UNITED NATIONS JOINT STAFF PENSION FUND

REPORT
OF THE
UNITED NATIONS JOINT STAFF PENSION BOARD

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-NINTH SESSION

SUPPLEMENT No. 9 (A/39/9)

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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I. INTRODUCTION

1. The United Nations Joint Staff Pension Fund was established in 1949, by a resolution of the General Assembly, to provide retirement, death, disability and related benefits for staff upon cessation of their services with the United Nations, under Regulations which since then have been amended at various times.

2. The Fund is administered through the United Nations Joint Staff Pension Board, consisting of 21 members, representing the member organizations which are listed in annex V. One third of the Board members are chosen by the General Assembly and the corresponding legislative bodies of the organizations, one third by the executive heads, and one third by participants. The Board reports annually to the General Assembly on the operation of the Fund and the investment of its assets and, when necessary, recommends to it amendments to the Regulations which govern, inter alia, the rates of contribution by the participants (currently 7.25 per cent of their pensionable remuneration) and by the organizations (currently 14.50 per cent), the conditions of eligibiity for participation and the various benefits to which staff and their dependants may become entitled. Expenses incurred by the Board in the administration of the Fund - principally the cost of its central secretariat at the United Nations Headquarters in New York and the management expenses for its investments - are met by the Fund. A summary of the operations of the Fund during the year ended 31 December 1983 is contained in section II below.

3. The present report is submitted by the Board following its thirty-second session (special), held in March 1984 at the headquarters of the United Nations Educational, Scientific and Cultural Organization (UNESCO), Paris, and its thirty-third session, held in August 1984 at the headquarters of the International Atomic Energy Agency (IAEA), Vienna. A list of the members and alternates accredited to those two sessions is contained in annex VI. Section III of the report contains an account of matters considered by the Board, including recommendations for action by the General Assembly.

4. The major item dealt with by the Board, in response to General Assembly resolution 38/233 of 20 December 1983, was the measures to improve the actuarial balance of the Fund. The Board's recommendations are given in section III of the present report. The Board also considered the recommendations of the International Civil Service Commission (ICSC) on the level of pensionable remuneration for the Professional and higher categories and has proposed a consequential amendment to the Regulations of the Fund.

5. The Board also devoted considerable attention to the management of the investments of the Fund. Among the other matters considered by the Board was the effect of marriage and its dissolution on benefits from the Fund (General Assembly resolution 37/131 of 17 December 1982).

6. The Board, in accordance with article 4 of the Regulations, appointed a Standing Committee to act on behalf of the Board when it is not in session. Its membership is given in annex VII.

7. The membership of the Committee of Actuaries, established under article 9 of the Regulations, is given in annex VIII.

II. SUMMARY OF THE OPERATION OF THE FUND DURING THE YEAR ENDED 31 DECEMBER 1983

8. The number of participants in the Fund changed during the year from 50,966 to 52,432. The increase was due in part to the impact of the amendment of article 21, paragraph (a) (ii) of the Regulations of the Fund whereby participation in the Fund now begins upon commencing, or completing in the same or more than one member organization, six months (instead of one year) of service without an interruption of more than 30 days.

9. During the same period the principal of the Fund increased from $2,763,185,751 to $3,115,548,779 (see annex II).

10. The income of the Fund from interest and dividends during that year, less investment management costs, was $203,670,000. A summary of the investments at 31 December 1983 and a comparison of their book and market values are contained in annex II, schedules 2 and 3.

11. On 31 December 1983 the Fund was paying 7,001 retirement benefits, 7,065 early and deferred retirement benefits, 2,402 widows' and widowers' benefits, 3,937 children's benefits, 454 disability benefits and 40 secondary dependants' benefits. In the course of the year it also paid 3,579 lump-sum withdrawal and other settlements (see annex I).

III. MATTERS CONSIDERED BY THE BOARD, INCLUDING RECOMMENDATIONS TO THE GENERAL ASSEMBLY

A. Measures to improve the actuarial balance of the Fund

12. In section II, "Measures to improve the actuarial balance of the Fund", of its resolution 38/233, the General Assembly

"*Requests* the United Nations Joint Staff Pension Board, with the assistance of the Committee of Actuaries, to consider, early in 1984, the various proposals discussed at the thirty-eighth session of the General Assembly with a view to reducing or eliminating the actuarial imbalance of the United Nations Joint Staff Pension Fund, including the following measures:

(a) Increasing to a realistic level in the interest rate used to calculate the amount of the lump-sum commutation;

(b) Determination of the lump sum in net equivalent terms, subject to the reimbursement of any taxes payable thereon;

(c) Re-examination of the early retirement provisions, taking into account, *inter alia*, the observations made by the Committee of Actuaries;

(d) Imposition of a ceiling on the highest levels of pensions;

(e) Review of the two-track system followed to determine the initial amount of the pension and its subsequent adjustment;

(f) Re-examination of the survivor benefits under the Regulations of the Fund, together with alternative ways of their financing;

and to submit its findings and recommendations thereon and on such other measures as may be deemed appropriate, through the Advisory Committee on Administrative and Budgetary Questions, to the General Assembly at its thirty-ninth session".

13. In its consideration of this item, the Board recalled that the actuarial valuation as at 31 December 1982 had revealed that the Fund would be in actuarial balance if the total contribution rate was 25.79 per cent of pensionable remuneration (after taking account of the economy measures introduced as at 1 January 1983). 1/ The rate of contribution in effect as at 1 January 1984 was 21.75 per cent. Consequently, the shortfall was equal to 4.04 per cent of pensionable remuneration. The Board decided that, while it was not absolutely essential to eliminate the imbalance in its entirety, every effort should be made to reduce it as much as possible, bearing in mind that a continuing shortfall resulted in the growth of the imbalance from year to year. The old dictum that "a stitch in time saves nine" was particularly apposite in dealing with an actuarial imbalance.

14. The representatives of the participants expressed the view that the real issue had not been addressed. The deeper causes of the imbalance were (a) the personnel policies of member organizations, such as the late age of entry, the lower age at separation, the increased employment of fixed-term staff, the exclusion of staff

from participation in the Fund and failure to comply with the 1971 undertaking regarding extension of service beyond age 60 (in exchange for liberal early retirement provisions), (b) economic conditions, such as currency fluctuations and the high rate of inflation, the corollary of which was a lower-than-assumed real rate of return on investments, and (c) demographic changes, such as increased longevity. The Board was generally in agreement with that analysis of the causes of the imbalance.

15. The Board examined the various measures listed in section II of General Assembly resolution 38/233 and also other measures suggested in the course of the discussion and in documentation submitted by the Secretary.

1. Increase to a realistic level in the interest rate used to calculate the amount of the lump-sum commutation

16. Under the Regulations of the Fund (arts. 28 (f), 29 (c) and 30 (c)) a retired participant may commute into a lump sum a portion (normally not more than one third) of the actuarial equivalent of his periodic benefit. The discount (interest) rate used in calculating the lump sum is decided by the Board under the authority vested in it by article 11 of the Regulations. Prior to 1 January 1979 the rate was 3.25 per cent. The rate was raised to 4 per cent effective 1 January 1979 and to 4.5 per cent as from 1 January 1983.

17. In its consideration of the question the Board recalled that, while lump-sum commutation was not a feature of the pension scheme of the comparator civil service, it existed in other civil service pension schemes (e.g. in the United Kingdom). The ability to commute part of their benefit into a lump sum was of particular importance to the expatriate staff of the international civil service. The Fund also derives a benefit from the provision, as cost-of-living adjustments are applicable to periodic benefits but not to commuted lump-sum amounts. The Board was informed by the Consulting Actuary that if the commutation provision were eliminated, the actuarial imbalance of the Fund would increase by 0.83 per cent of total pensionable remuneration.

18. The Board noted that if the Fund were to make neither an actuarial gain nor an actuarial loss on the lump-sum commutations the discount rate used would have to be equal to the real rate of return on investments assumed in the actuarial valuation. The current actuarial assumptions (6.5/9/6 - see para. 95 below) implied a real rate of return on investments of 3 per cent. It could be said, therefore, that a discount rate of 3 per cent would be a realistic rate in the context of the present actuarial assumptions.

19. A discount rate in excess of 3 per cent will yield an actuarial gain to the Fund. The higher the rate, the greater the gain will be; on the other hand, an unreasonably high rate would result in fewer participants availing themselves of the commutation provision, and that would be actuarially disadvantageous to the Fund. In view of all the circumstances, the Board decided that the discount rate be raised from 4.5 to 6.5 per cent.

20. The Board recalled that on all previous occasions when it raised the discount rate it did so prospectively, in order to preserve acquired rights. 2/ For the same reason it decided that the new rate of 6.5 per cent would be applied only in respect of service performed after 31 December 1984.

21. Furthermore, in the light of recommendations of the Committee of Actuaries, the Board decided that an updated unisex mortality table would be used for calculating the actuarial equivalent of periodic benefits in respect of service performed after 31 December 1984.

22. The Consulting Actuary has advised the Board that the use of the new unisex mortality table combined with the increase in the discount rate would yield a saving estimated at 0.22 per cent of pensionable remuneration.

2. Determination of the lump sum in net equivalent terms, subject to the reimbursement of any taxes payable thereon

23. The Board recalled that before 1 April 1961 pensionable remuneration in the United Nations system had been based on a net salary which was exempt from national income tax. The pensions themselves, however, were not exempt from tax. The resultant problems were discussed in detail in the 1959-1960 Pension Review Group. In paragraph 73 of its report to the General Assembly the Group stated that

> "at various times since 1946 there have been discussions ... whether this anomaly - for it is such - should be ended by securing tax-exemption for the pensions as well as the salaries. The discussions have led to no result ... We feel that, on grounds of public policy, there would be many objections and strong opposition to any proposal to exempt pensions from income tax, with no hope of its being universally approved. Moreover, although such exemption would remove much of the present inequity, it would not wholly eliminate it; for the root cause of the inequity is not the absence of tax-exemption for pensions but the fact that, outside the organizations, pensionable remuneration is normally - probably invariably - based on the gross pay scale of the employee". 3/

The Pension Review Group concluded that pensionable remuneration should be changed from a net to a gross basis. The General Assembly endorsed the Group's conclusion.

24. The Board recalled further that the General Assembly, in section III of its resolution 34/165 of 17 December 1979, decided that

> "any staff member joining the United Nations Secretariat on or after 1 January 1980 shall not be entitled to receive reimbursement from the Tax Equalization Fund or otherwise for national income taxes paid on lump sum pension payments received from the United Nations Joint Staff Pension Fund; this decision will not affect staff members serving with the United Nations prior to 1 January 1980".

In adopting that resolution the General Assembly implicitly did not go along with the point of view of the Secretary-General that lump-sum payments constituted part of the terminal payments received by an official and should therefore be exempt from national taxation in the same way as salary and other emoluments.

25. The aforesaid decisions of the General Assembly show that, in its view, retired staff members' liability to pay national income taxes on the retirement benefits they receive from the United Nations Joint Staff Pension Fund - including such benefits as may have been commuted into a lump sum - is a matter that is governed solely by national legislation and that the considerations which apply to

the taxation of emoluments of serving staff are not relevant when it comes to the taxation of pension benefits. That being the case, the treatment of United Nations Joint Staff Pension Fund benefits, including lump sums, for income tax purposes, has been recognized by the General Assembly as falling within the sovereign powers of the States concerned.

26. The suggestion that the Fund pay lump-sum commutations "in net equivalent terms" (what is presumably meant by that phrase is that the Fund should deduct staff assessment - but this raises the further question of whether staff assessment rates would be appropriate in relation to national taxation rates) subject to the reimbursement of any national taxes payable thereon would be inconsistent with the decisions in the matter of national taxation of pension benefits taken hitherto by the General Assembly. Moreover, inasmuch as the lump sum is not a separate and distinct benefit, but merely the commutation of a portion of the periodic retirement benefit, the suggested treatment of lump sums - if approved - would have to be extended to all the periodic benefits payable by the Pension Fund.

27. A further point to bear in mind is that if the Pension Fund were to reimburse national income taxes on lump sums it would be providing a financial benefit to some States but not to others. In other words, the arguments which led the General Assembly to establish the Tax Equalization Fund for the United Nations would hold true also for the Pension Fund. Not all the member organizations of the Pension Fund have their own tax equalization funds. Therefore, if all States were to be treated equally, the Pension Fund would have to set up its own tax equalization fund. But were it to do so and were the amounts in the tax equalization fund to be credited in some proportion to the various States, the implementation of the suggested measure would not result in any financial benefit to the Pension Fund.

28. Furthermore, even those States that tax lump sums exclude - for obvious reasons - the amounts that correspond to the participants' own contributions. The suggested measure, if implemented, would encourage participants to limit their lump-sum commutations to amounts equal to their own contributions. The remaining periodic benefits (which are adjusted for cost-of-living changes) would be correspondingly increased and the Fund's actuarial imbalance would be exacerbated.

29. Lastly, to prevent violation of acquired rights, the suggested measure could be implemented only in the case of participants who are not already in service - as was done by the General Assembly in resolution 34/165 (see para. 24 above).

30. For all the foregoing reasons, the Board concluded that the suggestion that lump sums be paid in net equivalent terms subject to the reimbursement of any taxes payable thereon would not only be impracticable and inconsistent with past decisions by the General Assembly but would also be unlikely to improve the actuarial balance of the Pension Fund.

3. Re-examination of the early retirement provisions

31. In its report to the thirty-eighth session of the General Assembly, the Board stated that the Committee of Actuaries had recommended, _inter alia_, that consideration be given to increasing the reduction factor for early retirement. 4/ Having reviewed that recommendation, the Board decided not to endorse it because of the advantages which the Fund's early retirement provisions have for the member organizations and the participants alike.

32. In its re-examination of this question the Board noted that participants with 30 years of contributory service may now retire at age 55 or over with a reduction in their benefits equal to 1 per cent for every year below age 60. This provision has been in effect since 1 January 1980. The Board noted further that any increase in the reduction factor would have to apply only to service after 31 December 1984, so as not to violate the acquired rights of participants. In the circumstances, and bearing in mind that the current recruitment practices of the organizations made it unlikely that in future many participants - especially those in the Professional and higher categories - will in fact attain 30 years of contributory service, the Board concluded that the savings that would accrue from an increase in the present reduction factor would not be considerable. In the circumstances the Board decided not to recommend any change in the current reduction factor of 1 per cent a year for participants with at least 30 years of contributory service.

33. The Board recommends, as a contribution to the alleviation of the actuarial imbalance of the Fund, that the reduction factor for participants who retire between the ages of 55 and 60 with 25 years or more but less than 30 years of contributory service be increased from 2 per cent for every year below age 60 to 3 per cent for service performed as from 1 January 1985. The Consulting Actuary estimates the resultant saving at 0.07 per cent of pensionable remuneration.

4. Imposition of a ceiling on the highest levels of pensions

34. In its consideration of this possible measure, the Board noted that pension benefits could be reduced in two ways, namely, by reducing the level of pensionable remuneration and/or by imposing a "cap" on the amount of the benefit itself.

35. With regard to the former approach, the Board noted that ICSC was recommending to the General Assembly at its thirty-ninth session a revised scale of pensionable remuneration for the Professional and higher categories which showed reductions in the levels of pensionable remuneration for grades P-5 and above. For the ASG and USG levels (i.e., the levels to which the discussions of the Fifth Committee at the thirty-eighth session were directed) the recommended reductions were of the order of 11.7 and 12.9 per cent respectively. 5/ The Board noted that the lowering of pensionable remuneration for the ASG and USG levels would lead to a substantial reduction in the benefits of the participants at those levels.

