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UNITED NATIONS PENSION SYSTEM

Report of the Fifth Committee

Rapporteur: Mr. Etien NINOV (Bulgaria)

I. INTRODUCTION

1. At its 3rd plenary meeting, on 22 September 1989, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its forty-fourth session the item entitled "United Nations pension system" and to allocate it to the Fifth Committee.

2. The Committee considered the item at its 28th, 33rd, 34th, 38th, 44th and 59th meetings, on 3, 9, 10, 14 and 17 November 1989 and 19 December 1989. Comments made in the course of the discussion on this item are reflected in the relevant summary records (A/C.5/44/SR.28, 33, 34, 38, 44 and 59).

3. The Committee had before it the following documents:

(a) Report of the United Nations Joint Staff Pension Board for 1989, 1/ including the report of the Board of Auditors on the accounts of the United Nations Joint Staff Pension Fund for the year ended 31 December 1988 and containing a draft resolution proposed for adoption by the General Assembly;

(b) Report of the International Civil Service Commission; 2/

1/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 9 (A/44/9).

2/ Ibid., Supplement No. 30 (A/44/30), vol. I, chap. III.

(c) Report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund (A/C.5/44/6);

(d) Report of the Advisory Committee on Administrative and Budgetary Questions (A/44/682).

4. The reports of the United Nations Joint Staff Pension Board and of the International Civil Service Commission were introduced by the respective Chairmen at the 28th meeting, on 3 November.

II. CONSIDERATION OF DRAFT RESOLUTION A/C.5/44/L.20

5. At the 59th meeting, on 19 December, following informal consultations, the representative of India introduced draft resolution A/C.5/44/L.20.

6. At the same meeting, the Committee adopted the draft resolution without a vote (see para. 8).

7. Statements in explanation of position were made by the representatives of Egypt and Algeria.

III. RECOMMENDATION OF THE FIFTH COMMITTEE

8. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

United Nations pension system

The General Assembly,

Recalling its resolution 43/227 of 21 December 1988,

Having considered the report of the United Nations Joint Staff Pension Board for 1989 to the General Assembly and to the organizations members of the United Nations Joint Staff Pension Board, 3/ chapter III of volume I of the report of the International Civil Service Commission, 4/ the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund 5/ and the related report of the Advisory Committee on Administrative and Budgetary Questions, 6/

3/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 9 (A/44/9).

4/ Ibid., Supplement No. 30 (A/44/30), vol. I, chap. III.

5/ A/C.5/44/6.

6/ A/44/682.

I

MEASURES TO RESTORE THE ACTUARIAL BALANCE OF THE
UNITED NATIONS JOINT STAFF PENSION FUND

Recalling section I, paragraph 2, of its resolutions 42/222 of 21 December 1987 and 43/227, in which the United Nations Joint Staff Pension Board was requested to complete the study of all possible measures to restore the actuarial balance of the Fund over the long term for presentation to the General Assembly at its forty-fourth session, together with the results of the twentieth actuarial valuation of the Fund as at 31 December 1988,

Recalling also its resolutions 37/131 of 17 December 1982, 38/233 of 20 December 1983 and 39/246 of 18 December 1984, indicating 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 from the United Nations Joint Staff Pension Fund,

Noting the continuing actuarial imbalance of the Fund as revealed by the valuation as at 31 December 1988,

Taking note of the proposals made by the United Nations Joint Staff Pension Board to restore the actuarial balance of the Fund over the long term,

Approves, without retroactive effect, the following measures, including the necessary amendments to articles 1, 25 and 29 of the Regulations of the United Nations Joint Staff Pension Fund, and changes in the pension adjustment system, as set out in annexes I and II to the present resolution:

(a) For participants who enter or re-enter the United Nations Joint Staff Pension Fund on or after 1 January 1990, the normal retirement age shall be age 62;

(b) For participants who enter or re-enter the United Nations Joint Staff Pension Fund on or after 1 January 1990, and who take early retirement before reaching age 57, the reduction factors applicable for ages 55 and 56 shall be 6 per cent for each year;

(c) For participants who separate from service on or after 31 December 1989 and who elect a deferred retirement benefit, adjustments of the benefit, in accordance with the pension adjustment system, shall commence only when the separated participant reaches age 55;

(d) The rate of contribution shall be increased, with effect from 1 January 1990, from 22.5 to 23.7 per cent of pensionable remuneration, of which the employing member organization shall pay 15.8 per cent and the participant 7.9 per cent;

