



Eighth session
Agenda item 47 (c)

UNITED NATIONS JOINT STAFF PENSION FUND

AMENDMENTS TO THE REGULATIONS FOR THE UNITED NATIONS
JOINT STAFF PENSION FUND: REPORT OF THE UNITED NATIONS
JOINT STAFF PENSION BOARDReport of the Fifth Committee

Rapporteur: Mr. H.M. AHSON (Pakistan)

1. Under the terms of resolution 680(VII) of 21 December 1952, amendments which had been proposed by the United Nations Joint Staff Pension Board to articles XI and XVI of the Regulations of the Joint Staff Pension Fund were referred back to the Board for reconsideration at its next session, in the light of the observations presented by the Advisory Committee on Administrative and Budgetary Questions (A/2285) and of the views expressed in the Fifth Committee at its 369th meeting. The Board was requested to consider, at the same time, the recommendation of the Advisory Committee that expenses incurred in administering the regulations should be charged to the United Nations Joint Staff Pension Fund, and to report to the General Assembly at its eighth session on the matters to referred.
2. At its 379th meeting held on 30 September 1953, the Fifth Committee had before it the report presented by the Joint Staff Pension Board pursuant to the above resolution (A/2422), together with the observations thereon of the Advisory Committee on Administrative and Budgetary Questions as contained in its third report to the eighth session of the General Assembly (A/2489).
3. In presenting the amendments proposed to article XI, the Chairman of the Joint Staff Pension Board explained that the present regulation stipulated that a

participant who was dismissed from service should receive his own contributions plus interest, but nothing in excess thereof unless a recommendation to that effect were made by the competent authority of the employing organization. At its third session in 1952, the Board had recommended the deletion of the article, since it felt that payments of benefits should not be affected by administrative decisions and that this was the only regulation where control over the payment of a benefit was exercised otherwise than by the Board itself. When the question was reconsidered by the Board at its fourth session, in the light of the views that had been expressed meanwhile both by the Advisory Committee and in the Fifth Committee of the General Assembly, the Board found itself divided in its opinion. As a result, a compromise text had been adopted under which a participant would be entitled to full benefits unless the Board should decide otherwise on the recommendation of the administrative head of the member organization concerned.

4. In explaining the recommendation of the Advisory Committee, its Chairman pointed out that the Board had justified its earlier proposal to delete article XI on the grounds that disciplinary measures were solely within the jurisdiction of the executive heads of the employing organizations and that the Joint Staff Pension Board should not, therefore, be placed in a position of having to intervene in such strictly administrative decisions. With that view the Advisory Committee was in full agreement. It did not consider, however, that the new text suggested was in conformity with that principle. The fact that the Board would be empowered to reduce a benefit placed it in a position of passing judgment on a disciplinary decision of the administration concerned which was the only authority with full knowledge of all the facts of the case. The Advisory Committee felt that there was nothing unusual or unfair in the regulation as now formulated and was therefore of the opinion that article XI should be retained in its present form for at least two years, after which the revised proposal of the Board might be reconsidered in the light of the experience meanwhile acquired of the circumstances under which summary dismissals were ordered in the United Nations and other member organizations.

5. Delegations supporting the Board's revised proposal, while agreeing that the situation might be reconsidered in the light of further experience, argued that

the revised text should be adopted now since otherwise officials dismissed for serious misconduct would continue to be deprived of the full benefits under article X unless the executive head of the organization concerned should recommend otherwise. While agreeing that the Board should not pass judgment on an administrative decision, they were nevertheless of the opinion that it was entitled to concern itself with the effects of such a decision on the pension rights of a staff member and his family. In the view of those delegations the proposed amendment was in keeping with the letter and spirit of comparable legislation in many of the more socially advanced countries, and was calculated to afford to staff members a greater feeling of justice and security than that now enjoyed.