36. As for the possible imposition of a "cap" on the amount of the benefit itself, the Board was of the view that any such "cap" would be arbitrary. Arbitrary measures were undesirable in principle and could be advocated only as a last resort. It could not be argued that the imposition of the "cap" would improve, even slightly, the actuarial balance of the Fund: participants in levels ASG and above were very few in number and the majority of them served for relatively brief periods of time. The number of those who, on retirement, would have had a sufficient number of years of contributory service to qualify for a benefit equal to the maximum benefit of a D-2 grade participant, was extremely small. Thus, the imposition of a "cap" on the benefit would not only be an arbitrary measure but would also not improve the actuarial balance of the Fund. The Board was also advised that there were several senior officials in member organizations of the Fund other than the United Nations, whose conditions of service were determined by decisions of the competent governing organs of the organizations concerned.

37. For all the foregoing reasons the Board concluded that it could not recommend that a ceiling be imposed on the highest levels of pension beyond the reductions in the levels of pensionable remuneration recommended by the ICSC.

5. Review of the two-track system followed to determine the initial amount of the pension and its subsequent adjustment

38. The initial basic retirement benefit under the Regulations of the Fund is an amount expressed in United States dollars equal to the product of the participant's final average remuneration times his total accumulation. Over the years the General Assembly, on the recommendation of the Board, has taken a series of decisions designed to deal with loss of purchasing power of benefits after award due to inflation or the devaluation of the United States dollar in relation to other currencies. These adjustment systems have not become part of the Regulations of the Fund. They relate both to the determination of the initial benefit and to the subsequent adjustment thereof. The current pension adjustment system is described in annex IX to the Board's report to the General Assembly at its thirty-seventh session. 6/

39. The history of the evolution of the pension adjustment system may be divided into four stages:

(a) Up to 31 December 1974 benefits paid to all retired participants, whatever their country of retirement, were expressed in United States dollars only and were adjusted uniformly on the basis of movements of the weighted average of post adjustments (WAPA) index;

(b) Between 1 January 1975 and 31 December 1978 participants could opt for the adjustment of their benefits in accordance with movements of either the WAPA index or the local consumer price index (CPI);

(c) Between 1 January 1979 and 31 December 1980 the adjustments to participants' pensions reflected the movement of the United States CPI or the local CPI, whichever was higher;

(d) Since 1 January 1981, limited cost-of-living differential factors have been applied to calculate the initial base amount in local currency. Subsequent adjustments remain the same as in (c).

40. As regards the determination of the initial base amount in local currency, cost-of-living differential factors come into play only where the 36-month average classification of the local post adjustment exceeds that in New York by four classes or more. In the present circumstances, which include a strong United States dollar, this provision is hardly ever invoked, and its existence thus imposes no financial burden on the Fund. The Board believes, however, that the provision should be retained as a "safety net" to be used in case the United States dollar were to weaken again.

41. The initial base amounts are subsequently adjusted in the manner described in paragraphs 17 to 19 of annex IX to the Board's report to the General Assembly at its thirty-seventh session. 6/ The benefits of participants who have retired in the United States or who have not given acceptable proof of residence in another country are adjusted in accordance with the "United States dollar track", i.e. the

United States Consumer Price Index only. For all other retirees two amounts are calculated: one adjusted by the United States CPI ("United States dollar track") and the other by the local CPI ("local track"). Between 1 January 1981 and 31 December 1982 adjustments were made quarterly provided the applicable CPI had moved by at least 3 per cent since the previous adjustment. As at 1 January 1983 the periodicity of the measurement of the indices has been reduced to twice annually and the "trigger point" has been raised to 5 per cent.

42. The Board recalled that prior to 1971, in the days of fixed parities, a benefit denominated in United States dollars posed no problems. But when the dollar weakened against the other major currencies, pensioners living outside the United States, particularly those in countries such as Switzerland, experienced substantial reductions in the purchasing power of their benefits. The "local track" was introduced to counter that loss of purchasing power. The desired objective was achieved, but the cost to the Fund in dollar terms was substantial while the United States dollar was weak. The renewed strength of the dollar in recent years has meant that the "local track" has become largely theoretical, since the vast majority of pensioners are now paid in accordance with the "United States dollar track" (which now yields the higher benefit). In the circumstances, the question could be asked whether there was need to retain the "local track" or whether the Fund could revert to the old single United States dollar-denominated benefit system. The Board concluded that the "local track" should be retained as an insurance against the future weakening of the dollar. At the same time, the Board noted that several major currencies were now so weak in relation to the dollar that the "dollar track" yielded benefits up to 40 per cent higher (in local currency terms) than the "local track". The Board was of the view that such extensive differences over the "local track" were difficult to justify and concluded that they should be controlled.

43. Accordingly, the Board recommends that the "United States dollar track" be "capped" at 120 per cent of the "local track". In other words, in countries where the "dollar track" when converted into local currency yields a larger benefit in local currency units than the "local track" (both duly adjusted for inflation), the amount actually payable to the retiree should not exceed the "local track" amount plus 20 per cent thereof. The Board believes that the 20 per cent limit provides a fair balance between the entitlement to a full United States dollar-denominated benefit and the need to safeguard the purchasing power of the benefit in local currency terms.

44. The Consulting Actuary estimates that the introduction of the recommended "cap" would yield a saving equal to approximately 0.20 per cent of pensionable remuneration.

45. The imposition of the recommended "cap" will require transitional arrangements to prevent an immediate reduction in the amounts of the benefits actually payable, details of which will be found in annex X of the present report.

46. As is stated in paragraph 41 above, benefits in payment are currently adjusted twice a year if this is warranted by the movement of the applicable index. The Board recommends that the periodicity be reduced to once a year (except in countries where the rate of inflation is very high - see annex X), but that the "trigger point" be lowered to 3 per cent (as it had been prior to 1 January 1983). The Board proposes that adjustments be made on 1 April, if warranted by the movement of the appropriate CPI measured the previous December. The Consulting Actuary estimates the resultant saving at 0.33 per cent of pensionable remuneration.

47. Secondly, the Board recommends that the first cost-of-living adjustment that becomes due in each country after 1 January 1985 be reduced by 1.5 percentage points. The reduction would apply to both existing and new benefits, except that it would not apply to the minimum benefits under the Regulations. The resultant saving is estimated at 0.38 per cent of pensionable remuneration.

48. The last-named recommendation is quite arbitrary and, as such, is undesirable in principle. None the less the Board has decided to include it in the package of economy measures it is recommending to the General Assembly in an endeavour to ensure the virtual elimination of the actuarial imbalance as shown in the latest valuation. At the same time the Board points out that the recommended reduction would not be made up by subsequent cost-of-living adjustments and that it would thus reduce all periodic benefits, over the life-time of all participants and their surviving spouses, by about 1.5 per cent.

6. Re-examination of the survivor benefits under the Regulations of the Fund, together with alternative ways of their financing

49. The survivor benefits available under the Regulations of the Fund are:

(a) Spouse's benefit (widow's and widower's benefits);

(b) Child's benefit;

(c) Secondary dependant's benefit.

50. A widow's benefit, equal to half the full retirement benefit (or disability benefit, as the case may be), has been a feature of the United Nations pension plan since its inception. A widower's benefit (first introduced on 1 January 1954 for disabled widowers) has been identical with a widow's benefit since 1 January 1976. Children's benefits have been paid by the Fund since the beginning. The secondary dependant's benefit (which is payable only when there is no surviving spouse or child entitled to a benefit) was introduced as at 1 April 1961 in line with the recommendations of the Pension Review Group. 7/

51. The Consulting Actuary informed the Board that the contribution requirement for the survivor benefit provisions equals 3.52 per cent of total pensionable remuneration, of which 3.30 per cent relates to spouses' benefits.

52. Survivor benefits have always been financed from the overall resources of the Fund. In resolution 38/233 the General Assembly did not specify which alternative ways of financing those benefits should be studied by the Board. In all probability, however, what the Assembly had in mind was the practice in the United States Federal Civil Service retirement scheme whereby a participant could choose between a full retirement benefit without survivorship provisions and a reduced benefit with such provisions.

53. The only survivor benefits which - in theory at least - could be financed by a reduction in the participant's own retirement benefit are the benefits which become payable when the participant's death occurs after separation. Their cost has been estimated by the Consulting Actuary at 2.62 per cent of total pensionable remuneration (out of the 3.52 per cent referred to in para. 51 above), of which 2.48 per cent relates to spouses' benefits.

54. The history of the development of the survivor benefits payable by the United Nations Joint Staff Pension Fund shows that the basic concept underlying those provisions of the Regulations is that of the dependence of the wife, young children and aged parents on the participant who is deemed to be the "breadwinner" of the family. The only exception to this approach has been the introduction of automatic entitlement to a widower's benefit even where the female participant had not claimed her husband as a dependant. Thus, the survivor provisions in the Regulations of the Fund constitute one of the most important social security aspects of the United Nations pension scheme. 8/ To tamper with them would be socially retrograde. Furthermore, a requirement that survivor benefits should be "bought" by participants at the cost of seeing their own benefits reduced would hit hardest those least able to afford it, i.e., those with small pensions who would experience hardship if their own benefits were further reduced.

55. Lastly, the Board recalled that the question of the possibility of financing the spouse's benefit by means of an actuarial reduction in the participant's own retirement benefit had been considered by the Board in 1978 in response to a proposal made in the Fifth Committee of the General Assembly in 1977, and that the Board had recommended that the present automatic entitlement be maintained. The Board's analysis of the question 9/ was accepted by the General Assembly.

56. For all the foregoing reasons the Board concluded that the existing survivor benefits payable under the Regulations of the Fund should not be disturbed. At the same time, the Board understands that the existence of those benefits under the Fund is taken into account in the "total compensation" comparisons carried out by ICSC.

7. Other economy measures

57. The Board is recommending two measures which, if approved, will increase the investment income of the Fund by enabling it to use its resources for a longer period of time. These two measures are the following:

(a) paying the periodic benefits of new retirees at the end of the month to which they relate, rather than at the beginning (projected saving - 0.08 per cent of total pensionable remuneration);

(b) advancing the date of payment of the organizations' monthly contributions to the first two working days of the month (projected saving - 0.05 per cent of total pensionable remuneration).

8. Reaffirmation of previous recommendations

58. The Board also decided to reaffirm two earlier recommendations to which it attaches the greatest importance. One of them relates to the statutory age of separation. In its reports to the General Assembly at its thirty-seventh and thirty-eighth sessions, the Board had recommended that the statutory age of separation be raised to 62; on the basis of the valuation as at 31 December 1980 the resultant projected saving had been estimated at approximately 0.4 per cent of total pensionable remuneration. 10/ The second recommendation, which was made in 1983, is that the total rate of contribution be raised to 24 per cent in four instalments of 0.75 per cent each; the three instalments still to be approved by the General Assembly relate to 1 January 1986, 1 January 1988 and 1 January 1990. 11/

9. Concluding remarks

59. The Board is recommending to the General Assembly new economy measures which, if implemented on 1 January 1985, are estimated to yield a saving equal to 1.33 per cent of total pensionable remuneration. These projected savings, together with the savings attributable to the measures implemented as at 1 January 1983 and the recommendations previously made and still pending before the General Assembly, will virtually eliminate the actuarial imbalance revealed by the valuation as at 31 December 1982, as updated in the Board's report to the General Assembly at its thirty-eighth session. 12/ They are summarized in the following table:

Measures recommended by the Pension Board	Projected savings as percentage of total pensionable remuneration		
	Total	Borne by: Participants	Borne by: Organizations
1982			
Reduced rate of accumulation for entrants as of 1 January 1983	1.93 a/ b/	1.93	-
Raising the rate of interest used for lump-sum commutation from 4 to 4.5 per cent in respect of service as from 1 January 1983	0.14 a/ b/	0.14	-
Application of cost-of-living adjustments to deferred retirement benefits as from age 50 only; and reducing the frequency of measuring cost-of-living movements for adjustment of pensions from four times to twice a year, and raising trigger point from 3 to 5 per cent	1.01 a/ b/	1.01	-
Abolition of refund to organizations under former article 26 of the Regulations	0.54 a/ b/	-	0.54
Raising the statutory age of separation to 62	c/	-	-
Amendment of article 21 of the Regulations to reduce the period required to qualify for participation in the Fund from one year to six months	b/ d/	d/	d/
Limitation of the right to restore prior contributory service on re-entry into participation	b/ d/	d/	-

Measures recommended by the Pension Board	Projected savings as percentage of total pensionable remuneration		
	Total	Borne by Participants	Borne by Organizations
1983			
Raising the rate of contribution to a total of 24 per cent by 1 February 1990	0.75 b/ 2.25 c/	0.25 0.75	0.50 1.50
1984			
Raising the rate of interest used for lump-sum commutation from 4.5 to 6.5 per cent in respect of service as of 1 January 1985	0.22	0.22	-
Early retirement: raising the reduction factor for those with more than 25 but less than 30 years of contributory service from 2 to 3 per cent for each year under age 60	0.07	0.07	-
Annual adjustment of benefits in payment with 3 per cent trigger point	0.33	0.33	-
"Capping" United States dollar track at 120 per cent of local track	0.20	0.20	-
Reducing first cost-of-living adjustment by 1.5 percentage points	0.38	0.38	-
Paying new retirees' pensions at end of month	0.08	0.08	-
Advancing date of payment of organizations' monthly contributions	0.05		0.05
Totals	7.95 e/	5.36	2.59

(Footnotes to table on following page)

(Footnotes to table)

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a/ The savings as projected in the Board's report to the General Assembly at its thirty-seventh session were 1.84 per cent for the reduction in the rate of accumulation, 1.09 per cent for the higher interest rate for lump-sum commutation and changes in the pension adjustment system, combined, and 0.52 per cent for the abolition of the refunds to member organizations (Official Records of the General Assembly, Thirty-seventh Session, Supplement No 9 (A/37/9 and Corr.1-4), para. 47). The figures in this table have been adjusted to reflect the valuation as at 31 December 1982 (Ibid., Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2 and Add.1 and Corr.1 and 2), para. 19).

b/ Approved by the General Assembly.

c/ See para. 58 above.

d/ The savings attributable to these measures were not quantified at the time they were recommended to and approved by the General Assembly at its thirty-seventh session.

e/ This total excludes the projected savings attributable to the raising of the statutory age of separation to 62 and to the two "not quantified" economy measures (see footnote d/). It is 0.46 per cent less than the total imbalance reported by the Board to the General Assembly in 1983 (Ibid., Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2 and Add.1 and Corr.1 and 2), para. 17).

60. The above table shows that the total three-year package recommended by the Board in 1982-1984 foresees that over two thirds of the burden of the quantified economy measures will be borne by the participants (active and retired) and less than one third by the organizations.

61. The burden of the quantified measures already approved by the General Assembly in 1982 and 1983 falls as to 76 per cent on the participants and as to 24 per cent on the organizations.

62. In the last preambular paragraph of resolution 38/233, the General Assembly expressed its awareness that

> "a co-operative effort by member organizations, participants and beneficiaries is required if the actuarial imbalance is to be reduced or eliminated, thereby securing an adequate level of benefits under the Fund."

The Board believes that the implementation of the recommendations on which the General Assembly has not yet acted is an essential component of the co-operative effort referred to above.

63. As was stated in paragraph 59 above, the implementation of all the recommendations made by the Board in 1982-1984 will result in the virtual elimination of the actuarial imbalance revealed by the valuation as at 31 December 1982.

