28
~~23~~ January 1992

GENERAL

JSPB/G.12/Rev.2
January 1992

UNITED NATIONS JOINT STAFF PENSION FUND

PENSION ADJUSTMENT SYSTEM

UNITED NATIONS

NEW YORK, 1992

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The pension adjustment system of the United Nations Joint Staff Pension Fund was adopted by the General Assembly by resolution 37/131 of 17 December 1982 and subsequently amended by Assembly resolutions 39/246 of 18 December 1984, 41/208 of 11 December 1986, 42/222 of 21 December 1987, 44/199 of 21 December 1989, 45/242 of 21 December 1990 and 46/192 of 20 December 1991.

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Annex

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A. GENERAL DESCRIPTION

1. Pension adjustment is intended to ensure that, subject to paragraph 23 below, a periodic benefit payable by the United Nations Joint Staff Pension Fund (UNJSPF) never falls below the "real" value of its United States dollar amount and to preserve its purchasing power as initially established in the currency of the recipient's country of residence.

2. The "real" value of a United States dollar amount is the base amount as determined under the Regulations, adjusted over time for movements of the United States consumer price index, while the purchasing power of a recipient's benefit, once established in local currency, is preserved by adjusting it for movements of the consumer price index in his country of residence.

3. The operation of the pension adjustment system involves keeping a record of two amounts for a beneficiary: [1]

(*a*) One in United States dollars, which will be adjusted periodically to reflect changes in the United States consumer price index;

(*b*) The other, if applicable, in local currency, which will be adjusted periodically to reflect changes in the consumer price index in the beneficiary's country of residence.

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B. BENEFITS INVOLVED

4. Except as otherwise noted, the pension adjustment system will apply to retirement, early retirement, deferred retirement, disability, widow's, widower's, child's and secondary dependant's periodic benefits. It will not apply to withdrawal or other lump-sum payments, including those derived from the partial or total commutation of a periodic benefit, nor will it apply to any benefit arising from voluntary deposits. Adjustments will operate on benefits based on standard, minimum and maximum formulae, including those that are based on flat dollar amounts.

C. DETERMINATION OF BASE AMOUNTS

5. The two base amounts for beneficiaries will be determined as follows:

(a) A dollar base amount will be established on the basis of the basic pension determined in accordance with the Regulations of the Fund and excluding, where necessary, any portion elected under the commutation provisions of the Regulations, but reflecting, where applicable, any special adjustment determined under section E below.

(b) A local currency base amount is calculated for the country of residence established pursuant to section N below, as follows:

(i) A cost-of-living differential factor is established for the country of residence and the month of separation in accordance with section D below. This factor is applied to that portion of the final average remuneration which does not exceed the pensionable remuneration, on the date of separation, in the scale referred to in article 54(b) of the Regulations, at the top step of the grades set out below:

- P-2: for separations before 1 April 1992;

- P-4: for separations on or after 1 April 1992;

for disability benefits commencing after 1 January 1991 and for other benefits derived therefrom; and

for survivors' and other benefits due to deaths in service of participants occurring on or after 1 January 1991.

The resulting amount is added to the final average remuneration.

(ii) A notional dollar base amount will then be established on the basis of the adjusted final average remuneration as per (i) above and in accordance with the Regulations, excluding that percentage of the base pension which was commuted into a lump sum;

(iii) The local currency amount will be derived by applying to item (ii) the average, computed over the 36 consecutive calendar months up to and including the month of separation, of the exchange rates between the United States dollar and the currency of the country of residence.

(c) For beneficiaries to whom the interim and transitional measures set out in section P below apply, the local currency base amount calculated in (b) above shall be subject to the minimum determined in accordance with section P.

D. COST-OF-LIVING DIFFERENTIAL FACTORS

6. The cost-of-living differential factor referred to in subparagraph 5(b)(i) above will be computed as follows:

(a) For participants in the Professional and higher categories:

(i) The excess, if any, of the number of classes of post adjustment in the country of residence over that of New York will be determined for each of the 36 consecutive calendar months up to and including the month of separation. In this process, partial classes will be converted to decimal fractions (rounded to two places) of complete classes;

(ii) A 36-month average excess of post adjustment classes will then be computed by averaging the 36 individual results (including those months, if any, when there was no excess);