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II

PENSIONABLE REMUNERATION FOR THE PROFESSIONAL
AND HIGHER CATEGORIES

Recalling its request in resolution 41/208 of 11 December 1986 that the International Civil Service Commission undertake, in full co-operation with the United Nations Joint Staff Pension Board, a further comprehensive review of the methodology for the determination of the scale of pensionable remuneration of staff in the Professional and higher categories, for monitoring the level of the scale and for its adjustment in between comprehensive reviews and present its recommendations thereon to the General Assembly at its forty-fifth session,

Recalling also that in paragraph 2 of section I of its resolution 41/208 the General Assembly approved procedures for adjusting the scale of pensionable remuneration in between comprehensive reviews,

1. Takes note of the arrangements agreed upon by the International Civil Service Commission as set out in paragraphs 50 and 51 of volume I of its report and by the United Nations Joint Staff Pension Board as set out in paragraph 82 of its report, for ensuring full co-operation in the conduct of the comprehensive review;

2. Requests the Commission, in undertaking, in full co-operation with the United Nations Joint Staff Pension Board, the comprehensive review of the pensionable remuneration of staff in the Professional and higher categories, to take into account:

(a) The relevant recommendations on the remuneration structure;

(b) The considerations set out in paragraphs 34 to 41 of volume I of the report of the International Civil Service Commission and paragraphs 84 to 95 of the report of the United Nations Joint Staff Pension Board in studying the desirability of establishing a margin range between the pensionable remuneration of staff in the United Nations common system and staff in comparable grades in the comparator civil service;

and to present its report thereon to the General Assembly at its forty-fifth session;

3. Approves, pending the comprehensive review, the modification of the procedure for adjusting pensionable remuneration as recommended by the International Civil Service Commission in paragraph 42 of volume I of its report;

4. Amends accordingly, with effect from 1 January 1990, article 54 of the Regulations of the United Nations Joint Staff Pension Fund as set out in annex I to the present resolution;

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III

OTHER AMENDMENTS TO THE REGULATIONS OF THE
UNITED NATIONS JOINT STAFF PENSION FUND

Approves, with effect from 1 January 1990, an amendment to article 36 of the Regulations of the United Nations Joint Staff Pension Fund, as set out in annex I to the present resolution, to provide for commencement of the payment of a disabled child's benefit at the same time as an early retirement benefit;

IV

PROPOSAL OF THE INTERNATIONAL TELECOMMUNICATION UNION TO
ESTABLISH A PENSION PURCHASING POWER PROTECTION FUND

Noting the information provided in paragraphs 106 to 116 of the report of the United Nations Joint Staff Pension Board on the proposal of the International Telecommunication Union to establish a Pension Purchasing Power Protection Fund for its staff in the Professional and higher categories,

Reaffirming the strong concern expressed by the General Assembly in its resolution 38/233 "about the need to maintain the unity, cohesion and integrity of the United Nations Joint Staff Pension system and to avoid any action which may have an adverse effect on the said system",

Endorses the conclusions of the United Nations Joint Staff Pension Board as set out in paragraphs 115 and 116 of its report, 3/ that the proposal of the International Telecommunication Union should be studied, within the context of the comprehensive review of pensionable remuneration, as one possible long-term approach to the adjustment of pensions in local currency terms and that the International Telecommunication Union should not proceed with the implementation of its proposal as that would weaken the United Nations common system;

V

APPLICATION FOR MEMBERSHIP FROM THE WORLD TOURISM ORGANIZATION

Notes the suspension of the application of the World Tourism Organization for membership in the United Nations Joint Staff Pension Fund;

VI

EMERGENCY FUND

Authorizes the United Nations Joint Staff Pension Fund to supplement the voluntary contributions to the Emergency Fund, for the biennium 1990-1991, by an amount not exceeding \$200,000;

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VII

ADMINISTRATIVE EXPENSES

Approves expenses, chargeable directly to the United Nations Joint Staff Pension Fund, totalling 30,573,400 United States dollars (net) for the biennium 1990-1991, and a reduction in expenses of 295,000 United States dollars (net) for the biennium 1988-1989, for the administration of the Fund;

VIII

OTHER MATTERS

Takes note of the other matters contained in the report of the United Nations Joint Staff Pension Board;

IX

INVESTMENTS OF THE UNITED NATIONS JOINT STAFF PENSION FUND

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

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ANNEX I

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

Article 1

Definitions

1. Add a new paragraph (n)

(n) "Normal retirement age" shall mean age 60, except that it shall mean age 62 for a participant whose participation commences or recommences on or after 1 January 1990.

