

U N I T E D N A T I O N S J O I N T S T A F F P E N S I O N F U N D



UNITED NATIONS

Annual Report 2009

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INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER (CEO)

I am pleased to present the eighth Annual Report of the United Nations Joint Staff Pension Fund.

This report complements detailed information provided in my Annual Letter, which is sent to participants and beneficiaries each year and which can also be found on the Pension Fund's website at www.unjspf.org.

2008 was characterized by unprecedented turbulence in the area of investments.

The market value of the Pension Fund's assets, which rose from US\$ 36.3 billion at the end of 2006 to US\$ 41.3 billion at the end of 2007, decreased to US\$ 31 billion at the end of 2008. This constitutes a 25% drop in the value of the Pension Fund's investments. Despite this significant decline, however, the Pension Fund's ability to meet its obligations and pay benefits remains intact. In the short-term, contribution income (US\$ 1.84 billion) is almost equal to benefit payments (US\$ 1.87 billion); therefore, the Pension Fund only has to rely on a very small portion (US\$ 38 million) of the income generated from its investment portfolio (US\$ 1.2 billion) to cover its obligations and the costs of its operations. The Pension Fund does not need to sell any securities in order to ensure liquidity. Nevertheless, it is clear that if current market conditions persist and the long-term investment return objectives are not met, they will have a negative impact on the Fund's actuarial balance and thus its long-term solvency. The Pension Fund will continue to closely monitor the situation in the upcoming months in order to identify and address potential risks in the long-run.

The Pension Fund's operations have continued to grow significantly throughout 2008, the number of participants and beneficiaries reaching 112,800 (+5.9%) and 59,900 (+3.2%), respectively.

Other notable achievements attained during 2008 include:

- Admission of the Special Tribunal for Lebanon as the 23rd member organization of the Fund.
- Adoption of the Third Management Charter, which represents a compact between the Pension Fund's Management and the Pension Board outlining the main challenges and action plans that will need to be addressed during the period 2008-2011. The Charter includes both qualitative and quantitative goals for Management, as well as details of large-scale projects, such as introduction of the Integrated Pension Administration System, implementation of the Whole Office Review and of new accounting standards.
- Adoption of measures to facilitate the administration of the Regulations of the Pension Fund, notably with respect to disability cases, children's rights and those of spouses in various family situations.
- Establishment by the Pension Board of a working group on the plan design of the Pension Fund.

Other useful information on the activities of the Pension Fund can be found on our website (www.unjspf.org), which contains new features such as the two-track benefit estimate system and Certificate of Entitlement Tracking System, in order to provide easily available and enhanced services to our constituents.

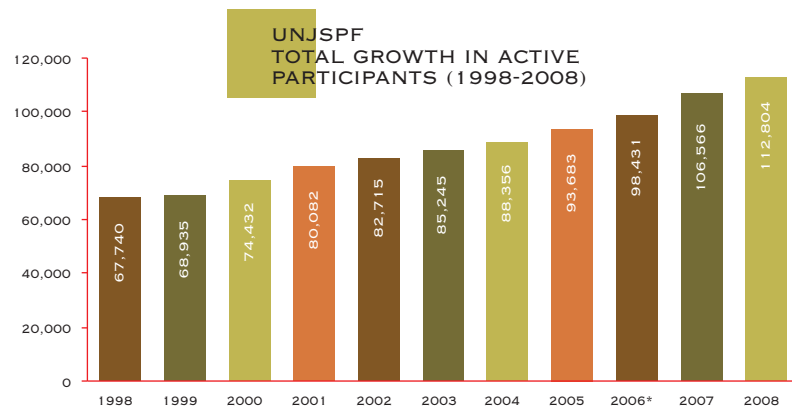
I would like to take this opportunity to thank each and every one of you, as partners of the Pension Fund, for your continued support and active involvement in efforts to achieve these common goals.

