | 183 | 146 |
| B | Present value of total projected benefits | | | | | |
| | a) Beneficiaries | 107 | 99 | 47 | 11 | 0 |
| | b) Current active members | 663 | 592 | 430 | 374 | 310 |
| | c) Future new entrants | 638 | 511 | 483 | 438 | 291 |
| | d) Total [a + b + c] | 1’408 | 1’202 | 960 | 823 | 601 |
| C | Present value of future remuneration | | | | | |
| | a) Current active members | 1’283 | 1’233 | 975 | 878 | 726 |
| | b) Future new entrants | 2’653 | 2’387 | 2’240 | 2'013 | 1'373 |
| | c) Total [a + b] | 3’936 | 3’620 | 3’215 | 2'891 | 2'099 |
| D | Contribution requirement [(B - A)/C] | 26.5% | 23.1% | 22.9% | 22.2% | 21.3% |
| E | Expenses | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| F | Total normal contribution rate [D + E] | 26.7% | 23.3% | 23.1% | 22.4% | 21.5% |

The amendment to the general salary inflation assumption and the allowance for future mortality improvement increase the long term cost of the plan (excluding expenses) from 23.1 per cent to 26.5 per cent of salaries. Using the asset smoothing method would increase this by a further 0.3 per cent to 26.8 per cent. Action is therefore required to either reduce the long term cost and / or by requiring a higher long term cash contribution rate than 22.5 per cent, inclusive of 0.2 per cent expense loading.

**Recommendation**

The Board must formulate the action that it intends to take to bring the long term cost into balance with the cash contributions of 22.5 per cent of pensionable salaries.
Discontinuance Basis.

Figures below are in CHF millions:

| CHF Millions | Market Value of Assets | Liabilities | | Discontinuance funding level | | Discontinuance funding level | |
|---|---|---|---|---|---|---|---|
| Valuation date | | Swiss discount rate | EU discount rate | Swiss discount rate | EU discount rate | Swiss discount rate | EU discount rate |
| | A | B | C | D | E | F | G |
| | | | | A - B | A - C | A / B | A / C |
| 1 Jan 1999 | 146 | 151 | 137 | -5 | 9 | 97% | 107% |
| 31 Dec 2001 | 183 | 267 | 218 | -84 | -35 | 69% | 84% |
| 31 Dec 2004 | 223 | 433 | 359 | -210 | -136 | 52% | 62% |
| 31 Dec 2007 | 366 | 447 | 381 | -81 | -15 | 82% | 96% |
| 31 Dec 2007* | 366 | 485 | 409 | -119 | -43 | 75% | 89% |

The discontinuance basis is not used to determine the long term contribution rate. It is recognised that this ratio may fluctuate over the short term. The working group has not reported on the acceptable margins within which the discontinuance funding level can vary without action being taken.

There are two sets of results shown as at 31 December 2007. The second set, with lower funding level, allow for future mortality improvement at 2 per cent per year for a 20 year period.

**Recommendation**

No action is required. However, the Board needs to formulate its philosophy on discontinuance funding position and the trigger point at which action is required.

## APPENDIX A

Analysis of Member Information

The tables below provide a detailed analysis of member information at both the current actuarial valuation and during the period since establishment of the plan.

| Date | 31 Dec 2007 | 31 Dec 2004 | 31 Dec 2001 | 1 Jan 1999 |
|---|---|---|---|---|
| **Actives** | | | | |
| Number | 710 | 710 | 618 | 512 |
| Av. age | 44.06 | 43.5 | 43.0 | 43.4 |
| Av. adj. cred. ser. | 9.67 | 8.65 | 8.30 | 9.03 |
| Av. pen. rem. | 159’371 | 140’500 | 136’482 | 133’104 |
| Total pen. rem. | 113’153’517 | 99’754’980 | 84’345’884 | 68’149’179 |
| **Beneficiaries** | | | | |
| Number | 123 | 55 | 14 | - |
| Average age | 62.3 | 60.5 | 60.0 | - |
| Average pension | 51’573 | 49,847 | 48’219 | - |
| Total pension | 6’343’457 | 2,741,596 | 675’060 | - |

| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|
| **Active members** | | | | | | | | | |
| # at 1 Jan | 509 | 552 | 581 | 618 | 666 | 694 | 710 | 695 | 684 |
| New entrants | 63 | 57 | 84 | 105 | 62 | 66 | 51 | 50 | 67 |
| Departures | 13 | 23 | 30 | 29 | 18 | 19 | 33 | 30 | 11 |
| Early retired | 3 | 2 | 4 | 6 | 4 | 2 | 7 | 4 | 7 |
| Normal retired | 1 | 0 | 4 | 4 | 4 | 14 | 9 | 9 | 14 |
| Disabled* | 0 | 0 | 0 | 2 | 1 | 1 | 2 | - | 1 |
| Died | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | - |
| Deferred retirement | 0 | 0 | 3 | 1 | 0 | 0 | - | - | - |
| Decision deferred | 3 | 3 | 6 | 14 | 8 | 13 | 12 | 17 | 8 |
| Transferred to UNJSPF | 0 | 0 | 0 | 1 | 0 | 1 | 2 | - | - |
| # at 31 Dec | 552 | 581 | 618 | 666 | 694 | 710 | 695 | 684 | 710 |
| **Beneficiaries** | | | | | | | | | |
| # at 1 Jan | 0 | 4 | 6 | 17 | 30 | 39 | 59 | 85 | 101 |
| New retirees | 4 | 2 | 8 | 12 | 9 | 17 | 19 | 13 | 22 |
| Spouse & children | 0 | 0 | 0 | 0 | 0 | 4 | 7 | 5 | 6 |
| Deferred retirement | 0 | 0 | 3 | 1 | 0 | 0 | - | 1 | 1 |
| Died | - | - | - | - | - | 1 | - | - | 1 |
| End of child benefit | - | - | - | - | - | - | - | 3 | - |
| # at 31 Dec | 4 | 6 | 17 | 30 | 39 | 59 | 85 | 101 | 129 |

*Partial disability cases are not deducted from the total of active participants.

**APPENDIX B**

Asset Data

The tables below provide a summary of the development of the assets of the plan and the expected against actual investment income over the six years since establishment. All figures in CHF millions.

