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Agenda item 119

UNITED NATIONS PENSION SYSTEM: REPORT OF THE UNITED NATIONS
JOINT STAFF PENSION BOARD

Draft resolution submitted by the Vice-Chairman
following informal consultations

The General Assembly,

Recalling its resolutions 39/246 of 18 December 1984 and 40/245 of 18 December 1985, by which it requested the International Civil Service Commission, in co-operation with the United Nations Joint Staff Pension Board, to review the methodology for the determination of pensionable remuneration for the Professional and higher categories, for monitoring the level of pensionable remuneration and for the adjustment of pensionable remuneration in between comprehensive reviews,

Having considered the report of the United Nations Joint Staff Pension Board for 1986 to the General Assembly and to member organizations of the United Nations Joint Staff Pension Fund, 1/ chapter II of the report of the International Civil Service Commission 2/ and the related report of the Advisory Committee on Administrative and Budgetary Questions, 3/

Recognizing the importance of encouraging a trend to actuarial balance of the United Nations Joint Staff Pension Fund;

1/ Official Records of the General Assembly, Forty-first Session, Supplement No. 9 (A/41/9).

2/ Ibid., Supplement No. 30 (A/41/30).

3/ A/41/790.

I

Pensionable remuneration for the Professional and
higher categories

Bearing in mind chapter II of the report of the International Civil Service Commission, 2/ chapter III, section C, of the report of the United Nations Joint Staff Pension Board 1/ and section B of the report of the Advisory Committee on Administrative and Budgetary Questions, 3/

Convinced that the establishment of clearly defined criteria for the determination of pensionable remuneration for the Professional and higher categories and the introduction of a new scale based on such criteria would contribute to a period of stability, which is essential for the common system,

Further convinced that in order to achieve this goal full co-operation between the International Civil Service Commission and the United Nations Joint Staff Pension Board and adequate reflection of the views of all parties concerned is necessary,

Recognizing that there is a need, within the framework of the recommendations of the International Civil Service Commission, to take into account the observations of the United Nations Joint Staff Pension Board,

Having examined the ratios of pension benefits to final net remuneration and the levels of pension benefits, on a gross and net basis, for United Nations officials and officials of the comparator service,

Taking into account the following elements relating to the structure of a scale of pensionable remuneration for the common system:

(a) The introduction of a new scale of pensionable remuneration should not, except for the transitional measures, have any significant adverse actuarial impact on the United Nations Joint Staff Pension Fund;

(b) The scale of pensionable remuneration for the Professional and higher categories should be determined in relation to pension benefits earned after twenty-five years of service and should take into account:

(i) Income replacement ratios of net pension benefits (calculated as gross pension minus staff assessment) to net remuneration for United Nations officials in New York at different grades and steps;

(ii) Income replacement ratios of gross pension benefits to net remuneration for United Nations officials in New York at different grades and steps;

(c) The scale should not create distortions upon promotion;

(d) Pensionable remuneration for the Under-Secretary-General level should continue to be higher than that for the Assistant Secretary-General level,

/...

1. Approves, for implementation with effect from 1 April 1987 for all participants in the Professional and higher categories in the member organizations of the United Nations Joint Staff Pension Fund, the scale of pensionable remuneration that is set out in the appendix to the annex to the present resolution;
2. Approves the procedure for adjusting pensionable remuneration in between comprehensive reviews, as described in paragraph 40 of the report of the International Civil Service Commission; 2/
3. Approves the transitional measures in respect of final average remuneration as recommended in chapter III, section C.5, of the report of the United Nations Joint Staff Pension Board; 1/
4. Amends accordingly, with effect from 1 April 1987, article 54 (b) and supplementary article C of the Regulations of the United Nations Joint Staff Pension Fund as set forth in the annex to the present resolution, without retroactive effect;
5. Requests the International Civil Service Commission, in co-operation with the United Nations Joint Staff Pension Board, to monitor regularly and to report as appropriate to the General Assembly on the pensionable remuneration of staff in the Professional and higher categories of the United Nations and that of the United States federal civil service employees in comparable grades;
6. Requests the International Civil Service Commission, in full co-operation with the United Nations Joint Staff Pension Board, to undertake a further comprehensive review of the methodology for the determination of the scale of pensionable remuneration for the Professional and higher categories, for monitoring the level of the scale and for its adjustment in between comprehensive reviews and to present its recommendations thereon to the General Assembly at its forty-fifth session;

II

Other pension matters

Bearing in mind the views expressed in the Fifth Committee on lump-sum commutation,

1. Takes note of chapter III, section D.1, of the report of the United Nations Joint Staff Pension Board with respect to the method of calculating the lump-sum commutation of benefits, including, inter alia, the imposition of a limit on the maximum amount that may be received by a participant through the commutation of a portion of his periodic benefit, and of the related views of the Advisory Committee on Administrative and Budgetary Questions contained in paragraphs 17 and 18 of its report; 3/
2. Approves with effect from 1 April 1987 and without retroactive effect:

/...