Bernard Cochemé

Chief Executive Officer - United Nations Joint Staff Pension Fund

PARTICIPANTS

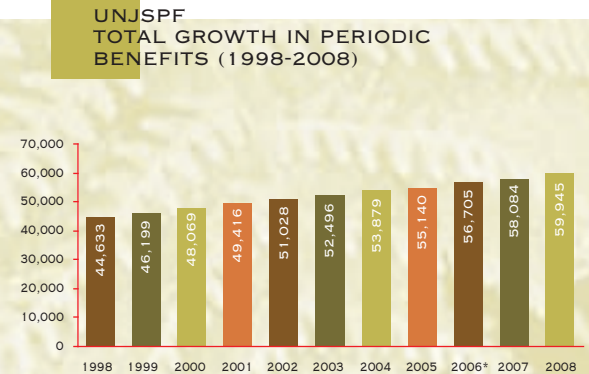
As of 31 December 2008, the UNJSPF continued to grow with 112,804 active participants compared to 106,566 at the end of 2007. This represents a 5.9 per cent increase in the Fund's active participant population over the previous year. The distribution of participants, among the 22 member organizations, was as follows: United Nations – 79,933; World Health Organization – 10,435; Food and Agriculture Organization of the United Nations – 5,772; International Labour Organization – 3,572; United Nations Educational, Scientific and Cultural Organization – 2,553; International Atomic Energy Agency – 2,229; IOM – 2,419; World Intellectual Property Organization – 1,139; – International Telecommunication Union – 823; International Civil Aviation Organization – 775; United Nations Industrial Development Organization – 779; International Criminal Court – 809; International Fund for Agricultural Development – 526; International Maritime Organization – 320; World Meteorological Organization – 319; International Centre for Genetic Engineering and Biotechnology – 191; World Tourism Organization – 95; International Center for the Study of the Preservation and Restoration of Cultural Property – 37; Inter-Parliamentary Union – 45; International Tribunal for the Law of the Sea – 38; International Seabed Authority – 32; European and Mediterranean Plant Protection Organization – 13.



* 2006 FIGURE WAS REVISED DOWN BY 2 FROM 98,433 TO 98,431.

BENEFICIARIES

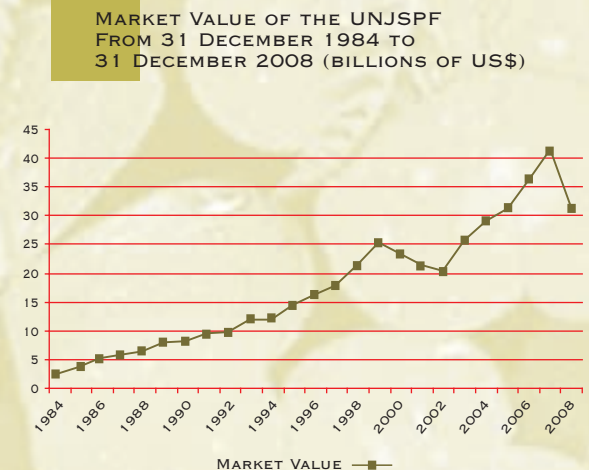
As at 31 December 2008, the Fund was paying 59,945 periodic benefits. The distribution of benefits in payment was as follows: full retirement benefits – 20,550; early retirement benefits – 13,653; deferred retirement benefits – 6,932; widow benefits – 8,905; widower benefits – 633; disability benefits – 1,161; child benefits – 8,072; and secondary benefits – 39.



* 2006 FIGURE WAS REVISED DOWN BY 13 FROM 56,718 TO 56,705.

FINANCIAL SITUATION

The financial statements of the Fund are signed by the Chief Executive Officer and audited, on a biennial basis, by an external Board of Auditors. The financial statements for the year ended 31 December 2008 are not audited. During the year 2008, the Fund experienced an increase in participation by 5.9 per cent: from 106,566 active participants on 1 January 2008 to 112,804 on 31 December 2008. The number of benefits in payment increased (3.2 per cent) from 58,084 to 59,945 during this same year. The payroll for benefits in payment for the year ending 31 December 2008 was \$1.6 billion representing an 11.8 per cent increase over the prior year. During the year, benefits were being paid in 15 different currencies. The total expenditure for benefits, administration and investment costs of \$1.9 billion exceeded contribution income by approximately \$114 million. Contribution income increased from \$1.7 billion for the year ending 31 December 2007 to \$1.8 billion for the year ending 31 December 2008, or an increase of approximately 5.9 per cent. The market value of the Fund's assets decreased from \$41.4 billion on 31 December 2007 to \$31.1 billion on 31 December 2008, representing a decrease of about 24.9 per cent. A graph reflecting the evolution of the market value of the Fund's assets from 1984 to 2008 is provided herewith:



