



Presentation on the United Nations Staff Pension Fund

Svend Booth

What will
we be
looking
at ?

Overview of the Fund

Staff Pension Committee

Normal Retirement Age (NRA)

Benefits

Mandatory Age of Separation (MAS)

Retirement

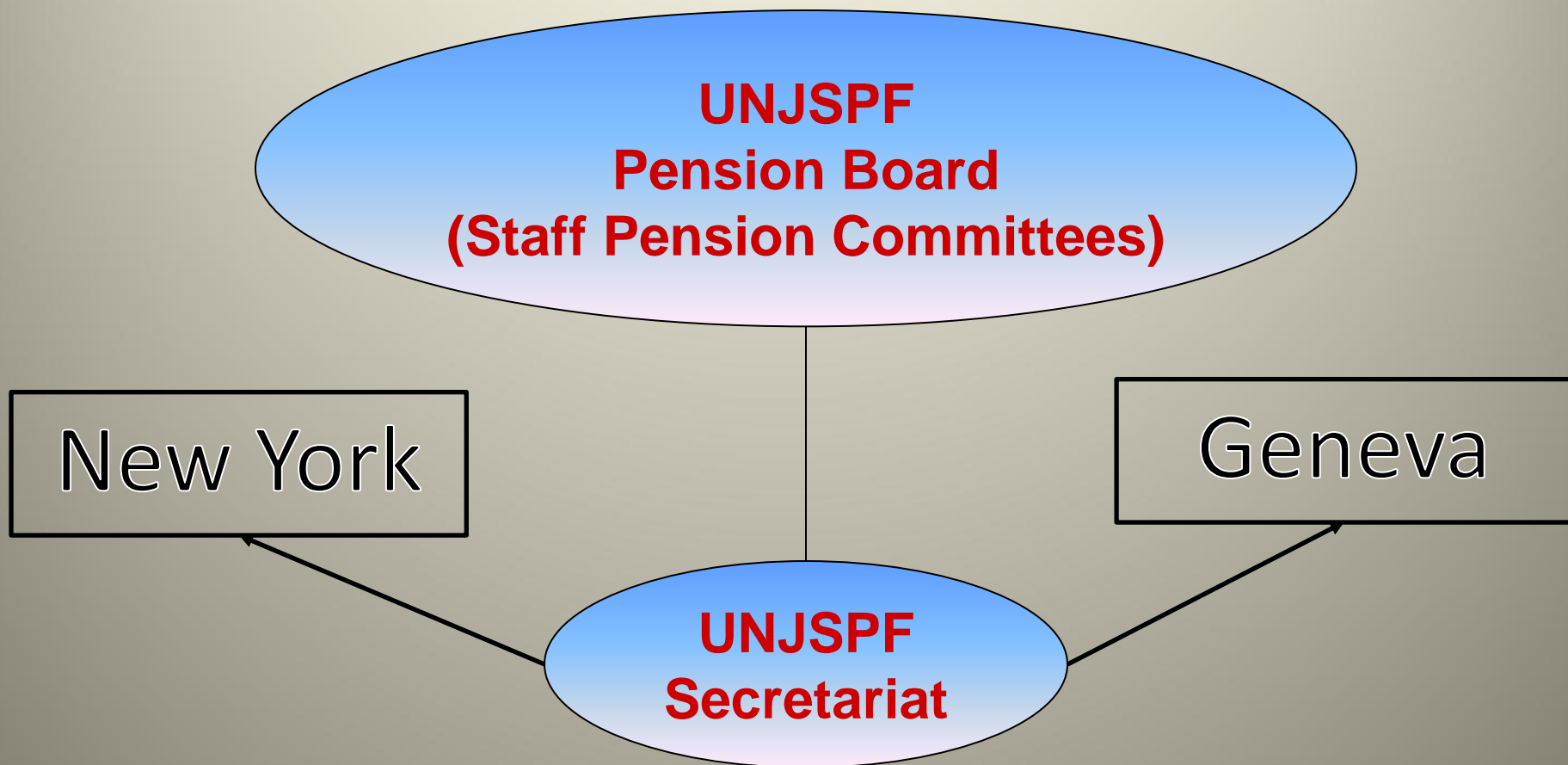
UNJSPF

- Established in 1949, by a resolution of the General Assembly
- Provide retirement, death, disability and related benefits for staff
- New York and Geneva
- Two liaison offices, one in Nairobi and one in Bangkok