6. Delegations opposing the revised proposal of the Joint Staff Pension Board stressed the argument that the Board would be obliged to deal with administrative matters outside its jurisdiction. It was maintained, furthermore, that the benefits under discussion were not social insurance benefits but benefits earned as a result of service rendered. The Advisory Committee's recommendation that article XI should be retained in its present form was therefore supported, particularly in view of the fact that the Secretary-General was given discretion, should he consider that the circumstances so justified, to recommend the payment to dismissed staff members of a sum equivalent to the whole or part of the benefits provided under article X. It would be advisable, moreover, to defer any far-reaching amendment until such time as further experience had been gained. In the interim, a study could be undertaken not only of the circumstances under which dismissals occurred, but also of such questions of principle as whether pension rights should be considered inalienable and whether a decision to reduce the benefits payable in cases of summary dismissals should properly rest with the employing organization or with the Joint Board.

7. At the conclusion of the discussion of the regulation it was decided, by 41 votes to 4, with 4 abstentions, to recommend to the General Assembly the retention of article XI in its present form as recommended by the Advisory Committee.

8. In presenting article XVI of the regulations dealing with "Contributions on account of participants" the Chairman of the Joint Staff Pension Board pointed out

that the principal changes in the article were to make explicit, in accordance with the actuarial tables on which the Fund was based, the rights of a participant in the Fund when on leave without pay, especially when on leave for reasons of the performance of military service. At its fourth session, the Board as requested by the Advisory Committee on Administrative and Budgetary Questions, had taken into account the report made by the Administrative Committee on Co-ordination with regard to basic personnel policy. It had also taken into account the view expressed in the Fifth Committee at the seventh session concerning a participant's entitlement to a retirement benefit on reaching the retirement age during a period of leave without pay. After due consideration of these matters, the Board had decided to recommend to the General Assembly the adoption of the text of article XVI as submitted to the seventh session of the Assembly revised only to give effect to that entitlement.

9. The Advisory Committee having recommended acceptance of the Board's proposal with respect to article XVI, the revised text, together with consequential changes in articles V and VII, was approved without objection.

10. The Chairman of the Joint Staff Pension Board next presented a new proposal put forward at the fourth session of the Board for an addition to article VII of the regulations relating to death benefits. The proposal provided that the same benefits as those set forth in article VII should be provided to an incapacitated widower of a female participant as to the widow of a male participant. The Committee was informed that the Actuary had no objections to the substance of the proposal, provided that appropriate words were inserted to make clear that the incapacity must have existed at the time of the participant's death.

11. There being no objection, the proposal of the Joint Staff Pension Board was approved, the additional paragraph to become paragraph 7 of article VII of the regulations.

12. Referring to the Advisory Committee's recommendation that expenses incurred in the administration of the regulations of the Fund should be charged to the Fund, the Chairman of the Board stated that this proposal had been considered fully by the Board at its fourth session in consultation with the Actuary. The

conclusion had been reached that it was premature to decide, on the basis of the actuarial valuation as at December 1951, that the Fund itself should bear the administrative costs since that valuation related to a period of five years only, during most of which participation had been limited to staff members of the United Nations, the specialized agencies not having become members of the Fund until 1949. Moreover, the Actuary had observed that experience to date had been very favourable with respect to withdrawals but adverse financially with respect to remuneration increases and death. In any event, the Board intended to re-examine the proposal after having received the next actuarial valuation.

13. The Chairman of the Advisory Committee, in explaining that Committee's recommendation, drew attention to the fact that the average interest earnings of the Fund had always been higher than the figures used in the actuarial calculations and had, furthermore, continued to increase in recent years; reference was also made to the provisions of article XIX concerning deficiency payments. The Advisory Committee, therefore, considered that article XXVII should be amended to provide for the administrative expenses being charged to the Fund and that such amendment should come into force not later than 1 January 1955.