64. The next actuarial valuation of the Fund will be as at 31 December 1984. In this connection, the Board was reminded by the Rapporteur of the Committee of Actuaries that, at the time of each actuarial valuation, the effects of the actual experience of the Fund since the previous valuation were taken into account and that adjustments were made to actuarial assumptions as needed in the light of past experience trends; an absolute exact balance at any single date could not be expected. For example, the results of the 31 December 1984 actuarial valuation should not be expected to show an exact balance because the effects of the Board's recommendations, as well as the timing of the applicability of the changes, could not be determined in advance. However, any actuarial imbalance which could result from the net effect of the variations from experience and from assumption changes in the next valuation was not expected to be of notable significance or to give cause for concern. By the same token, if some of the major recommendations of the Board were not implemented, or if their implementation was unduly delayed, the actuarial balance of the Fund would be adversely affected.

65. The implementation of the recommendations described above will require amendment of certain provisions of the Regulations and of the pension adjustment system of the Fund. The proposed amendments are set out in annexes IX and X to the present report.

B. Pensionable remuneration for the Professional and higher categories

66. In paragraph 2 of section III, "Pensionable remuneration for the Professional and higher categories", of resolution 38/233, the General Assembly requested

> "the International Civil Service Commission, in co-operation with the United Nations Joint Staff Pension Board, to submit to the General Assembly at its thirty-ninth session recommendations on the appropriate level of pensionable remuneration for the Professional and higher categories".

67. ICSC considered the question of pensionable remuneration at its twentieth session in July 1984, on the basis of a paper prepared by the Commission's secretariat after consultation with the secretariat of the Board. An advance copy of the relevant chapter of the Commission's report to the General Assembly 13/ was made available to the Board at its thirty-third session in August 1984. The Chairman of the Commission and members of the Commission's secretariat provided the Board with oral explanations of the Commission's conclusions and recommendations.

68. The Board requested the Consulting Actuary to study the actuarial implications of the introduction of the scale of pensionable remuneration for the Professional and higher categories which was being recommended by the Commission. The Board was advised by the Consulting Actuary that valuations prepared by reference to the situation as at 31 December 1982 (the date of the last actuarial valuation) showed that the introduction of the proposed scale would result in a reduction in the actuarial imbalance equal to 0.17 per cent of total pensionable remuneration.

69. In view of the importance of pensionable remuneration for the determination of the benefits payable by the Fund, the Board set up a working group to study the technical aspects of the Commission's recommendations; additional detailed information was provided to the working group by the Commission's secretariat. The Board expresses its appreciation to the Chairman and the secretariat of the Commission for their assistance in the consideration of the question of pensionable remuneration. The Board's conclusions as set out below have been formulated in the light of the technical findings of the working group.

70. The Board noted that the Commission had to operate under very tight time constraints so as to be able to meet the requirement that it report to the General Assembly at its thirty-ninth session. The Commission's recommendations introduce major changes in the manner in which pensionable remuneration for the Professional and higher categories is being determined; at the same time, the retirement scheme of the comparator civil service is undergoing thorough revision.

71. The Board noted that in paragraphs 63 and 64 of its report to the General Assembly, ICSC indicated that it would be essential for it to monitor on a continuous basis the evolution of several factors which could have a substantial impact on the Commission's calculations and that it would also be essential to undertake periodically (but not more frequently than once every five years) a comprehensive examination of pensionable remuneration amounts. 13/

72. The Board, for its part, also intends to monitor developments. In the light of those developments and bearing in mind the technical suggestions formulated by the working group, the Board stands ready to co-operate with the Commission in the review contemplated in paragraphs 63 and 64 of the Commission's report. The Board is of the view that the first such examination could usefully be carried out sooner than five years from now, perhaps within the next two or three years.

73. The Board concurs in the implementation as at 1 January 1985 of the scale of pensionable remuneration for the Professional and higher categories recommended by the Commission in annex VI to its report and agrees with the transitional arrangements which are set out in paragraph 47 of that report. 13/

74. In paragraph 6 of section III of resolution 38/233, the General Assembly requested the Board, in the light of the recommendations on the level of pensionable remuneration to be made by the Commission, to recommend to the Assembly, at its thirty-ninth session, consequential amendments to article 54 (b)

of the Regulations of the Fund. The draft amendment, which reflects the adjustment procedures recommended in paragraphs 51 to 53 of the Commission's report, is contained in annex IX to the present report. The Board notes from the Commission's report that adjustments based on movements of the WAPA index will be applied only for purposes of establishing contributions to the Fund and only if the resultant scale is higher than the one adjusted by the New York CPI. This can happen if the United States dollar weakens substantially. In that case the "local track" under the pension adjustment system will come into operation in many countries and there will be a consequential increase in the cost of benefits when converted into United States dollars; hence the Fund will require an additional inflow of contributions if an actuarial imbalance is to be avoided. The WAPA index will no longer be used for adjusting pensionable remuneration for purposes of establishing final average remuneration, which determines the level of the base amount of the pensions.

75. In paragraph 4 of section III of resolution 38/233, the General Assembly decided that

> "the implementation of any adjustment which may become due in 1984 on the basis of article 54 (b) of the Regulations of the United Nations Joint Staff Pension Fund shall be deferred until the General Assembly, at its thirty-ninth session, has considered the recommendations of the International Civil Service Commission and the Board on the level of pensionable remuneration".

76. The Board noted that in paragraphs 9 and 55 of its report to the General Assembly the ICSC indicated that on the basis of 1 July 1982 = 100 the United States consumer price index (US CPI) showed an increase of 5.4 per cent between 1 July 1982 and 1 July 1984, thus exceeding the 5 per cent threshold requirement for adjusting pensionable remuneration amount for both benefit as well as contribution purposes in accordance with article 54 (b) of the Regulations of the Pension Fund. Under the existing procedures the adjustment would go into effect on 1 October 1984. In paragraph 61, the Commission expressed the view that the forthcoming increase in the levels of pensionable remuneration for participants in the Professional and higher categories resulting from the application of article 54 (b) of the Pension Fund Regulations should be implemented. 13/

77. The Board endorses the Commission's views, for the reasons given in paragraphs 56 to 60 of the Commission's report, and recommends that the adjustment due on 1 October 1984 be implemented.

C. Pensionable remuneration for the General Service category: non-resident's allowance

78. In section IV of resolution 38/232 of 20 December 1983, the General Assembly

> "1. Takes note of the decision of the International Civil Service Commission to modify, with effect from 1 September 1983, the non-resident's allowance provisions to make the allowance payable for a fixed duration of five years at designated duty stations and to make it non-pensionable, subject to the protection of acquired rights as set out in paragraph 63 of the report of the Commission; 14/
>
> "2. Requests the United Nations Joint Staff Pension Board to review article 54 (a) of the Regulations of the United Nations Joint Staff Pension Fund in the light of the Commission's decision and to make appropriate recommendations to the General Assembly at its thirty-ninth session;

"3. Decides that, in the meantime, the modified non-resident's allowance shall not be pensionable".

79. Article 54 (a) of the Regulations of the Pension Fund states that

"Pensionable remuneration shall, subject to (b) below, be the equivalent in dollars of the sum of:

(i) The participant's gross salary, and

(ii) Any non-resident's allowance and/or language allowance payable to him."

80. The non-resident's allowance referred to in subparagraph (ii) of article 54 (a) of the Regulations was governed by provisions of the Staff Rules of the member organizations (Rule 103.5 in the case of the United Nations). It was a flat amount and was payable without limitation of time as long as the staff member concerned satisfied the conditions of the Staff Rule.

81. In recommending the modified non-resident's allowance, ICSC also recommended, in paragraph 63 of its report to the General Assembly at its thirty-eighth session, that staff members in receipt of the former pensionable non-resident's allowance be given the choice of either retaining the former allowance or opting for the modified one, provided they also accepted the related conditions of duration and non-pensionability. 14/ As can be seen from paragraph 78 above, the General Assembly accepted that recommendation.

82. The Pension Board noted that the effect of the Commission's decision (which was noted by the General Assembly in section IV, paragraph 1, of resolution 38/232) was that:

(a) As at 1 September 1983 there would be no new entitlements to the former non-resident's allowance;

(b) The modified allowance has been introduced as of the same date;

(c) Staff members to whom the former allowance had been granted prior to 1 September 1983, have been given the option of either retaining that allowance (with all the conditions, including pensionability, pertaining thereto), or of applying for the modified allowance.

83. In the circumstances, the Pension Board recommends that the General Assembly approve the amendment to article 54 (a) of the Regulations contained in annex IX.

D. Investments of the Fund

1. Management of the investments

84. The Board reviewed the investments of the Fund on the basis of a report and accompanying statistical data presented by the Secretary-General. The report described the prevailing economic and market conditions as well as the investment returns achieved during the 12 months to 31 March 1984. In addition to reviewing the contents of the report, the Board heard statements by the representative of the Secretary-General and members of the Investments Committee who attended the Board meeting and responded to questions from Board members.

85. The market value of the Fund's assets on 31 March 1984 was $3,597 million, $459 million more than a year ago. The investment return was calculated, as before, using the standard method which included interest and dividend payments and also accounted for unrealized profits and losses due to market fluctuations. The return for the year ended 31 March 1984 was 13.01 per cent. That compared with the total returns over the previous four years as follows:

Year ended 31 March		Percentage return
1984		13.01
1983		27.05
1982	minus	7.85
1981		26.60
1980	minus	0.39

86. The Board noted the wide fluctuations of the results from one year to the next which were reflections of short-term market conditions and currency movements. Data were provided to illustrate that investment returns should be judged over longer periods because concentration on short-term trends might be misleading and harmful to the decision-making process. The cumulative average, before adjustment for inflation, over a five-year period was 10.78 per cent and over the past 24 years it was 6.86 per cent. Over the 24 years, equities had had a better return than bonds, which was why 50 to 60 per cent of the portfolio was usually vested in equities.

87. The Board was provided with information on the structure of the portfolio, which was widely diversified to render the return less dependent on individual markets and currencies. Diversification was an established investment principle and had been endorsed as a valid proposal by the Board many years ago. As at 31 March 1984, 48 per cent of the portfolio was composed of equity investment; 39 per cent was held in fixed-income securities; real-estate-related investments accounted for 9 per cent of the portfolio; and short-term cash equivalents represented 4 per cent. The composition of the portfolio was changing continually, reflecting the judgement of the Secretary-General and the Investments Committee as to changing economic, market and currency trends.

88. As at 31 March 1984, $1,884 million or 55 per cent of the Fund's long-term investments were allocated to markets outside the United States. The Fund was invested in 44 countries, including 23 developing countries. Substantial investments had been made indirectly through international and regional development institutions. For reasons of currency and geographic diversification, funds were invested in 20 different currencies (other than the United States dollar) and in 19 equity markets including 5 in developing countries. The current breakdown of total investments of 41 per cent in other currency investments and 59 per cent in United States dollar investments reflected the policy of the Secretary-General to maintain a favourable balance between assessed risks and rewards offered through diversification by type of asset, currency, geographic region and industry.

89. Bearing in mind the resolutions in which the General Assembly requested the management of the Fund to invest in developing countries where feasible, the Board reviewed those investments. Direct investments had risen to $149.0 million, or by 7.5 per cent. Although direct investments had been scaled back by 22 per cent in Latin America to $59.6 million, new opportunities had become available in Africa and Asia, where investments had risen to $19.8 million (up 56 per cent) and $67.3 million (up 40 per cent), respectively. The total amount invested in

development-related securities had risen from $504.6 million to $605.4 million (by 20 per cent). The management of the Fund kept closely in touch with the World Bank, the International Monetary Fund, the various regional development banks, governments and private sources in order to be apprised of new investment opportunities.

90. The Board discussed the inflation-adjusted rate of return over the past 24 years which had been 1.5 per cent compared with the current actuarial assumption of 3 per cent. The Board understood that, while the relationship might improve over the years to come because of the possibility of a relatively low inflation rate (as measured by the United States consumer price index), it would be imprudent to expect that the real rate of return would exceed 3 per cent a year or that an increase in the rate of return would, on its own, eliminate the existing imbalance.

91. A number of specific questions were raised by members of the Board relating to the impact of the international debt situation on investments, particularly in light of the weakened structure of the banking industry, and whether those conditions were limiting the opportunity of finding suitable investments in developing countries, particularly in Africa. Discussion also focused on flexibility in investment strategy, the role of bonds in view of high real interest rates, the outlook for stability in the value of the United States dollar, investment in real estate, the rate of return on short-term instruments and the diversification policy of the Fund. The Board requested that, in light of the relatively high returns obtained on short-term investments in recent years, the Investments Committee consider the advisability of increasing the proportion held in short-term placements. Members of the Investments Committee responded to the questions raised.

92. The Board expressed its appreciation for the participation and comments of the Investments Committee. It also took note of the explanations given by the representative of the Secretary-General and the detailed documentation provided.

2. Membership of the Investments Committee

93. The Secretary-General, in accordance with article 20 of the Regulations of the Fund, conveyed to the Board the names of three members whom he would propose, after consultation with the Advisory Committee on Administrative and Budgetary Questions (ACABQ), to the General Assembly at its thirty-ninth session for reappointment as members of the Investments Committee. The Board noted the Secretary-General's proposal.

E. Actuarial matters

94. The Board examined and approved the actuarial assumptions proposed by the Committee of Actuaries to be used in the valuation as at 31 December 1984.

95. The economic factors would include a rate of increase in pensionable remuneration (in addition to static increases) of 6.5 per cent a year, price increases (reflected in increases of pensions to beneficiaries) of 6 per cent a year, and three assumptions as to nominal rate of interest (investment return) of 8, 9 and 10 per cent a year (corresponding to a real rate of return of 2, 3 and 4 per cent a year, respectively). It was noted in that connection that the 6.5/9/6 basis corresponded to the assumptions used in the "regular valuation" as at 31 December 1982.

96. As to the assumptions regarding future growth of the participant population, the Board decided that in addition to valuations based on the assumptions used in the previous valuation (namely a rate of growth for each of the first 20 years of 2.6 per cent for the General Service and 1 per cent for the Professional category, with no growth thereafter), a valuation should also be prepared on the assumption that there would be no growth at all beyond the current level of the participant population.

97. In reaching the aforesaid decisions the Board bore in mind that actuarial assumptions were intended to represent the average of events occurring over a long period of time, and that the differentials between the economic assumptions were more important than the specific levels of each assumption separately.

F. Exclusion from participation under article 21 of the Regulations of the Fund

98. Article 21, paragraph (a), of the Regulations of the Fund states that:

> "(a) Every full-time member of the staff of each member organization shall, subject to article 51, become a participant in the Fund:
>
> (i) Upon commencing employment under an appointment for six months or longer or upon accepting such an appointment while in employment, or
>
> (ii) Upon completing, in the same or more than one member organization, six months of service without an interruption of more than thirty days, whichever is earlier, provided that participation is not expressly excluded by the terms of his appointment".

99. In section VI of resolution 37/131, the General Assembly requested the member organizations of the Fund to furnish the Board, without delay, information regarding the exclusion of members of their staff from participation in the Fund, and requested the Board, in the light of such information, to submit proposals to the Assembly at its thirty-eighth session for removing the exclusion provision from article 21 of the Regulations of the Fund.

100. On the basis of the information provided to it by the member organizations, the Board reported to the General Assembly at its thirty-eighth session that, in the few cases where the exclusion provision (within the meaning of art. 21) was applied, the principal reasons were to avoid duplicate pension coverage and allow continuation of existing pension rights under various national schemes, and to make it possible to implement special agreements entered into with the host countries on social security matters. The Board informed the General Assembly that article 21 of the Regulations in its present form, including the exclusion provision, should not be changed. 15/

101. Subsequently, the Board became aware that the exclusion provision was occasionally being used not for any of the reasons reported to the General Assembly last year, but because of the source of funding for the staff members in question; moreover, the staff members involved belonged to categories which had previously been covered by membership in the Pension Fund.