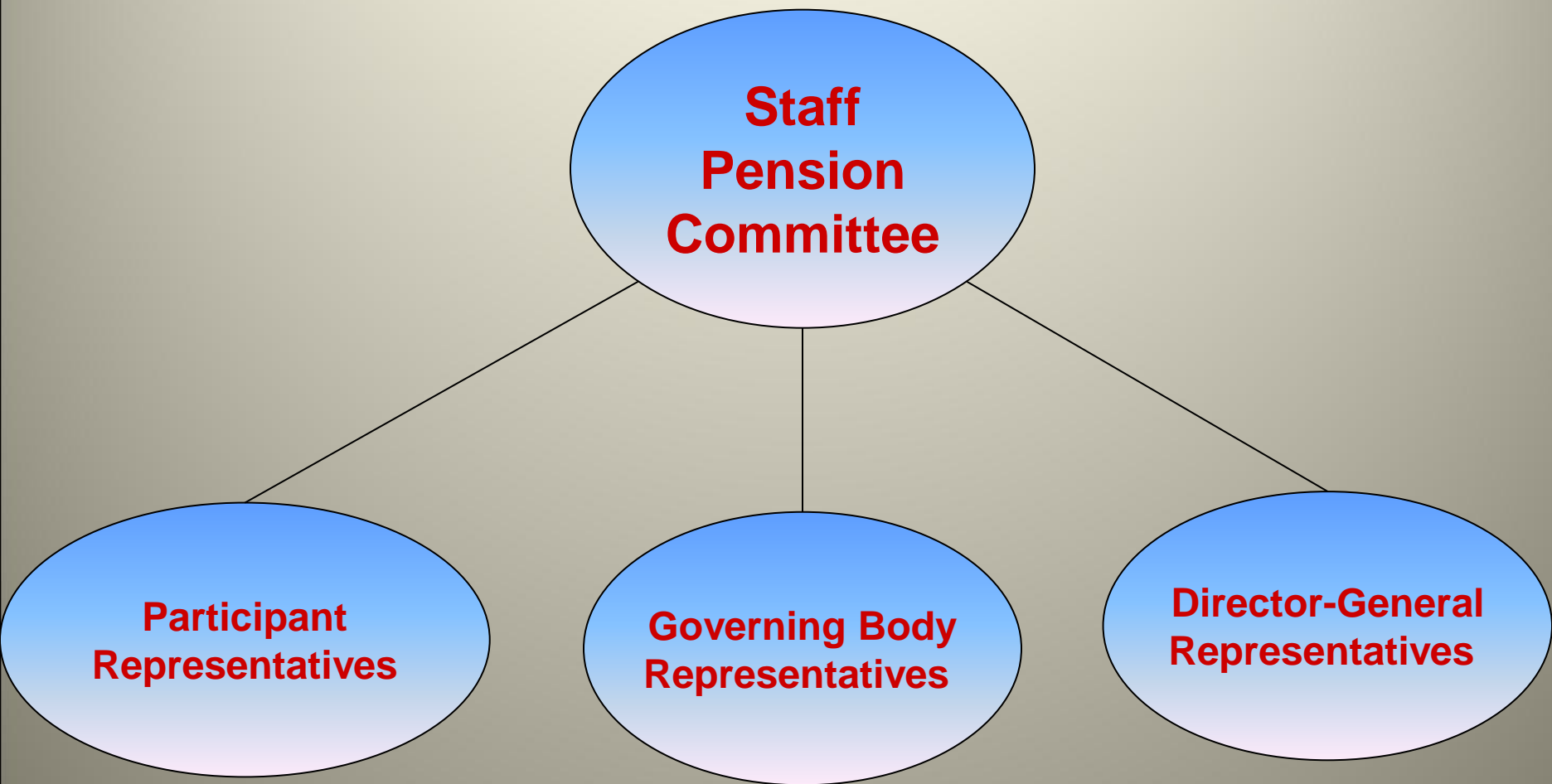
Administration of the Fund

- The United Nations Joint Staff Pension Board
- The Chief Executive of Pension Administration
- A Staff Pension Committee for each member organization
- The secretariat to each Staff Pension Committee.