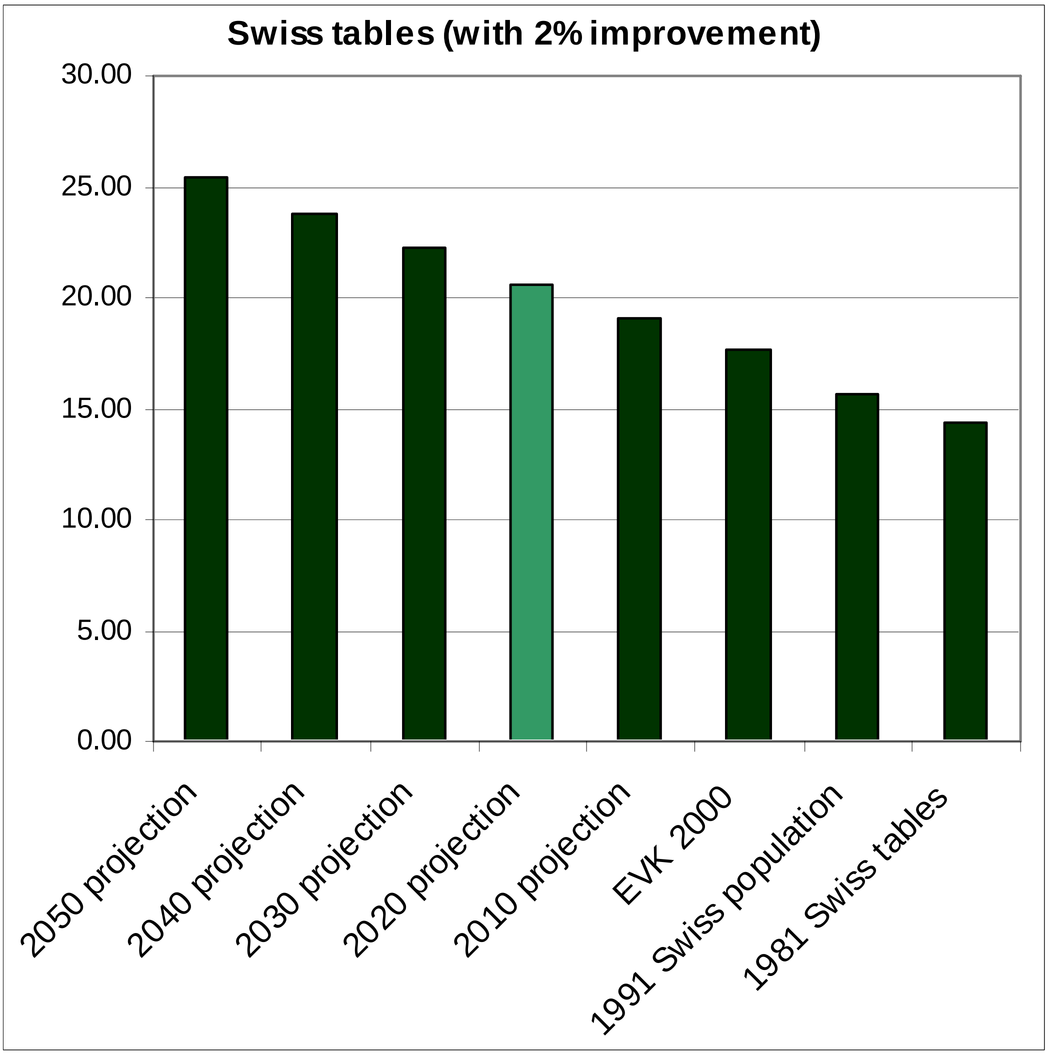
| Year | Market value at start of year | Contributions | Benefit payments & expenses | Net Investment income & unrealised gains | Market value at end of year |
|---|---|---|---|---|---|
| | **A** | **B** | **C** | **D** | **A+B-C+D** |
| **1999** | 145.6 | 15.6 | 1.3 | 10.7 | 170.6 |
| **2000** | 170.6 | 16.8 | 0.6 | 7.3 | 194.1 |
| **2001** | 194.1 | 17.7 | 2.9 | -26.4 | 182.5 |
| **2002** | 182.5 | 19.2 | 3.9 | -34.9 | 162.9 |
| **2003** | 162.9 | 21.0 | 5.2 | 17.0 | 195.7 |
| **2004** | 195.7 | 22.8 | 4.7 | 9.2 | 223.0 |
| **2005** | 223.0 | 24.8 | 7.2 | 55.9 | 296.5 |
| **2006** | 296.5 | 24.9 | 9.9 | 27.5 | 339.0 |
| **2007** | 339.0 | 25.6 | 11.0 | 12.3 | 365.9 |

| Year | Expected rate of return (ER) | Expected Investment Income [A + 0.5 x (B-C)] x 1 | Net Investment income & unrealised gains | Actual less expected income |
|---|---|---|---|---|
| | **1** | **2** | **3** | **3 - 2** |
| **1999** | 6.5% | 9.9 | 10.7 | 0.8 |
| **2000** | 6.5% | 11.6 | 7.3 | (4.3) |
| **2001** | 6.5% | 13.1 | -26.4 | (39.5) |
| **2002** | 6.5% | 12.4 | -34.9 | (47.3) |
| **2003** | 6.5% | 11.1 | 17.0 | 5.9 |
| **2004** | 6.5% | 13.3 | 9.2 | (4.1) |
| **2005** | 6.5% | 15.1 | 55.9 | 40.8 |
| **2006** | 6.5% | 19.8 | 27.5 | 7.7 |
| **2007** | 6.5% | 22.5 | 12.3 | (10.2) |