STATEMENTS OF ASSETS AND LIABILITIES AND OF INCOME AND EXPENDITURE

for the years ending 31 December 2008 and 31 December 2007, are provided below:

STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2008 and 2007

	2008	2007
ASSETS		
Cash and term deposits	88,171,783	160,955,892
Investments	32,265,111,749	30,058,248,484
Accounts receivable	300,168,545	462,541,998
Prepaid benefits	16,411,151	17,735,988
TOTAL ASSETS	32,669,863,228	30,699,482,362
LIABILITIES AND PRINCIPAL OF THE FUND		
Liabilities	43,046,260	116,062,532
Principal of the Fund	32,626,816,968	30,583,419,830
TOTAL LIABILITIES AND PRINCIPAL OF THE FUND	32,669,863,228	30,699,482,362

STATEMENT OF INCOME AND EXPENDITURE

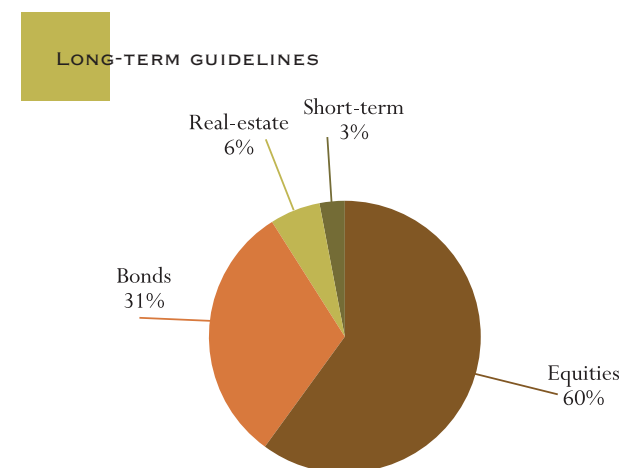
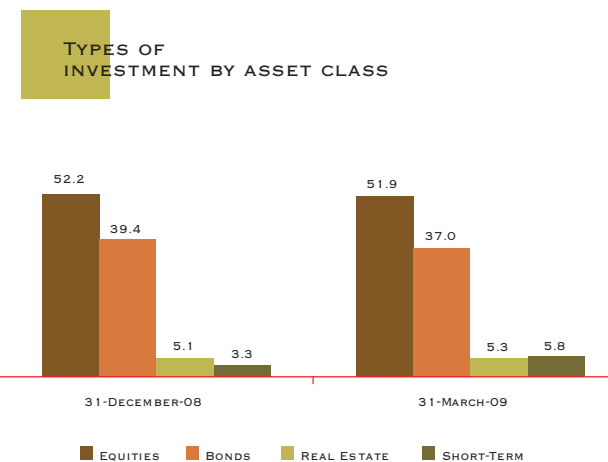
For the years ending 31 December 2008 and 2007

	2008	2007
INCOME		
Participants contributions	602,851,047	566,406,545
Member organizations contributions	1,184,197,862	1,104,506,038
Transfer agreement amount received	1,515,980	1,765,458
Excess actuarial value over regular contributions	733,051	7,614
Investment income	2,145,859,348	3,996,125,342
Other income	9,543,320	13,321,018
TOTAL INCOME	3,944,700,608	5,682,132,015
EXPENDITURE		
Payment of benefits	1,842,461,876	1,655,752,234
Administrative costs	60,566,715	52,833,775
Emergency Fund	23,030	3,042
Total Expenditure	1,903,051,621	1,708,589,051
Prior Period Adjustments	1,748,151	1,230,487
NET EXCESS OF INCOME OVER EXPENDITURE	2,043,397,138	3,974,773,451

INVESTMENTS

As of 31 March 2009, the market value of the Fund's assets was US\$ 29,018 million. This represents a decrease of US\$2,272 million or 7.3 percent, from 31 December 2008 when the Fund's asset value stood at US\$ 31,289 million.