(iii) If there is more than one post adjustment classification for the country of residence, the one producing the highest 36-month average excess will be used. If there is no post adjustment classification, the classification of another country with comparable cost of living will be substituted, under a procedure to be developed jointly by the United Nations Joint Staff Pension Board and the International Civil Service Commission;

(iv) The applicable cost-of-living differential factor is finally derived from the following table, the result being interpolated, when necessary, between the factors applicable for two exact numbers of classes of post adjustment:

36-month average excess of post adjustment classes over that of New York	Cost-of-living differential factor
	(Percentage)
Separations before 1 April 1992	
Less than 4	0
4	3
5	7
6	12
7	17
8	22
9	28
10	34
11	40
12 or more	46
Separations on or after 1 April 1992; disability benefits commencing after 1 January 1991 and other benefits derived therefrom; and survivors' and other benefits due to deaths in service occurring on or after 1 January 1991	
Less than 1	0
1	3
2	8
3	14
4	19
5	25
6	31
7	38
8	45
9	52
10	60
11	68
12	76
13	85
14	94
15 or more	104

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(v) In countries where cost-of-living differential factors are applicable and where the rates of taxation are lower than the staff assessment, reduction factors, determined by the special index for pensioners in accordance with the annex hereto, shall be applied to the above cost-of-living differential factors.

(b) For participants in the General Service category whose country of residence after separation is other than the country of their duty station at time of separation:

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(i) A midpoint net salary, both with and without the pensionable non-resident allowance but without the language allowance, will be defined for each duty station as the average, in local currency, of the net salary at step I of the lowest level of the United Nations General Service salary scale in that duty station and the net salary at the top step of the highest level in that scale, but without taking into account the extended General Service levels;

(ii) The midpoint net salary, without the pensionable non-resident allowance, in effect during the month of separation in the duty station of the country of residence after separation will be averaged with the corresponding midpoint net salary three years earlier. If there is more than one duty station in that country, the one producing the highest average midpoint net salary will be used. If there is no duty station, a duty station of another country with comparable cost of living will be substituted, under a procedure to be developed jointly by the United Nations Joint Staff Pension Board and the United Nations. The resulting amount will be converted into United States dollars by the application of the average, computed over the 36 consecutive calendar months up to and including the month of separation, of the exchange rates between the United States dollar and the currency in which the midpoint net salary is denominated;

(*iii*) The midpoint net salary, with the pensionable non-resident allowance, in effect during the month of separation in the participant's duty station will be averaged with the corresponding midpoint net salary three years earlier. The resulting amount will be converted into United States dollars by the application of the average, computed over the 36 consecutive calendar months up to and including the month of separation, of the exchange rates between the United States dollar and the currency in which the midpoint net salary is denominated;

(*iv*) A ratio of midpoint net salaries will then be determined by dividing the United States dollar amount in item (*ii*) above by the United States dollar amount in item (*iii*), rounding the result to two decimal places and multiplying it by 100;

(*v*) The applicable cost-of-living differential factor will finally be derived from the following table, the result being interpolated, where necessary, between the factors applicable to the next higher and the next lower ratio in the table:

Ratio of midpoint net salaries	Cost-of-living differential factor (per cent)
Less than 122	0
122	3
128	7
134	12
141	17
148	22
155	28
162	34
171	40
180 or more	46

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(vi) The special index referred to in sub- paragraph 6(a)(v) above will not be applied to the cost-of-living differential factors for participants from the General Service category.

(c) No cost-of-living differential factor will be determined for participants in the General Service category whose country of residence after separation is the country of their duty station at the time of separation. In other words, no adjustment will be made to the final average remuneration of such participants for purposes of sub paragraph 5(b).

E. SPECIAL ADJUSTMENT FOR SMALL PENSIONS

7. Whenever the dollar amount of the standard annual rate of a retirement or a disability pension, based on 15 or more years of contributory service, is less than $4,000 before any commutation, it will be subject to a special adjustment in accordance with the following table:

Annual amount of pension	Special adjustment (per cent)
$4,000	0
3,800	3
3,600	7
3,400	12
3,200	17
3,000	22
2,800	28
2,600	34
2,400	40
2,200 or less	46

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8. The special adjustment for an annual amount which falls between two amounts shown in the above table will be obtained by interpolation and the result rounded to two decimal places. The amount resulting from the application of the special adjustment will be added to the dollar base amount for purposes of sub paragraph 5(a) above.