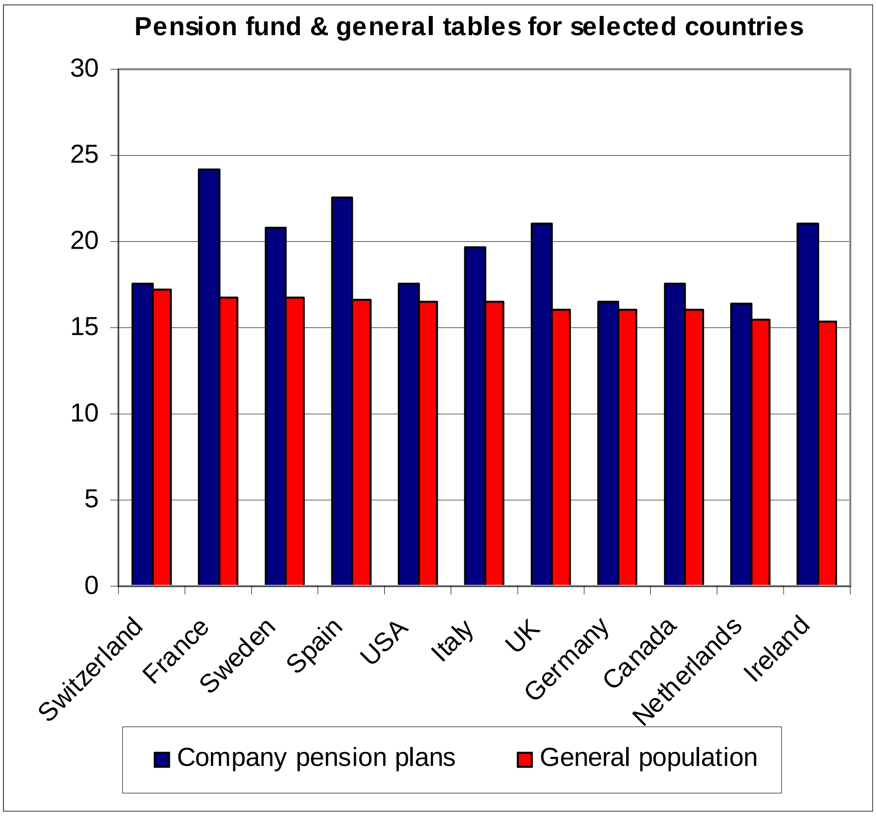
**APPENDIX C**

Mortality Rates

The two graphs below provide a comparative estimate of the life expectancy for a male aged 65. The first graph shows the life expectancy for two old Swiss population tables, the EVK 2000 tale and the EVK 2000 table after 10, 20, 30, 40 and 50 years of improvement of 2 per cent per annum (applied geometrically).



The second graph below shows general population life expectancy for a male aged 65 and the life expectancy from the mortality tables typically used for actuarial valuations of supplementary pension funds in the respective countries. Some of these countries (for example France & Ireland) have an explicit allowance for future mortality improvement.



## ATTACHEMENT 2

## REGULATIONS OF THE WTO PENSION PLAN[1]

## SECTION I
## GENERAL PROVISIONS

**Article 1**
***Scope and purpose of the Plan***

The Pension Plan of the World Trade Organization (hereinafter called the "Plan") shall provide retirement, death, disability and related benefits for the staff of the World Trade Organization (hereinafter called the "WTO").

**Article 2**
***Definitions***

In these *Regulations*:

(a) *"Actuarial equivalent"* and *"equivalent actuarial value"* shall mean the equivalent determined according to the actuarial tables adopted by the Management Board under Article 8.

(b) *"Administrative Rules"* shall mean the rules adopted by the Management Board under Article 5.

(c) "*Beneficiary*" shall mean a person entitled to receive, or in receipt of, a benefit under these *Regulations*.

(d) *"Benefit"* shall include a withdrawal settlement under Article 26, and a residual settlement under Article 33.

(e) *"Child"* shall mean a child existing on the date of separation or death in service of a participant and shall include the step-child or adopted child of a participant, and a child *in utero* upon its birth;  in the event of uncertainty as to whether adoption has taken place, the matter shall be decided by the Management Board.

(f) *"Commute"* shall mean cause to be converted and paid in a lump sum part or the whole of a benefit otherwise payable at periodic intervals, according to the actuarial tables of the Plan.

(g) "*Dependent*" shall mean dependent according to the criteria set forth in *Staff Rule* 106.13.

(h) "*External auditors*" shall mean the External Auditors of the WTO.

(i) “*Final average remuneration"* (FAR) shall mean the average annual pensionable remuneration of a participant during:

(i) The thirty-six completed calendar months of highest pensionable remuneration within the last five years of the participant's contributory service; or

[1] As amended by the General Council in December 2008.

(ii) If the participant's contributory service was less than five years, the thirty-six completed calendar months of highest pensionable remuneration within the actual period of such service; or

iii) If the participant's contributory service contained less than thirty-six completed calendar months, the actual number of such months within the participant's contributory service; or

(iv) If the participant's contributory service contained no completed calendar month, the actual period of such service.

(j) *"Interest"* shall mean interest compounded annually at the rates specified in Article 8.

(k) "*Management Board"* shall mean the Management Board specified in Article 4.

(l) *"Normal retirement age"* shall mean age 65, except that it shall mean age 62 for a participant whose participation commenced before 1 January 2010 and age 60 for a participant whose participation commenced before 1 January 1990.

(m) “*Own contributions"* shall mean the contributions, not exceeding the percentage of the participant's pensionable remuneration specified in Article 20(a), made to the Plan by or on behalf of a participant in respect of contributory service under Article 16, with interest.

(n) *"Participant"* shall mean a member of the WTO staff who is participating in the Plan in accordance with the terms of Article 15.

(o) "*Part-time*" shall mean employment under conditions requiring work during at least half the normal weekly working hours prescribed under *Staff Rule* 106.1(a).

(p) *"Pensionable remuneration"* shall mean the remuneration defined in Article 19.

(q) *"Restoration"* shall mean the inclusion in contributory service of the prior contributory service of a former participant who again becomes a participant.

(r) *"Secondary dependant"* shall mean the mother or father, or an unmarried brother or sister under the age of twenty-one, who was dependent on the participant at the date of the participant's death if the participant died in service, or from the date of the participant's separation to the date of death if the participant died after separation.

(s) *"Director-General"* shall mean the Director-General of the WTO.

(t) *"Separation"* shall mean ceasing to be in the service of the WTO.

(u) *"Service"* shall mean employment as a full-time or part-time member of the staff of the WTO.

(v) *"Validation"* shall mean the inclusion in contributory service of a period of non-contributory service which occurred prior to the commencement of participation.

**Article 3**
***Interpretation***

The Management Board shall, to the extent required to give effect thereto, interpret these *Regulations*.

## SECTION 2
## ADMINISTRATION

**Article 4**
***Management Board***

(a) The Management Board shall consist of a chairman elected by the General Council, four members and four alternates elected by the General Council, and four members and four alternates appointed by the Director-General, of whom two members and two alternates shall be selected by the Director-General from a list drawn up by the participants. In addition, the beneficiaries may designate an observer.

(b) The Chairman and the elected and appointed members and alternates shall hold office for a term of three years or until the election or appointment of their successors and they shall be eligible for re-election or re-appointment. In the event that the Chairman or a member or alternate ceases, during their term, to hold office, another member or alternate may be elected or appointed to hold office during the remainder of the term.

(c) Decisions of the Management Board shall normally be taken by consensus and otherwise by simple majority.

**Article 5**
***Administration of the Plan***

(a) The Management Board shall be responsible for the management and administration of the Plan, with particular regard to its actuarial balance.

(b) The management and administration of the Plan shall be in accordance with these *Regulations* and with *Administrative Rules* consistent therewith, which shall be adopted by the Management Board and approved by the General Council.

(c) The duties and authority of the Management Board as well as rules for the auditing of accounts shall be laid down in rules of procedure which shall be approved by the General Council.

(d) The Management Board shall present a report each year to the General Council and to the participants, giving in particular:

(i) an account of the financial transactions during the year,

(ii) the balance sheet of the Plan,

(iii) a summary of changes in Plan membership and of benefits awarded during the year,

(iv) a statement of the investment principles being followed by the Management Board,

(v) a summary of the investment performance of the Plan during the year, and a description of the assets held at the end of the year,

(vi) any other decisions taken in connection with the administration of the Plan.