14. Views were expressed both for and against the Advisory Committee's recommendation. Delegations supporting the recommendation considered that a principle of sound financial management was involved and that the implementation of this principle was fully justified, having regard to the existing margin between the computed and actual rate of contribution and to the Fund's generally satisfactory position. Delegations opposing the recommendation contended that the margin of safety was not as great as the Advisory Committee's report suggested. It was pointed out that, it was necessary to bear in mind in addition to the contributions by participating organizations, the 7 per cent contributed by the staff. The Actuary had estimated that 20.48 per cent of total payroll was currently needed to meet all benefits provided under the regulations as against the 21 per cent which in fact was being contributed (7 per cent from staff and 14 per cent from employing organizations). The margin of 0.52 percentage points therefore represented a much smaller margin of safety if related to the

21 per cent figure than to the 14 per cent figure on which the Advisory Committee's report was based. Assumption by the Fund itself of administrative expenses would reduce this margin to 0.27 percentage points. There was no guarantee, moreover, that the next actuarial valuation, which would reflect to a much greater extent the participation of the specialized agencies, would reveal as satisfactory a position. Since such a valuation was of necessity only an approximation, an adequate margin of safety must be provided for.

15. On being put to the vote, the Committee approved, by 40 votes to 2, with 3 abstentions, the recommendation of the Advisory Committee (1) that article XXVII should be amended to provide for the expenses incurred in administering the regulations being charged to the Fund and not to the general budgets of the United Nations and other member organizations; (2) that this amendment should come into force not later than 1 January 1955; and (3) that the estimates of such administrative costs should continue to be submitted for approval to the General Assembly.

16. At its 280th meeting, the Committee began consideration of the further question dealt with in part II of the Board's report (A/2422) concerning the participation of the staff of the Interim Commission for the International Trade Organization in the Joint Staff Pension Fund. Since article XXVIII of the regulations of the Fund provided that only specialized agencies referred to in Article 57 of the Charter of the United Nations might become member organizations in the Fund, the Board had resolved to bring the question of the desirability of admitting the staff members of ICIITO to the attention of the General Assembly for its consideration and decision of principle with the recommendation that, in the event of an affirmative decision, the matter should be referred back to the Board for recommendation as to consequential changes in the regulations. Following a brief discussion, it was decided that, before taking a decision on the principle of extending membership in the Fund, the Advisory Committee should be asked to study and report on the matter, taking account of the views expressed.

17. Discussion was resumed at the Committee's 402nd meeting on the basis of the report submitted in the meantime by the Advisory Committee (A/2524) and of a draft resolution presented jointly by Australia and Canada (A/C.5/L.247).

18. On the general question of principle, the Advisory Committee considered it a wise provision to limit membership in the Fund to specialized agencies that fulfilled the conditions of the regulations. The fact that ICITO shared several of the characteristics of a specialized agency would have mitigated the objection of principle had not the Advisory Committee been conscious of creating a precedent for future, perhaps less justifiable, admissions. Apart from this general consideration it was clear that no actuarial disadvantages would result from ICITO's membership. It was, therefore, recommended that should the Fifth Committee find that special circumstances warranted the admission of ICITO, the consequential amendments to be drafted in consultation with the Joint Staff Pension Board should limit the rights of the Interim Commission to an associate membership not carrying with it representation with voting rights on the Board.

19. The sponsors of the joint draft resolution explained that their proposal was designed to authorize the admission of ICITO to membership in the Fund subject to the condition regarding voting rights as recommended by the Advisory Committee. In support of the proposal, it was pointed out that such action would present no technical difficulties, since the staff of ICITO already belonged to a provident fund financed in the same manner as the Joint Staff Pension Fund. Moreover, if membership were not authorized, the Interim Commission would be obliged to proceed with the establishment of a pension fund of its own - a situation which should be avoided if at all possible in the interests of the policy of administrative and budgetary co-ordination which the General Assembly had persistently urged upon the United Nations and associated organizations. It would be unfortunate also if the Interim Commission's staff were to be thus deprived of the experience which the Joint Staff Pension Board has acquired and the advantages which derive from membership in a larger, and therefore financially stronger, fund.

