



ASSOCIATION DES AGENTS RETRAITÉS DE L'OTAN  
THE ASSOCIATION OF RETIRED NATO CIVILIAN STAFF

SOUS LA PRÉSIDENTENCE D'HONNEUR DE  
MONSIEUR LE SECRÉTAIRE GÉNÉRAL DE L'OTAN

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### Newsletter 12

Dear retired friends,

The intention of this traditional CNRCSA Newsletter is to keep you updated on recent developments in matters of concern to NATO retirees.

If you have any questions about the topics addressed herein, please be sure to put them to your respective associations. And feel free to send your comments to the CNRCSA Secretariat at the address [confed@cnrcsa.nato.int](mailto:confed@cnrcsa.nato.int).

The Bureau of the Confederation wishes all members of the four retired staff associations (ARNS, ANARCP, NFSA and AROF) all the best for the New Year.

#### **1. EDITORIAL BY THE CNRCSA CHAIR**

The second year of the pandemic reinforced the new behaviours adopted either voluntarily or as an obligation in 2020. In the broadest sense, travelling, eating, meeting up, working and relaxing all now take place in new ways. However, holding discussions over Zoom (videoconferencing) is far from ideal. Sometimes, a simple oversight, a minor misunderstanding or just an unread message can create problems, or even worse, unresolvable difficulties. This can cause tension and make interpersonal relationships more difficult. Resolving these issues, which would often happen during the break, in the corridor, over lunch or during informal chats, has now become impossible. With everyone stuck in their own little space, it becomes harder to reach a compromise. As we spread out, our collective task is eroded. This distance is detrimental to the cordial relations that we had in the past. We are human beings, not robots. We cannot live without the social connections that stimulate collective agreement.

The aim of this long introduction is to highlight all the hard work that has nevertheless been put in over the past 24 months by our Associations and the Confederation, adapting in spite of the difficulties caused by the situation. They have demonstrated intelligence and a good capacity to respond. Faced with the unprecedented circumstances, each member of the Bureau and the Executive Committee gave up even more of their time to adopt new ways of working, thinking, persuading and summarizing. Not in a meeting, surrounded by colleagues, but alone, working from home with just the phone and email to connect with others, which is pretty tough for morale. Therefore, I would like to give extra thanks to all those volunteers who have shown such commitment to the task for which they were elected.

While I'm thanking people, there is one person who deserves special thanks. That is, of course, our former Chair, Isabelle Tezcan. She was elected in October 2019 and almost immediately found herself dealing with the effects of the pandemic and the many restrictions it imposed. In particular, retired staff were not allowed access to NATO HQ in Brussels, and more specifically the offices, equipment, PCs and printers, which makes little sense. There is no question that Isabelle was equal to the challenge of these many difficulties. I truly believe that it was thanks to her intelligence, her hard work, her pugnacity, her knowledge of the issues, and above all, her dedication to each and every one of us – which has been unwavering since the first day she joined the Staff Association and then moved on to the Association of Retired Staff – that she was able to accomplish the task we had given her. As Acting Chair, I am proud and humbled to offer her my most sincere and respectful thanks, and my true friendship. She is, of course, much missed. I hope that the next Chair will take up the torch temporarily entrusted to me by virtue of the Articles of Association.

In conclusion to this Editorial, I wish you and your loved ones all the very best for 2022!

(Signed) Olivier Guidetti

## **2. THE FUNCTIONING OF THE CONFEDERATION**

During the election process in October, the Associations did not come to a consensus on proposed candidates for the Chair of the CNRCSA, nor was there a confirmed candidate for the post of Executive Secretary. An interim solution with Olivier Guidetti as Vice-Chair but also Acting Chair, and Robert Goyens as Acting Executive Secretary was then accepted, until April 2022. It is expected that a solution/candidates will be found in due time.