(e) An audit of the accounts of the Plan shall be made annually by the External Auditors, in a manner agreed between the External Auditors and the Management Board; a copy of the audit report shall be included in the report under paragraph (d) above.

(f) All expenses incurred in administering the plan, investing plan assets, employing the services of professional advisers and those incurred by the WTO in providing facilities for and in support of the Management Board shall be borne by the Plan. Each element shall be separately identified in the annual report.

**Article 6**
***Secretariat***

The Director-General shall appoint a secretary upon a recommendation from the Management Board. The appointment of the Secretary shall be subject to regular review by the Management Board. The Secretary, acting under the authority of the Management Board, shall be qualified to apply these *Regulations*, carry out the decisions of the Management Board and deal with current business in accordance with the directives of the Management Board. The Secretary, or the officer empowered to act in the absence of the Secretary, shall certify for payment all benefits properly payable under these *Regulations*.

**Article 7**
***Consulting actuary and other advisers***

The Director-General shall appoint a consulting actuary to the Management Board upon recommendation of the Board for the purpose of providing actuarial services to the Plan. Such other advisers as the Management Board considers appropriate and necessary shall be appointed by the Director-General upon the recommendation of the Board.

**Article 8**
***Adoption of actuarial bases***

(a) The Management Board shall, on the advice of the consulting actuary, adopt, and revise when appropriate, service, mortality and other tables and shall decide upon the rates of interest to be used in the periodic actuarial valuation of the Plan and for other actuarial calculations.

(b) At least once in every three years the Management Board shall have an actuarial investigation made into the service, mortality and benefit experience of the participants and beneficiaries of the Plan and shall determine whether the actuarial bases of the Plan should be modified.

(c) Without prejudice to paragraph (a) above, the rate of interest to be used in all calculations required in connection with these *Regulations* shall be 4 per cent.

**Article 9**
***Actuarial valuation of the Plan***

(a) The Management Board shall have an actuarial valuation made of the Plan at least once every three years by the consulting actuary.

(b) The report on the actuarial valuation shall explain the assumptions on which the calculations are based, describe the method of valuation used, and state the results and conclusions.

(c) The Management Board shall, in the light of the report of the consulting actuary, recommend such action as it deems desirable to the General Council through the Committee on Budget, Finance and Administration, which shall both be provided with copies of the report. In making its recommendations, the Management Board shall provide a best estimate of the possible implications for the funding of benefits of maintaining contributions at the existing level, and for the funding of contributions of maintaining benefits at the existing level.

(d) In the particular case of an actuarial deficit or surplus, the Management Board shall recommend to the General Council any necessary corrective action. Such action may include an adjustment to contributions and/or benefits or any other measure which the Management Board deems appropriate to restore an actuarial balance.

**Article 10**
***Transfer of pension rights***

The Management Board may, subject to the concurrence of the General Council, approve agreements with Member Governments and with intergovernmental organizations, with a view to securing continuity of pension rights for participants in the Plan.

## SECTION 3
## ASSETS AND INVESTMENT

**Article 11**
***Assets of the Plan***

The assets of the Plan shall be derived from:

(a) the contributions of the participants,

(b) the contributions of the WTO,

(c) the yield from the investments of the Plan, and

(d) receipts from any other source.

**Article 12**
***Property in the assets***

(a) The assets shall be the property of the Plan and shall be acquired, deposited and held, separately from the assets of the WTO, on behalf of the participants and beneficiaries of the Plan. The assets shall be used totally and exclusively for the purposes of these *Regulations*.

(b) All monies forming part of the Plan which are not immediately required to be expended for the purposes of the Plan shall be invested by the Management Board in the name of the Plan. Monies shall be invested in:

(i) stocks, shares, debentures, annuities or other policies of assurance or any other generally recognized investments, including any interests in property;

(ii) any instrument intended to remove or reduce the adverse effect upon Plan investments of fluctuations in the relative values of the Swiss franc and other currencies in which such investments are held;

(iii) any instrument intended to remove or reduce the adverse effect upon Plan investments of fluctuations in the relative values of these investments and some other class of investment.

**Article 13**
***Investment of the assets***

(a) The Management Board shall determine the investment policy after taking professional advice and shall appoint investment managers to implement that policy.

(b) The Management Board shall arrange for the maintenance at all times of detailed accounts of all investments held, contributions received, benefits paid, income received on investments and all other transactions of the Plan. The accounts must be sufficient to meet all the requirements of Article 5.

**Article 14**
***Currency***

(a) Contributions, sums payable for restoration and validation, and benefits under these *Regulations* shall be calculated in Swiss francs. The accounts shall be kept in that currency.

(b) Benefits may, however, be paid in any currency selected by the beneficiary at the rate of exchange for the Swiss franc applicable for the purposes of the Plan on the date of payment, except that the beneficiary may not amend the choice of currency more than once every six months.

## SECTION 4
## PARTICIPATION, CONTRIBUTORY SERVICE AND CONTRIBUTIONS

**Article 15**
***Participation***

(a) Every member of the staff of the WTO shall become a participant in the Plan:

(i) upon taking up a contract for six months or longer, or

(ii) upon completing six months of service without an interruption of more than 30 days,

whichever is the earlier, provided that participation is not expressly excluded by the terms of the contract.

(b) Participation shall cease when a benefit becomes payable in respect of a participant, except that participation shall not be deemed to have ceased where a participant resumes contributory service within 12 months after separation without a benefit having been paid to that participant.

**Article 16**
***Contributory Service***

(a) Contributory service shall accrue to a participant from the date of commencement to the date of cessation of participation.

(b) Contributory service may accrue in respect of special leave without pay if contributions are received by the Plan in accordance with Article 20(c).

(c) Additional contributory service may accrue to a participant if prior service is validated or restored in accordance with Article 17 or 18.

**Article 17**
***Validation of non-contributory service***

(a) Participants may elect, within one year of the commencement of their participation, to validate prior service during which they were not eligible under these *Regulations* for participation in the Plan, provided that:

(i) such prior service was with the WTO,

(ii) participation succeeded the ending of such service within two years,

(iii) the service was the most recent prior to their participation and had not been interrupted by a break of more than one year,

(iv) participation had not, during such service, been expressly excluded by the terms of the contract, and

(v) the totality of the period open to validation is elected.

(b) A beneficiary of the participant under these *Regulations*, other than the recipient of a residual settlement, may, if the participant has died before the expiry of the period within which election may be made, make the election on behalf of the participant within such period.

(c) Validation shall be subject to receipt by the Plan of contributions in accordance with Article 20(d).

