

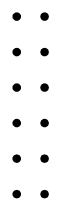
# CERN Pension Scheme

## Internal Taxation SA proposal



CSAIO26@CERN  
4 – 5 September 2025  
J. Lahaye

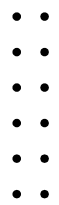




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# Actual CERN pension scheme : Legal framework



- The salaries and emoluments paid by CERN are exempt from income tax. The CERN salaries are subject of internal taxation according to the CERN Staff Regulations and Rules, S V 2.01: *“The Organization shall levy an internal tax each year on the financial and family benefits that it pays to the members of the personnel.”*
- The ILO Administrative Tribunal has confirmed (Ruling 2793, § 20, 106th session, 2009) that the pension is nothing but ~~deferred pay~~ (salary).
- CERN Pension fund has no legal entity. It is part of CERN (international status)

Pensioners are not  
international civil servants

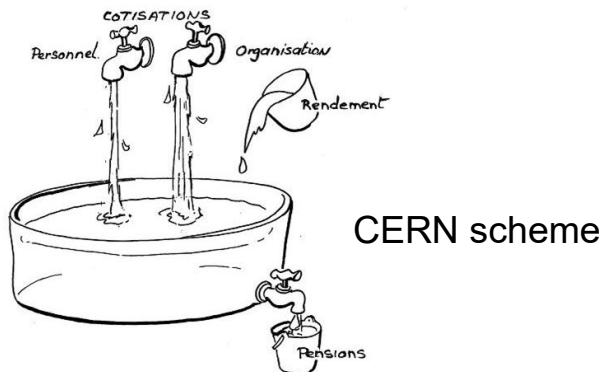
Not true for national  
tax office & not written  
in the CERN  
convention



# ⋮ Pensions schemes overview

## Capitalized scheme

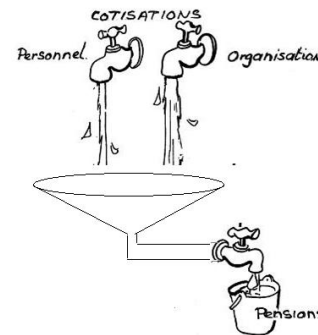
1st generation accumulated capital:  $\text{income} = \text{contributions} + \text{capital gain}$ : “capital investment management”

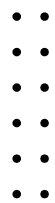


- CERN is an International Organisation (Nation + employer)
- Must be independent of Member states
  - Must guarantee equal treatment between all staff members, independently of origin. This applies in particular to the pension rights
  - Staff members are no longer part of a national social insurance scheme

## Budgetised scheme

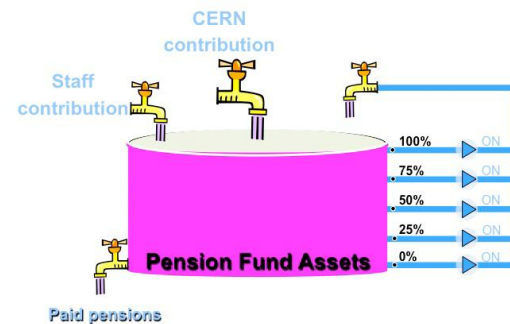
Payments are made from the cash-flow:  $\text{income} = \text{contributions}$ : “contract between generations”





# CERN pension scheme

- The CERN pension fund is based on a defined benefit scheme
  - The level of benefits is defined upfront, and the contributions are calculated to ensure that the Fund will be able to pay them:
  - “Guarantee on pensions” in case of CERN dissolution is guarantee by MS also for Health scheme
- The CERN pension fund is a capitalized scheme
  - Funding are contributions and return on investments
  - No legal obligation to reach full funding, but a Council decision following new governance in 2007: “the fund must be fully funded”
  - Full funding I 100% + fluctuation margin of 14% (validated by CERN Council)
- Investment objectives
  - Return: 3% above Geneva inflation over the long term
  - Risk: CVaR (Conditional Value-at-Risk) limit of –8%



# 2 speeds CERN pension fund

Parameters	Previous Staff	Current Staff – as of 1/1/2012
Retirement age	65yr	67yr
Contrib. sharing	1/3;2/3	40%;60%
Contrib. rate	34%	31.60%
Contrib. Staff	11.33%	12.60%
Contrib. CERN	22.67%	19%
Accrual rate	2.0% i.e. 35yr	1.85% i.e. 37yr + 10 months
Article related to Acquired rights	Applies	
Pension level	70% of last basic salary	70% of average of last 3yr salary positions
Indexation of pension	Funding ratio x cost-of-living in Geneva to max. -8%	

Member States extra contribution to the fund :  
60 MCHF/year to the full funding

Three-party package of measures to reach the equilibrium of the fun (full funding)

- Previous & current Staff
- Retirees
- Member States (CERN budget)

Full funding foreseen : 2041

# Actual CERN pension taxation

- **Contributions to a higher level than salary level**
  - Compensation in part of the national taxation effect
  - Taxation in the country of residence (all income)
  - No specific taxation regime except some countries where international civil servant are exempted
- **Special contributions in France (CSG – CRDS)**  
Depend on other income (national pension)