## **3. THE COORDINATED PENSION SCHEME**

On 1 June, the NATO Administrative Tribunal (NAT) dismissed the appeal related to the change to Article 36 of the Pension Rules. With similar decisions rendered in the other Coordinated Organizations, this ended the efforts of the pensioners of the Coordinated Organizations, under the guidance of AAPOCAD, to annul the Article 36 decisions made by the Council of each Organization. There is no second instance to go to.

Despite unprecedented opposition by staff and pensioners, in its 263rd Report in September 2019, the CCR recommended adjusting pensions based on inflation only and removing the links between salaries and pensions, one of the basic principles of the Pension Rules. The North Atlantic Council adopted the recommendations on 25 October 2019. In AAPOCAD, the procedures for appeal were streamlined, because the Pension Rules are the same in all seven Organizations and must be interpreted in the same way.

After an administrative review, an appeal was lodged with NATO in April 2019, followed by the usual exchange of paperwork and a (virtual) hearing in March 2020. Our position was based on the agreement between the three Coordinated Committees, reached in Noordwijk in 1994, when Nations started to understand that the fact that they had not contributed to the pension fund as they had been used to for the Provident Fund would lead to an increasing financial burden starting before the turn of the century. The Nations decided to close the pension scheme for new entrants once new, uncoordinated schemes were adopted. An adjustment procedure related to the contribution of 7% at the time was agreed so as to have a 1/3 to 2/3 split in the future. This was written down as a factual freeze of the pension rules, a freeze that lasted until 2019. We considered the link between salaries and pensions to be a vested right.

Irrespective of the arguments raised, the NAT stated in its decision that the economic context had changed owing to a rise in the pensions paid and much faster growth in the number of pensioners than of serving staff. Thus, the Council could lawfully, without upsetting the balance of the contract or violating vested rights, change the rules. This was further explained by stating that staff when joining were not given any entitlement to a specific pension adjustment method, despite the fact that the staff in the Provident Fund who opted for the new pension had been given additional assurances.

We were of the opinion that a settlement was reached in 1994 because the Nations had failed to pay their part of the pension costs, and that our rights to a percentage of the salary to be paid as our pension was then already seen as a vested right. However, the NAT stated that we only have a right to a pension, and that it is up to the Council to decide how to adjust that pension. The tendency already seen in recent decisions, where it was decided that the contractual relations between the staff member and NATO end upon retirement, has severely hollowed out the original concept of vested rights. In general, this limits the chances of successfully resolving pensioners' grievances in the future. The active staff members entitled to our pension scheme (less than 1/3 of all staff these days) also lost their appeal. The NAT decided that, since they are not yet drawing a pension, they are not affected by a change in the adjustment method. They therefore have no interest. Decisions in the other Organizations did not differ much. This is not only because the rules must be interpreted in the same way, but also because the Appeals Boards sometimes have the same members. Factual errors were spotted in many of the decisions. Apparently, the Appeals Board members ignored the arguments made.

Unfortunately, this cannot be rectified. The AAPOCAD Governing Board will discuss the ramifications of these decisions. An attempt to convince the Organizations to have an overseeing second instance is one possible outcome. However, this was already attempted a number of years ago, but without any success.

Before the method was introduced, AAPOCAD had made calculations indicating that if it had been introduced ten years earlier there would have been a sizeable negative impact on pensions. That argument was not really used. The appeal was on the grounds of the change in the conceptual basic principles of the Pension Rules. It is only an incidental circumstance that inflation this year is so high that pensioners will receive a much greater adjustment than active staff

members, it being understood that the relative period is July to July for active staff and the calendar year for pensioners. Inflation grew in the second half of the year in particular.

#### **4. MEDICAL COVER**

##### **4.1. CNRCSA Health Insurance Working Group (HIWG)**

Billy Roden acted as Chair of the HIWG for most of the year, but Huub Simons took over the role after the October 2021 CNRCSA meeting. The HIWG members are nominated from the four Associations and new members were agreed at the November HIWG meeting.