**Article 18**
***Restoration of prior contributory service***

(a) A former participant to whom a benefit under these *Regulations*, other than a disability benefit, has been or is being paid and who again becomes a participant, may, within one year of the recommencement of participation, elect to restore the prior contributory service. The election may apply only to the totality of such service.

(b) The prior contributory service of a former participant to whom a benefit under these Regulations is due but has not been paid, or to whom a disability benefit has been or is being paid, and who again becomes a participant, shall be restored.

(c) A beneficiary of a participant under these Regulations, other than the recipient of a residual settlement, may, if the participant has died before the expiry of the period within which the election may be made, make the election on behalf of the participant within such period.

(d) Restoration shall be subject to receipt by the Plan of contributions in accordance with Article 20(e).

**Article 19**
***Pensionable remuneration***

The pensionable remuneration shall be as set out in Annex 1 of the *Staff Rules* which is reproduced in Annex 1 of the present *Regulations*.

**Article 20**
***Contributions***

(a) Each participant shall pay a contribution deducted from the monthly salary and transferred directly to the Plan. For periods of service prior to 1 January 2009, the contribution of the participant and of the WTO shall correspond to 7.5 per cent and 15 per cent of pensionable remuneration, respectively. For periods of service as from 1 January 2009, the contribution of the participant and of the WTO shall correspond to 8.1 per cent and 16.2 per cent of pensionable remuneration, respectively.

(b) The contributions prescribed in paragraph (a) above shall be paid concurrently with the accrual of contributory service under Article 16.

(c) Contributions for the purpose of Article 16(b), in respect of special leave without pay, shall be payable concurrently with such leave, by the participant in full, or, in exceptional cases, by the WTO in full, or in part by the participant and in part by the WTO.

(d) Contributions for the purpose of validation under Article 17 shall be payable, with interest, by the participant and by the WTO in the amounts which would have been payable respectively by each, had service during the period been contributory.

(e) Contributions for the purpose of restoration under Article 18 shall consist of the benefit, other than the disability benefit, received by the participant in respect of the participant's previous participation, together with interest from the date of payment of the benefit.

(f) In any case in which a period of contributory service accrues, or is deemed to accrue, to a participant otherwise than in accordance with Article 16, contributions shall be payable to the Plan, with interest, by the participant in the amount which would have been payable had service during such period been contributory, and by the WTO in an amount sufficient to meet any additional obligations to be borne by the Plan resulting therefrom.

**Article 21**
***Guarantee of benefits***

In the event of dissolution of the WTO, the General Council shall take the necessary steps to guarantee the benefits acquired under these *Regulations* by participants and beneficiaries at the date of dissolution.

## SECTION 5
## BENEFITS

**Article 22**
***Entitlement to benefits***

(a) A participant who is not eligible for a retirement benefit under Article 23 or a disability benefit under Article 28 may elect on separation to receive either an early retirement benefit, or a deferred retirement benefit or a withdrawal settlement if the participant satisfies the conditions of Article 24, 25 or 26, respectively.

(b) Retirement, early retirement and deferred retirement benefits shall be payable at periodic intervals for life.

**Article 23**
***Retirement benefit***

(a) A retirement benefit shall be payable to a participant whose age on separation is the normal retirement age or more and whose contributory service was five years or longer.

(b) The benefit shall, subject to paragraph (c) below, be payable at the standard annual rate obtained by multiplying the first 30 years of contributory service by 2 per cent of FAR and the years of contributory service in excess of 30, but not exceeding ten, by 1 per cent of FAR.

(c) The benefit may be commuted at the request of the participant into a lump sum not exceeding 1/3 of the actuarial equivalent of the benefit or the amount of the participant's own contributions, whichever is the larger.

**Article 24**
***Early retirement benefit***

(a) An early retirement benefit shall be payable to a participant whose contributory service was five years or longer, provided that the period remaining between the effective date of retirement and the date corresponding to the participant's normal retirement age shall not exceed five years.

(b) The benefit shall be payable at the standard annual rate for a retirement benefit, reduced by 3 per cent of such benefit for each year between the date the benefit becomes effective and the date corresponding to the participant's normal retirement age, except that, if the contributory service of the participant was 30 years or longer, the benefit shall be reduced by 1 per cent per year.

(c) The benefit may be commuted at the request of the participant into a lump sum on the conditions specified in Article 23.

**Article 25**
***Deferred retirement benefit***

(a) A deferred retirement benefit shall be payable to a participant whose age on separation is less than the normal retirement age and whose contributory service was five years or longer.

(b) The benefit shall be payable at the standard annual rate for a retirement benefit and shall commence at the normal retirement age, or, if the participant so elects, at any age not less than 55, provided that in such event it shall be reduced in the same manner and under the same conditions as specified in Article 24.

(c) The benefit may be commuted at the request of the participant into a lump sum equivalent to the participant's own contributions.

**Article 26**
***Withdrawal settlement***

(a) A withdrawal settlement shall be payable to a participant whose age on separation is less than the normal retirement age, or if the participant is at the normal retirement age or more on separation but is not entitled to a retirement benefit.

(b) The settlement shall consist of 10 per cent of FAR for each of the first 20 years of service.

**Article 27**
***Deferment of payment or choice of benefit***

(a) The payment to a participant of a withdrawal settlement, or the exercise by a participant of a choice between one benefit and another, or between a form of benefit involving payment in a lump sum and another form, may be deferred at the request of the participant at the time of separation for a period of 12 months.

(b) A participant who has deferred a choice under paragraph (a) above shall, if the choice is not made within the specified period, be deemed to have chosen a deferred retirement benefit if the participant's age on separation was less than the normal retirement age, and in any event a form of benefit payable otherwise than in a lump sum.

**Article 28**
***Disability benefits***

(a) A total disability benefit shall, subject to Article 34, be payable to a participant who is found by the Management Board to be fully incapacitated for further service reasonably compatible with the participant's abilities, due to injury or illness constituting an impairment to health which is likely to be permanent or of long duration.

(b) The total disability benefit shall commence on separation or, if earlier, on the expiration of the paid leave due to the participant and shall continue for as long as the participant remains fully incapacitated, provided that after age 55 incapacity shall be deemed to be permanent.

(c) The total disability benefit shall, if the age of the participant on entitlement is the normal retirement age or more, be payable at the standard annual rate for a retirement benefit. If the age of the participant is less than the normal retirement age, the benefit shall be payable at the rate of the retirement benefit which would have been payable had the participant remained in service until the normal retirement age and had the participant's FAR remained unchanged.

(d) A partial disability benefit shall, subject to Article 34, be payable to a participant who is found by the Management Board to be partially incapacitated due to injury or illness constituting an impairment to health and who, as a consequence of that incapacity, is assigned to other duties at a reduced salary.