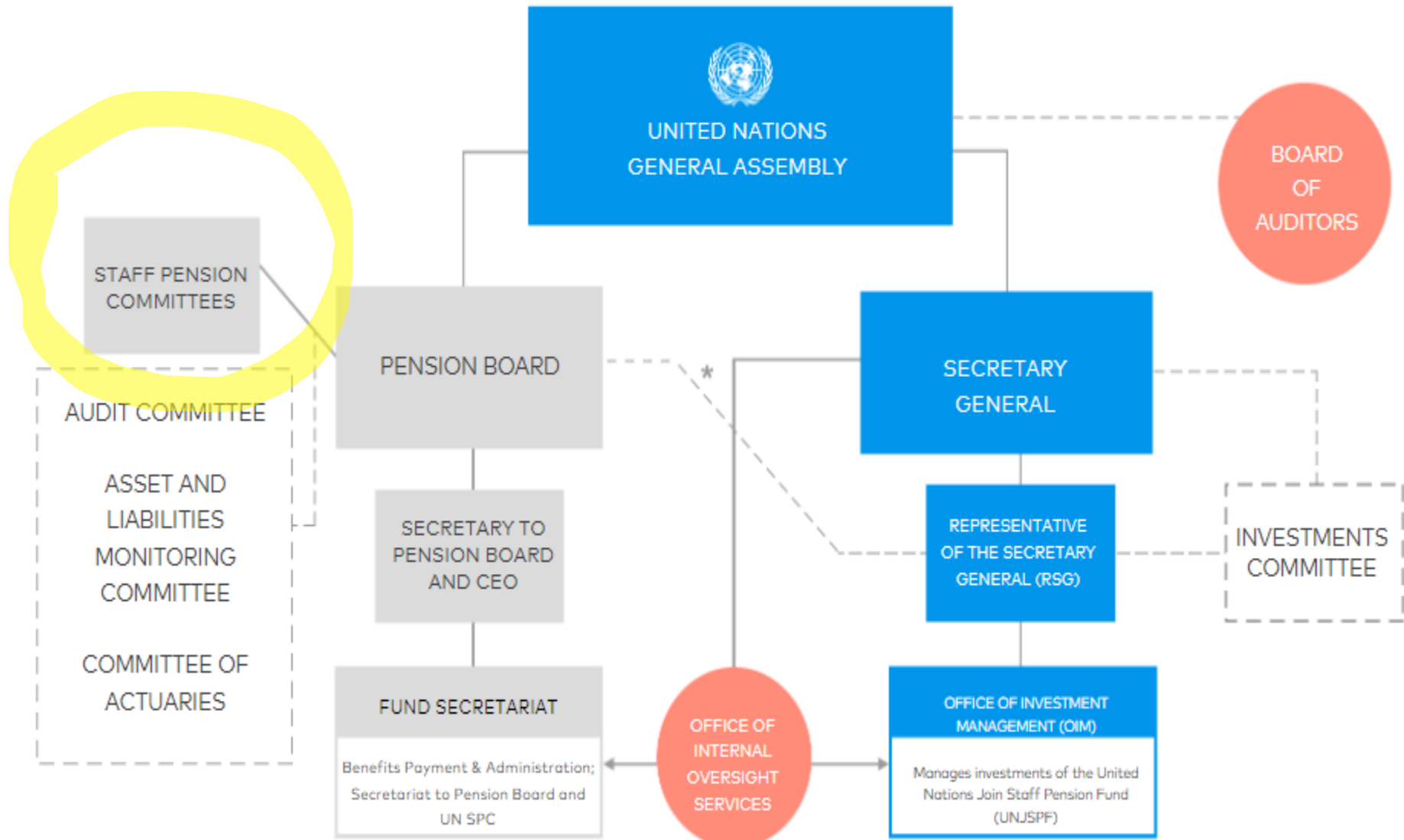
Administration of the Fund



Administration of the Fund



Role of the SPC



Role of the SPC

- Elected by the participants in service in the United Nations by secret ballot. (UNSPC)
- Each member organization shall make rules for the election or appointment of the members and alternate members of its staff pension committee. (other UN organizations)
- ...staff members of the secretariat of each Staff Pension Committee, shall not be eligible to serve on the Pension Board.