(a) The amendment to article 28 (g) of the Regulations of the United Nations Joint Staff Pension Board, together with any required consequential renumbering of paragraphs and cross-references in the Regulations;

(b) A new supplementary article D, as set forth in the annex to the present resolution;

3. Takes note of chapter III, section D.2, of the report of the United Nations Joint Staff Pension Board on inequalities of benefits caused by different dates of separation and of the related views of the Advisory Committee on Administrative and Budgetary Questions contained in paragraph 19 of its report 3/ and requests the Board to keep the situation under review;

4. Takes note of chapter III, section D.3, of the report of the United Nations Joint Staff Pension Board with respect to the review of the two-track pension adjustment system, and of the related views of the Advisory Committee on Administrative and Budgetary Questions contained in paragraph 20 of its report, 3/ and requests the Board to continue to monitor the two-track pension adjustment system;

5. Takes note of chapter III, section F, of the report of the United Nations Joint Staff Pension Board and of the recommendation of the Advisory Committee on Administrative and Budgetary Questions in this regard as contained in paragraph 23 of its report, 3/ and approves, with effect from 1 April 1987, and without retroactive effect, the changes in paragraphs 14 to 16 of the Pension Adjustment System 4/ as set out in paragraph 103 of the report of the Board; 1/

6. Defers until its forty-second session further consideration of the question of the increase in the rate of contribution to the United Nations Joint Staff Pension Fund;

7. Requests the United Nations Joint Staff Pension Board to continue studying measures designed to improve the actuarial situation of the United Nations Joint Staff Pension Fund;

III

Composition of the United Nations Joint Staff Pension Board

Recalling its request contained in part III of its resolution 40/245;

Takes note of the decision of the United Nations Joint Staff Pension Board to report to the General Assembly at its forty-second session on the results of the review of the size and composition of the Board and in this context requests the Board to include in its report its views on observer participation and related costs;

4/ United Nations Joint Staff Pension Board: Pension Adjustment System (JSPB/G.12).

IV

Emergency Fund

Authorizes the United Nations Joint Staff Pension Board to supplement the voluntary contributions to the Emergency Fund, for a further period of one year, by an amount not exceeding \$100,000;

V

Administrative expenses

Approves additional expenses of \$900,000 (net), for the biennium 1986-1987, chargeable directly to the United Nations Joint Staff Pension Fund, for the administration of the Fund;

Requests the United Nations Joint Staff Pension Board to continue reporting on the fees paid to the institutional advisers;

VI

Investments of the United Nations Joint Staff Pension Fund

Takes note of the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund. 5/

ANNEX

Amendments to the Regulations of the United Nations
Joint Staff Pension Fund

Article 28

Retirement benefit

(g) A benefit payable at the standard annual rate may be commuted by the participant into a lump sum subject to the following limitations and to supplementary article D, where applicable:

(i) If the rate is 300 dollars or more, the amount of the lump sum may not exceed the smaller of:

- a. The actuarial equivalent of one third of the benefit; or
- b. The actuarial equivalent of one third of the benefit that would be payable to a participant retiring at age 60, on the same date as the participant, after 35 years of contributory service, with a final average remuneration equal to the pensionable remuneration on that date for the top step of level P-5 on the scale of pensionable remuneration appended to article 54.

(ii) Nevertheless, if the amount calculated under (i) above is less than the amount of the participant's own contributions, then the benefit may be commuted to the extent of the latter amount.

Article 54

Pensionable remuneration

(b) In the case of participants in the Professional and higher categories, the pensionable remuneration effective 1 April 1987 shall be that set out in the appendix hereto.

Thereafter, the scale of pensionable remuneration for such participants shall be adjusted as from the same date as the net remuneration amounts of officials in the Professional and higher categories in New York are adjusted. Such adjustment of the pensionable remuneration shall be by a uniform percentage equal to the weighted average percentage variation in the net remuneration amounts, as determined by the International Civil Service Commission, multiplied by 1.22.

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Supplementary article CTransitional measures in respect of final average remuneration

(a) Effective 1 April 1987, notwithstanding the provisions of article 1 (h), the final average remuneration of a participant in the Professional or higher categories who was in contributory service on 31 March 1987, had at least 36 completed calendar months of such service as of that date and whose pensionable remuneration was lowered by the scale of pensionable remuneration effective 1 April 1987, shall be calculated under both article 1 (h) and paragraph (b) of this article, with the participant being entitled to that method of calculation that results in the higher benefit at the standard annual rate.

Supplementary article DTransitional measures in respect of lump-sum commutation

Notwithstanding the provisions of article 28 (g), a participant in contributory service on 31 March 1987 may commute a retirement benefit payable to him into a lump sum to the extent of the greater of the amount calculated under article 28 (g) or:

(a) If his age on 31 March 1987 is less than 55, the actuarial equivalent of one third of the benefit that would have been payable to him had he retired on 31 March 1987 and had been aged 60 on that date; and

(b) If his age on 31 March 1987 is 55 or more, the actuarial equivalent of one third of the benefit that would have been payable to him had he retired on 31 March 1987 and had attained on that date the age at his actual date of separation.

Appendix
SCALE OF PENSIONABLE REMUNERATION FOR CONTRIBUTION AND BENEFIT PURPOSES
PROFESSIONAL AND HIGHER CATEGORIES
(US dollars)
Effective 1 April 1987

Level	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII
USC	106 100												
ASG	98 100												
D-2	81 800	83 900	85 900	88 000	78 600	80 400	82 100						
D-1	71 400	73 200	75 000	76 800	70 100	71 400	72 900	74 300	75 600	77 200			
P-5	64 300	65 800	67 200	68 600	58 100	59 500	60 900	62 200	63 700	65 300	66 800	68 300	
P-4	52 100	53 600	55 100	56 500	48 200	49 600	51 100	52 500	53 600	55 000	56 300	57 500	58 800
P-3	42 600	44 100	45 500	46 800	39 200	40 300	41 500	42 600	43 900	45 100	46 300		
P-2	34 500	35 700	36 800	38 000	30 900	32 000	33 200	34 300	35 400	36 500			
P-1	27 100	28 100	29 000	29 900	30 900	31 800	32 900	34 000	35 100	36 100			