(e) The partial disability benefit shall be payable at the rate of the retirement benefit which would be payable if the participant remained in service until the normal retirement age and if the participant's FAR were equal to the difference between the participant's FAR before and after the assignment to duties at a reduced salary.

(f) A benefit which is discontinued shall, if a participant who has been separated does not upon such discontinuance again become a participant, be converted to a deferred retirement benefit if the participant would have been so eligible at the date of separation. Otherwise, a single payment shall be made of the balance between the value of the withdrawal settlement under Article 26 and the value of payments received under this Article.

(g) The Management Board shall prescribe the extent to which and the circumstances in which a disability benefit shall be reduced or when it shall be terminated as the beneficiary's degree of incapacity changes, when the beneficiary is in paid employment or in such other circumstances as the Management Board deems appropriate.

**Article 29**
***Surviving spouses's benefit***

(a) A benefit shall be payable to the surviving spouse of a participant who died in service or who was entitled to a retirement, early retirement, deferred retirement or disability benefit at the date of death, if the spouse was married to the participant at the date of death in service or, if the staff member were separated prior to death, the spouse was married to the participant at the date of separation and remained married to the participant until death.

(b) The benefit shall, if the participant died in service or during entitlement to a retirement, early retirement or disability benefit, be payable at the standard annual rate of 60 per cent of the retirement or disability benefit which would have been payable to the participant at the date of death, or of 60 per cent of the retirement, early retirement or disability benefit including such part thereof as may have been commuted, as the case may be.

(c) The benefit shall, if the participant died after the commencement of a deferred retirement benefit, be payable at the rate of 60 per cent of the annual rate of such benefit and, if the participant died before its commencement, at the rate of 60 per cent of the actuarial equivalent at the date of death of the annual rate of the benefit at the normal retirement age.

(d) The benefit shall be payable at periodic intervals for life or until remarriage, provided that a benefit payable at an annual rate of less than 2000 Swiss francs may be commuted by the surviving spouse into a lump sum which is the actuarial equivalent of the benefit at the standard annual rate under paragraph (c) above, as the case may be.

(e) The benefit shall, where there is more than one surviving spouse, be divided equally between the spouses, and upon the death or remarriage of each such spouse shall be equally divided among the remainder.

(f) A lump sum in the amount of twice the annual rate of the benefit shall, unless paragraph (e) applies, be payable to a surviving spouse upon remarriage.

**Article 30**
***Child's benefit***

(a) A child's benefit shall, subject to paragraphs (b) and (c) below, be payable to each child of a participant who is entitled to a retirement, early retirement or disability benefit or who has died in service, while the child remains unmarried and under the age of 21.

(b) A benefit shall be payable to a child who is over the age of 21 if the child is found by the Management Board to have been incapacitated by illness or injury for substantial gainful employment:

  (i) on reaching the age of 21, if immediately prior thereto a child's benefit was payable; or

  (ii) at the time of death in service or entitlement to a benefit of the participant.

  A benefit payable as above shall continue for as long as the child remains incapacitated.

(c) A benefit shall, notwithstanding paragraphs (a) and (b) above, not become payable, if the participant has chosen an early retirement benefit, until the participant dies or reaches the normal retirement age, except to a child under the age of 21, found by the Management Board to be disabled.

(d) Subject to paragraphs (e) and (f) below, the benefit shall be payable during the continuance of any periodic benefit resulting from retirement, early retirement or disability, or, in the event of death of the participant, at the annual rate of one third of the benefit which was or would have been payable to the participant, subject to a minimum of the amount corresponding to one half of that specified in Annex 2(b)(i) of the Staff Rules and a maximum of the amount corresponding to that specified in Annex 2(b)(i) of the Staff Rules, expressed in Swiss francs per annum.

(e) If no other periodic benefit is payable and there is no surviving parent able, in the opinion of the Management Board, to support the child or if the other periodic benefit payable is to a surviving spouse who is not a natural or adoptive parent and does not have custody of the child, and subject to paragraph (f) below, the benefit shall be payable at the rate in paragraph (d) above, increased by:

(i) 25 per cent of the retirement, early retirement or disability benefit from which it is derived, if one child's benefit is payable, and

(ii) 50 per cent of the retirement, early retirement or disability benefit from which it is derived, and divided by the number of eligible children, if more than one such benefit is payable.

(f) The total benefits payable under paragraphs (d) and (e) above, added to any retirement, early retirement, disability or surviving spouse's benefit shall not exceed the FAR of the participant at the time of separation from service.

(g) Benefits payable under this Article shall be recalculated as may be required to achieve the purposes of paragraphs (e) and (f) above.

**Article 31**
***Secondary dependant's benefit***

(a) A secondary dependant's benefit shall, subject to paragraph (b) below, be payable to the surviving secondary dependant of a participant who was entitled to a retirement, early retirement, deferred retirement or disability benefit at the date of death, or who died in service.

(b) A benefit shall nevertheless not be payable:

(i) where a benefit is or was payable to a child or to the surviving spouse of the participant; and

(ii) in the case of a brother or sister, where the benefit payable to the participant was a deferred retirement benefit.

(c) The benefit shall be payable at the following rates:

(i) in the case of a mother or father, at the rates and under the conditions applicable in Article 29, save that the Management Board may, in the event of remarriage, decide in its discretion to continue the benefit;

(ii) in the case of a brother or sister, at the rate applicable in Article 30.

(d) The benefit shall be payable to the person designated by the participant or, in the absence of such designation or person, to the person designated by the Management Board.

**Article 32**
***Cost-of-living adjustment of benefits***

(a) The system of cost-of-living adjustment of benefits provided for in paragraphs (b) – (j), below, is intended to ensure the maintenance of purchasing power of periodic benefits, in the currency in which those benefits are paid. The system of adjustment shall apply to retirement, early retirement, deferred retirement, disability, surviving spouse's, child's and secondary dependant's periodic benefits. It shall not apply to withdrawal or other lump-sum payments.

(b) In the case of benefits paid in Swiss francs, the benefit shall be adjusted on 1 January of each year according to the annual movement of the Swiss consumer price index.

(c) Where, in accordance with Article 14, the beneficiary selects a currency other than the Swiss franc, the benefit will continue to be adjusted in the manner described in paragraph (b), above.

(d) Alternatively, a beneficiary may opt to submit proof of residence in a country other than Switzerland and request payment of the benefit in local currency in accordance with the procedure described below.

(e) If satisfactory proof of residence is provided within six months from the date of initial entitlement, the local currency amount shall be computed from that date, with retroactive adjustment if it results in a greater benefit. Otherwise, the local currency amount shall be computed as of the first day of the quarter following acceptance of proof of residence.

(f) Subject to paragraphs (d) and (e), above, the local currency amount of the benefit shall be calculated by applying to the Swiss franc benefit the average, computed over the 36 consecutive calendar months up to and including the month of separation, of the exchange rates between the Swiss franc and the currency of the country of residence.