102. Bearing in mind section VI of resolution 37/131, the Board invites the General Assembly to decide that the operation of the exclusion provision in article 21 be restricted in the manner suggested by the Board in its report to the Assembly at its thirty-eighth session. 15/ Other considerations, including the desire to cut costs, cannot be regarded as valid grounds for exclusion. Furthermore, it is undesirable to exclude categories of staff to whom participation in the Fund had been extended in the past.

103. The Board's recommendation is reflected in the draft resolution in annex XI.

104. The Board also draws attention to the advantages which the conclusion of agreements under article 13 of the Regulations of the Fund on the transfer of pension rights can have in safeguarding the interests of individuals who are seconded to the member organizations of the Fund for limited periods of time.

G. The effect of marriage and its dissolution on benefits from the Fund

105. In section V of resolution 37/131 of 17 December 1982, the General Assembly requested the Pension Board:

> "to examine the effects of the dissolution of a marriage on survivors' entitlements, together with the possibility of granting such benefits to spouses whose marriage was contracted after the service of a participant had ceased, and to report thereon to the General Assembly not later than at its thirty-ninth session".

The General Assembly stated that, in formulating its proposals, the Board was "to bear in mind that these should have no financial implications for the Fund".

106. As regards surviving spouses' benefits, articles 34 and 35 stipulate that a benefit is payable, subject to certain conditions, to the surviving spouse of a participant who was entitled to a retirement, early retirement, deferred retirement or disability benefit at the date of his/her death, or who died in service, if she/he was married to him/her at the date of his/her death in service or, if he/she was separated prior to his/her death, she/he was married to him/her at the date of separation and remained married to him/her until his/her death. In other words, the Fund does not now pay a benefit to a surviving divorced spouse or to a surviving spouse if marriage took place after separation.

107. The Board noted that if a survivor's benefit was to be granted to divorced spouses of participants or to spouses who entered into marriage with a retired participant, there would be an increase in the Board's liabilities unless the extension of entitlement to additional categories of spouses was accompanied by an appropriate corresponding reduction in the benefits payable by the Fund under the present Regulations. The larger the categories of new beneficiaries and the amounts payable to them, the more the present benefits would have to be reduced.

108. If the new benefit were limited to a survivor's benefit for divorced spouses in cases where the participant also left a surviving spouse entitled to a survivor's benefit under the present Regulations, it might be possible to finance the new benefit by splitting the survivor's benefit between the divorced spouse and the surviving spouse on some pre-determined basis. Any additional cost to the Fund due to the fact that survivor's benefits would be payable until the death of both

the surviving spouse and the divorced spouse might be offset by eliminating the provision for the lump sum under article 34 (h) in case of remarriage by the divorced spouse, the surviving spouse, or both (as in the case of polygamy).

109. If any new survivor's benefits are to be created beyond the very limited benefit discussed in paragraph 108, participants' entitlements and benefits will have to be reduced actuarially to cover the estimated costs of such new benefits. A preliminary question that would have to be addressed is whether the costs of the new survivor's benefits would be borne by all participants or only by those whose spouses derived an actual benefit from the change in the Regulations. If the cost would be borne only by the participants whose spouses or former spouses would become direct beneficiaries, the question arises whether the reduction in the participant's benefit is to be based on actuarial tables or on the actual marital circumstances at the time of marriage/divorce and/or on the occasion of the participant's initial eligibility for a periodic benefit.

110. To grant survivor's benefits to divorced spouses would also involve the Fund in formidable administrative difficulties. As a rule, neither the Fund nor the member organizations maintain contact with or records on divorced spouses of participants. Such records would have to be maintained and would also have to include data on whether the divorced spouses subsequently remarried.

111. In its consideration of the question the Board was advised that under most private and public employee pension systems a divorced spouse has no direct right to a share in the pension benefits. Consequently, in those national jurisdictions where accrued pension rights are considered marital property, the usual procedure is to obtain a lump-sum valuation of the pension rights of the spouses and to include such a valuation in the calculations for the distribution of the marital property. However, the Board did not have adequate detailed information on the treatment of divorced spouses under various national social security systems and under the pension schemes of other international organizations.

112. The Board will report further to the General Assembly on this question after it has received the additional information referred to in the preceding paragraph.

H. Special index for pensioners

113. In decision 35/447 of 17 December 1980, the General Assembly requested ICSC, in co-operation with the Pension Board, to give high priority to the elaboration of a special index for pensioners, including the impact of national taxation. Work on the development of a comprehensive special index for pensioners is still in progress. In the meantime, however, in section I, paragraph 1, of resolution 37/126 of 17 December 1982 on the report of ICSC, the General Assembly approved

> "the procedure for adjusting cost-of-living differential factors applicable to retirees from the Professional and higher categories where those factors are applied and where the rates of taxation are zero or lower than those implicit in the amounts of base pensions provided under the United Nations staff pension scheme".

The procedures are set out in annex X to the Pension Board's report to the General Assembly at its thirty-seventh session. 16/ In 1983, ICSC and the Board gave further consideration to the question of the impact of national taxation. 17/ In section I, paragraph 5, of resolution 38/232, the Assembly approved the development of the special index for pensioners as recommended by the Commission in paragraph 15 (a) of its report. 18/

114. Before the procedures already approved by the General Assembly could be put into effect, an analysis had to be made of the impact of national taxation in individual countries where upward cost-of-living differential factors had been applied under the current Pension Adjustment System. With the co-operation of the authorities concerned and of member organizations having their headquarters in the countries in question, 1983 tax rates were obtained for four countries, namely Austria, France, Switzerland and the United Kingdom; of all the pensioners who may be affected by section I, paragraph 1, of Assembly resolution 37/126, 82 per cent reside in those four countries. The downward adjustment procedures are not applicable in the United Kingdom, because the rates of taxation there are higher than staff assessment rates. On the other hand, it was established that downward adjustments were warranted for Austria, France and Switzerland; indeed, in Austria and France the cost-of-living differential factors have been eliminated altogether.

115. Pursuant to section C, paragraph (d), of the procedures in annex X to the Pension Board's report to the General Assembly at its thirty-seventh session, no retroactive adjustment was to be made to benefits for the period prior to 1 January 1983. 19/ As regards benefits paid for periods subsequent to 1 January 1983, no overpayments (which, had they existed, would have given rise to recoveries) have been made to pensioners residing in Austria or France, as their benefits have been paid in accordance with the United States dollar track at all times since January 1983.

116. Overpayments have been made to pensioners residing in Switzerland. However, the amounts involved have been small, inasmuch as the impact of national taxation has reduced the Switzerland cost-of-living differential factor for December 1982 by only two points (from 13.00 to 11.00). In the circumstances and bearing in mind that time-consuming detailed calculations on a month-by-month basis would be required before the exact amounts of overpayment to individual pensioners could be determined, the Board concluded that to attempt to recover those amounts for the periods 1 January 1983-31 December 1984 would not be cost-effective.

117. Accordingly, the Pension Board recommends to the General Assembly that it amend section C, paragraph (d) of the procedures in annex X to the Board's report to the thirty-seventh session 19/ so as to specify that

> "no retroactive adjustment will be made for the period between the date entitlement began and 31 December 1984, but the reduced local currency amount will become effective from 1 January 1985".

I. Procedures of the United Nations Administrative Tribunal (UNAT)

118. As requested by the General Assembly in resolution 37/129 of 17 December 1982 and decision 38/409 of 25 November 1983, the Secretary-General is submitting to the General Assembly at its thirty-ninth session a report on the progressive harmonization and further development of the statutes, rules and practices of the Administrative Tribunals of the International Labour Organisation and of the United Nations. The report contains proposals for the reform of instruments and practices applicable to UNAT (A/C.5/39/7).

119. The jurisdiction of the United Nations Administrative Tribunal in pension matters is governed by article 48 of the Regulations of the Fund.

120. The Board noted that the Secretary-General was recommending that the Statute of UNAT be amended and that there were three areas in particular in which the proposed amendments related or could relate to pension questions. Those areas were:

(a) The inclusion in the Statute of UNAT of a specific reference to appeals against Pension Board decisions;

(b) Possible review of Tribunal judgements in Pension Fund cases;

(c) The requesting of advisory opinions.

121. The Board noted further that the current wording of article 48, paragraph (c), of the Regulations of the Fund ("The decision of the Tribunal shall be final and without appeal") excludes the review procedure provided for in the Statute of the Tribunal. The Board agreed that this exclusion should be eliminated. It recommends, therefore, that article 48 (c) of the Regulations of the Fund be amended to read as follows:

> "(c) Subject to the relevant provisions of the Statute of the Tribunal, its judgements as to any application submitted pursuant to this article shall be final and without appeal".

J. Emergency Fund

122. The Emergency Fund, initially established by the Board in 1973 from voluntary contributions of member organizations, staff associations and individual contributors to alleviate the distress of recipients of small pensions caused by currency fluctuations and cost-of-living increases, has been used instead, since the introduction of the pension adjustment system in 1975, to relieve hardship by providing aid in individual cases of proven emergency due to illness, infirmity or similar causes.

123. Since then the General Assembly has authorized the Board to supplement voluntary contributions to the Emergency Fund by an amount of up to $100,000 a year. The bulk of the money spent has been used to assist in the payment of medical expenses, including hospitalization, and related expenses not reimbursable from other sources. In all cases involving claims for medical expenses not covered by the medical insurance schemes of the member organizations concerned, the advice of the Medical Consultant was obtained before any payment was made from the Emergency Fund. Also payments have been and are being made on a continuing basis to help meet the cost of at-home nursing or domestic help required by pensioners or their spouses because of illness and debility. In some instances payments were made to help cover funeral expenses. The total amount of payments made from 1975 to June 1984 is about $266,000. Expenditures in the calendar year 1983 amounted to $20,900 as against $55,600 in 1982.

124. The Board believes that there is a continuing need for the Emergency Fund. Accordingly it recommends that its authority to contribute up to $100,000 a year to the Emergency Fund be continued in 1985.

K. Financial statements of the Fund and report of the Board of Auditors

125. The Board examined and approved the financial statements of the Fund and related schedules for the year ended 31 December 1983 (annex II).

126. The Board took note of the report of the Board of Auditors (annex III). It also noted with satisfaction that most of the recommendations made by the auditors had been acted upon and implemented to the extent feasible.

L. Administrative expenses

1. Introduction

127. Article 15 of the Regulations of the Fund provides that

> "(*a*) Expenses incurred by the Board in the administration of these Regulations shall be met by the Fund.
>
> (*b*) Estimates of the expenses to be incurred under (*a*) above shall be submitted annually to the General Assembly, during the preceding year, for approval.
>
> (*c*) Expenses incurred in the administration of these Regulations by a member organization shall be met by that organization."

128. Pursuant to article 15, paragraph (b), the Board submits revised estimates for 1984 amounting to $6,729,600 (annex IV, table 1) and estimates of expenses for 1985 in the amount of $7,475,400 (annex IV, tables 2 and 3). These expenses are a charge entirely on the Fund and do not in any way involve the budget of the United Nations or that of any other member organization.

129. The 1985 estimates of administrative costs (as distinct from investment costs) amount to 0.148 per cent of the estimated 1985 pensionable remuneration and are thus somewhat above the 0.14 per cent limit laid down by the Pension Review Group in 1960. The increase is attributable to the fact that while administrative costs have continued to rise, total pensionable remuneration has been virtually static for the past two years: the scale of pensionable remuneration for the Professional and higher categories has not been adjusted since October 1982, the total pensionable remuneration of staff in the General Service and other local categories, expressed in dollars, has actually declined because of the strength of the United States dollar in relation to other currencies, and the increase in the number of participants has not been sufficient to offset that decline. The question of the appropriate level of administrative costs in relation to the current size of the Fund and the number of active and retired participants will be on the agenda of the 1985 session of the Committee of Actuaries. The Committee's conclusions will be reported by the Board to the General Assembly at its fortieth session.

2. Revised estimates of expenses for 1984

130. The revised estimates for 1984, in the amount of $6,729,600, are $6,500 higher than the approved appropriations. As can be seen from annex IV, table 1, $1,500 of the increase relates to administrative costs and the balance of $5,000 to investment costs.

131. The main additional requirements under administrative costs relate to actuarial consulting services (up $80,000), miscellaneous supplies and services (up $55,000) and consultants (up $16,500). The extra actuarial consulting services were required for the preparation of special studies for the Board's special session which was convened in response to section II of General Assembly resolution 38/233, to consider possible measures to improve the actuarial balance of the Fund. The increase of $55,000 under miscellaneous supplies and services relates to the purchase of an insertion machine. It is expected that the acquisition of that machine will greatly reduce the overtime charges reimbursable to the United Nations and will expedite the circulation of material to beneficiaries. The amount of $16,500 being requested for consultants relates to the need for the Fund to retain a qualified tax law firm to advise and assist the Fund in connection with changes in United States legislation. The bulk of the offsetting savings is due to vacancies ($122,700 under established posts and $42,200 under common staff costs).

132. The implementation by the United Nations Office of Personnel Services of the classification system for the General Service category at Geneva has led to the reclassification of one of the General Service posts in the Pension Fund office at Geneva to the Principal level as from 1 January 1984 (prior to that there were no Principal-level posts in the Fund's Geneva office). The extra cost of that reclassification in 1984 can be absorbed because of savings attributable to vacancies (see preceding paragraph).

133. The net additional requirements of $5,000 under investment costs are the result of minor variations which are shown in annex IV, table 1.

3. Estimates of expenses in 1985

134. The estimates for 1985 amount to $7,475,400 net, as compared with approved appropriations of $6,723,100 for 1984. The overall increase of $752,300 comprises $628,800 in resource growth and $123,500 in inflation. Of the total of $7,475,400, administrative costs amount to $2,751,200 and investment costs to $4,724,200.

135. The 1985 administrative cost estimates are $314,100 higher than the initial 1984 appropriations of $2,437,100; the difference comprises $221,300 in resource growth and $92,800 in cost increases. The resource growth is thus 9.1 per cent. The resource growth relates principally to actuarial consulting services (up by $140,000) and to established posts and common staff costs (up by $91,300).

136. The additional requirements for consulting services are attributable to the preparation of the next biennial valuation of the Fund, the results of which will be reported to the General Assembly at its fortieth session.

137. The staffing resources of the Fund's secretariat have remained unchanged at 84 since 1981, despite the considerable increase in work-load in the meantime. For example, between 31 December 1980 and 31 December 1983, the number of active

participants increased by 7 per cent, that of separations by 11 per cent, and that of benefits in payment by 31 per cent. The amount of correspondence with active and retired participants has increased accordingly; for example, in the Participants' Unit correspondence has increased by 25 per cent. In spite of increased mechanization and computerization, the increased work-load has resulted in delays in processing benefits and answering correspondence.

138. In the circumstances, the addition of four General Service posts is proposed as follows:

(a) One Principal level (G-5) post in the Separations Unit to improve control in the area of scrutinizing Certificates of Entitlement in line with the recommendations of the Auditors;

(b) One G-3/G-4 word-processor operator in the Office of the Secretary. This office, which is responsible for the issuance of all the Board and Standing Committee documentation and which comprises five staff in the Professional and higher categories, is currently serviced by only one word-processor operator;

(c) Two G-3/G-4 clerks in the Participants' and Separations Units. The work-load of these units has increased considerably as a result of the larger number of participants approaching retirement and also of the changes in the Regulations of the Fund governing entry and re-entry into participation. Furthermore, the units have to respond to active and retired participants who visit the Fund's secretariat every day seeking information on their entitlements and on the adjustment procedures and also on individual problems (such as non-receipt of benefit cheques, change of bank account, liability to national income taxes, acceptability of certificates of residence, etc.), as well as assistance in the completion of forms.