1. communicating with and servicing the needs of participants
 1. actuarial status of the Fund, asset/liability management, sustainability, investment policy, benefit provisions and other plan design issues.
2. Facilitating the provision of the required human resources and financial information in respect of their organization's staff members' participation in the Fund as well as their separation from service.
 1. monitoring, alerting, and recommending appropriate actions in this regard to the administration of the member organization;
3. Applying the UNJSPF Regulations and Administrative Rules
4. Consideration of appeals pursuant to Section K of the Administrative Rules.
5. Determining incapacity for the purpose of award of disability benefits
6. Formulating recommendations to the Pension Board
7. Nominations to the membership of advisory committees of the Board
8. Appointing members to the Pension Board in accordance with Article 5 of the Regulations.

Committees

- Consulting Actuary
- Audit Committee
- Committee of actuaries
- Budget Working Group
- Working Group on Governance
- Succession planning Committee
- The United Nations Administrative Tribunal.

Consulting Actuary

- proposed by the board and appointed by the UN Sec Gen the committee at present every two years provides an actuarial valuation of the Fund providing the present and future liabilities of the Fund which is then compared to current and projected Fund assets, respectively
- Every 4 years an Asset and Liability Management (ALM) study is provided by a designated external company and the study generally focuses on matching the liability projections of the consulting actuary, a risk analysis and evaluates long-term investment strategies and provides eventual suggestions on how to improve. The last study provided by Ortec Finance in 2019 can be found at [UNJSPF_ALMreport.pdf](#)

Audit Committee

- It consists of nine members appointed by the Board: six reflecting the tripartite composition of the Board (Governing Bodies, Executive Heads and Participants groups); two independent expert members; and a FAFICS (Federation of Associations of Former International Civil Servants) representative. The term of Committee members is four years, and they may not be selected for consecutive terms. The Committee meets three times per year and submits a report to the annual session of the Board. The Audit Committee provides the Pension Board with assistance in fulfilling its oversight responsibility relating to: (a) the performance and independence of the internal audit function; (b) the accounting and financial audit reporting processes of the Fund; and (c) adherence to the Fund's Internal Audit Charter, and the UNJSPF Regulations and Administrative Rules relating to audits.

Committee of actuaries

- 5 plus ad hoc members proposed by the board and appointed by the UN Sec Gen the committee. The committee will advise the board on actuarial questions arising from the operations of the Rules and Regulations. And will advise the board on when to revise the mortality and other tables and will propose when to adjust the rates of interest to be used in the periodic actuarial valuation of the Fund. Presently the interest rate for the Fund has been fixed by the board at 3.25%

- **Budget Working Group.** The group composed of 9 members (tripartite representation including FAFICS). Members are appointed by the board and are responsible for reviewing and preparing the budget which is subsequently presented to the Board
- **Working Group on Governance** and ad hoc committee highly active at present on reviewing various aspects on the fund especially the composition of the numbers of board participants and will report to the Board
- **Succession planning Committee** This Committee was established in July 2019 by the Board to assist, in selecting Senior Staff, particularly the CEO and Deputy CEO.
- **The United Nations Administrative Tribunal (UNAT)** is the body responsible for settling disputes in the application of the Rules and Regulations of the Fund, appeals can be made by any person entitled to rights by virtue of the participation of the staff member in any participating organization. The decision of the tribunal is final and cannot be appealed.

Defined Benefit

Investment risk and investment rewards are typically assumed by the sponsor/employer and not by the individual

Defined Contribution

In a defined contribution plan, investment risk and investment rewards are assumed by each individual, employee, retiree and not by the sponsor/employer

Mandatory Age of Separation (MAS)

MAS is set by the Staff Regulations of the employing Organization. Almost all the UN Organizations have adopted MAS at age 65 for all staff.

The Organization, NOT the Pension Fund, regulates at what age you MUST separate from service. The Fund has no say in and no objection to your staying in active service after having reached NRA. You will simply accumulate additional Contributory Service.

Normal Retirement Age (NRA)

NRA is set by the UNJSPF Regulations and Rules and is the age at which a retiring participant would be entitled to a retirement benefit unreduced on account of age as determined by the UNJSPF Regulations and Rules.

Normal Retirement Age

- Age 60 if participation commences or recommences on or before 1 January 1990
- Age 62 if participation commences or recommences on or after 1 January 1990
- Age 65 if participation commences or recommences on or after 1 January 2014.

Early Retirement Age

55-60/62 EOD before 1/1/2014

Participation commenced or recommenced prior to 1 January 2014?:

- payable if age on separation is at least 55 but less than the normal retirement age and whose contributory service was five years or longer.