(g) The local currency amount of the benefit calculated in accordance with paragraphs (d), (e) and (f), above, shall be adjusted for the first time on the 1 January following the date of the first payment, according to the annual movement of the official consumer price index for the country concerned.

(h) For the adjustment of deferred retirement benefits, the reference date for the application of paragraphs (b) and (g), above, shall be the date of separation from service of the beneficiary.

(i) Where the cost of living in the country of residence is more than 10 per cent higher or lower than in Switzerland, an initial cost-of-living differential factor shall be applied to the local currency amount of the benefit calculated in accordance with paragraphs (d), (e) and (f) above.

(j) In exceptional cases, such as hardship, and with the prior approval of the Management Board, a beneficiary in receipt of a benefit calculated in local currency in accordance with paragraphs (d)-(i) above, may revert to payment of the benefit in accordance with paragraphs (b) and (c), above.

**Article 33**
***Residual settlement***

(a) A residual settlement shall be payable if, upon the death of a participant and the exhaustion, as the case may be, of any entitlements due under these *Regulations* to the survivors, the total amount of the benefits paid to, and on the account of, the participant is less than the participant's own contributions.

(b) The settlement shall be payable to a beneficiary designated by the participant and alive when the payment is due;  failing such beneficiary, the settlement shall be paid to the estate of the participant.

(c) The settlement shall consist of the participant's own contributions at the date of separation or death in service, reduced by the total amount of the benefits paid to, and on the account of, the participant.

**Article 34**
***Limitation of entitlements during special leave without pay***

(a) Entitlement to a disability benefit, or to a benefit payable in case of death, during a period of special leave without pay granted for the performance of military service, shall instead be to a withdrawal settlement calculated as of the day immediately preceding the commencement of such leave, in accordance with Article 26.

(b) In the event that a participant becomes entitled to a retirement, early retirement or deferred retirement benefit on separation during a period of special leave without pay, a widow's, widower's, child's or secondary dependant's benefit shall not be payable unless entitlement thereto would have existed had the participant died on the day immediately preceding the commencement of such leave.

**Article 35**
***Effect of re-entry into participation***

(a) If a former participant who is entitled to a retirement, early retirement or deferred retirement benefit under these Regulations again becomes a participant, entitlement to such benefit or to a benefit derived therefrom shall be suspended and no payment shall be made until such participant dies or is again separated.

(b) Such a participant who is again separated after at least five years of additional contributory service shall also be entitled, at the time of such subsequent separation, in respect of such service and subject to paragraph (d) below, to a retirement, early retirement or deferred retirement benefit, or a withdrawal settlement as the case may be.

(c) Such a participant, who is again separated after less than five years of additional contributory service, shall, in respect of such service, become entitled to:

  (i) a withdrawal settlement under Article 26;  or

  (ii) subject to paragraph (d) below, a retirement, early retirement or deferred retirement benefit, as the case may be, based on the length of such additional contributory service;  provided, however, that such benefit may not be commuted into a lump sum, in whole or in part, and shall not be subject to any minimum provisions.

(d) Payment of benefits under paragraph (b) or (c)(ii) above shall commence on the date of the resumption or commencement, as the case may be, of payment of benefits suspended under paragraph (a) above. In no event shall the total benefits payable to or on account of a former participant in respect of separate periods of contributory service exceed the benefits which would have been payable had participation in the Plan been continuous.

## SECTION 6
## GENERAL PROVISIONS

**Article 36**
***Medical examination***

Every participant in the Plan shall be required to undergo a medical examination in accordance with the standards prescribed by the Management Board, unless the Management Board accepts the findings of an earlier medical examination.

**Article 37**
***Information from participants and beneficiaries***

(a) A participant or beneficiary may be required to supply information, and to furnish documentary or other proof thereof, in respect of any matter on which information or proof is required by the Management Board for the purposes of these *Regulations*.

(b) Failure to supply such information or proof, or the omission or misrepresentation of any material fact therein, shall enable the Management Board to redetermine the entitlements of the participant or beneficiary under these *Regulations*, provided that entitlement to participation or to a benefit shall not be less favourable than if the information or proof had been supplied or truly represented.

**Article 38**
***Recovery of indebtedness to the Plan***

The Management Board may deduct from any benefit payable under these *Regulations* to a participant, or on the participant's account, the amount of any indebtedness to the Plan by the participant or by any beneficiary or third person to whom payment has been made otherwise than in accordance with these *Regulations*.

**Article 39**
***Interest on unpaid benefits***

The Plan shall not be liable for interest on any due but unpaid benefits, except where it is ascertained that the non-payment is attributable to a failure by the Plan to meet its obligations with respect to participants or beneficiaries.

**Article 40**
***Non-assignment of rights***

Participants or beneficiaries may not assign their rights under these *Regulations*.

**Article 41**
***Forfeiture of benefits***

(a) The right to a withdrawal settlement or residual settlement shall be forfeit if for two years after payment has been due the beneficiary has failed to submit payment instructions or has failed or refused to accept payment.

(b) The right to a retirement, early retirement, deferred retirement or disability benefit shall be forfeit if for five years after the first payment has been due the beneficiary has failed to submit payment instructions or has failed or refused to accept payment.

(c) The right to continued periodic payments of a retirement, early retirement, deferred retirement or disability benefit shall be forfeit if for two years after a periodic payment has been due the beneficiary has failed to submit payment instructions or has failed or refused to accept payment.

(d) The right to a benefit shall nevertheless not be forfeit under paragraphs (a), (b) or (c) above if its exercise has been prevented by circumstances beyond the control of the beneficiary.

(e) The Management Board may, if in its opinion there are circumstances which so warrant, restore the right to any benefit which has been forfeited.

**Article 42**
***Jurisdiction of the ILO Administrative Tribunal***

(a) Applications alleging non-observance of these *Regulations* arising out of decisions of the Management Board may be submitted directly to the ILO Administrative Tribunal by:

   (i) any member of the staff who is eligible under Article 15 of these *Regulations* as a participant in the Plan, even after employment has ceased, and any person who has succeeded to the rights upon the death of such member of the staff;

   (ii) any other persons who can show that they are entitled to rights under these *Regulations* by virtue of the participation in the Plan of a member of the staff.

(b) In the event of a dispute as to whether the Tribunal has competence, the matter shall be settled by a decision of the Tribunal.

(c) The decision of the Tribunal shall be final and without appeal.

(d) The time-limits prescribed in Article 7 of the Statute of the Tribunal are reckoned from the date of the communication of the contested decision of the Management Board.

