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

Third report of the Advisory Committee on Administrative and
Budgetary Questions to the eighth session of the General Assembly

1. The Advisory Committee on Administrative and Budgetary Questions has considered a report of the United Nations Joint Staff Pension Board submitting, in accordance with General Assembly resolution 680 (VII) of 21 December 1952, proposed amendments to the regulations of the Joint Staff Pension Fund (A/2422). The Committee is concerned only with articles XI and XVI and with paragraph 19 of the Board's report, which deals with the expenses of administering the regulations.

Article XI

2. The effect of the revised proposal of the Board is to require of the executive head (or other competent authority) of the organization concerned a positive action in order to prevent the payment to a participant who has been summarily dismissed for serious misconduct of the benefits provided in article X of the regulations. This is the exact converse of the existing provision, in accordance with which a participant so dismissed is entitled to receive only his own contributions plus interest, any payment in excess thereof being made only on the express recommendation of the executive head (or other competent authority) of the organization to which the participant belonged.

3. The Advisory Committee has received no information that would lead it to reconsider at this time its previous recommendation (A/2285, paragraphs 18 to 20)^{1/} that article XI should be retained in its existing form. It believes that the

^{1/} See Official Records of the General Assembly, Seventh Session, Annexes, agenda item 45, page 30.
53-26507

grounds on which that recommendation was based remain valid. However, after more experience has been acquired of the circumstances in which summary dismissals are ordered in the United Nations and other member organizations, the Committee will be prepared again to consider the proposed changes. It is therefore of the opinion that the revised proposal of the Board might appropriately be deferred for a period of at least two years.

Article XVI

4. The existing text of article XVI makes no distinction between leave without pay for normal purposes and leave without pay for military service. During 1952, the Board proposed to the General Assembly amendments to article XVI (A/2203)^{2/} which would have had the following, among other, effects:

(a) A participant on leave without pay for military service would be covered only by an amount corresponding to a withdrawal benefit and not by retirement, death or disability benefits; no contributions would be accepted on his behalf; and

(b) A participant on leave without pay for purposes other than military service would be eligible for full coverage during absences, provided that full contributions were paid on his behalf to the Fund. A similar eligibility would not apply to participants granted leave without pay for military service.

5. The Advisory Committee, when reporting at the time on the proposals of the Board (A/2285, paragraphs 21 to 24), expressed the view that the problem arising out of leave without pay for military service could not be considered in isolation as a problem peculiar to the Fund; that issues of basic personnel policy were involved; and that a review of that policy might with advantage be undertaken by the Administrative Committee on Co-ordination.

6. By resolution 680 (VII), the General Assembly referred the proposals of the Joint Staff Pension Board relating to article XVI to the Board for further consideration in the light of the Advisory Committee's observations and the relevant discussions in the Fifth Committee.

^{2/} See Official Records of the General Assembly, Seventh Session, Annexes, agenda item 45, pages 16 and 17.

7. During 1953, the Administrative Committee on Co-ordination accordingly reviewed the proposals of the Joint Staff Pension Board and expressed the hope that the amendments to article XVI would be adopted as submitted by the Board.
8. For purposes of comparison, the proposals of the Board submitted respectively in 1952 and 1953 are set forth:

1952

(d) A participant on leave without pay granted for the performance of military service shall be covered only by the benefits provided in paragraph (e) of this article, and the Joint Staff Pension Board shall not accept contributions on his account during the period of such leave.

(e) A participant on leave without pay who is not covered by the full benefits provided under these regulations and who retires, becomes disabled or withdraws from the Fund shall become entitled to a withdrawal benefit under article X: if such a participant dies his designated recipient shall become entitled to a benefit calculated in the same manner as a withdrawal benefit under article X; provided that a benefit under this paragraph payable on account of the death or disability of a participant on leave without pay granted for the performance of military service shall not be less than the individual actuarial reserve of the said participant calculated at the time the death or disability occurred.

1953

4. A participant on leave without pay, granted for the performance of military service, shall be covered only by the benefits provided in paragraph 5 of this article, and the Joint Staff Pension Board shall not accept contributions on his account during the period of such leave.

5. (a) A participant on leave without pay who is not covered by the full benefits provided under these regulations, who reaches the age of sixty and retires, shall be entitled to a retirement benefit as provided under article IV.

(b) Any such participant who before reaching the age of sixty becomes disabled or withdraws from the Fund shall become entitled to a withdrawal benefit under article X.

(c) If such a participant dies, his designated recipient shall become entitled to a benefit calculated in the same manner as a withdrawal benefit under article X.

(d) If a participant on leave without pay, granted for the performance of military service, becomes disabled or dies before reaching the age of sixty, the benefit payable under sub-paragraph (b) or (c) of this paragraph shall not be less than the individual actuarial reserve of such participant calculated at the time disability or death occurred.

9. The sole difference (other than editorial changes) between the two texts lies in the inclusion in the 1953 text of entitlement to a retirement benefit at the age of sixty (paragraph 5 (a)).
10. The Advisory Committee concurs in the revised text proposed by the Board. As regards the provision concerning absence on leave without pay for the performance of military service, the Committee takes account of the fact that the risks involved in such service were not included in the actuarial calculations on which the Pension Fund is based, as well as of the fact that the proposed amendment will enable member organizations to discontinue the practice of terminating in certain cases staff members to whom such leave is granted. The Committee further takes account of the fact that national governments make provision for the payment of disability and death benefits in connexion with the performance of military service.

Administrative expenses of the Pension Fund

11. The report of the Pension Board (A/2422, paragraph 19) does not indicate the grounds on which the actuary formed the opinion that "it was inadvisable to use for administrative expenses any part of the contributions obtained from member organizations and participants for the sole purpose of providing the benefits under the scheme".
12. While taking due account of the conclusion reached by the Board that it is premature to decide this matter on the basis of the actuarial valuation at December 1951, the Advisory Committee submits the following additional considerations:
- (a) The valuation at year-end 1951, which was based on an interest rate of 2 1/2 per cent, disclosed that the rate of 13.48 per cent of payroll was computed to be necessary to provide benefits as of that date; there was thus a margin of 0.52 per cent between the computed and the actual rate of contribution;
 - (b) The administrative expenses in question (after the segregation of items relating to the United Nations Staff Pension Committee) are estimated for 1954 at \$85,000, representing approximately 0.25 per cent of payroll;
 - (c) Under the recommendation of the Advisory Committee, the estimated margin would thus be reduced from 0.52 per cent to 0.27 per cent;

(d) Since the date of the actuarial valuation the policy has been adopted of investing a proportion of the moneys of the Fund in equities, and this factor, among others, has had the effect of raising the average of interest earnings above the figure of 2 1/2 per cent and thereby contributing to the safety margin.

13. On the basis of these considerations the Advisory Committee renews its previous recommendation that article XXVII should be amended to provide that expenses incurred in the administration of the regulations should be charged to the Fund and not to the general budgets of the United Nations and other member organizations.

14. The Advisory Committee further recommends that the proposed amendment should come into force not later than 1 January 1955, and that the estimates of the administrative expenses in question should continue thereafter to be submitted for approval to the General Assembly.