Early Retirement Age Penalties 55-60/62

EOD before 1/1/2014

1. Less than 25 years participation reduction
 - 6 per cent a year to age 60/62
2. More than 25 years but less than 30
 - 2-3 per cent a year to age 60/62
3. More than 30 years
 - reduced by 1 per cent a year
4. Rate in (2)+(3) shall apply to no more than five years.

Early Retirement Age Penalties 55-65

EOD after 1/1/2014

Participation in the Fund commenced or recommenced on or after 1 January 2014:

- payable if age on separation is at least 58 but less than the normal retirement age and whose contributory service was five years or longer

Early Retirement Age Penalties 55-60/62

EOD before 1/1/14

1. Less than 25 years participation reduction
 - 6 per cent a year to age 65
2. More than 25 years
 - 4 per cent a year to age 65
3. Rate in (2) above shall apply to no more than five years.

Benefit Options

Retirement benefit with 5 years of contributory service

Retirement at (or after) normal retirement age (60/62/65)

Early retirement benefit with 5 years of Contributory service

Retirement between the age 55/58 and 60/62/65

Deferred retirement benefit with 5 years of Contributory service

Retirement before age 55/58

a maximum 1/3 Lump Sum payment is possible

Lump Sum payment is **NOT** possible

Withdrawal Settlement is **NOT** possible

Withdrawal Settlement is possible:
Own contributions with interest, **PLUS** additional 10% for each year of contributions in excess of five up to a maximum of double own contributions plus interest.

Elements of a pension: FAR and C.S

- **FAR – Final Average Remuneration**

(Best 36 month Pensionable Remuneration over the last 60 months of contribution)

- **C.S. – Contributory Service**

(Accumulation rate for years of participation)

Lump Sum

- Difficult decision
- Higher the pension higher future increases
- Spouse benefit is not affected
- Life expectancy
- Debits and or Mortgages

Normal Retirement Pension Calculation (Age 62):

Full pension

Years of Contributory Service (CS): **25 yrs**

Rate of Accumulations (ROA):

1.50% for first 5 years = **7.50%**

1.75% for next 5 years = **8.75%**

2.00% for next 15 years = **30%**

46.25%

Final Average Remuneration (FAR) : **\$ 188,888**

Full Annual Pension ($\$188,888 \times 46.25\%$) = **\$ 87,360**

Reduced pension (i.e. with a lump sum)

$(\$87,360 \div 3) \times 12$ (estimated actuarial factor) = **\$ 349,440**

Reduced Annual Pension (2/3 of full annual pension) = **\$ 58,240**

Early Retirement Benefit: The Reduction Factor

Reduction factor determined based on your:

- Normal Retirement Age (NRA) (60 or 62)
- Age at Separation from Service
- Length of Contributory Service:

CS < 25 years

6% per year

$25 \leq \text{CS} < 30$ years

2% to 3%

≥ 30 years

1% per year

Early Retirement Benefit: The Reduction Factor

BCS 1/1/2014 with retirement age 65

Reduction factor determined based on your:

- Normal Retirement Age (NRA) (65)
- Age at Separation from Service
- Length of Contributory Service:

CS < 25 years

6% per year

25 years of \leq CS or more

4% per year (max 5 years)

Example

Staff retiring at 55 instead of 62 with 20 years of contributory service

Standard Yearly Pension:

$$\$188,888 \text{ (FAR)} \times 36.25\% \text{ (ROA)} = \text{\$68,471}$$

Reduction at age 55 is 6% per year before NRA:

$$(62-55) \times 6\% = \text{42\%}$$

Resulting Early Retirement Pension at age 55:

$$(\$68,471 \times 58\%) = \text{\$39,713}$$

Withdrawal Settlement

- **One-time payment** extinguishing all other rights.
- Represents a **participant's contributions PLUS interest**.
- The Organization's contributions are **not** all reimbursed to participants.
- If CS is more than 5 years, amount is increased by 10% for each year over 5 up to a maximum of 100% (=> max. = 15 years CS).

Deferred Retirement Benefit

- Benefit option for those under age 60/62/65
- **NO LUMP SUM** and **NO CHILD BENEFIT**
- Payable at the earliest at age 55/58
- Possible impact on medical insurance
- Amount of benefit adjusted to inflation only as of age 55/58

Disability Benefit

- Monthly pension to provide coverage in case of illness or injury, likely to be permanent or of long duration, preventing to perform work in a position reasonably compatible with one's abilities.
- Contributory service calculated as if one had worked until Normal Retirement Age (NRA):

Actual CS to Separation Date
+

Potential CS from Separation Date to NRA (60 or 62/65)

- NO LUMP SUM, therefore if age 55/58 or more may prefer Early Retirement Benefit.

