

Pension schemes and benefits at NAMMCO

1. PENSION SCHEMES

NAMMCO has presently two pension schemes, “Ytelses” pension (activity pension) for one employee and the “Innskudds” pension (capital pension) for all other employee, of very different benefices for the staff and of very different costs for the employer (in 2018, 74,327 NOK for one employee for Ytelses pension and 12,643 for 3 employees for Innskudds pension).

1.1 **Background**

There was originally no pension scheme system in NAMMCO.

On the report of 8th meeting of the Council, (NAMMCO AR1998), one can read:

2.1.3 Staffing

Pension scheme

The Council noted that, at present, NAMMCO does not pay into a pension scheme on behalf of its employees, and agreed to further consider this matter. It took note of the recommendation of the Finance and Administration Committee that total pension payments should not exceed 10% of agreed gross salaries, of which NAMMCO should cover 8% and the employee 2%. The Council further noted that the budget for 1999 (see under 2.2 below) allows for a pension scheme to be taken up for existing and future employees already next year.

1.2 **From 1 January 2000, one pension scheme implemented in NAMMCO.**

A pension scheme, the Norwegian “Ytelses” pension scheme was adopted in 2000, backdated to 1 January 2000.

The pension scheme was modified in 2009 with now access for the employees to a **pension payout for the whole of life** [instead of stopping at 82 year of age] and addition of **dependent’s pension**.

The “Ytelses” pension scheme of NAMMCO can be described as follows: a lifelong pension payment set as an 80% of the salary level held when retiring, up to salary of 6G¹, and 70% salary for salary between 6 and 12G (G: Grunnbeløpet or annual base salary). Reduced pension of 55% - also life-long - of the main beneficiary’s pension is payable to the dependent widow /widower on death of the main beneficiary. The costs vary over time depending on salary level, age of employee, return rates etc, and is therefore unpredictable for the employer. It is more costly the older the employee and the higher the salary are. The cost of the administration and management of the scheme is costly, at a level in 2018 of over 70.000 NOK per year.

The UN salary scale was adopted in 2011 (NAMMCO 20), backdating for January 1, 2011, resulting in a significant increase in salary for all employees, and consequently substantial upgrading of the pension for all previous years of contribution (backdating) i.e. since 1st December 2000 for Charlotte Winsnes, 16th April 2007 for Mario Acquarone and 1st March 2005 for Christina Lockyer.

All staff members were included in the UN Professional and higher categories (P and D), which are normally internationally recruited, including the local staff member holding a permanent position.

¹ 1 G = 96 883 NOK per May 1, 2018

1.3 From 1 April 2014, two pension schemes implemented in NAMMCO.

In 2014, considering the price of the existing pension scheme, and what it will cost NAMMCO for the the 10 months extension of the General Secretary's employment contract after her 67 birthday, a new pension scheme was introduced "**Innskudds**" pension, but only for part of the employees, for the GS extension, the Scientific Secretary, and future employees. On the recommendation of the Secretariat, it was decided to keep the Deputy Secretary on the older pension scheme, which is much more favorable to the employee, on the argument that she had served the secretariat since 1st December 2000, i.e, over 13 year, and was at 13 years of her likely retirement at 67 in June 2027 - and an acknowledgment that system B is substantially inferior from the point of view of the employee.

The "Innskudds" pension scheme can be described as follows: The cost is a percentage of the salary level between 1 -12 G. NAMMCO has chosen the highest percentage of 7% up to 7 G and 18.1 % from 7.1 G to 12 G. For example, with a yearly salary of NOK 750 000, the 7% + 18.1% premium in 2018 is NOK 60,472 [7% of 96,883*7 + 18.1% of 750,000-(96,883*7)].

At the time of retirement, the employee "owns" the total of what has been paid into the scheme plus return and this total is divided into an annual payment payable over a fixed number of years. The payment frame is 10 years with the possibility of lifelong depending on the amount of the pension capital at the time of retirement. The employee decides what kind of investment profile they want the pension capital managed by i.e. high risk, medium risk or low risk. This pension scheme is clearly not as good as the "ytelses" unless you start young to build into the pension capital and are fortunate with your investment choices.

However, for the employer the cost is much less and more predictable. Also, the cost of the administration and management of the scheme is much less costly than the other option. In 2018, the total administrative cost was **12,643 NOK** for four persons for the "**Innskudds**" pension scheme, while the administrative cost was **74,327 NOK** for a single person for the **Ytelses pension scheme**.

Interestingly, NAMMCO staff do not contribute to their own pension scheme in the framework of NAMMCO, as it is otherwise usual practice.

2. **OTHER BENEFITS IN NAMMCO**

- a) Group Life insurance, including all staff, which cost annually, about 7,000 NOK.
- b) Yearly home trip to country of origin with partner and kids below 18 for international professional staff (only GD now, as FW was already in Tromsø when she was recruited)

Staff is covered by the Norwegian security system, that they pay for themselves.

Total cost of pension scheme								
		2012	2013	2014	2015	2016	2017	2018
CL	administration cost	20,858	30,318	49,716	1,227			
	insurance	-	-	-	-			
	premium	267,722	307,018	184,329	24,534			
	Total cost	288,580	337,336	234,045	25,761			
MA	adm	20,858	4,850					
	ins	-	-					
	premium	122,422	146,035					
Total cost	143,280	150,885						
CW	adm	20,858	30,318	49,716	52,945	58,197	66,005	74,327
	ins	-	-	-	-	-	14,652	21,486
	premium	171,601	269,426	223,302	249,394	249,836	323,485	491,473
	Total cost	192,459	299,744	273,018	302,339	308,033	404,142	587,286
JP	adm		21,829	6,397	4,907	5,335	6,393	3,161
	ins		-	4,680	6,972	7,100	18,759	8,409
	premium		80,935	95,026	43,440	43,440	114,063	45,642
	Total cost	-	102,764	106,103	55,319	55,875	139,215	57,212
GD	adm				3,680	5,335	6,393	6,322
	ins				8,865	16,195	21,562	22,800
	premium				79,731	104,306	123,180	130,320
	Total cost	-	-	-	92,276	125,836	151,135	159,442
FW	adm							3,161
	ins							2,196
	premium							10,794
	Total cost	-	-	-	-	-	-	16,151
SE	adm							
	ins							1,500
	premium							6,000
	Total cost	-	-	-	-	-	-	7,500
TOTAL		624,320	890,728	613,166	475,695	489,744	694,492	827,590
			Implementation of the 2 shemes system, with CL and JP moved to the Inskudds scheme					
			Part year employment					
			Strange, as MA terminated his contract on 31 December 2012 (needs checking)					