9. Beneficiaries in receipt of retirement or disability benefits which commenced before 1961 and which amount to less than $4,000 on 1 January 1982 will, on that date, become entitled to the special adjustment specified in paragraphs 7 and 8, even when their benefits were based on less than 15 years of contributory service.

10. No special adjustment will be made in the case of early or deferred retirement benefits. In the case of widow's, widower's, child's (orphan's) and secondary dependant's benefits, a special adjustment will be applied only if those benefits are derived from benefits which themselves were (or would have been) subject to a special adjustment. In that case, the special adjustment factor will be the same as the one which had (or would have) been applied to the retirement or disability pension from which the benefit is derived.

F. SUPPLEMENTARY MEASURES

11. Beneficiaries in receipt of retirement or disability benefits or of widow's, widower's or secondary dependant's benefits derived therefrom, who were aged 75 or over on 1 January 1982 and whose annual retirement or disability benefit on that date was below 50 per cent of the then net base salary of a staff member at grade P-1, step I, will receive a 13th monthly payment every year, from that date forth. The 13th payment will be calculated in such a way that the total annual benefit payable to a beneficiary above the limit will not be less than the amount payable to a beneficiary just below the limit.

G. SOURCES OF DATA AFFECTING ADJUSTMENTS

12. For the purposes of sub paragraph 6(*a*) above, the number of classes of post adjustment in a given country for a given month will be taken from information provided by the International Civil Service Commission.

13. For purposes of sub paragraph 6(*b*) above, the midpoint net salaries will be determined from the United Nations General Service salary scale for the particular duty station. If the duty station has been in existence less than three years, the midpoint net salary in effect during the month of separation will be averaged with the corresponding midpoint net salary at the time that the duty station was established.

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14. For measuring changes in the consumer price index (CPI) for the United States and for a particular country of residence, the index used will be the official CPI for the country as a whole issued by the national Government and published in the United Nations Monthly Bulletin of Statistics. Where no such index is published in the United Nations Monthly Bulletin of Statistics for a particular country or area, another regularly published index specified by the United Nations Statistical Office may be utilized. Once an index has been utilized to give effect to an adjustment, any subsequent amendment or correction of that index will not give rise to retroactive correction of the adjustment.

15. Because of the time-lag which exists between the date when the CPI (for any country) is published in the United Nations Monthly Bulletin of Statistics and its effective date, the index used on a given adjustment date will be that for the fourth month immediately preceding the date of the adjustment. As an example, the index applicable for the measurement of a possible adjustment on 1 April 1992 would be the index published for December 1991. However, if the applicable index is not available within two months after the adjustment date, then the latest available index prior to that of the fourth month immediately preceding the date of adjustment will be utilized for the measurement of a possible adjustment effective as from the adjustment date.

16. For the purposes of subparagraphs 5(b)(iii) and 6(b)(ii) and (iii) above, and paragraphs 23 and 27 below, the official United Nations operational rates of exchange will be used.

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H. SUBSEQUENT ADJUSTMENTS OF THE BENEFIT

17. As stated in section A above, each beneficiary's record will contain a United States dollar amount and, if applicable, an amount in the currency of his country of residence. These amounts, having first been determined in accordance with sections C, D and E above, will be subsequently adjusted on an annual basis, on 1 April in accordance with the following procedure:

(a) The dollar amount will be adjusted by the ratio of the United States CPI applicable on the date of the adjustment to the United States CPI last utilized.

(b) The local currency amount will be adjusted in the same manner, but using the CPI for the country of residence.

18. No adjustment will be made in either the dollar amount or the local currency amount if the applicable CPI has moved by less than 3 per cent since the date of the last adjustment. The ratio of the CPI at one time to the CPI at another time will be rounded to three decimal places.

19. If the applicable CPI has moved by 10 per cent or more since the date of the last adjustment, the adjustment of the dollar amount or the local currency amount, as the case may be, will be made on a semi-annual basis on 1 April as stated in paragraph 17 above and also on 1 October.

20. The initial adjustments due after separation (or death, as the case may be), to both the dollar and the local currency amounts, will be reduced by 1.5 percentage points except in the case of the benefits under section E above and the minimum benefits under the Regulations.