139. It is also proposed that two G-4 accounting posts be reclassified to the G-5 level. One of the reclassifications is requested for the benefits area, where the continuing growth in the number of benefits paid calls for more benefit auditing work. The other is in the payroll accounting area, in line with the recommendation in paragraphs 13 and 14 of the report of the Board of Auditors; the opening of additional bank accounts by the Fund, in connection with increased use of electronic benefit systems, has led to the need for higher levels of responsibility in the areas of payments and bank reconciliations.

140. The proposed staffing table for 1985 is shown in annex IV, table 3.

141. The request for $15,000 for consultants relates to the retention of the qualified tax law firm referred to in paragraph 131 above.

142. The additional requirements are partly offset by a negative growth of $41,900 for acquisition of equipment.

143. Investment costs are estimated at $4,724,200 in 1985. The increase over the 1984 appropriation of $4,286,000 is $438,200, of which resource growth accounts for $407,500 and cost increases for $30,700. The resource growth rate is 9.5 per cent.

144. Three quarters of the resource growth ($300,000) relates to advisory and custodial fees which are linked contractually to the market value of the Fund's portfolio. It is expected that that market value will be higher in 1985 than in 1984.

145. A resource growth of $106,800 is requested for established posts and common staff costs.

146. The investment management staff currently comprises five Professional Officers (1 D-1, 1 P-5, 1 P-4, 2 P-3) and six General Service staff members; they form the Investment Management Section of the United Nations Office of Financial Services. It is proposed that a new Professional post at the P-4 level be added to meet the need for increased specialization in the Eastern Asia region. With that addition it is believed that the number of Professional staff will be adequate to handle the normal work-load for the next few years. It is also proposed that two new General Service posts at the G-3/G-4 level be added to cope with the increase in administrative work and to enable each Investment Officer to have a portfolio research assistant to deal with simple data collection tasks and calculations etc. in order to facilitate the work of the Investment Officers and improve productivity.

147. The cost of travel of the investment management staff is estimated at $42,200 as against $27,600 appropriated for 1984. The additional resources are requested to enable the Investment Management Section to carry out its functions on a basis comparable with that of other professional investment groups. This entails a considerable increase in the amount of investment research travel with a view to improving the quality of the investment decisions. More frequent visits would be paid to certain major investment areas and also to other areas of North America as well as regions not yet covered by such travel.

148. An amount of $10,000, at 1984 rates, is requested to enable staff to attend specialized courses on the investment applications of computers.

4. Biennial budgeting

149. Article 15, paragraph (b), of the Regulations of the Fund calls for the annual submission to the General Assembly, for approval, of estimates of administrative expenses of the Fund (see para. 127 above). This requirement dates back to the time when all the member organizations of the Fund had either annual budgets or annual "segments" within budgets covering the period of years between their general conferences. Bearing in mind that since then most member organizations have adopted a biennial budget cycle which begins with an even year, the Board recommends that the budget for administrative expenses of the Fund also be placed on a biennial basis. In order to ensure synchronization with the budgetary cycles of member organizations, the first biennial budget would cover the years 1986-1987.

150. The introduction of biennial budgeting would require amendment of article 15, paragraph (b), of the Regulations of the Fund. Such an amendment is proposed in annex IX to this report.

Notes

1/ Official Records of the General Assembly, Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2), para. 17.

2/ See, for example, Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 9 (A/37/9 and Corr.1-4), para. 36.

3/ Official Records of the General Assembly, Fifteenth Session, Annexes, agenda item 63, document A/4427.

4/ Ibid., Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2), para. 24.

5/ Ibid., Thirty-ninth Session, Supplement No. 30 (A/39/30), paras. 45 and 46 and annex VI.

6/ Ibid., Thirty-seventh Session, Supplement No. 9 (A/37/9 and Corr.1-4).

7/ Official Records of the General Assembly, Fifteenth Session, Annexes, agenda item 63, document A/4427, paras. 182-183.

8/ In this connection it may be recalled that new entrants into the United States Federal Civil Service are now covered by the United States Social Security scheme which provides automatic survivor benefits.

9/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 9 (A/33/9), paras. 55-60.

10/ Ibid., Thirty-seventh Session, Supplement No. 9 (A/37/9 and Corr.1-4), paras. 17-21 and 46; and ibid., Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2), paras. 29, 31-34.

11/ Ibid., Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2), paras. 26-27.

12/ Ibid., para. 17.

13/ Ibid., Thirty-ninth Session, Supplement No. 30 (A/39/30), chapter II.

14/ Ibid., Thirty-eighth Session, Supplement No. 30 (A/38/30); and A/38/30/Add.1.

15/ Ibid., Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2), paras. 60 and 61.

16/ Ibid., Thirty-seventh Session, Supplement No. 9 (A/37/9 and Corr.1-4).

17/ Ibid., Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2), paras. 46-50.

18/ Ibid., Supplement No. 30 (A/38/30).

19/ Ibid., Thirty-seventh Session, Supplement No. 9 (A/37/9 and Corr.1-4).

ANNEX I

Statistics on the operations of the Fund for the year ended 31 December 1983

Table 1

Number of participants as at 31 December 1983

Member organization	Participants as at 31 December 1982	New entrants	Transfers in	Transfers out	Separations	Participants as at 31 December 1983
United Nations	26 599	3 564	70	(90)	(2 547)	27 596
ILO	3 070	439	25	(34)	(445)	3 055
FAO	7 238	1 001	49	(31)	(999)	7 258
UNESCO	3 581	332	13	(17)	(319)	3 590
WHO	5 437	702	22	(9)	(454)	5 698
ICAO	1 242	184	6	(8)	(180)	1 244
WMO	420	55	4	(3)	(40)	436
ICITO	314	31	4	(3)	(18)	328
IAEA	1 340	280	14	(5)	(137)	1 492
IMO	303	52	-	(-)	(44)	311
ITU	971	87	1	(5)	(137)	917
WIPO	274	27	2	(1)	(11)	291
IFAD	153	52	1	(5)	(16)	185
ICCROM	24	3	-	(-)	(3)	24
EPPO	-	7	-	(-)	(-)	7
Totals	50 966	6 816	211	(211)	(5 350)	52 432

Table 2

Benefits awarded to participants or their beneficiaries during the year ended 31 December 1983

Member organization	Retirements	Early retirements	Deferred retirements	Withdrawal settlements under 5 yrs	Withdrawal settlements over 5 yrs	Child's benefits	Widow's and Widower's benefits	Other death benefits	Disability	Secondary dependants	Transfers to other funds	Total
United Nations	305	162	128	1 412	296	372	32	7	35	1	115	2 865
ILO	54	41	38	251	20	45	5	1	4	-	7	466
FAO	104	84	95	575	61	144	17	2	11	-	4	1 097
UNESCO	53	40	26	163	16	33	5	3	-	-	6	345
WHO	102	53	23	168	62	143	11	1	5	1	13	582
ICAO	31	12	12	100	9	20	2	-	-	-	8	194
WMO	2	1	4	28	2	-	-	-	-	-	3	40
ICITO	5	3	-	5	4	-	-	-	-	-	-	17
IAEA	8	11	10	75	7	11	4	-	1	-	17	144
IMO	1	4	3	30	2	12	1	-	-	-	2	55
ITU	29	12	17	64	11	15	2	-	-	-	2	152
WIPO	1	-	-	7	1	-	-	-	-	-	2	11
IFAD	2	-	-	12	1	-	-	-	-	-	1	16
ICCROM	-	-	-	3	-	-	-	-	-	-	-	3
EPPO	-	-	-	-	-	-	-	-	-	-	-	-
Totals	697	423	356	2 893	492	795	79	14	56	2	180	5 987

Table 3

Analysis of periodic benefits as at 31 December 1983

Participants or their beneficiaries

Type of benefit	As at 31 Dec. 1982	New	Terminations resulting in survivor's benefits	All other terminations	As at 31 Dec. 1983
Retirement	6 458	698	(91)	(64)	7 001
Early retirement	2 408	422	(28)	(18)	2 784
Deferred retirement	3 999	359	(15)	(62)	4 281
Widow	2 141	72	139	(35)	2 317
Widower	72	8	6	(1)	85
Disability	417	57	(15)	(5)	454
Child	3 647	795	-	(505)	3 937
Secondary dependant	36	2	4	(2)	40
Totals	19 178	2 413	---	(692)	20 899

Audit opinion, financial statements and schedules for the year ended 31 December 1983

AUDIT OPINION

We have examined the following appended financial statements, numbered I to III, properly identified, and relevant schedules of the United Nations Joint Staff Pension Fund for the financial period ended 31 December 1983. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended, the financial statements were prepared in accordance with the stated accounting principles which were applied on a basis consistent with that of the preceding financial period and the transactions were in accordance with the Financial Regulations and legislative authority.

(*Signed*) A. K. Azizul HUQ
Comptroller and Auditor General of Bangladesh

(*Signed*) R. T. NELSON
Auditor General of Ghana

(*Signed*) A. DEFOY
Senior President of the Court of Accounts of Belgium

13 June 1984

UNITED NATIONS JOINT STAFF PENSION FUND

Note on the financial statements for the year ended 31 December 1983

Summary of significant accounting policies

The following are some of the significant accounting policies of the United Nations Joint Staff Pension Fund.

1. Investments

Investments are recorded at cost. Interest income is recorded on an accrual basis; dividends are included in income on a cash basis; realized profits and losses are shown on a net basis. Refunds on foreign taxes withheld are recorded as income in the year in which they are received.

2. Contributions

Contributions received from participants, member organizations and other funds are recorded on an accrual basis.

Contributions refunded to member organizations are recorded on a cash basis.

3. Benefits

Payment of benefits including withdrawal settlements are recorded on an accrual basis.

4. Principal of the Fund

The principal of the Fund represents the active participants' contributions plus interests together with the balance of equity of the Fund.

UNITED NATIONS JOINT STAFF PENSION FUND

Statement of assets and liabilities as at 31 December 1983 with comparative figures as at 31 December 1982

(United States dollars)

Assets		1983	1982
Cash in banks		2 426 536	---
Contributions receivable from member organizations		17 639 541	24 593 055
Accounts receivable		243 975	220 251
Accrued income from investments		43 177 776	41 584 547
Receivable from investments sold		3 195 586	546 734
Investments (schedules 2, 3 and 4)			
Temporary investments - at cost (market value: 103 660 330)	103 423 473		
Bonds - at cost (market value: 1 211 825 441)	1 272 679 810		
Stocks and convertible bonds - at cost (market value: 1 911 805 588)	1 408 306 750		
Real estate and related securities - at cost (market value: 292 599 585)	264 485 838	3 048 895 871	2 710 857 952
Prepaid benefits		14 049 207	12 609 728
		3 129 628 492	2 790 412 267

Liabilities and principal of the Fund	1983	1982
Benefits payable	10 569 596	12 403 864
Held in trust	283 514	130 000
Payable for securities purchased	3 222 705	2 569 153
Other accounts payable	3 898	7 032 872
Bank overdraft	---	851 845
Mortgages payable	---	4 238 782
Principal of the Fund	3 115 548 779	2 763 185 751
	3 129 628 492	2 790 412 267

Certified correct:

(Signed)
J. Richard FORAN
Controller
United Nations
(for cash balances and investments of the Fund only)

(Signed)
Anthony MANGO
Secretary
United Nations Joint Staff Pension Board

27 April 1984

UNITED NATIONS JOINT STAFF PENSION FUND

Statement of source and application of funds for the year ended 31 December 1983 with comparative figures for the year ended 31 December 1982

(United States dollars)

Source of funds	1983	1982
Contributions by participants		
7 per cent of pensionable remuneration	119 647 486	114 759 741
Additional contributions with interest to make prior service contributory	1 103 735	817 946
Repayment of benefits with interest to restore prior contributory service	1 693 625	2 129 934
Voluntary deposits	1 567	1 869
14 per cent of pensionable remuneration with interest to make periods of leave without pay contributory	234 779	252 749
	122 681 192	117 962 239
Contributions by member organizations		
14 per cent of pensionable remuneration	239 294 972	229 519 482
Additional contributions with interest to make prior service contributory	2 642 029	1 954 952
	241 937 001	231 474 434
Amounts received from non-member organizations for participants transferred under agreements	360 413	377 007
Receipts of excess actuarial cost over regular contributions with interest to make prior service contributory	248 724	2 008
Prior year Emergency Fund balance	44 393	52 556
Investment income		
Interest earned	131 902 616	130 957 806
Dividends	60 800 407	48 948 659
Real estate and related securities	14 448 424	11 688 120
Profit (net) on sales of investments	69 110 606	36 782 604
	276 262 053	228 377 189
Total	641 533 776	578 245 433

Application of funds	1983	1982
Payment of benefits		
Withdrawal settlements and full commutation of benefits	21 951 464	22 674 684
Retirement benefits	147 319 896	136 840 084
Early and deferred retirement benefits	76 232 415	65 668 630
Disability benefits	6 277 355	5 459 302
Death benefits (other than to children)	17 852 677	16 162 369
Children's benefits	4 887 017	4 523 405
Loss or gain on exchange	21 910	(472 588)
	274 542 734	250 855 886
Amounts remitted to non-member organizations and Governments for participants transferred under agreements	4 814 298	6 048 567
Contributions refunded to member organizations under article 26 of the Regulations as at 31 December 1982	4 378 818	11 912 639
Administrative expenses		
Administrative costs	2 123 740	1 801 969
Investment costs chargeable to gross income from investments	3 481 040	2 867 185
Emergency Fund	100 000	100 000
	5 704,780	4 769 154
Adjustments to prior year benefits (net)	(269 882)	(160 596)
Transferred to principal of the Fund	352 363 028	304 819 783
Total	641 533 776	578 245 433

Certified correct:

(Signed) ____________________

Anthony MANGO
Secretary
United Nations Joint Staff Pension Board

27 April 1984

Emergency Fund as at 31 December 1983

(United States dollars)

Assets and balance

Assets		
Cash in banks		132
Due from Pension Fund		78 951
Total		79 083
Balance		
Total		79 083

Source and application of funds

Source of funds		
Contributions from Pension Fund		100 000
Application of funds		
Payments	20 892	
Miscellaneous charges and adjustments	25	20 917
Total		79 083

Certified correct:

(Signed)
Anthony MANGO
Secretary
United Nations Joint Staff Pension Board

Schedule of administrative expenses

(United States dollars)

	Administrative costs	Investment costs
Established posts	1 198 991	282 075
Overtime and temporary assistance	92 046	28 405
Common staff costs	406 210	86 699
Custodial services and investment counsel	---	2 893 565
Actuarial consulting services	200 061	---
Consultants	40 127	37 445
Travel of staff	34 591	18 309
Investments Committee	-	80 710
Committee of Actuaries	17 938	---
Data-processing costs	87 239	25 368
External audit	7 700	---
Computer services rendered by the United Nations	20 000	---
Communications services	5 000	20 665
Hospitality	3 311	3 537
Miscellaneous charges	10 526	4 262
Totals	2 123 740	3 481 040

Summary statement of investments as at 31 December 1983

(Thousands of United States dollars)

	Balance 1 January 1983 cost	Profit or (loss) on sales	Balance 31 December 1983 cost	Income 1983
Bonds (United States $)	737 983	13 284	679 763	81 056
Stocks and convertible bonds (United States $)	711 305	38 669	851 984	41 310
Bonds (other currencies)	546 230	(9 479)	592 917	40 485
Stocks and convertible bonds (other currencies)	451 800	25 521	556 323	19 490
Real estate and related securities (United States and other currencies)	177 790 a/	1 116	264 486	14 448
Temporary investments (United States $)	85 750	---	102 342	10 356
Temporary investments (other currencies)	---	---	1 081	6
TOTAL PORTFOLIO	2 710 858	69 111	3 048 896	207 151

a/ This figure includes mortgage payable amounting to $4,238,782 as at 31 December 1982.