20. In the opinion of some delegations, however, it would be setting a dangerous precedent to depart from the principle that specialized agencies alone should qualify for admission. ICITO, by virtue of its temporary character and the uncertainty as to its permanent status, clearly did not fulfil the conditions required by Article 57 of the Charter. Doubt was also expressed as to whether actuarial disadvantages might not in fact arise if ICITO, after being admitted to the Fund, were to be dissolved. For these reasons, the representative of the

ANNEX

REVISED REGULATIONS FOR THE UNITED NATIONS
JOINT STAFF PENSION FUND

(as proposed for adoption by the General Assembly)

REVISED ARTICLE V

Disability benefits

Subject to the provisions of article X, 1 (b) and XVI, a participant who, before reaching the age of sixty, has, in the opinion of the Joint Staff Pension Board, become unable to perform his duties owing to serious physical or mental impairment shall be entitled, subject to article IX, while such disability continues, to a disability benefit payable in the same manner as a retirement benefit and equal to nine-tenths of one-sixtieth of his final average remuneration multiplied by the number of years of his contributory service not exceeding thirty years. This disability benefit shall be not less than the smaller of:

(a) Three-tenths of the final average remuneration;

or

(b) Nine-tenths of the retirement benefit to which he would have been entitled if he had remained in service until he had reached the age of sixty and his final average remuneration had remained unchanged.

REVISED ARTICLE VII

Death benefits

1. Subject to the provisions of article XVI if a married male participant dies, his widow shall be entitled, subject to article IX, to a widow's benefit amounting, except as provided in paragraph 3 below, to half of the benefit which would have been paid to the participant had he qualified for a disability benefit at the time of his death or, if such deceased participant had attained the age of sixty, to one-half of the benefit which would have been paid to the participant had he retired under the provisions of article IV at the time of his death. This benefit shall cease on the widow's re-marriage.

2. (a) If a married man who is a recipient of a retirement benefit as provided under article IV dies, his widow, provided she was his wife at the time of the cessation of his service with the member organization, shall be entitled, except as provided in paragraph 3 below, to a widow's benefit half as large as the benefit which was being paid to the deceased at the time of his death. However, if the deceased at the time of his retirement had received a lump sum as provided in article IV, in lieu of part of the retirement benefit to which he was entitled, the widow's benefit shall be half of the total retirement benefit to which the staff member was entitled at the cessation of his service. This benefit shall cease on the widow's re-marriage.

(b) If a married man who is a recipient of a disability benefit dies, his widow, provided she was his wife six months before he qualified for a disability benefit, shall be entitled, except as provided in paragraph 3 below, to a widow's benefit half as large as the benefit being paid to the deceased at the time of his death. This benefit shall cease on the widow's re-marriage.

(c) Notwithstanding sub-paragraph (b) above, when the disability of the deceased was the result of an accident or of damage to health arising from service in an unhealthy area, his widow, provided she was his wife at the time he qualified for the disability benefit, shall be entitled to a widow's benefit half as large as the benefit which was being paid to the deceased at the time of his death. This benefit shall cease on the widow's re-marriage.

3. If a widow eligible for a benefit under paragraph 1 or 2 is younger than the deceased by more than twenty years, the annual amount of the benefit shall be reduced so that the value of the benefit shall be the actuarial equivalent of the benefit which would have been payable to a widow twenty years younger than the deceased.

4. Upon ceasing to be entitled to a widow's benefit by reason of re-marriage, the widow shall be entitled to a lump-sum payment equal to twice the annual amount of her widow's benefit.

5. Upon the death of a participant who does not leave a widow entitled to a widow's benefit, there shall be paid to his designated recipient a sum equal to:

(a) His own contributions to the Pension Fund, with compound interest at 2 1/2 per cent per annum, plus

(b) Such amount as may have been transferred on his account to the Pension Fund from the Provident Fund of a member organization at the time of his entry into the Pension Fund, without interest.