21. No adjustment will be made on the date immediately following separation (or death as the case may be) even if such date coincides with the annual adjustment date. Except as provided in paragraph 22 below, all new entitlements will become eligible for a possible adjustment, if applicable, on the annual adjustment date next following their effective date, at which time any adjustment due will be pro-rated according to the period since separation. For example, a cost-of-living increase assumed to apply on 1 April 1992, would increase benefits by:

- The entire percentage of increase for separations before April 1991;
- 11/12 of the increase for separations in the month of April 1991;
- 10/12 of the increase for separations in the month of May 1991;
- 9/12 of the increase for separations in the month of June 1991;
- 8/12 of the increase for separations in the month of July 1991;
- 7/12 of the increase for separations in the month of August 1991;
- 6/12 of the increase for separations in the month of September 1991;
- 5/12 of the increase for separations in the month of October 1991;
- 4/12 of the increase for separations in the month of November 1991;
- 3/12 of the increase for separations in the month of December 1991;
- 2/12 of the increase for separations in the month of January 1992;
- 1/12 of the increase for separations in the month of February 1992;
- 0 per cent for separations after February 1992.

22. If an adjustment is made on a semi-annual basis in accordance with paragraph 19 above, the pro-rating of the new entitlements referred to in paragraph 21 above will be made over a six-month period. A cost-of-living increase assumed to apply on 1 October 1992, for example, would increase benefits by:

- The entire percentage of increase for separations before April 1992;
- 5/6 of the increase for separations in the month of April 1992;
- 4/6 of the increase for separations in the month of May 1992;
- 3/6 of the increase for separations in the month of June 1992;
- 2/6 of the increase for separations in the month of July 1992;
- 1/6 of the increase for separations in the month of August 1992;
- 0 per cent for separations after August 1992.

I. PAYMENT OF THE BENEFIT

23. Where a beneficiary resides in a country other than the United States of America, the determination of the amount of the periodic benefit payable in a given month will be made as follows:

The dollar amount as initially determined under sub paragraph 5(a) above and, if applicable, later adjusted under section H above, will be converted to the local currency equivalent by using the exchange rate in effect for the month preceding the calendar quarter of that payment. The resultant amount will then be compared to the local currency amount as initially determined under sub paragraph 5(b) above and later adjusted under section H above, if applicable. Except as provided in paragraph 25 below, the beneficiary will be entitled, until the next quarter, to the greater of the local currency amount or the local currency equivalent of the dollar amount, subject to a maximum of 120 per cent of the local currency amount.

24. No change will be made in the two amounts during the months within each quarter. Thus, changes in the exchange rate within a quarter will be ignored for all purposes, irrespective of the currency of payment chosen under article 47 of the Regulations, and no retroactive adjustment will be made.

25. An exception to the rule outlined in paragraph 24 above may be made if certain events (e.g., sudden redenomination of a currency or a very high rate of inflation) result in a real loss of purchasing power of more than 20 per cent in the beneficiary's benefit.

26. (a) In places ~~For countri~~es where there is a high rate of inflation, but the exchange rate remains fixed, the record of the local currency amount may ~~will~~ be discontinued and only the dollar entitlement [illegible] ~~will be~~ payable.

(b) ~~In places~~ ~~For countries~~ where up-to-date CPI data is not available, after ~~the Secretary of UNJSPB will~~ examining ~~the~~ possible ~~ility~~ o~~f identifying~~ alternative sources of cost-of-living ~~for CPI~~ data, and ~~After~~ taking into account the particular circumstances of the beneficiaries residing in those countries, ~~the Secretary is authorized to suspend~~ the application of the local currency track may be suspended; ~~wherever appropriate;~~ such suspensions shall ~~will~~ apply only prospectively, with due notice ~~being~~ given to the beneficiaries concerned.

J. DEFERRED RETIREMENT BENEFIT

27. (a) For participants whose date of separation was before 31 December 1989, no adjustment will be applied to deferred retirement benefits prior to the beneficiary's reaching age 50. Commencing at age 50 or the date of separation, if later, the base dollar pension under sub paragraph 5(a) above will be adjusted by the United States CPI in accordance with section H above without retroactive effect. The two-track adjustment system ~~will~~ becomes operative on the date of commencement of the payment of the periodic benefit. At that time a local currency base amount will be established by applying to

the adjusted dollar amount the average exchange rate over the 36 consecutive months up to and including the month of first payment.