Comparison of cost value and market value of investments as at 31 December 1982 and 31 December 1983

(Thousands of United States dollars)

	31 December 1982			31 December 1983		
	Cost	Percentage of total	Market value	Cost	Percentage of total	Market value
Bonds (United States $)	737 983	27.2	760 087	679 763	22.3	674 867
Stocks and convertible bonds (United States $)	711 305	26.2	854 163	851 984	27.9	1 117 978
Bonds (other currencies)	546 230	20.1	514 427	592 917	19.4	536 958
Stocks and convertible bonds (other currencies)	451 800	16.7	557 095	556 323	18.3	793 828
Real estate and related securities (United States $ and other currencies)	177 790	6.6	203 595	264 486	8.7	292 600
Temporary investments (United States $)	85 750	3.2	85 750	102 342	3.4	102 579
Temporary investments (other currencies)	---	--	---	1 081	--	1 081
TOTAL PORTFOLIO	2 710 858	100	2 975 117	3 048 896	100	3 519 891

Summary of outstanding tax refunds as at 31 December 1983

Source		Local currency	Exchange rate in effect as at 31/12/83	Equivalent in US dollars
Germany, Federal Republic of	DM	329 375.00	2.7205	121 071
Malaysia	$M	481 938.78	2.3330	206 575
Mexico	$Mex	31 042 774.38	168.2500	184 504
	$US	116 937.00	---	116 937
Singapore	$S	952 367.91	2.1205	449 124
Switzerland	SwF	358 073.50	2.1800	164 254
United Kingdom	£	95 704.29	0.6885	139 005
France	FF	1 442 820.00	8.3300	173 208
Philippines	₱	768 750.00	14.0000	54 911
Papua New Guinea	$A	9 079.25	1.1117	8 167
Spain	Ptas	19 668 940.32	156.6000	125 600
Netherlands	f.	1 390 171.26	3.0600	454 304
	Total amount outstanding			2 197 660

ANNEX III

Report of the Board of Auditors to the General Assembly on the accounts of the United Nations Joint Staff Pension Fund for the year ended 31 December 1983

Introduction

1. In accordance with article 14 of the Regulations of the United Nations Joint Staff Pension Fund (UNJSPF) the Board of Auditors has audited the accounts of the Fund for the year ended 31 December 1983 in a manner agreed between the Board of Auditors and the UNJSPF.

2. The examination was made in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. Our examination was conducted at the secretariat of the Pension Board and the Office of Financial Services of the United Nations in New York.

3. The following are the most significant matters arising from our 1983 audit and are intended to assist the Administration in considering and introducing further improvements in the financial management and control system of the Pension Fund. We have discussed these matters with the Administration whose reactions have been incorporated where appropriate.

Summary of findings

4. In our report for 1982, we recommended further improvement in the existing procedures for the bank reconciliation function to ensure prompt and effective follow-up action on settlement of outstanding transactions. We noted in our review for 1983 that in order to further enhance the cash management of the Fund, strengthening of supervisory control and follow-up actions are required.

5. Our review disclosed the necessity for formalization of an agreement with two of the bankers of the Fund with a view to properly determining the appropriate level of bank balances to be maintained with them as reasonable compensation for the services rendered to the Fund.

6. We also noted that although further improvement has been made in the timely remittance of contributions, there is the need to enhance the adequacy of information on credit advices accompanying remittances to the Custodian to reduce possible delays in the processing of remittance credits in favour of the Fund. Furthermore, we also observed that income earning capabilities of the Fund could further be increased if member organizations could be urged to send their remittances before the stipulated deadline which should further be reduced from ten to three days.

7. In our report for 1982, we mentioned the need for further improvement in the control procedures for verification of continued entitlement to benefit payments and the Administration's intention to utilize a proof-of-residence form for the purpose. We have observed limitations in the form to provide the requisite evidence and coverage and have suggested an amendment to it.

8. We further observed that in line with sound business practices, there is the need for the Administration to enter into a written agreement with the firm engaged for actuarial consultancy services as also recommended by the United Nations Internal Audit Division.

9. In view of the increased size and complexity of the UNJSPF investments portfolio, we have again urged the Administration to increase its efforts to make maximum use of the latest techniques and technology for portfolio analysis in order to ensure that investment management and decision-making are carried out with the greatest efficiency possible.

10. We also observed that recommendations were made by a firm of consultants who had carried out a review of the investment management operations of the Fund. Some of the recommendations have been implemented while others are yet to be introduced.

11. Additionally, we noted from our review that the Administration has taken satisfactory action on matters raised in the 1982 report; however, in the matter of receipt of income, delays continued to characterize the receipt of dividends on certain stocks. Furthermore, the issue of exemption from taxation and the recovery of taxes withheld still persists.

12. We noted that action was taken by the Pension Board on our recommendation for the provision of an adequate internal audit coverage of the Fund; however, appropriate provisions are yet to be inserted in the Administration Manual.

Cash management

Bank reconciliation procedures

13. We observed that although monthly bank reconciliation statements were prepared regularly, adequate follow-up actions were not taken on a monthly basis to clear reconciling items. Consequently, we noted that a few long outstanding items were still to be resolved with one bank acount.

14. With the view to ensuring adequate improvement and efficiency in the bank reconciliation function, we recommended the strengthening of supervisory control over the preparation of bank reconciliation statements and an early clearance of all outstanding items. The Administration accepted our recommendations and indicated that an effort would be made to enhance the bank reconciliation function by increasing staff resources and through further discussions with the Fund's banks concerning the few outstanding reconciling items.

Compensating bank balances

15. Our examination of bank balances indicated that the Fund operates non-interest-bearing accounts with two banks which under unwritten agreements, maintain minimum level of balances to provide an adequate level of compensation in respect of the administrative costs incurred by them for making payments and servicing the accounts. We noted in this connection that the average balances maintained by the two banks for the year 1983 were, respectively, $US 3.2 and $1.2 million, the reasonableness of which is assessed by the Administration regularly.

16. Considering the substantial level of balances maintained with the banks, we recommended that there was a need for the Administration to formalize written agreements with the banks regarding costs and services and suggested that such agreements should be reviewed periodically in order to ensure that service charges to the Fund were reasonable and fair.

17. The Administration has agreed to our recommendation and has assured us that arrangements with the banks are currently being reviewed, particularly in view of the increased use of automated systems.

Remittances of contributions

18. Our review of contributions for 1983 disclosed that the system for the remittance of contributions has improved, however, the procedures in place for the efficient management of contributions required streamlining.

19. In this regard our examination revealed, inter alia, insufficient provision of information on contributions by organizations to ensure timely crediting of the Fund's account, late remittances of contributions and delayed crediting of contributions by the banks.

20. Furthermore, our analysis of contributions also showed that additional interest income could be earned if the use of fixed monthly contributions according to a predetermined schedule in relation to current levels of contributions was adopted by all the member organizations.

21. Considering the additional income which could be earned, we recommended due improvement in the system and in the procedures for the remittance of contributions as mentioned above.

22. The Administration agreed with our recommendations and informed us of the issuance of instructions to improve the method and timing of remittances of contributions and of a proposed reduction of the grace period to five days which would be considered during the next session of the Pension Board. With regard to the adoption of a fixed monthly contribution, the Administration indicated that certain organizations had agreed to it and we urged the Administration to ensure its complete application.

Certificate of entitlement

23. We stated in our last report that the data on the certificate of entitlement which provide evidence that a beneficiary was still alive are not considered adequate enough to establish necessary safeguards against forgery and that the Administration decided to eliminate the deficiency by utilizing the new proof of residence form (PENS E/10 (1-82)-E) in countries which require annual proof of tax liability in order to provide further evidence of entitlement.

24. In our review we noted that the arrangement had not been implemented satisfactorily and we suggested that the certificate of entitlement should be re-designed to include a witness column for a Notary Public or an official of a United Nations agency in the country of residence of the beneficiary. This should enhance certification of continued eligibility to the entitlement.

25. The Administration has reacted favourably to our recommendation and will consider the matter during its revision of current procedures.

Consulting actuaries

26. We observed from our review that no formal contract agreement existed between the Administration and the consulting firm for actuarial consultancy services for which $200,000 was paid during the year under review. In this regard we noted that the United Nations Internal Audit Division has previously drawn the attention of the Administration for action.

27. In line with sound financial management practices, we urged the Administration to enter into a written agreement with the firm without further delay and the Administration has informed us that due action has been initiated.

Investments

Investment performance analysis

28. We suggested in our report for 1982 that in view of the size and complexity of the portfolio the Administration should make maximum possible use of the latest techniques and technology available for portfolio analysis and the Administration expressed its intention to hire consultancy services and acquire computer software.

29. We have noted from our review that consultancy services for portfolio analysis have been provided by a firm of investment performance analysts and by the institutional advisers of the Fund. We considered that the need for an increased action on the matter was urgent and the Administration informed us of its efforts to obtain more sophisticated equipment and indicated that the programme is an ongoing one in view of the fact that computerized data base systems require continuing assessment.

Other investment management matters

Operational study by a firm of consultants

30. We noted from our examination that a firm of consultants carried out an operational review of the Fund's activities and developed recommendations for improvements to internal controls and position descriptions for the investment accounting staff. They also designed and documented procedure outlines.

31. In this connection, we observed that the Administration had made good progress in the implementation of some of the recommendations. However, on the need for the production of a combined report to provide adequate information on the combined portfolio of the Fund for adequate monitoring and effective assessment of assets, the Administration informed us that costs and possibilities involved in the implementation of the recommendation are under close study.

32. Similarly, on a recommendation relating to the use of computerized data bases for analysis of the portfolio's key financial characteristics, the Administration indicated that it will require continuing assessment and it is an ongoing programme.

33. Given the size and complexity of the portfolio, we urged the Administration to continue to give priority attention to these matters in order to ensure their early implementation.

Comments on matters dealt with in the 1982 report a/

34. The Administration's action taken on matters raised in the 1982 report of the Board of Auditors was generally satisfactory. We observed, however, that delays continued to characterize the receipt of dividends on certain stocks for which the Administration is claiming compensation for the delays. The Administration informed us that these delays were the result of practices in particular markets.

35. Similarly, although the Administration followed up on delayed refund of taxes through the respective Permanent Missions to the United Nations, taxes withheld rose to as much as $2,145,800 in 1983 compared with $1,044,400 reported for 1982. Considering the loss of potential income to the Fund, we encouraged the Administration to follow up action on the delayed taxes. The Administration informed us that it had in place a system which provided a monthly review of these problems for appropriate action and the question of exemption from taxes and the recovery of taxes remained in the hands of the Governments concerned.

36. In our report for 1982 we emphasized the need for a clear mandate to be provided in the Fund's Administration Manual to ensure that an internal audit coverage embraces all the operational and financial aspects of the Fund.

37. Our follow-up indicated that a proposal made to the Pension Board by the Administration for appropriate provisions to be inserted in the Manual on the strength of our recommendations had been approved by the Board. The Administration informed us that it will be inserting provisions in the Administration Manual during the next update.

Acknowledgement

38. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Secretary of the Pension Fund, the Controller and members of their staff.

(Signed) A. K. Azizul HUQ
Comptroller and Auditor General
of Bangladesh

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) A. DEFOY
Senior President of the Court of
Accounts of Belgium

Notes

a/ Official Records of the General Assembly, Thirty-eighth Session, Supplement No. 9 (A/38/9 and Corr.1 and 2); and (A/38/9/Add.1 and Corr.1 and 2).

ANNEX IV

Administrative expenses

Table 1

Revised budget estimates for 1984

(Thousands of United States dollars)

Object of expenditure	Appropriations for 1984	Increase or (decrease)	Revised appropriations requested for 1984
A. ADMINISTRATIVE COSTS			
Established posts	1 491.3	(122.7)	1 368.6
Common staff costs	501.6	(42.2)	459.4
Temporary assistance	25.0	-	25.0
Common staff costs	8.5	-	8.5
Overtime	41.7	12.0	53.7
Travel of staff			
To meetings	30.7	9.0	39.7
On official business	11.6	-	11.6
Actuarial consulting services	50.0	80.0	130.0
Consultants	-	16.5	16.5
Committee of Actuaries	30.1	(10.1)	20.0
Data-processing costs			
Services rendered by United Nations	20.0	-	20.0
Rental and maintenance of equipment	67.7	(1.4)	66.3
Acquisition and maintenance of equipment	84.4	4.0	88.4
Contractual services	18.7	-	18.7
Supplies and materials	27.0	-	27.0
External audit	8.1	0.7	8.8
Communications services	5.0	-	5.0
Hospitality	3.7	0.7	4.4
Miscellaneous supplies and services	12.0	55.0	67.0
Total administrative costs	2 437.1	1.5	2 438.6

Table 1 (continued)

Object of expenditure	Appropriations for 1984	Increase or (decrease)	Revised appropriations requested for 1984
B. INVESTMENT COSTS			
Established posts	337.9	-	337.9
Common staff costs	115.0	-	115.0
Temporary assistance	8.0	-	8.0
Common staff costs	2.7	-	2.7
Overtime	5.7	-	5.7
Travel of staff	27.6	8.4	36.0
Advisory and custodial fees	3 500.0	-	3 500.0
Investment consultants	70.0	-	70.0
Investments Committee	116.1	9.9	126.0
Investment reference services	26.4	(6.4)	20.0
Communications services	32.7	(7.7)	25.0
Data-processing	38.0	-	38.0
Hospitality	3.7	-	3.7
Miscellaneous supplies and services	2.2	0.8	3.0
Total investment costs	4 286.0	5.0	4 291.0
GRAND TOTAL	6 723.1	6.5	6 729.6

Table 2

UNJSPF budget estimates for 1985

(Thousands of United States dollars)

Object of expenditure	Approved appropriations for 1984	Estimated additional requirements: Resource growth (at 1984 rates)	Estimated additional requirements: Inflation in 1985	Estimated additional requirements: Total increase	1985 estimates
A. ADMINISTRATIVE COSTS					
Established posts	1 491.3	68.4	57.4	125.8	1 617.1
Common staff costs	501.6	22.9	19.3	42.2	543.8
Temporary assistance	25.0	-	-	-	25.0
Common staff costs	8.5	-	-	-	8.5
Overtime	41.7	6.0	2.4	8.4	50.1
Travel of staff					
To meetings	30.7	-	1.5	1.5	32.2
On official business	11.6	-	0.6	0.6	12.2
Actuarial consulting services	50.0	140.0	-	140.0	190.0
Consultants	-	15.0	0.8	15.8	15.8
Committee of Actuaries	30.1	-	1.5	1.5	31.6
Data-processing costs					
Services rendered by United Nations	20.0	-	-	-	20.0
Rental and maintenance of equipment	67.7	9.5	4.0	13.5	81.2
Acquisition of equipment	84.4	(41.9)	2.2	(39.7)	44.7
Contractual services	18.7	-	0.9	0.9	19.6
Supplies and materials	27.0	-	1.4	1.4	28.4
External audit	8.1	0.7	-	0.7	8.8
Communications services	5.0	-	-	-	5.0
Hospitality	3.7	0.7	0.2	0.9	4.6
Miscellaneous supplies and services	12.0	-	0.6	0.6	12.6
Total administrative costs	2 437.1	221.3	92.8	314.1	2 751.2

Table 2 (continued)

Object of expenditure	Approved appropriations for 1984	Estimated additional requirements: Resource growth (at 1984 rates)	Estimated additional requirements: Inflation in 1985	Estimated additional requirements: Total increase	1985 estimates
B. INVESTMENT COSTS					
Established posts	337.9	79.7	17.8	97.5	435.4
Common staff cost	115.0	27.1	6.1	33.2	148.2
Temporary assistance	8.0	-	-	-	8.0
Common staff cost	2.7	-	-	-	2.7
Overtime	5.7	-	0.3	0.3	6.0
Travel of staff	27.6	12.4	2.2	14.6	42.2
Advisory and custodial fees	3 500.0	300.0	-	300.0	3 800.0
Investment consultants	70.0	(20.0)	-	(20.0)	50.0
Investments Committee	116.1	23.9	-	23.9	140.0
Investment reference services	26.4	(6.4)	1.0	(5.4)	21.0
Communications services	32.7	(2.7)	1.5	(1.2)	31.5
Data-processing	38.0	(18.0)	1.0	(17.0)	21.0
Hospitality	3.7	0.7	0.2	0.9	4.6
Miscellaneous supplies and services	2.2	0.8	0.1	0.9	3.1
Training	-	10.0	0.5	10.5	10.5
Total investment costs	4 286.0	407.5	30.7	438.2	4 724.2
GRAND TOTAL	6 723.1	628.8	123.5	752.3	7 475.4

Table 3

Staffing table for 1985

Secretariat of the Pension Fund

Established posts	1984	1985
Professional category and above		
D-2	1	1
D-1	1	1
P-5	4	4
P-4	4	4
P-3	12	12
P-2/1	4	4
Total	26	26
General Service category		
Principal level	14	18 a/
Other levels	44	44
Total	58	62
GRAND TOTAL	84	88

a/ Includes one post in the Geneva Office reclassified to the Principal level in 1984.