The HIWG met three times in 2021, in February, May and November; all three meetings were held virtually due to COVID-19 travel restrictions. In addition, the HIWG had two virtual meetings with the Confederation of NATO Civilian Staff Committees (CNCSC) Insurances Working Group (representing the active staff), which allowed for a common position to be agreed on various medical issues and in particular on the modernization of the NATO Medical Plan, as reported below.

Most of the medical topics discussed throughout the year were related to how to address long-term care and the required updates to the Benefit Guide, to include an updated list of serious illnesses and a better complaints procedure. In addition, several issues related to COVID-19 vaccinations and reimbursement were discussed; a short summary is included in a separate item here below. Most of these issues have led to recommendations that could be made to NATO Executive Management for further discussion with Allianz Worldwide Care. On behalf of the CNRCSA, we would also like to express our deepest gratitude to Falko Bülling, who has served the HIWG and CNRCSA as technical advisor on medical issues for many years and who indicated that he would properly retire as of the end of 2021.

##### **4.2 Modernization of the NATO Medical Plan**

As we reported in the previous newsletter, the efforts to modernize the NATO Medical Plan as defined in the NATO Group Insurance Contract (NGIC) are still ongoing. In the second quarter of last year, the NATO International Staff prepared a first revision of the Modernization of the NATO Medical Plan, but unfortunately, many of our previous comments and concerns have still not been addressed. In summary, the current (not yet approved) proposal for the new NATO Medical Plan includes the following adjustments:

1. The NATO-wide Supplement (applicable to all insured members) and Supplement D (for those with a last duty station in France) will go to the Basic Cover.
2. Supplements A, B and C will be replaced by so-called Affinity Products with a number of coverage options.
3. The Affinity Products are offered as a commercial product, so outside the NATO contract, but are available to everyone, regardless of their last duty station.
4. The Table of Benefits will be adjusted by merging a number of categories and by introducing annual coverage limits for certain treatments.

During the past year, several meetings were conducted to discuss the latest proposal for the modernization with the CNRCSA, the CNRCSA Health Insurance Working Group (HIWG), the Confederation of NATO Civilian Staff Committees (CNCSC), the Joint Consultative Board (JCB) and the JCB Working Group on Insurances (WGI). A major achievement last year was that the CNRCSA, and all four Associations, accepted the CNRCSA HIWG recommendation for a formal CNRCSA position regarding the modernization proposal.

While some of the proposals in the Modernization Plan seem reasonable and could be further developed, the CNRCSA does not accept dropping the supplements and replacing them with an optional commercial product. Supplements have been arranged in the past to meet certain national requirements and these requirements are still valid; this was made clear by the ruling of the NATO Administrative Tribunal to reinstate Supplement C after the NATO Administration stopped it without consulting with the stakeholders. Also, replacing the supplements with a commercial Affinity Product that is optionally available and of which the expected costs are much higher than for the current supplements, is no alternative. Furthermore, the CNRCSA wants to see long-term care and home care included in any future plan, as well as the necessary redefinition of the list of "serious illnesses".

The CNRCSA's recent position emphasizes that at least Supplements B and C should be kept, but that they could possibly also be offered to others, regardless of their last duty station. We agree that the yearly premium adjustment should be redefined to take care of the so-called effect of "peak files" in countries with very few insured members but incidental high medical costs. We also want long-term care and home care to be included in the medical contract, and

the list of “serious illnesses” needs to be amended. We also agree that further measures need to be taken with regard to cost savings, because we are seeing an increase in medical costs, which in turn has a direct effect on our premiums.

The CNRCSA's position was shared with the JCB Working Group on Insurances at its 30 November 2021 meeting and the CNRCSA clearly stated that the current proposal for the Modernization of the NATO Medical Plan could not be accepted without the proposed necessary changes. Further discussions will be necessary in the coming year, in particular related to further cost-containment measures, and we will continue to work to maintain good, affordable medical insurance on behalf of all retirees.