(b) For participants separating from service on or after 31 December 1989, no adjustment shall be applied to deferred retirement benefits prior to the beneficiary's reaching age 55. Commencing at age 55 or the date of separation, if later, the adjustment procedures set out in (a) above shall be applied to the deferred retirement benefits.

K. SURVIVORS' BENEFITS

28. Benefits payable to survivors will be established at the time of the survivor's entitlement. The starting point will be the notional or adjusted pension immediately prior to the participant's date of death, with due allowance for any pension previously commuted.

L. FLAT-RATE BENEFITS [2]

29. The initial amount of each flat-rate benefit will be determined on the basis of its "real" value in United States dollar terms by applying to it the movement of the United States CPI since 1 January 1973 (the date on which adjustments were first applied to the dollar amounts specified in the Regulations for these benefits).

M. DETERMINATION OF ENTITLEMENTS

30. Until satisfactory proof is submitted to show in which country the beneficiary is residing and other required formalities are completed, only the dollar amount of the pension (determined as in section C and adjusted as described in sections E and H above) will be paid. If such proof is provided within six months from the date of entitlement, the local currency base amount will be computed from that date, with retroactive adjustment if it results in a greater benefit. However, if proof of residence is not provided within six months from the date of entitlement, the local currency base amount will be payable only as from the first day of the quarter following acceptance of such proof, with no retroactive adjustment.

31. (a) A beneficiary may at any time submit proof of residence in the country of his choice. Such proof must be in a form acceptable to the Pension Fund. Once proof of residence has been accepted, payment of the benefit will be made in accordance with the procedures described in sections I and M above. A beneficiary who subsequently relocates may change his country of residence by submitting satisfactory proof of residence in the new country, but no request for a change of the country of residence will be accepted unless it is accompanied by satisfactory proof of relocation.

(b) ~~With respect to~~ for beneficiaries who, for compelling personal reasons, move from a high-cost to a low-cost country after having provided proof of residence, ~~the Secretary of UNJSPB had discretion to permit~~, on a case-by-case basis, reversion to the United States dollar ~~track~~ entitlement alone may be permitted, subject to the following conditions:

(i) The move was to the country of nationality of the beneficiary or of a family member, or to the country of a former duty station of the retiree, or was due to other personal and compelling reasons; and

(ii) The beneficiary had been on the two-track system for a minimum period of one year before the submission of the request for such reversion.

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32. If a beneficiary changes his country of residence and provides satisfactory proof to that effect, then, starting on the first day of the quarter following arrival in the new country of residence, the local currency amount will be recomputed as if he had always resided in the new country of residence. All changes in country of residence must be reported promptly, i.e. no later than within six months from the date of arrival, and satisfactory proof of residence in the new country will have to be provided as in section M above. If such proof is not provided within six months from the date of arrival, the local currency amount will nevertheless be recomputed as if the beneficiary had always resided in the new country of residence, but it will become effective only as from the first day of the quarter following acceptance of such proof, with no retroactive adjustment, except that the Fund will have the right to recover excess benefit payments made if it is found that the benefit payments since the date of arrival in the new country would have been lower if the change had been reported on a timely basis.

O. EXISTING BENEFICIARIES

33. The 1.5 percentage point reductions referred to in paragraph 20 above will also be applied, on the occasion of the first adjustments due after 1 January 1985, to both the dollar and the local currency amounts of the benefits of existing beneficiaries, except for benefits whose dollar base amounts had been established under either the minimum provisions of the Regulations or under section E above. In addition, beneficiaries under section F above will also be excluded from these reductions.

34. Existing beneficiaries, who were in receipt of a benefit on 1 January 1985 and who had submitted, prior to that date, satisfactory proof of residence in countries other than the United States of America, will remain entitled to the United States dollar amount of their benefits as at 31 December 1984, notwithstanding the limitation specified in paragraph 23 above. However, in the event of a subsequent upward adjustment, the United States dollar amount of their benefits will be subject to the said limitation.[3]

P. INTERIM AND TRANSITIONAL MEASURES FOR CALCULATION OF LOCAL CURRENCY BASE AMOUNT[4]

35. For countries where the 36-month average exchange rate under subparagraph 5(b)(iii) showed an overall decline during the years 1986 and 1987, the local currency base amount for tax participants in the Professional and higher categories, who separated, ~~between 1 January 1987 and 31~~ or died in service, during the years 1987 through 1990, shall not be less than the amount derived by applying, to the dollar base amount in sub paragraph 5(a), the average monthly ratio between the local currency base amount and the dollar base amount during 1987. For each such country, the ratio for each month in 1987 shall be determined by dividing the local currency base amount derived from sub paragraph 5(b) by the dollar base amount derived from sub paragraph 5(a), for a participant at grade P-4, step XII, retiring with twenty years of contributory service who becomes entitled to a retirement benefit as of the first day of the month following his retirement.