Table 3 (continued)

Staffing table for 1985

Investment management staff

Established posts	1984	1985
Professional category and above		
D-1	1	1
P-5	1	1
P-4	1	2
P-3	2	2
Total	5	6
General Service category		
Principal level	1	1
Other levels	5	7
Total	6	8
GRAND TOTAL	11	14

ANNEX V

Member organizations of the Fund

The member organizations of the Fund are the United Nations and the following:

European and Mediterranean Plant Protection Organization (EPPO)

Food and Agriculture Organization of the United Nations (FAO)

Interim Commission for the International Trade Organization (ICITO)

International Atomic Energy Agency (IAEA)

International Centre for the Study of the Preservation and the Restoration of Cultural Property (ICCROM)

International Civil Aviation Organization (ICAO)

International Fund for Agricultural Development (IFAD)

International Labour Organisation (ILO)

International Maritime Organization (IMO)

International Telecommunication Union (ITU)

United Nations Educational, Scientific and Cultural Organization (UNESCO)

World Health Organization (WHO)

World Intellectual Property Organization (WIPO)

World Meteorological Organization (WMO)

ANNEX VI

Membership of the Board and attendance at its thirty-second (special) and thirty-third sessions

1. The following members and alternates were accredited by the staff pension committees of the member organizations of the Fund in accordance with the Rules of Procedure:

Members	Alternates	Representing
United Nations		
Mr. M. Majoli (Italy) a/	Mr. E. Ajon Noceti (Uruguay)	General Assembly
Mr. S. Kuttner (United States of America)	Mr. J. Holborn (Federal Republic of Germany) b/ e/	General Assembly
	Mr. M. Okeyo (Kenya)	General Assembly
	Mr. Y. Takasu (Japan) f/	General Assembly
Mr. J. R. Foran (Canada)	Mr. P. Szasz (United States of America)	Secretary-General
Mr. L. P. Nègre (Mali)	Mr. R. Gieri (United States of America)	Secretary-General
	Mr. V. Elissejev (Union of Soviet Socialist Republics) c/	Secretary-General
	Mr. M. de la Mota (Spain) c/	Secretary-General
	Mr. C. Timbrell (United States of America) d/	Secretary-General
Ms. S. Johnston (United States of America)	Mr. B. Hillis (Canada)	Participants
Mrs. M. Vicien-Milburn (Argentina)	Mr. G. Fulcheri (Italy)	Participants
	Mr. S. Zampetti (Italy)	Participants
	Mr. A. Tholle (Denmark)	Participants
International Labour Organisation		
Mr. E. Ryser (Switzerland)	Mrs. B. Debbas (Lebanon)	Participants
	Mr. E. Denti (Italy)	Participants
	Mr. M. Voirin (France)	Participants
	Mr. G. Starr (Canada) d/	Participants
World Health Organization		
Dr. A. Sauter (Switzerland) g/	Dr. N. A. Perrone (Argentina) c/	Governing Body
	Mr. S. W. Lee (Republic of Korea) c/	Governing Body
	Dr. I. Kone (Ivory Coast) c/	Governing Body
	Prof. B. Jazbi (Pakistan) c/	Governing Body
	Dr. D. N. Regmi (Nepal) c/	Governing Body
Mr. R. L. Rai (India)	Dr. A. Vessereau (France)	Participants
	Mr. V. Bambinelli (United States of America)	Participants
	Dr. D. Ray (India) d/	Participants
	Mr. D. Payne (United Kingdom of Great Britain and Northern Ireland) d/	Participants
	Dr. H. Schmidtkunz (Federal Republic of Germany) d/	Participants

Members	Alternates	Representing
Food and Agriculture Organization of the United Nations		
Mr. M. Bel Hadj Amor (Tunisia)	Mrs. M. G. Iuri (Italy)	Executive Head
Mr. A. Marcucci (Italy) h/	Mr. M. Arrigo (Italy)	Participants
United Nations Educational, Scientific and Cultural Organization		
Mr. G. V. Rao (India) i/	Mr. J. Q. Cleland (Ghana) c/	Governing Body
	Ms. A. Boudjelti (Algeria) d/	Governing Body
	Mr. I. de Freitas (Brazil) d/	Governing Body
Mr. W. Zyss (Israel)	Mr. R. Brouard (Mauritius)	Participants
	Mr. E. Solomon (United States of America)	Participants
International Civil Aviation Organization		
Mr. A. R. Boyd (Canada) a/	Mr. O. Ogunbiyi (Nigeria) c/	Governing Body
Mr. G. Birch (Australia) d/		
International Atomic Energy Agency		
Mr. M. Ugalde (Chile)	Mr. J. A. Lozada, Jr. (Philippines) c/	Governing Body
	Mr. P. Dartois (Belgium) c/	Governing Body
	Mr. S. Nitzsche (German Democratic Republic) c/	Governing Body
World Meteorological Organization		
Dr. B. Ziese (Federal Republic of Germany)		Governing Body
International Maritime Organization		
Mr. D. G. Aitken (United Kingdom of Great Britain and Northern Ireland) a/ j/	Mr. K. Stangeland (Norway) d/	Executive Head
Mr. M. Landey (Canada) d/		Executive Head
International Telecommunication Union		
Mr. J. Bacaly (France)	Mrs. L. Jeanmonod (France)	Participants
Interim Commission for the International Trade Organization/ General Agreement on Tariffs and Trade		
Mr. C. F. Johnson (United Kingdom of Great Britain and Northern Ireland)		Executive Head
World Intellectual Property Organization		
Mr. D. J. Goossen (Netherlands) c/		Executive Head
Mr. T. A. J. Keefer (Canada) d/		Executive Head
International Fund for Agricultural Development		
Mr. T. Myrvang (Norway)		Executive Head

2. Also present during the discussion of relevant items on the agenda were Mr. B. K. Nehru, Chairman of the Investments Committee, Mr. J. Guyot, Mr. G. Johnston, Mr. M. Matsukawa, The Honourable David Montagu, Mr. Y. Oltramare, Mr. E. N. Omaboe and Professor S. Raczkowski, members of the Investments Committee, and Mr. J. Reimnitz, ad hoc member of the Investments Committee, Mr. R. J. Myers, Rapporteur of the Committee of Actuaries and Dr. M. Irwin, Medical Consultant. The Board was assisted, in addition, by Mrs. M. H. Adams, representing George B. Buck Consulting Actuaries, Inc. (Consulting Actuary to the Board), Mr. L. Thomas, Vice Chairman, Fiduciary Trust Company of New York, and Mr. P. Vermilye, Senior Vice-President, Citicorp, the Fund's investment advisers. Mr. A. Mango and Mr. S. K. Chow attended as Secretary and Deputy Secretary, respectively, of the Board.

3. The following attended one or both sessions of the Board as observers for member organizations or other bodies, or as secretaries of staff pension committees:

Observer	Secretary	Staff Pension Committee
Mr. W. Yoffee Mr. Aamir Ali k/ (Alt. Mr. N. MacCabe Mr. J. P. Picard)	Mr. A. Busca	ILO
Mr. W. Furth	Mr. J. Duriez	WHO
Mr. M. Metelits (Alt. Mr. T. Negash)	Mr. W. M. Solar Mrs. J. Montalto-Dubery	FAO
Mr. G. F. Saddler Mr. G. de Leiris	Mr. K. M. Angelides	UNESCO
Mr. S. E. Jayaskera Mr. A. R. Minot		ICAO
Mr. K. M. Chima (Alt. Mr. D. Goethel) Mr. W. Price l/ (Alt. Mr. G. Schramek Mr. R. Dudley)	Mr. P. Uhl	IAEA
Mr. R. Perry	Mr. E. Renlund	WMO
Mr. P. Anders Mr. F. Frere Van Tongerlooy		IMO
Mr. J-P. Baré	Mr. E. Augsburger	ITU
Mr. G. A. Stunzi Mr. C. Lambert Mrs. E. Michaud Mr. W. Jackson	Mr. H. Glanzmann	ICITO
Mr. G. Frammery	Mr. Cl. Kindler	WIPO
Mrs. M. Brocklesby	IFAD	
Mr. P. Pegazzano		ICCROM

4. Certain other bodies or organizations were represented during the whole or part of one or both of the sessions as follows:

Organization	Representative
International Civil Service Commission (ICSC)	Ambassador R. Akwei Mr. D. Smith Mr. P. Ranadive
Consultative Committee on Administrative Questions (CCAQ)	Mr. J. Tassin
Federation of Associations of Former International Civil Servants (FAFICS)	Mrs. M. Bruce Mr. A. Chakour Mr. J. Guiton Mr. S. Grabe Mr. P. Montanaro Ms. I. Poulsen Mrs. P. K. Tsien Mr. D. Miron Mr. A. Elliott
Federation of International Civil Servants' Associations (FICSA)	Mr. A. McLurg Ms. H. Schebesta Mr. B. W. Taylor Mr. R. Luther Mr. G. Dazin
Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA)	Mr. G. Irving Mr. J. Gurullian Mr. R. El Housami Mr. F. Sartorius Mr. P. Vangeleyn Mr. E. Camara
International Bank for Reconstruction and Development (IBRD)	Mr. R.A. Hamamo

Notes

a/ Alternate, thirty-second session (special), member, thirty-third session.

b/ Member, thirty-second session (special), alternate, thirty-third session.

c/ Accredited to thirty-third session.

d/ Accredited to thirty-second session (special).

e/ Rapporteur, thirty-third session.

f/ Rapporteur, thirty-second session (special).

g/ Chairman, thirty-second session (special).

h/ First Vice-Chairman, thirty-second session (special).

i/ First Vice-Chairman, thirty-third session.

j/ Second Vice-Chairman, thirty-second session (special).

k/ Chairman, thirty-third session.

l/ Second Vice-Chairman, thirty-third session.

ANNEX VII

Membership of the Standing Committee

The Board appointed the following members and alternate members of the Standing Committee, under rule B.1 of the Rules of Procedure, from among the members and alternate members of the Board and of staff pension committees:

Members	Alternates	Representing
United Nations (Group I)		
Mr. M. Majoli	Mr. S. Kuttner	General Assembly
	Mr. M. Okeyo	General Assembly
	Mr. J. Holborn	General Assembly
	Mr. Y. Takasu	General Assembly
	Mr. E. Anon Noceti	General Assembly
Mr. J. R. Foran	Mr. L. P. Negre	Secretary-General
	Mr. P. Szasz	Secretary-General
	Mr. R. Gieri	Secretary-General
	Mr. V. Elissejev	Secretary-General
	Mr. M. de la Mota	Secretary-General
Ms. S. Johnston	Mrs. M. Vicien-Milburn	Participants
	Mr. B. Hillis	Participants
	Mr. G. Fulcheri	Participants
	Mr. S. Zampetti	Participants
	Mr. A. Tholle	Participants
Specialized agencies (Group II)		
Mr. E. Ryser (ILO)	Mr. E. Denti (ILO)	Participants
	Mr. M. Voirin (ILO)	Participants
	Mrs. B. Debbas (ILO)	Participants
	Mr. M. Copin (ILO)	Participants
	Miss A. Bonnin (ILO)	Participants
Dr. A. Sauter (WHO)	Dr. N. A. Perrone (WHO)	Governing Body
	Mr. S. W. Lee (WHO)	Governing Body
	Dr. I. Kone (WHO)	Governing Body
	Prof. B. Jazbi (WHO)	Governing Body
	Dr. D. N. Regmi (WHO)	Governing Body
Mr. D. G. Aitken (IMO)	Mr. M. Bardoux (ITU)	Executive Head
	Mr. D. Goethel (IAEA)	Executive Head
	Mr. M. Fellague (WMO)	Executive Head
Specialized agencies (Group III)		
Mr. A. Marcucci (FAO)	Mr. M. Arrigo (FAO)	Participants
	Mr. C. Cherubini (FAO)	Participants
	Mr. E. Paardekooper (FAO)	Participants
	Mr. P. J. Myers (FAO)	Participants
	Mr. M. Palmieri (FAO)	Participants
Mr. G. V. Rao (UNESCO)	Mr. J. Q. Cleland (UNESCO)	Governing Body
Mr. S. Jayasekera (ICAO)	Mr. T. Myrvang (IFAD)	Executive Head
	Mr. C. F. Johnson (ICITO)	Executive Head
	Mr. T. A. F. Keefer (WIPO)	Executive Head

ANNEX VIII

Membership of the Committee of Actuaries

The membership of the Committee is as follows:

Mr. A. O. Ogunshola (Nigeria) - Region I (African States)

Mr. K. Takeuchi (Japan) - Region II (Asian States)

Mr. E. M. Chetyrkin (Union of Soviet Socialist Republics) - Region III (Eastern European States)

Dr. G. Arroba (Ecuador) - Region IV (Latin American States)

Mr. R. J. Myers (United States of America) - Region V (Western European and other States)

Recommendations to the General Assembly for the amendment of the Regulations of the United Nations Joint Staff Pension Fund

Existing text	Proposed text	Comments
Article 15 **Administrative expenses**	**Article 15** **Administrative expenses**	
(a) Expenses incurred by the Board in the administration of these Regulations shall be met by the Fund.	(a) No change	To allow for the introduction of biennial administrative expenses budgets and for the submission of supplementary estimates if need be.
(b) Estimates of the expenses to be incurred under (a) above shall be submitted annually to the General Assembly, during the preceding year, for approval.	(b) Biennial estimates of the expenses to be incurred under (a) above shall be submitted for approval to the General Assembly during the year immediately preceding the biennium to which the said estimates relate. Supplementary estimates may similarly be submitted in the first and/or the second year of the biennium to which the budget relates.	
(c) Expenses incurred in the administration of these Regulations by a member organization shall be met by that organization.	(c) No change	
Article 29 **Early retirement benefit**	**Article 29** **Early retirement benefit**	
(a) An early retirement benefit shall be payable to a participant whose age on separation is at least 55 but less than 60 and whose contributory service was five years or longer.	(a) No change	
(b) The benefit shall be payable at the standard annual rate for a retirement benefit, reduced for each year or part thereof by which the age of the participant on separation was less than 60, at the rate of:	(b) No change	
(i) 1 per cent per year if the contributory service of the participant was 30 years or longer, or	(b)(i) if the contributory service of the participant was 30 years or longer, 1 per cent a year; or	Editorial change for the sake of uniformity of format with the proposed amendment of sub-paragraph (b)(ii).
(ii) 2 per cent per year if the contributory service of the participant was 25 years or longer, or	(ii) if the contributory service of the participant was 25 years or longer but less than 30 years, 2 per cent a year in respect of the period of contributory service performed before 1 January 1985, and 3 per cent a year in respect of the period of such service performed as from 1 January 1985; or	To increase the early retirement deduction from 2 to 3 per cent for service performed as from 1 January 1985.
(iii) 6 per cent per year if the contributory service of the participant was less than 25 years.	(iii) if the contributory service of the participant was less than 25 years, 6 per cent a year.	Editorial change for the sake of uniformity.