2. Present paragraphs (n) to (v) should consequently be relettered as (o) to (w), respectively.

Article 25

Contributions

Replace paragraph (a) by the following text

(a) Contributions by the participant and by the employing member organization shall be payable to the Fund concurrently with the accrual of contributory service under article 22 (a) at the percentage rates of pensionable remuneration specified below:

A	B	C
<u>For periods of contributory service</u>	<u>Participants (percentage)</u>	<u>Employing member organizations (percentage)</u>
Before 1984	7.00	14.00
As from 1 January 1984 to 30 June 1988	7.25	14.50
As from 1 July 1988 to 30 June 1989	7.40	14.80
As from 1 July 1989 to 31 December 1989	7.50	15.00
As from 1 January 1990	7.90	15.80

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Article 29

Early retirement benefit

Replace paragraphs (a) and (b) by the following text

(a) An early retirement benefit shall be payable to a participant whose age on separation is at least 55 but less than the normal retirement age and whose contributory service was five years or longer.

(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 the normal retirement age, at the rate of 6 per cent a year, except that:

- (i) 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
- (ii) If the contributory service of the participant was 30 years or longer, 1 per cent a year,

provided however that the rate in (i) or (ii) above shall apply to no more than five years.

Article 36

Child's benefit

Replace paragraph (c) by the following text

(c) A child's benefit shall, notwithstanding (a) above, not become payable if the participant has chosen an early retirement benefit until he dies or reaches the normal retirement age, except to a child under the age of twenty-one, found by the Board to be disabled.

Article 54

Pensionable remuneration

Replace paragraph (b) by the following text

(b) In the case of participants in the Professional and higher categories, the scale of pensionable remuneration effective 1 May 1989, set out in the appendix hereto, shall be adjusted on the same date as the net

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remuneration amounts of officials in the Professional and higher categories in New York are adjusted. Such adjustment shall be by a uniform percentage equal to the weighted average percentage variation in the net remuneration amounts, as determined by the International Civil Service Commission, except that:

- (i) The amount of the first adjustment due after 1 January 1990 shall be reduced by 2.8 percentage points;
- (ii) The scale of pensionable remuneration determined by the International Civil Service Commission as corresponding to the revised salary structure entering into effect on 1 July 1990, shall become effective on the same date.

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Appendix

Scale of pensionable remuneration for Professional
 and higher categories

(In United States dollars)

Effective 1 May 1989

Level	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII
USG	122 580												
ASG	113 342												
D-2	94 506	96 927	99 242	101 662									
D-1	82 499	84 581	86 653	88 735	90 817	92 889	94 855						
P-5	74 286	76 030	77 637	79 264	80 987	82 499	84 222	85 839	87 583	89 190			
P-4	60 196	61 930	63 663	65 270	67 130	68 747	70 364	71 865	73 588	75 449	77 182	78 905	
P-3	49 214	50 947	52 575	54 076	55 683	57 300	59 033	60 661	61 930	63 547	65 048	66 432	67 933
P-2	39 859	41 244	42 523	43 897	45 292	46 561	47 946	49 214	50 715	52 110	53 495		
P-1	31 308	32 471	33 507	34 553	35 705	36 741	38 010	39 289	40 557	41 709			

ANNEX II

Changes in the pension adjustment system a/

Section J

Deferred retirement benefit

Replace paragraph 27 by the following text

27. (a) For participants whose date of separation was before 31 December 1989, no adjustment shall be applied to deferred retirement benefits prior to the beneficiary's reaching age 50. Commencing at age 50 or the date of separation, if later, the dollar base pension under subparagraph 5 (a) above is adjusted by the United States consumer price index in accordance with section H above without retroactive effect. The two-track system becomes operative on the date of commencement of the payment of the periodic benefit. At that time a local currency base amount is established by applying to the adjusted dollar amount the average exchange rate over thirty-six consecutive months up to and including the month of first payment.

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

a/ The pension adjustment system was adopted by the General Assembly by resolution 37/131 and subsequently amended by resolutions 39/246, 41/208 and 42/222.