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36. The amount derived under paragraph 35 shall be applicable:

(a) to the benefits of participants who separate d from service, or die d in service, during the years 1988, 1989 or 1990, and to survivors' and other benefits derived therefrom, except for deferred retirement benefits and survivors' and other benefits derived therefrom;

(b) to the benefits of participants who separated from service, or died in service, during the year 1987 and to survivors' and other benefits derived therefrom, except for early retirement and deferred retirement benefits and survivors' and other benefits derived therefrom, provided that any adjustment hereunder shall be payable only as from 1 January 1988.

37. ~~As a transitional measure,~~ P ~~p~~articipants in the Professional and higher categories ~~aged 55 or more~~ on 31 December 1990, who separate d from service or die d in service between and who ~~had were~~ age 55 or above 1 January 1991 and 31 March 1992, shall be entitled to no less than the local currency base amount to which they would have become entitled under paragraphs 35 and 36 above, if they had separated on 31 December 1990, at the age and with the final average remuneration and contributory service attained on that date.

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Notes

1 In this document, the term "beneficiary" is used to designate all persons entitled to receive periodic benefits under the Regulations of the Fund.

2 The adjusted levels of the flat-rate benefits as of 1 April 1992, are as follows (rounded to the nearest dollar):

UNJSPF Regulations Article	Type of benefit	Annual amount $
28(e)	Retirement	6,130
28(f)	Retirement	975
33(d)	Disability	1,623
34(c)/35/28(e)	Widow/Widower	3,066
34(c)(i)/35	Widow/Widower	2,556
36(e)(i) and (ii)	Child	1,023 min.
		2,016 max.

3 When the limitation specified in paragraph 23 above was introduced, effective 1 January 1985, the General Assembly decided by resolution 39/246 that ~~existing~~ beneficiaries who had submitted, before 1 January 1985, satisfactory proof of their residence outside the United States of America be given a one-time option, with a specified time-limit, to withdraw their proof of residence and thereby elect to have their benefit adjusted solely in accordance with the movement of the United States CPI as from 1 January 1985.
Subsequently, the ~~Board~~ United Nations Joint Staff Pension Board decided, and reported thereon to
The General Assembly~~, by resolution 46/192~~, ~~further agreed to the Board's~~
in 1991
~~recommendation~~ that the ~~existing~~ beneficiaries ~~subject to the two track~~
local currency equivalent of the
~~adjustment system.~~ who were receiving less than the dollar ~~track amount~~ on
amount
1 April 1991, be given the option to move off the two-track system,
prospectively. because of the maximum payment provision under paragraph 23 above, should

[4] Under the interim and transitional measures, the corresponding minimum ratios between the applicable local currency and dollar base amounts are as follows: Afghanistan - 55; Austria - 17.63; Belgium - 51.12; Burma - 7.76; Cuba - 0.863; Cyprus - 0.557; Czechoslovakia - 11.32; Denmark - 9.21; Finland - 5.54; France and other FF countries (French Guiana, Martinique and Monaco) - 7.86; Germany (Federal Republic of and Democratic Republic) - 2.51; Guadeloupe - 7.87; Iran - 84.37; Ireland - .839; Italy - 1,668; Japan - 220; Jordan - .371, Korea, Democratic People's Republic of - 2.37; Kuwait - .294; Luxembourg - 51.12; Malta - .413; Mongolia - 3.42; Netherlands - 2.83; New Caledonia - 141; Norway 7.90; Romania 12.94; Rwanda - 93; Sao Tome and Principe - 41.20; Seychelles - 6.61; Spain - 152.04; Sweden 7.74; Switzerland - 2.10; USSR - .765; United Kingdom - .724; CFAF countries (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte D'Ivoire, Equatorial Guinea, Gabon, Mali, Niger, Senegal and Togo) - 394.

