Alternative Scheme for a combination of a Retirement Fund and Insurance Contract for disability, survivors and orphans benefits

It is considered to cover the staff against disability and premature death by the letting out of a policy with a private insurance company (see under 2). The insurance company requests for this coverage a payment of 3 per cent of each staff member's salary.

1. Retirement Fund

It would be possible to build up a retirement fund with the remaining 18 per cent (21 per cent paid now less 3 per cent which would be paid to the private insurance company).

Upon separation the staff member would receive his own contribution of 6 per cent, the 12 per cent contribution of the organization, plus compound interest on both contributions.

2. (a) Disability benefits

Payment of 36 per cent of salary if totally disabled. A disability of less than 25 per cent is not considered. A proportion of 36 per cent is paid for disability of 25 per cent through 75 per cent. If the disability is more than 75 per cent it is considered to be a total disability.

Note: The benefit paid by the insurance is higher, during approximately the first five to eight years of service, than the one paid by the United Nations Pension Fund; thereafter the UN Pension Fund is more favourable. Furthermore, the insurance company will pay this benefit only up to the age of normal retirement.

(b) Survivors benefits

For male staff members only. No provision is made for female staff members with surviving dependents. Payment of 24 per cent of the salary to the widow of the deceased staff member until the date the deceased husband would have reached the age of sixty.

Note: The insurance's benefit is higher during approximately twenty-five years. However, as for the disability benefit, all payments cease on normal retirement age.

(c) Orphans benefit

Payment by the insurance of SF. 1,200.- per annum per child, if the father only is deceased. A payment of SF. 2,400.- per annum and per child is made if both parents are deceased. In both cases payment is made until the child is eighteen, or until the date the deceased father would have reached the age of sixty.

Note: This represents approximately the same benefit paid by the United Nations Pension Fund.

SPEC/173/56
English only