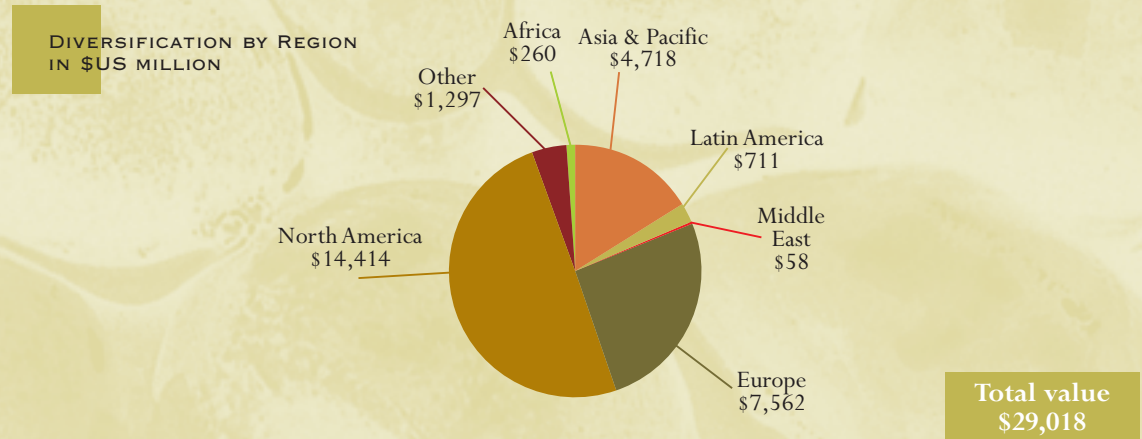
The asset allocation, in percent was as follows:



DIVERSIFICATION

The total return of the Fund for the quarter ended 31 March 2009 was negative 7.2 percent, outperforming the new benchmark return of negative 8.0 percent by 82 basis points. The Fund also outperformed the new benchmark returns in the one, three and five year periods. The Fund outperformed the old benchmark in the same periods. The table below summarizes the Fund's performance against its new benchmark consisting of 60 percent Morgan Stanley Capital International All Country World Index, 31 percent Barclays Capital Global Aggregate Bond Index, 6 percent National Council of Real Estate Investment Fiduciaries Open End Diversified Core Index and 3 percent 91-Day United States Treasury Bill and provides a reference comparison to the old benchmark, which consisted of 60 percent Morgan Stanley Capital International World Index and 40 percent Citigroup World Government Bond Index.

As of 31 March 2009, the Fund had investments in 41 countries and 7 international/regional institutions and 27 currencies. The chart below indicates the value of investments by region.



The Fund's long-term return objective is to achieve a real, inflation adjusted, rate of return of 3.5 per cent. The real rate of return is calculated by adjusting the nominal rate of return for the United States Consumer Price Index (CPI). The Fund's annual rate of return since 1960 was as follows:

Performance as of 31 March 2009 in percentage				
	1 QTR	1 year	3 years	5 years
Total Fund	-7.2	-28.3	-4.2	1.9
Benchmark*	-8.0	-29.8	-5.7	0.6
Fund less Benchmark	0.8	1.5	1.5	1.3

* New Benchmark: 60% Equities (MSCI AC World) 31% Bonds (31% LB AGG) 6% RE (NCREIF ODCE Index) 3% Cash (91-Day T-Bill)

Reference 60% Equities 40% Bonds	-8.9	-28.4	-5.0	0.3
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Annualized Returns as of 31 March 2009 (%)

	1Y	3Y	5Y	7Y	10Y	15Y	20Y	25Y	Since 1960
UNJSPF Total Nominal Return	-28.3	-4.2	1.9	4.5	3.2	6.3	7.2	8.9	7.9
US CPI	-0.4	2.1	2.6	2.5	2.6	2.5	2.8	3.0	4.1
Real Return*	-28.1	-6.2	-0.6	1.9	0.6	3.7	4.3	5.7	3.6
Excess Return**	-31.6	-9.7	-4.1	-1.6	-2.9	0.2	0.8	2.2	0.1