## SECTION 7
## AMENDMENT AND ENTRY INTO FORCE

**Article 43**
***Amendment***

(a) The Management Board may recommend amendments to these Regulations to the General Council, which may amend these Regulations after consultation with the Management Board.

(b) The Regulations so amended shall enter into force as from the date specified by the General Council but without prejudice to rights to benefits acquired through contributory service prior to that date. The amended *Regulations* shall apply to all rights acquired after the date of the amendment, including those of serving staff.

**Article 44**
***Entry into force***

These *Regulations* shall enter into force with effect from 1 January 1999.

## SECTION 8
## TRANSITIONAL PROVISIONS

**Article 45**
***Transitional provisions***

(a) Members of the staff transferring from the United Nations Joint Staff Pension Fund (UNJSPF) to the Plan on 1 January 1999 shall not be required to undergo the medical examination provided for under Article 36.

(b) Members of the staff transferring from the UNJSPF to the Plan on 1 January 1999 shall be credited with the equivalent actuarial value, calculated in accordance with these Regulations, of the Swiss franc retirement benefit which they had accrued in the UNJSPF based on their contributory service and FAR up to 31 December 1998. For that purpose, their prior contributory service shall be adjusted on the date of transfer to yield the same value of accrued benefit under these Regulations as they had accrued in the UNJSPF. The same procedure shall apply in respect of the validation under Article 17 of these Regulations of service prior to 1 January 1999.

(c) Where the scale of pensionable remuneration of members of the staff transferring from the UNJSPF to the Plan on 1 January 1999 would be lower as a result of the application of Article 19 of these Regulations than under article 54 of the UNJSPF Regulations, the latter scale shall continue to apply to those staff members until it is overtaken by the scale provided for under Article 19 of these Regulations.

(d) Where the early retirement reduction factors applicable to members of the staff transferring from the UNJSPF to the Plan on 1 January 1999 would be higher as a result of the application of Article 24 of these Regulations than under article 29 of the UNJSPF Regulations, the provisions of the latter article shall continue to apply to those members of the staff.

**ANNEX 1 – TABLE 1**

Annual Net Salary and Pensionable Remuneration Scale effective 1.1.2008
(in Swiss francs)

| Grade | | Range | | Increment |
|---|---|---|---|---|
| | | Minimum | Maximum | |
| 1 | Net Salary<br>Pensionable Remuneration | 52,687<br>59,266 | 71,800<br>84,800 | 2,160 |
| 2 | Net Salary<br>Pensionable Remuneration | 57,420<br>65,481 | 78,270<br>94,244 | 2,297 |
| 3 | Net Salary<br>Pensionable Remuneration | 62,572<br>72,187 | 85,283<br>104,348 | 2,440 |
| 4 | Net Salary<br>Pensionable Remuneration | 68,258<br>79,890 | 93,032<br>115,783 | 2,594 |
| 5 | Net Salary<br>Pensionable Remuneration | 74,695<br>88,987 | 101,791<br>128,703 | 2,764 |
| 6 | Net Salary<br>Pensionable Remuneration | 81,799<br>99,198 | 111,489<br>143,413 | 2,945 |
| 7 | Net Salary<br>Pensionable Remuneration | 93,303<br>116,121 | 127,166<br>168,454 | 3,266 |
| 8 | Net Salary<br>Pensionable Remuneration | 116,562<br>151,399 | 155,543<br>215,344 | 3,497 |
| 9 | Net Salary<br>Pensionable Remuneration | 138,479<br>186,630 | 179,447<br>256,866 | 3,600 |
| 10 | Net Salary<br>Pensionable Remuneration | 164,802<br>231,203 | 200,094<br>293,264 | 3,790 |
| 11 | Net Salary<br>Pensionable Remuneration | 193,743<br>281,808 | 220,732<br>329,599 | 2,131 |
| 12 | Net Salary<br>Pensionable Remuneration | 211,306<br>313,046 | 230,034<br>346,228 | 2,324 |
| ADG | Net Salary<br>Pensionable Remuneration | 245,441<br>373,464 | | |
| DDG | Net Salary<br>Pensionable Remuneration | 265,907<br>410,097 | | |

**ANNEX 1 – TABLE 2**

Pensionable remuneration scale applicable to staff members in grades 1-7
recruited before 1 September 1995
(in Swiss francs)

| Grade | Range | |
|---|---|---|
| | Minimum | Maximum |
| 1 | 63,791 | 88,030 |
| 2 | 69,777 | 96,292 |
| 3 | 76,292 | 105,452 |
| 4 | 83,525 | 115,783 |
| 5 | 91,740 | 128,703 |
| 6 | 100,861 | 143,413 |
| 7 | 116,121 | 168,454 |

**ANNEX 1 – TABLE 3**

Unified WTO salary scale for short-term appointments.
Effective 1 January 2008
(in Swiss francs)

| GRADE | MONTHLY PENSION CONTRIBUTION | DAILY RATES | MONTHLY RATES | VAN BREDA HEALTH INSURANCE PLAN – STAFF MEMBER | | TRAVEL TIME | |
|---|---|---|---|---|---|---|---|
| | | | | FULL-TIME | HALF-TIME | DAILY | MONTHLY |
| 1 | 370.40 | 163.10 | 4,390.60 | 1.50 | 2.50 | 122.05 | 100.20 |
| 2 | 409.25 | 177.75 | 4,785.00 | 1.50 | 2.50 | 129.40 | 106.75 |
| 3 | 451.15 | 193.70 | 5,214.35 | 1.50 | 2.50 | 137.35 | 113.90 |
| 4 | 499.30 | 211.35 | 5,688.15 | 1.50 | 2.50 | 146.20 | 121.80 |
| 5 | 556.15 | 231.25 | 6,224.60 | 1.80 | 2.60 | 156.15 | 130.75 |
| 6 | 620.00 | 253.25 | 6,816.60 | 1.80 | 2.60 | 167.15 | 140.60 |
| 7 | 725.75 | 288.85 | 7,775.25 | 1.80 | 2.60 | 184.95 | 156.60 |
| 8 | 946.25 | 360.85 | 9,713.50 | 2.20 | 2.80 | 220.95 | 188.90 |
| 9 | 1,166.45 | 428.75 | 11,539.90 | 2.20 | 2.80 | 254.90 | 219.35 |
| 10 | 1,445.00 | 510.20 | 13,733.50 | 2.50 | 3.00 | 295.60 | 255.90 |
| 11 | 1,761.30 | 599.80 | 16,145.25 | 2.80 | 3.15 | 340.40 | 296.10 |
| 12 | 1,956.55 | 654.20 | 17,608.85 | 2.80 | 3.15 | 367.60 | 320.50 |

For non-local short-term appointments, a supplement of CHF 81.00 per day (for daily contracts) and CHF 1,620.00 per month (for monthly contracts) is payable.

__________