UNJSPF: Other Benefits

- **Child's** Benefit (art. 36) Disabled and Orphan.
- **Widow's/Widower's** Benefit (arts. 34 & 35)
- **Residual Settlement** (one-time payment – art. 38)

Survivor's Benefits: Widow/Widower

- Widow(er)(s) is/are **automatically** entitled to a monthly benefit equal to **½ of full pension of a participant.**
- Amount of benefit **NOT** affected by choice of lump sum at separation from service.

Benefits for Survivor's: Required Documents Overview

Upon a participant's/beneficiary's death, the Fund will process a benefit only once in possession of:

- Copy of participant's/beneficiary's **death certificate**.
- Copy of survivor's **birth and/or marriage certificate**, as applicable, if not already on file.
- **Payment Instructions**, form Pens.E/2, from survivor (available online at www.unjspf.org).
- Copy of survivor's **official identification document** (e.g. passport) bearing the survivor's signature.

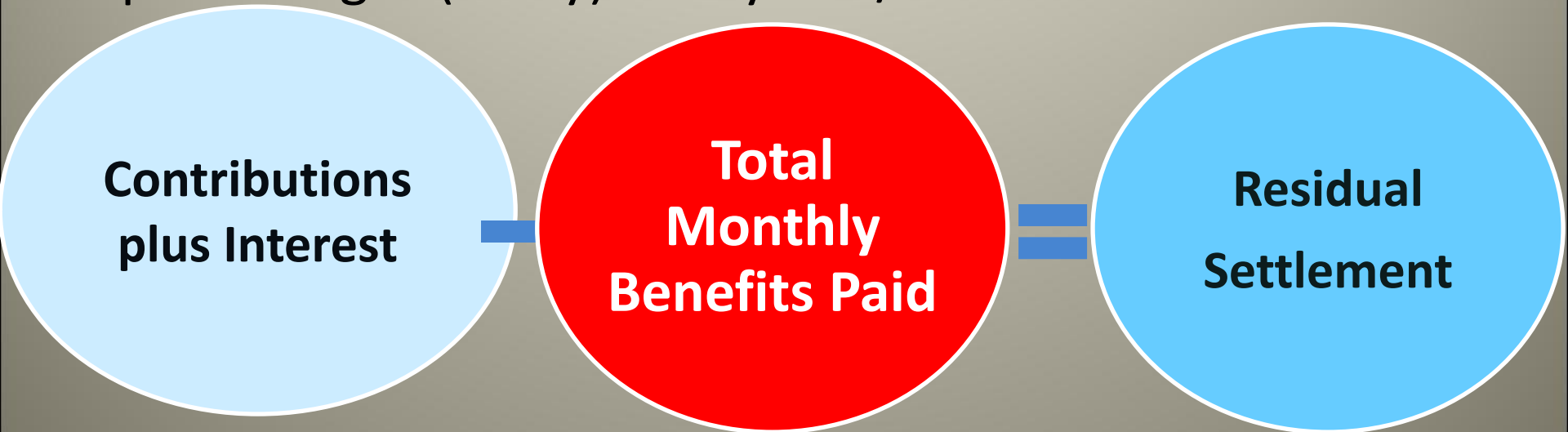
The Residual Settlement

- The Residual Settlement is a one-time payment made by the Fund and only if no other monthly benefit is payable on account of a participant/retiree.
- Payment is made to the person(s) designated by the participant (in form Pens.A/2) in accordance with percentages (if any) set by him/her.

**Contributions
plus Interest**

**Total
Monthly
Benefits Paid**

**Residual
Settlement**



UNITED NATIONS JOINT STAFF PENSION FUND

DESIGNATION OF RECIPIENT OF A RESIDUAL SETTLEMENT UNDER ARTICLE 38 OF THE REGULATIONS

Pension Number

--	--	--	--	--	--

INSTRUCTIONS: Please read the instructions below before filling out this form

1. A residual settlement (equal to your own contributions with compound interest) becomes due to the designated recipient(s) should you die in service and there are no survivors entitled to a benefit under articles 34, 35, 36 or 37 of the Regulations of the United Nations Joint Staff Pension Fund.

