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

Note by the Secretary-General

The Secretary-General has the honour to transmit herewith, for consideration of the General Assembly, a statement adopted by the Administrative Committee on Coordination (ACC) at its second regular session of 1984 on the subject of pensionable remuneration.

At its thirty-eighth session (1983) the General Assembly requested the United Nations Joint Staff Pension Board to consider various proposals discussed by the General Assembly with a view to reducing or eliminating the actuarial imbalance of the United Nations Joint Staff Pension Fund and to submit its findings and recommendations to the Assembly at its thirty-ninth session. The Assembly also requested the International Civil Service Commission (ICSC), in co-operation with the Pension Board, to submit to the Assembly at its thirty-ninth session recommendations on the appropriate level of pensionable remuneration for the professional and higher categories. The General Assembly further decided that the implementation of any adjustment in pensionable remuneration that might become due in 1984 on the basis of article 54 (b) of the Regulations of the Fund would be deferred until the General Assembly had, at its thirty-ninth session, considered the recommendations of ICSC and the Board on the level of pensionable remuneration (resolution 38/233).

A major effort has been made by all concerned to respond to those requests. The views of ACC on the recommendations which are being made to the General Assembly at its present session are as follows.

ACC believes that the United Nations Joint Staff Pension Fund is one of the cornerstones of the common system. It is a truly common institution and at the same time an essential element in the conditions of service of the international

civil service. It is therefore imperative to preserve the integrity and financial soundness of the pension system. Various means of restoring the actuarial balance of the Pension Fund have been envisaged and studied at length. The package of measures recommended unanimously by the Pension Board is the outcome of these studies; the measures proposed, if accepted in their entirety, will virtually eliminate the deficit of the Fund revealed by the actuarial valuation as of 31 December 1982. ACC is confident that the General Assembly will take all the steps proposed to that end. ACC attaches particular importance to the increase in the rate of combined organization/staff contributions to 24 per cent.

4. ACC recognizes that the Pension Fund is a fundamental element of the broad compact between the organizations and their staff; confidence in its ability to provide for old age, disability and survivors' pensions on a stable basis is essential for mutual confidence in the system. The acquired rights of the staff and pensioners must be preserved and defended; this implies that no adverse retroactive measures must be taken. Furthermore, the integrity of the system must be preserved by taking fully into account the legislative processes of all the organizations of the United Nations system.

5. While ACC agrees that some modification of the pension system may be necessary, care must be taken to preserve a balance between the various interdependent elements of that system. As recognized by the General Assembly itself, total compensation provides the proper context for comparison with the comparator civil service. It should also be noted that the rate of contribution to the Pension Fund as recommended by the Board, namely 24 per cent, is lower than the rate of contribution to the United States federal civil service retirement scheme (which is not fully funded) and to the fully-funded pension schemes of other international organizations. ACC notes that the scale of pensionable remuneration proposed by ICSC for introduction with effect from 1 January 1985 is based on a methodology which takes account of the Noblemaire principle and makes comparisons in the context of total compensation. A link is established between the levels of pension in the comparator country and those in the United Nations system. The methodology itself is a relatively complex one in its detail and will require monitoring and possible technical refinements over the years by the Commission and the Pension Board. In the view of ACC, the recommendations of the Commission, which result in considerable reductions of pensionable remuneration at some levels but preserve the acquired rights of serving staff, take account of the concerns of Member States on the one hand, and the need to preserve the integrity of the system of conditions of service of the staff on the other.

6. There remains the question of the deferment of the implementation of any adjustment in pensionable remuneration which may become due in 1984 under the terms of article 54 (b) of the Pension Fund regulations. The Commission has determined that the trigger point that would justify an increase in pensionable remuneration with effect from 1 October 1984 has been reached, and that an adjustment of 5.4 per cent is due. The Commission has recommended that the adjustment should be implemented.

7. ACC is confident that the reports which have been submitted to the General Assembly will lead the Assembly to conclude that the concerns which prompted it to take the decision to defer implementation have been appropriately addressed and

that the adjustment which is due can therefore be implemented without further delay. ACC shares the concern expressed by the Commission in paragraph 56 of its report to the Assembly over the possible consequences of the Assembly's deciding not to grant the adjustment. A number of organizations in the common system have been in fact obliged to implement the adjustment in pensionable remuneration with effect from 1 October. This is because they have provisions in their Rules and Regulations which are either identical in terms to those of article 54 (b) or which incorporate those terms by reference to the article. ACC considers that it would be unfortunate if pensionable remuneration became differentiated according to the organization to which a staff member belongs. Therefore, the adjustment in pensionable remuneration due on 1 October 1984, in accordance with article 54 (b) of the Pension Fund regulations, should be implemented throughout the system.

8. ACC considers it its duty to stress that when dealing with common system questions, the General Assembly exercises a system-wide responsibility which affects all the organizations of the system. ACC trusts that the Assembly will therefore take full account of the system-wide implications of its decisions.

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