



Governing Body

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Programme, Financial and Administrative Section

PFA

FOR INFORMATION

Pension questions

Decisions of the United Nations General Assembly on the report of the 62nd Session of the United Nations Joint Staff Pension Board (2015)

Summary: This report summarizes the major issues discussed by the United Nations Joint Staff Pension Board and the decisions of the UN General Assembly on the Board's report. It contains information with regard to the expiry of the terms of office of the three members of the ILO Staff Pension Committee appointed by the International Labour Conference.

Author unit: Human Resources Development Department (HRD).

Related documents: GB.323/PFA/INF/6/1; UN General Assembly documents (A/70/325 and A/C.5/70/L.19).

1. A summary of the 62nd Session of the United Nations Joint Staff Pension Board and of the decisions of the United Nations (UN) General Assembly on the Board's 2015 report is set out below. The report of the Board and further information about investments are available on the United Nations Joint Staff Pension Fund's website: www.unjspf.org.

Investment management

2. The market value of the assets of the Fund had increased from US\$51.4 billion as at 31 December 2013, to US\$52.8 billion as at 31 December 2014, representing a nominal rate of return of 3.2 per cent. After adjustment by the US Consumer Price Index, this represents a real (inflation-adjusted) rate of return of 2.4 per cent. The long-term real rate of return assumption for actuarial purposes is 3.5 per cent. This rate of return has on average been exceeded over the last three-year period and beyond. Investment income is critical to the Fund's ability to meet its long-term obligations. Most of the investments are actively managed and the portfolio is diversified by asset type, currency and geographical distribution.
3. The Board welcomed the intention of the Representative of the Secretary-General for investments to update the Investment Policy Statement to include the new strategic asset allocation targets for each investment asset class, as recommended by the recent Asset–Liability Management study that was examined at this session. The new targets, which differ slightly from the current ones, are expected to provide the same return with less risk. These changes will be implemented gradually over a four-year period.

Actuarial valuation

4. An actuarial valuation of the Fund is carried out every two years. Its main purpose is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities at the present contribution rate. The Board approved demographic and economic assumptions for the next valuation at 31 December 2015. It agreed that the 3.5 per cent real rate of return assumption that had been used in prior actuarial valuations should continue to be used in the upcoming valuation.

Asset–Liability Management study

5. The Board reviewed the results of the Fund's third Asset–Liability Management study, which examined the possible impact of various economic and investment scenarios upon the long-term financial health of the Fund and recommended small modifications to the current investment policy. It confirmed that the long-term cost of the Two-Track Pension Adjustment System that is applied to periodic benefit payments is 2.1 per cent of pensionable remuneration, as compared to the original estimation of 1.9 per cent.

Budget

6. The Board considered the revised budget for the biennium 2014–15 and approved the recommendations of its Budget Working Group for the biennium 2016–17. The 2016–17 budget proposals represented a 0.2 per cent increase over the previous biennium, and included additional posts for client–service operations in light of the growing number of participants and benefit payments. The projected average administrative cost per participant is below the inflation adjusted average for the last ten years, and is expected to decrease further upon the completion of a new pension administration computer system that requires data transfer interfaces from each of the 23 member organizations of the Fund.

Other matters

7. The Board also examined governance, risk management, audit, financial, medical and administrative matters, including appointments to its advisory committees. The Standing Committee met once to examine individual legal appeals.

UN General Assembly action

8. In October–December 2015, the UN General Assembly considered the report of the Board and related documents.¹ On 23 December 2015, it adopted Resolution A/C.5/70/L.19, endorsing the recommendations set out in the Report of the Advisory Committee of Administrative and Budgetary Questions. The General Assembly approved the recommendations of the Board and agreed to most of the new posts that had been requested. It welcomed the progress made in the implementation of the new pension administration computer system and requested the Board to provide an update to the General Assembly in its next report.

Appointments to the ILO Staff Pension Committee (United Nations Joint Staff Pension Board)

9. In accordance with article 6(c) of the Regulations of the Fund, the ILO, as a member organization of the Fund, has a Staff Pension Committee composed of nine members, three appointed by the International Labour Conference, three by the Director-General and three by officials participating in the Fund. Each of the three groups can appoint an equal number of alternate members. Since 1992, appointments within the “Conference” group reflect tripartite representation. The appointments are for a three-year term of office.
10. The term of office of the members appointed by the Conference to the ILO Staff Pension Committee will expire on 8 October 2016:

<i>Group</i>	<i>Titular member</i>	<i>Alternate member</i>
Government	Mr T. Montant (Switzerland)	Pending
Employers	Mr L. Abbé-Decarroux	Pending
Workers	Mr B. Thibault	Pending

11. The Governing Body may wish to note that the Conference will need to approve at its 105th Session (June 2016) appointments of three members to the ILO Staff Pension Committee for the term 9 October 2016–8 October 2019.

Geneva, 9 February 2016

¹ The following official records of the 70th Session of the UN General Assembly are available upon request: A/70/325, A/C.5/70/2, A/70/7/Add.6, A/C.5/70/L.19.