Existing text	Proposed text	Comments
(c) The benefit may be commuted by the participant into a lump sum to the extent specified in article 28(f) for a retirement benefit.	(c) No change	
Article 48 Jurisdiction of the United Nations Administrative Tribunal	**Article 48** Jurisdiction of the United Nations Administrative Tribunal	
(a) Applications alleging non-cbservance of these Regulations arising out of the decision of the Board may be submitted directly to the United Nations Administrative Tribunal by:	(a) No change	
(i) Any staff member of a member organization which has accepted the jurisdiction of the Tribunal in Joint Staff Pension Fund cases who is eligible under article 21 of these Regulations as a participant in the Fund, even after his employment has ceased, and any person who has succeeded to such staff member's rights upon his death;		
(ii) Any other person who can show that he is entitled to rights under these Regulations by virtue of the participation in the Fund of a staff member of such member organization.		
(b) In the event of a dispute as to whether the Tribunal has competence, the matter shall be settled by a decision of the Tribunal.	(b) No change	
(c) The decision of the Tribunal shall be final and without appeal.	(c) Subject to the relevant provisions of the Statute of the Tribunal, its judgements as to any application submitted pursuant to this article shall be final and without appeal.	To permit the application to Pension Fund cases of the post-judgement and review procedures provided for in the Statute of the Tribunal.
(d) The time-limits prescribed in article 7 of the Statute of the Tribunal are reckoned from the date of the communication of the contested decision of the Board.	(d) The time-limits prescribed in the Statute of the Tribunal for the filing of applications are reckoned from the date of the communication of the contested decision of the Board.	Editorial change to take account of the proposed renumbering of the articles of the UNAT Statute.
Article 54 Pensionable remuneration	**Article 54** Pensionable remuneration	
(a) Pensionable remuneration shall, subject to (b) below, be the equivalent in dollars of the sum of:	(a) In the case of participants in the General Service and other locally-recruited categories, pensionable remuneration shall be the equivalent in dollars of the sum of:	Pursuant to the recommendations of ICSC, different methodologies will be used to calculate the pensionable remuneration of the General Service and other locally-recruited categories,

Existing text	Proposed text	Comments
		on the one hand, and of the Professional and higher categories, on the other.
(i) The participant's gross salary, and	(i) The participant's gross salary,	
(ii) Any non-resident's allowance and/or language allowance payable to him.	(ii) Any language allowance payable to him, and	In the former case, pensionable remuneration will comprise gross base salary language allowance, where payable and, in the case of participants who became entitled to a pensionable non-resident's allowance prior to 1 September 1983, the amount of such allowance.
	(iii) In the case of a participant who became entitled to a pensionable non-resident's allowance prior to 1 September 1983, and for as long as he continues to be entitled thereto, the amount of such allowance.	
(b) In the case of participants in the Professional and higher categories, the pensionable remuneration effective 1 January 1981 shall be established at the leel which will be reached by the application of the present Weighted Average of Post Adjustments (WAPA) system through September 1980. Thereafter, the pensionable remuneration for such participants shall be as follows:	(b) In the case of participants in the Professional and higher categories, the pensionable remuneration effective 1 January 1985 shall be that set out in the appendix hereto, together with pensionable longevity steps as applicable, provided that for participants who were participants on 31 December 1984 the pensionable remuneration effective on 1 January 1985 shall not be less than their pensionable remuneration on 31 December 1984. Thereafter the pensionable remuneration as set forth in the appendix hereto shall be adjusted in accordance with the following procedure:	As for the Professional and higher categories, a new scale of pensionable remuneration is proposed for approval by the General Assembly. The scale in question is not derived from the gross base salary scale; it is to be reproduced as an appendix to the Regulations of the Pension Fund. In between comprehensive reviews, subsequent adjustments to the scale, as regards pensionable remuneration for computing the final average remuneration, will be made solely on the basis of movements of the New York Consumer Price Index (CPI). The scale of pensionable remuneration for purposes of establishing contributions to the Fund will be adjusted by the movements of either the New York CPI or the WAPA index, depending on which one yields the higher amounts.
(i) When, on a subsequent 1 April or 1 October, the weighted average of the post adjustment classifications of the headquarters and regional offices of the member organizations, as determined by the International Civil Service Commission on the preceding 1 January and 1 July respectively, shows a variation of 5 per cent or more, the pensionable remuneration for establishing contributions to the Fund in accordance with article 25 shall be increased or decreased, as the case may be, by the full extent of the variation in the weighted average of the post adjustment classifications, provided however that it shall not be less than the pensionable remuneration under (ii) below.	(i) When the weighted average of post adjustment classifications, as determined by the International Civil Service Commission for 1 January, shows a variation of 5 per cent or more, compared with the weighted average which resulted in the last previous adjustment attributable to the movement of the said weighted average, the pensionable remuneration for establishing contributions to the Fund in accordance with article 25 shall be increased or decreased, as the case may be, effective the following 1 April, by the full extent of the variation in that weighted average, provided that the pensionable remuneration so calculated shall not be less than the pensionable remuneration under (ii) below.	
(ii) When, on a subsequent 1 April or 1 October, the Consumer Price Index for the United States of America, as measured on the preceding 1 January and 1 July respectively, shows a variation of 5 per cent or more, the pensionable	(ii) When the New York Consumer Price Index, on 1 January shows a variation of 5 per cent or more compared with the Index which resulted in the last previous adjustment, the pensionable remuneration for computing the final average remuneration under	

Existing text	Proposed text	Comments
remuneration for computing the final average remuneration under article 1(h) shall be increased or decreased, as the case may be, by the full extent of the variation in that Consumer Price Index.	article 1(h) shall be increased or decreased, as the case may be, effective the following 1 April, by the full extent of the variation in that Index. provided further that in no case shall an adjustment resulting from (ii) above be made to amounts calculated under (i) above and *vice versa*.	

ANNEX X

Recommendations to the General Assembly for changes in the pension adjustment system

The pension adjustment system currently in effect is set out in annex IX to the Pension Board's report to the General Assembly at its thirty-seventh session. a/ The economy measures recommended by the Board in this report call for consequential changes in sections H on subsequent adjustment of benefit (paras. 17-19 of the current system); I on payment of benefit (para. 20 of the current system); N on country of residence (addition of a new paragraph before paragraph 28 of the current system); and O on existing beneficiaries (to replace paras. 29-30 of current system, which are now out of date). The amended paragraphs are given below (deletions are indicated by square brackets, and additions by underlining).

H. Subsequent adjustment of benefit

17. As stated in section A above, each beneficiary's record will contain two amounts, one in United States dollars and the other 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 <u>an</u> [a semi-] annual basis, on 1 April [and 1 October] 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.

<u>18</u>.[19.] No adjustment will be made in either the dollar amount or the local currency amount if the applicable CPI has moved by less than <u>3</u> [5] 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.

<u>19</u>. <u>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</u>.

<u>20</u>. <u>The first adjustment 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 per cent except in the case of minimum benefits under the Regulations</u>.

<u>21</u>.[18] No adjustment will be made on the date <u>immediately following separation (or death, as the case may be</u>) [of the commencement of an entitlement] even if such date coincides with the [semi-]annual adjustment date. <u>Except as provided in paragraph 22 below</u>, all new entitlements will become eligible for a possible adjustment, if applicable, on the [semi-]annual adjustment date next following their effective date, at which time any adjustment due will be pro-rated according to the period since separation. A [6 per cent] <u>cost-of-living</u> increase assumed to apply on <u>1 April 1986</u> [1 October 1983], for example, would increase benefits by:

The entire percentage of increase for separations before April 1985;
11/12 of the increase for separations in the month of April 1985;
10/12 of the increase for separations in the month of May 1985;
9/12 of the increase for separations in the month of June 1985;
8/12 of the increase for separations in the month of July 1985;
7/12 of the increase for separations in the month of August 1985;
6/12 of the increase for separations in the month of September 1985;
5/12 of the increase for separations in the month of October 1985;
4/12 of the increase for separations in the month of November 1985;
3/12 of the increase for separations in the month of December 1985;
2/12 of the increase for separations in the month of January 1986;
1/12 of the increase for separations in the month of February 1986;
0 per cent for separations after February 1986.

[6 per cent for separations before March 1983;
5 per cent for separations in the month of April 1983;
4 per cent for separations in the month of May 1983;
3 per cent for separations in the month of June 1983;
2 per cent for separations in the month of July 1983;
1 per cent for separations in the month of August 1983;
0 per cent for separations after August 1983.]

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 1986, for example, would increase benefits by:

The entire percentage of increase for separations before April 1986;
5/6 of the increase for separations in the month of April 1986;
4/6 of the increase for separations in the month of May 1986;
3/6 of the increase for separations in the month of June 1986;
2/6 of the increase for separations in the month of July 1986;
1/6 of the increase for separations in the month of August 1986;
0 per cent for separations after August 1986.

I. Payment of the benefit

23.[20.] 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 5 (a) above and, if applicable, later adjusted under section H above [Except as provided in paragraph 21 below, the determination of the amount which will be payable as a pension from the date of its commencement and thereafter, the dollar amount as initially determined under 5 (a) above and, if applicable, later adjusted under 17 (a) 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 [It] will then be compared to the local currency amount as initially determined under 5 (b) above, and if applicable, later adjusted under section H [17 (b)] above. Except as provided in paragraph 25 below, the beneficiary will be entitled until the next quarter to the greater of [these two amounts] 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.

N. [Change in] Country of residence

31. 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 has subsequently relocated may change his country of residence for pension adjustment purposes 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.

O. Existing beneficiaries

33. Subject to the provisions in paragraph 35 below, the procedures in sections H (paras. 17-22), I (paras. 23-26) and N (paras. 31-32) will be applied to all existing beneficiaries as from 1 January 1985, the effective date of the revised system.

34. The one-time reduction of 1.5 per cent referred to in paragraph 20 above will also be applied, on the occasion of the first adjustment due after 1 January 1985, to the dollar and the local currency amount of the benefits of existing beneficiaries, except for benefits whose dollar base amounts were established under the minimum provisions of the Regulations.

35. Existing beneficiaries, who have submitted satisfactory proof of residence in countries other than the United States of America, will remain entitled to the US dollar amounts 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.

36. In the interest of equality of treatment of new and existing beneficiaries, and notwithstanding the provisions of paragraph 31 above, existing beneficiaries who have submitted satisfactory proof of residence in countries other than the United States of America, will be given the option 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. This one-time option must be exercised within six months from the date of notification by the Secretary of the Board.

37. A beneficiary who has availed himself of the option in paragraph 35 and who subsequently submits satisfactory proof of residence in the country of his choice will have his benefit calculated in accordance with sections H, I, M and N above.

Notes

a/ *Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 9* (A/37/9 and Corr. 1 and 2).

ANNEX XI

Draft resolution proposed for adoption by the General Assembly

REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

The General Assembly,

Recalling its resolution 38/233 of 20 December 1983,

Having considered the report of the United Nations Joint Staff Pension Board for 1984 to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund, a/ chapter II of the report of the International Civil Service Commission, b/ and the related report of the Advisory Committee on Administrative and Budgetary Questions,

I

Measures to improve the actuarial balance of the United Nations Joint Staff Pension Fund

Recalling that a co-operative effort by member organizations, participants and beneficiaries is required if the actuarial imbalance is to be reduced or eliminated, thereby securing an adequate level of benefits under the United Nations Joint Staff Pension Fund,

Noting the unanimous proposals made by the United Nations Joint Staff Pension Board in response to the request addressed to it in section II of General Assembly resolution 38/233,

1. *Approves* the measures designed to improve the actuarial balance of the United Nations Joint Staff Pension Fund which are contained in section III.A of the report of the United Nations Joint Staff Pension Board; a/

2. *Amends*, with effect from 1 January 1985, and without retroactive effect, article 29, paragraph (b) (ii), of the Regulations of the United Nations Joint Staff Pension Fund as set forth in annex IX to the report of the Board, and the pension adjustment system in accordance with annex X thereof;

II

Pensionable remuneration for the Professional and higher categories

Recalling section III, paragraph 6, of its resolution 38/233,

Recalling further its resolution 39/ of 1984 on the report of the International Civil Service Commission,

Amends, with effect from 1 January 1985, article 54, paragraph (b) of the Regulations of the United Nations Joint Staff Pension Fund, without retroactive effect, as set forth in annex IX to the report of the United Nations Joint Staff Pension Board; a/

III

Non-resident's allowance

Recalling section IV, paragraph 2, of its resolution 38/232 of 20 December 1983,

Amends, with effect from 1 January 1985, article 54, paragraph (a), of the Regulations of the United Nations Joint Staff Pension Fund, without retroactive effect, as set forth in annex IX to the report of the United Nations Joint Staff Pension Board; *a/*

IV

Exclusion from participation under article 21 (a) of the Regulations of the United Nations Joint Staff Pension Fund

Recalling section VI of its resolution 37/131 of 17 December 1982,

Approves paragraph 102 of the report of the United Nations Joint Staff Pension Board; *a/*

V

Special index for pensioners

Decides that the procedures applicable to existing pensioners as set out in section C, paragraph (d), of annex X to the report of the United Nations Joint Staff Pension Board to the General Assembly at its thirty-seventh session *c/* shall be amended so that no retroactive adjustment will be made for the period between the date entitlement began and 31 December 1984, but the reduced local currency amount will become effective from 1 January 1985;

VI

Jurisdiction of the United Nations Administrative Tribunal

Recalling its resolution 39/   of   1984,

Amends, with effect from 1 January 1985, article 48, paragraphs (c) and (d), of the Regulations of the United Nations Joint Staff Pension Fund, without retroactive effect, as set forth in annex IX to the report of the United Nations Joint Staff Pension Board; *a/*

VII

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;

VIII

Administrative expenses

Approves expenses, chargeable directly to the United Nations Joint Staff Pension Fund, totalling $7,475,400 (net) for 1985 and additional expenses of $6,500 (net) for 1984 for the administration of the Fund;

IX

Biennial budget

1. *Decides* that the estimates of administrative expenses of the United Nations Joint Staff Pension Fund shall be prepared on a biennial basis beginning with the biennium 1986-1987;

2. *Amends* article 15, paragraph (b), of the Regulations of the United Nations Joint Staff Pension Fund, without retroactive effect, as set forth in annex IX to the report of the United Nations Joint Staff Pension Board. *a/*

Notes

a/ *Official Records of the General Assembly, Thirty-ninth Session, Supplement No. 9* (A/39/9).

b/ *Ibid.*, *Supplement No. 30* (A/39/30).

c/ *Ibid.*, *Thirty-seventh Session, Supplement No. 9* (A/37/9) and Corr. 1-4).

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