If a designated recipient does not survive a participant or if a participant has not made, or has revoked, a designation, such sum shall be paid to the participant's estate.

6. A widow whose annual benefit under this article is less than 120 dollars may, prior to the first payment of such benefit and with the consent of the Joint Staff Pension Board, receive in lieu thereof a lump sum which is the actuarial equivalent of such benefit.

7. Should a married woman participant die and her widower be found by the Joint Staff Pension Board on the basis of a medical examination to be totally and permanently incapable either physically or mentally of providing for his own support, at the time of her death, he shall be entitled to the same benefits as set forth in this article, as would a widow of a male participant.

REVISED ARTICLE XVI

Contributions on account of participants

1. Seven per cent of the pensionable remuneration of each participant shall be deducted from his remuneration and paid each month to the Pension Fund.

2. During any period of sick leave on full or partial pay, a participant shall continue to contribute to the Pension Fund by deduction from such payments on the basis of his full pensionable remuneration, and any benefit under these regulations to which he becomes entitled during such period shall be calculated on the basis of his full pensionable remuneration.

3. (a) A participant on leave without pay, granted for reasons other than the performance of military service, shall be covered by the full benefits provided under these regulations if full contributions on his account are received on the dates on which they would normally become due.

(b) A participant on leave without pay, granted for reasons other than the performance of military service, on whose account full contributions are not so received, shall be covered by the full benefits provided under these regulations

for a period of four months, or for such longer period as the Board, upon the application of the participant, may allow; thereafter he shall be covered only by the benefits provided in paragraph 5 of this article.

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 subparagraph (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.

6. A period of leave without pay shall not be included in a participant's contributory service unless full contributions are received during the currency of such leave or unless, within a period of twelve months from the participant's return to work, full contributions in respect of such period, with interest at the rate of 2 1/2 per cent per annum, are received by the Fund.

7. Payment of full contributions in accordance with the provisions of this article on behalf of a participant who is or has been on leave without pay may be made either (a) in full by the participant, or (b) in full by the member organization, or (c) by the participant and the member organization in such shares as they may determine.

8. For the purpose of this article, "full contributions" means the sum of the contributions payable by a participant under paragraph 1 of this article, and the contributions payable by a member organization under article XVII in respect of his participation.

REVISED ARTICLE XXVII

Administrative expenses

1. Expenses incurred in the administration of these regulations by the Joint Staff Pension Board shall be met by the Fund.
2. Estimates of the administrative expenses referred to in paragraph 1 shall be submitted annually to the General Assembly of the United Nations for approval.
3. Expenses incurred in the administration of these regulations by the staff pension committee of a member organization shall be met out of the general budget of that organization.

ADMISSION OF STAFF MEMBERS OF THE INTERIM
COMMISSION FOR THE INTERNATIONAL TRADE
ORGANIZATION TO MEMBERSHIP IN THE UNITED
NATIONS JOINT STAFF PENSION FUND

The General Assembly,

Taking note of the report of the United Nations Joint Staff Pension Board regarding the participation of the staff of the Interim Commission for the International Trade Organization in the United Nations Joint Staff Pension Fund (A/2422, part II),

Taking note of the comments of the Advisory Committee on Administrative and Budgetary Questions in its ninth report to the eighth session of the General Assembly (A/2524),

1. Decides that, upon request of the competent authority, the Interim Commission for the International Trade Organization may be admitted to participation in the United Nations Joint Staff Pension Fund but without representation with voting rights on the United Nations Joint Staff Pension Board;

2. Requests that, upon the receipt of such a request on behalf of the Interim Commission for the International Trade Organization, the United Nations Joint Staff Pension Board prepare amendments to the Regulations of the United Nations Joint Staff Pension Fund which would give effect to this decision and report to the General Assembly at its ninth session.