### **4.3. Allianz COVID-19 Claims**

With the pandemic continuing, the CNRCSA and its Associations have received many questions about what will be reimbursed by Allianz with regard to COVID-19 vaccinations and tests. This is why we want to clarify NATO's position.

First, COVID-19 is not considered a serious illness and the extra cover under the NATO-wide Supplement does not apply. If hospitalization is needed, then that is fully covered.

COVID-19 testing is covered in the presence of symptoms and on a doctor's prescription, but only PCR and antigen tests are covered. Allianz does NOT cover tests performed for non-medical reasons, self-tests or antibody tests.

Under this interpretation, Allianz will not reimburse tests related to travel or when returning from a country defined as a red zone, as these do not constitute a medical necessity but are travel requirements under COVID-19 measures. If there are COVID-19 symptoms after travel, then a standard PCR test as prescribed by a doctor will be reimbursed.

It is noted that in some nations, PCR tests are free of charge, but if they are invoiced then a doctor's prescription must be submitted with the claim to Allianz.

## **5. THE RETIREES' MEDICAL CLAIMS FUND (RMCF)**

At the end of 2020, the Fund assets not only offset the losses incurred at the beginning of the year, but also recorded some gains as compared with the situation one year before. This development continued in 2021, with the value of the Fund reaching €422 million at the end of November. This reflects the quality of the management by Vanguard. However, the increased dependence on return on investment, and hence on the volatility of the financial markets, should not be overlooked. The work to update the prospective study carried out previously by the International Service for Remunerations and Pensions (ISRP), which is based on demographic data from the end of 2013, has been undertaken. This update was made necessary in particular, in order to take into account the changes in NATO's personnel contract policy that have occurred in recent years, and their implications for the size of the future population of beneficiaries of the Fund. The terms of reference for this update are largely taken from a document jointly produced by the CNRCSA and CNSCS representatives on the RMCF Supervisory Committee and addressed to the Chair of the Committee. This illustrates the good cooperation among the two confederations and NATO IS.

In addition, a technical meeting took place with the participation of the ISRP statisticians in charge of the study: the meeting provided the opportunity to clarify the assumptions and parameters to include in the study.

The updated ISRP study on the RMCF should be made available by March 2022.

## **6. NATO'S DEFINED CONTRIBUTION PENSION SCHEME (DCPS)**

Today, around 70% of current NATO staff are DCPS members, and we now have some former DCPS members among our number. Recently, we were financially engaged in defending the interests of two former DCPS affiliates living in Germany who had a nasty surprise when the money they received from NATO on their retirement was taxed by the German authorities. As you may remember, the two Confederations (serving and retired staff) decided to support a first appeal against NATO to ensure compliance with the rules and get reimbursement of the tax collected. This procedure has begun and is currently ongoing, under the CNRCSA supervision of Isabelle Tezcan.

A certain number of issues discussed in the DCPS Management Board (such as passive members, payment of annuities, and invalidity pensions, to mention just a few) directly concern retirees. Ideally, our representative should be a former DCPS member. It happens that we have found a candidate, who will be invited by the Bureau in early 2022 to be screened and elected as Chair of the CNRCSA DCPS WG.

## **7. CNRCSA WEBSITE AND INTEGRATED DATABASE**

The team – severely reduced due to serious illnesses, COVID-19 and a decrease in members – continued their intense efforts throughout the year to make the site operational. This is now expected in the coming months and information will therefore follow soon.

In spring, the team will also propose to the Executive Committee a way to ensure constantly updated maintenance of the new system they are putting in place.

#### **8. THE NEW WEBSITE LAUNCHED BY THE NATO PENSION UNIT (NPU)**

In September/October, the NPU launched a brand-new website. Unfortunately, they too have faced serious illness problems and understaffing. Therefore, the CNRCSA will offer some assistance in communicating with the pensioners to try to solve practical problems. We ask for your understanding.