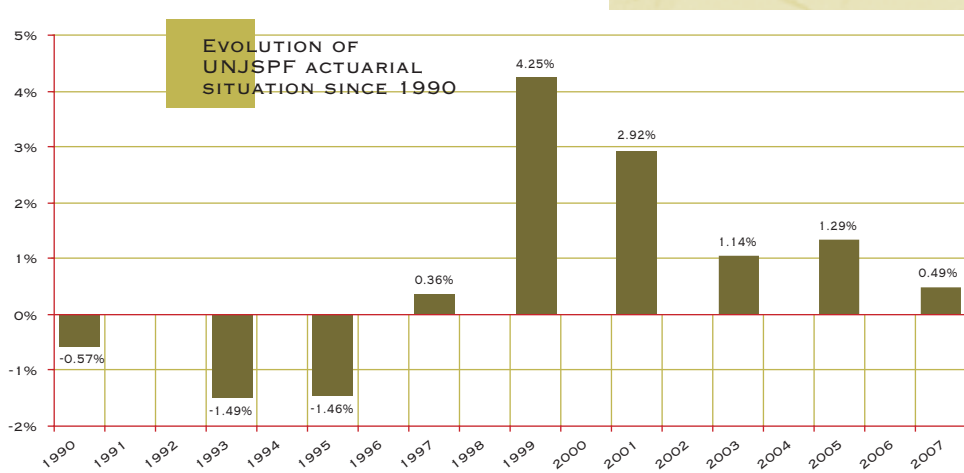
*Adjusted for US CPI **Real Return minus 3.5%

Due to the unprecedented volatility in the global markets, the Fund only achieved its long-term objective in the 15, 20, 25 and 49 year periods. Through active management, the Fund continues to outperform the policy benchmark with effective stock selection and periodic re-balancing of assets to maintain the Fund's long-term investment objective. The management of the Fund's investments continues to focus on balancing the risk and reward expectations by apportioning the Fund's assets according to goals, risks and investment horizon. Over the last 49 years during which the performance of the Fund has been calculated, the Fund has achieved a total return of 7.9 per cent, or 3.6 per cent real rate of return after adjustment by US CPI. This real rate of return is in excess of the long-term objective of a real rate of return of 3.5 per cent.

ACTUARIAL MATTERS

Actuarial services are provided by Buck Consultants. A Committee of Actuaries, consisting of seven independent actuaries, is also appointed on the recommendation of the Board. The Committee's function is to advise the Board on actuarial questions arising out of the operations of the Regulations. It also reviews the work of the Consulting Actuary and evaluates its services to the Fund. Its members are selected from the five different regions of the world.

Actuarial valuation: The Consulting Actuary performed the actuarial valuation as at 31 December 2007. This valuation revealed a sixth consecutive actuarial surplus, amounting to 0.49 per cent of pensionable remuneration. The 0.49 per cent, expressed another way, means that the theoretical contribution rate required to achieve balance as of 31 December 2007 was 23.21 per cent of pensionable remuneration, as against the actual contribution rate of 23.70 per cent. The valuations as of 31 December 2005, 31 December 2003, 31 December 2001, 31 December 1999 and 31 December 1997 had recorded surpluses of 1.29, 1.14, 2.92, 4.25 and 0.36 per cent of pensionable remuneration, respectively. Valuations are performed on a range of economic assumptions regarding future investment returns and inflation and on different sets of participant growth and mortality assumptions. The results of the actuarial valuation of the Fund are based on the open group aggregate funding method. The regular valuation that was performed as at 31 December 2007 used the following three economic assumptions: (a) an assumed rate of increase in pensionable remuneration of 4.50 per cent per annum; (b) an assumed rate of nominal investment return of 7.50 per cent per annum; (c) an assumed rate of inflation of 4.00 per cent per annum and a 0.5 per cent growth in the participant population for each of the next ten years with a "zero participant growth assumption" thereafter. This type of analysis is therefore based on a projected basis. The following graph illustrates the results of the regular actuarial valuations, based on projections, over the last nine valuation periods:



Another analysis that is carried out in conjunction with the actuarial valuation is the determination of funding ratios. This analysis is carried out to assist the Board in its assessment of the position of the Fund on a current rather than projected basis. The funding ratios are comparisons of the current assets of the Fund with the value of the accrued benefits (liabilities) on the given valuation date and are calculated on a "plan termination basis." With respect to its liabilities on 31 December 2007, the Fund was found to be in a strongly funded position, as it had been for the past nine valuations. The current funded ratio is 146.9 per cent, which was obtained by dividing the actuarial value of assets (i.e. \$35,620.4 million) by the actuarial value of the accrued benefits (i.e. \$24,242.9 million). The ratio therefore indicates that there is a 46.9 per cent security margin. The funded ratio is lower if account is taken of the current system of pension adjustments, whereby benefits are adjusted for inflation. The following table illustrates the funded ratios from 1990 to 2007, both without, as well as with pension adjustments:

FUNDED RATIOS FOR VALUATIONS AS OF 31 DECEMBER 1990 - 2007

	1990	1993	1995	1997	1999	2001	2003	2005	2007
Without pension adjustments	131	136	132	141	180	161	145	140	147
With pension adjustments	77	81	81	88	113	106	95	92	95

Based on the results of the latest actuarial valuation, the Committee of Actuaries and the Consulting Actuary were of the opinion that the present contribution rate of 23.70 per cent is sufficient to meet the benefit requirements under the Plan.