SPECIAL INDEX FOR PENSIONERS [a]

A

The following is the procedure for adjusting cost-of-living differential factors applicable to retirees from the Professional and higher categories in countries where such factors are applied and where the rates of taxation are lower than the staff assessment rates applicable. Only one reduction factor will be calculated for each country. National, state and local taxes applicable in the city having a headquarters or a regional office of one or more organizations of the common system will be taken into account. If no organization of the common system has its headquarters or a regional office in a given country, then the national, state and local taxes applicable in the capital city will be taken into account.

Step 1

(a) Calculate staff assessment on dollar base pension;

(b) Calculate local currency base pension using an average of the exchange rates applicable over the previous 36 months;

(c) Calculate local taxes on local currency pension in (b) above;

(d) Convert local taxes in (c) into dollars using a 36-month average exchange rate;

(e) Compare staff assessment in (a) with local taxes in dollars in (d). If staff assessment is equal to or lower than the local taxes in dollars, no adjustment to cost-of-living differential factor is necessary;

(f) Calculate net pension after the application of local taxes, i.e., dollar base pension less tax amount in (d) above;

(g) Determine the cost-of-living differential factor which will give net pension after the application of staff assessment equal to the amount in (f) above;

(h) The cost-of-living differential factor in (g) represents the tax advantage factor. Subtract this tax advantage factor from the original cost-of-living differential factor to arrive at the revised cost-of-living differential factor;

(i) If the revised cost-of-living differential factor in (h) equals 1.000, no further adjustment is necessary;

(j) Calculate gross pension using cost-of-living differential factor in (h) above;

(k) Calculate local taxes in dollars on pension amount in (j), using the procedure outlined in (b) through (d) above;

(l) Compare amount in (k) with the staff assessment amount in (a). If staff assessment in (a) is higher than or equal to the amount in (k), no further adjustment is necessary, and the tax advantage factor in (g) above is the reduction factor to be applied throughout the year;

(m) Calculate net pension after the application of local taxes corresponding to cost-of-living differential factor in (h) above;

(n) Calculate the difference between local tax amount in (k) and the staff assessment amount in (a);

(o) Increase net pension in (m) by the amount of difference in (n);

(p) Determine the cost-of-living differential factor corresponding to net pension after the application of local taxes equal to the amount in (o) above. This is the cost-of-living differential factor for application at the duty station;

(q) Calculate the difference between the unadjusted cost-of-living differential factor and the cost-of-living differential factor calculated in (p) above. This is the reduction factor to be applied throughout the year.

B

The International Civil Service Commission agreed that in the use of the procedure outlined in part A the following criteria should apply:

(a) All calculations should be based on the pension amount of a retiree having a final average remuneration equal to that of P-2, top step;

(b) All calculations should be based on 20 years of contributory service;

(c) Staff assessment and tax amounts should be calculated at the dependency rates;

(d) Staff assessment should be used for the conversion of gross base pensions to their net equivalents;

(e) National (federal), state and local taxes should be taken into account for comparison with staff assessment;

(f) The reduction factor should be applied directly to the cost-of-living differential factors;

(g) The following procedures would be followed at the beginning of each year and thereafter:

(i) Information on the rates of national taxation would be collected for all countries where the cost-of-living differential factors are applied;

(ii) Reductions, if any, based thereon would be applied throughout the year.

The General Assembly approved that no reduction factor should be applied to the retirees from the General Service and related categories.

C

The Board decided that the following procedures will be applied to existing pensioners:

(a) The local currency base amount of the existing pensions on which cost-of-living differential factors were applied will be recomputed;

(b) The reduction factors will be applied to the existing benefits which commenced during the period from 1 January 1978 through 31 December 1980 in accordance with the same procedure detailed in paragraph 26 of annex V to the Board's report to the thirty-fifth session of the General Assembly [b] in 1980;

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(c) The same reduction factors will also be applied to benefits whose payment commenced during the period from 1 January 1981 to 31 December 1984;

(d) The resulting revised local currency amount will then be adjusted from the date of the commencement of payment to 1 January 1985 in accordance with the movement of the CPI in the country of residence. No retroactive adjustment will be made for the period between the date entitlement began and 1 January 1985, but the reduced local currency amount will become effective from 1 January 1985.

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[a] The application of the special index for pensioners was approved by the General Assembly by resolutions 37/126 and 37/131 effective 1 January 1983 and amended by resolution 39/246 effective 1 January 1985.

[b] Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 9 (A/35/9).