Note: A residual settlement may become payable after a former participant in receipt of a monthly benefit dies, provided that (i) there are no survivors entitled to a benefit under articles 34, 35, 36 or 37, **AND** (ii) the total amount of the benefits previously paid to him/her was less than his/her own contributions with compound interest. The difference would be paid to the designated recipient(s).

2. If more than one recipient is designated, the recipients will share equally unless otherwise indicated. The share of a designated recipient who may predecease you will be distributed among surviving recipients in the ratio of their own shares. If no one is designated before your death or if no one designated survives you, the settlement will be paid to your estate.

3. Please complete this form using **BLOCK LETTERS** in type or print and return it duly signed to the Secretary of your Staff Pension Committee, or to the UNJSPF if you are a staff member of the UN, e.g., UNICEF, UNHCR, UNFPA, UNDP, etc. *It is suggested that you keep a copy of the completed form with your other important documents.*

4. You may alter your designation of a recipient at any time by submitting a new form which will supersede the previous one.

I, _____ <small>(Last name) (First) (Middle)</small>	ORGANIZATION	DUTY STATION
---	---------------------	---------------------

hereby designate the person(s)/entity(ies) shown hereunder as recipient(s) of the residual settlement. I hereby cancel and revoke any previous designation.

RECIPIENT'S NAME IN FULL	RECIPIENT'S Date of Birth (DD/MM/YY)	Sex	RECIPIENT'S ADDRESS Phone and E-mail	RECIPIENT'S RELATIONSHIP TO YOU (if any)	SHARE TO BE PAID (%)
<i>(Total must add up to 100%)</i>					

Date: _____
(day) (month) (year)

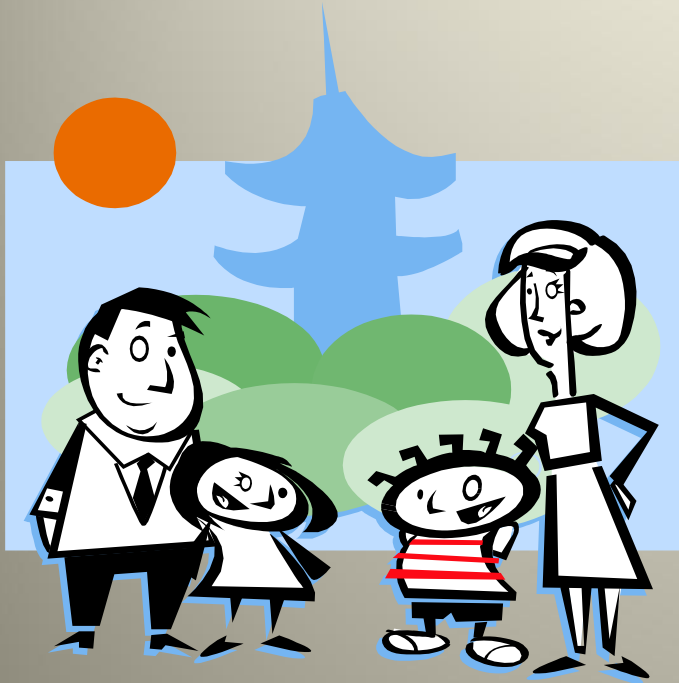
*(Signature of Participant)

***NOTE:** The completed form must bear your **ORIGINAL SIGNATURE**, no faxes or e-mails will be accepted.

APPLICABLE ONLY TO NEW ENTRANTS OR RE-ENTRANTS:
It may be possible to validate prior non-contributory service and/or restore prior contributory service, if any, under articles 23 & 24 of the Regulations, provided that you apply within one year of your entry/re-entry date to the Fund, but before separation should you separate from service earlier. For more information, please visit the UNJSPF website (www.unjspf.org).

Designation of Beneficiary (form A/2)

Child Benefit



**When Retiree reaches age
60/62/65**

**If child is less than 21 and
not married**

**Maximum 3 child allowances
per family**

Disabled Child Benefit



**When staff member retires
To be approved the UNJSPF
after review from Staff
Pension Committee**

UNJSPF: Other Benefits (cont.)

- Divorced Surviving Spouse's Benefit (art. 35 bis)
- Spouse Married after Separation from Service (art. 35 ter)
- Secondary Dependant's Benefit (art. 37)

CAUTION

Once your benefit is processed . . .

It is NOT possible to change your
Benefit Election