MAJOR MEETINGS IN 2009

The Pension Board will hold its next session, from 13 to 17 July 2009, at the United Nations Office at Vienna, Austria. The Investments Committee will meet four times in 2009. A joint session between the Investments Committee and the Committee of Actuaries was held on 1 May 2009. The Committee of Actuaries will hold its regular annual meeting in June 2009, in order to consider the economic and demographic assumptions to be used in the actuarial valuation that is to be carried out as at 31 December 2009. The Audit Committee, established by the Pension Board in 2006, will meet three times in 2009.

POLICY DOCUMENTATION

In accordance with the Fund's Management Charter, which was first introduced in 2001, the following policy documents have been published: Quality Management; Communications; Information Security; Internal Control; Internal Audit Charter; Investment Policy and Procedures; Sustainable Development and Enterprise-wide Risk Management Policy.

GOVERNANCE

The Third Management Charter, a compact between the Pension Board and the Fund's Management, was presented to the Pension Board and approved in July 2008. It covers the years 2008-2011. It defines the objectives to be implemented, the challenges and the related action plans to address them.

In 2008, the Pension Board established a working group to carry out a comprehensive review and to examine and prioritize the proposals being advanced in respect to plan design issues in a more integrated and comprehensive manner.

EMERGENCY FUND

The UNJSPF has an Emergency Fund, financed by the assets of the Fund and any voluntary contributions up to an amount not exceeding \$200,000 for each biennium. It is utilized to provide financial assistance to beneficiaries who are currently receiving a periodic benefit from the Fund and is intended to provide relief in cases of proven hardship owing to illness, infirmity or similar cases, including funeral arrangements. Applications are examined without a rigid set of rules, and attention is paid to a number of factors such as age, number of years of contributory service, amount of the UNJSPF benefit, the country in which the beneficiary resides, availability of insurance, other possible sources of income and/or assistance and the circumstances surrounding the expenditures.

MEMBERS OF LEGISLATIVE ORGANS AND COMMITTEES: (July 2007)

Chairman

1st Vice-Chairman

2nd Vice-Chairman

Rapporteur

Chairman

1st Vice-Chairman

2nd Vice-Chairman

Chairman

Representative

Chief Executive Officer

Deputy Chief Executive Officer

Director of Investments

Chief of Operations

Chief of Geneva Office

Chief Information Officer

Chairman

Vice-Chairman

Rapporteur

UNITED NATIONS JOINT STAFF PENSION BOARD (JULY 2008)

Mr. J. Pozenel

[Representative of the Secretary-General of the United Nations (UN)]

Mr. A. O. Adeniyi

[representative of the Participants of the United Nations]

Dr. J. Lariviere

[representative of the Governing Bodies of the World Health Organization]

Mr. R. Barr

[representative of the Executive Head of the International Telecommunications Union]

UNITED NATIONS STANDING COMMITTEE (JULY 2007)

Mr. S. Tabusa

[Representative of the Executive Head of the International Labour Organization (ILO)]

Mr. A.O. Adeniyi

[Representative of the Participants of the United Nations (UN)]

Mr. G. Kuntzle

[Representative of the General Assembly of the United Nations (UN)]

INVESTMENTS COMMITTEE (2008)

Mr. W. McDonough

REPRESENTATIVE OF THE UNITED NATIONS SECRETARY-GENERAL FOR THE INVESTMENTS OF THE FUND

Mr. W. Sach

UNITED NATIONS JOINT STAFF PENSION FUND SENIOR MANAGEMENT (2009)

Mr. B. Cochemé

Mr. S. Arvizu

Ms. S. Bishopric

Mr. F. De Turris

Mr. A. Blythe

Mr. P. Dooley

COMMITTEE OF ACTUARIES (2008)

Mr. J. Král

Mr. D. Latulippe

Mr. H. Pérez Montás

CONSULTING ACTUARY

Buck Consultants, Inc.

Obtain more information on the Pension Fund Web Site
www.unjspf.org



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 CH-1211 Geneva 10**

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