# SA Internal CERN pension taxation proposal

Active  
members

+60 MCHF/  
year

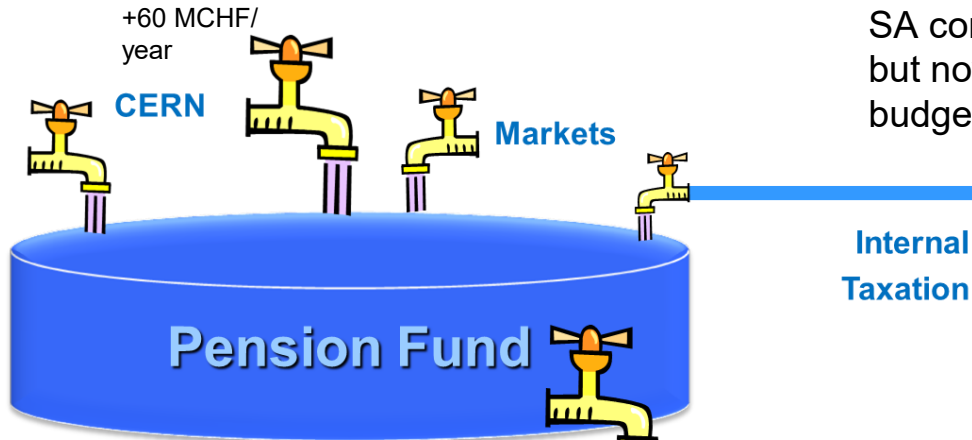
CERN

Markets

SA come back with its proposal  
but now to increase the CERN  
budget for new project

CERN budget

Full funding  
foreseen in 2056  
(100+14%)



*Internal taxation of pension (WG2 proposal)*

*SA proposal to contribute to the PF in 2012*



Beneficiaries

	Residence	
1	FR	54%
2	CH	29%
3	DE	5%
4	UK	2%

**Internal taxation not  
accepted by CERN  
Council. 60 MCHF/  
year paid from the  
CERN budget**



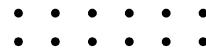
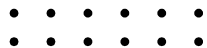
# ••• Possible implementations

- Full internal taxation on pensions. This would involve taxing pensions internally, with the revenue generated being allocated to the Organization's budget, thereby creating an additional income stream. The beneficiaries would receive tax certificate to avoid the double taxation like what the active members receive for their salaries.
- Partial internal taxation of pensions. In this case, a portion of the pensions paid by the Fund would be subject to internal taxation. The income generated from this taxation would be allocated to the Organization's budget. In return, pensioners would receive a tax credit that compensates for the reduction in their pension resulting from this internal taxation.
- "Retrocession" mechanism. Member States would return to the Organization a percentage of the taxes levied and collected on the pensions of CERN retirees. This system would simplify administrative processes while generating additional income for the Organization.

# Table to fill in : Pension Fund of the IO world

## ***PF of the IO world***

Org.	When	Type of pension plan	Contributions			Full pension	Years to full pension	Age limit	Annual adjustment
			Total	Employee	Employer				
EPO	Before Jan.09	DB	share = 1/3	+	2/3	70% of Last salary	35yr	60yr	As salaries
			27.3% =	9.1%	+ 18.2%				
	From Jan.09	Mixed DB	share = 1/3	+	2/3	70% of Last salary	35yr	60yr	As salaries
			21.0% =	7.0%	+ 14.0%				
EIB	Before Jan.09	DB	share = 1/3	+	2/3	70% of Last salary	30yr	60yr	As COL
			30.0% =	10.0%	+ 20.0%				
	From Jan.09	DB	share = 1/3	+	2/3	70% of <b>Average salaries of last 10 years</b>	35yr	65yr	As COL
			30.0% =	10.0%	+ 20.0%				
WTO	Before Jan.10	DB	share = 1/3	+	2/3	70% of Last salary	35yr	62yr	As COL
			22.5% =	7.5%	+ 15.0%				
	From Jan.10	DB	share = 1/3	+	2/3	70% of Last salary	35yr	65yr	As COL
			23.7% =	7.9%	+ 15.8%				
ESA	Before July.10	DB	share = 1/3	+	2/3	70% of Last salary	35yr	60yr	As salaries
			25.1% =	8.4%	+ 16.7%				
	From July.10	DB	share = 40%	+	60%	70% of Last salary	35yr	63yr	As COL
			23.3% =	9.3%	+ 14.0%				
EUMETSAT	Before Jan.11	DB	share = 1/3	+	2/3	70% of Last salary	35yr	60yr	As salaries
			27.0% =	9.0%	+ 18.0%				
	From Jan.11	DB	share = 40%	+	60%	70% of Last salary	35yr	63yr	As COL
			23.3% =	9.3%	+ 14.0%				
CERN / ESO	Before Jan.12	DB	share = 1/3	+	2/3	70% of Last salary	35yr	65yr	<b>Freeze (-8%) then as COL</b>
			<b>34.0%</b> =	11.3%	+ 22.7%				
	From Jan.12	DB	share = 40%	+	60%	70% of <b>Average positions of last 3 years</b>	<b>37yr10m</b>	<b>67yr</b>	<b>-8% then as COL</b>
			<b>31.6%</b> =	12.6%	+ 19%				



THANKS!  
Do you have any questions?

