

Report of the United Nations Joint Staff Pension Board

Report by the Secretariat

BACKGROUND

1. Decisions of the United Nations Joint Staff Pension Board concerning changes to the Regulations and Rules of the United Nations Joint Staff Pension Fund are subject to the approval of the United Nations General Assembly. This document summarizes the main issues discussed by the Pension Board at its sixty-third session (14–22 July 2016) and the actions taken by the General Assembly.¹

Actuarial matters

2. The Pension Board took note of the outcome of the actuarial valuation of the Fund, which showed a surplus of 0.16% of pensionable remuneration as at 31 December 2015, as compared with the deficit of 0.72% shown by the 2013 actuarial valuation. It was the first actuarial valuation to show a surplus following three consecutive bienniums reporting a contribution rate deficiency. The Pension Board noted the importance of continuing to earn the necessary 3.5% annual rate of return on a long-term basis to ensure the future solvency of the Fund, as well as on a short-term basis so as not to reverse the upward trend in valuation results.

Investments

3. The Representative of the Secretary-General for the investments of the Fund reported that the Fund's value as at 31 December 2015 was US\$ 52.1 billion, representing a modest decrease since the Fund's year-end record high of US\$ 52.8 billion as at 31 December 2014. In addition, the Fund had exceeded its long-term rate of return objective over the last 20, 25 and 50 years through to 31 December 2015. The Fund's value as at 31 December 2016 was US\$ 54.3 billion.

4. The Pension Board took note of the 2016 investment policy statement and concurred with the observations of the Asset and Liabilities Monitoring Committee regarding that document.

5. The Pension Board considered and took note of the Investment Management Division's draft anti-fraud policy, which had been developed in response to a recommendation made by the General Assembly.

¹ United Nations General Assembly resolution 71/265 (2016).

6. The General Assembly expressed concern regarding the near-term underperformance of investments, emphasized the importance of the Fund meeting its target annual rate of return of 3.5% over the long term, and in that regard requested the Secretary-General to make every effort to improve the investment performance of the Fund and report thereon in the context of future reports on the Fund's investments.

Medical matters

7. The General Assembly approved the Pension Board's recommendation that article 41 of the Regulations of the Fund should be amended to reflect the adoption of the medical standard of "fit for employment" for participation in the Fund.

Administrative matters

8. The Pension Board approved the Fund's financial statements for the year ended 31 December 2015.

9. The Pension Board considered and approved the Financial Rules of the Joint Staff Pension Fund, which would become part of its Administrative Rules.

10. The Pension Board took note of the successful implementation of the Integrated Pension Administration System (IPAS) project. The Pension Board commended the work of the management and staff of the Fund on that complex project and recommended that the Fund's management should intensify its efforts to forecast, plan and manage the Fund's caseload in the light of current and anticipated separations. The Pension Board also welcomed the proposal to establish a new task force to complement the specific measures being taken to address the backlog and to conduct a review of the end-to-end process in cooperation with member organizations of the Fund.

11. The Pension Board considered the suggestions contained in the review of the UNJSPF staffing and organizational structure ("Whole Office Review") and the review of client service activities, and asked the secretariat of the Fund to present for review and discussion the necessary resource requirements and proposed structural changes in the relevant budget proposals. The Pension Board also approved the action plan presented by the Chief Executive Officer to address the surge in the number of separations.

12. The General Assembly welcomed the successful implementation of the IPAS, and stressed the need to continue efforts to address underlying challenges, taking into account the observations, comments and recommendations of the United Nations Board of Auditors and the United Nations Advisory Committee on Administrative and Budgetary Questions.

13. The General Assembly expressed serious concerns with regard to the continued delays in receipt of payments by some new beneficiaries of the Fund and retirees, and again stressed the need for the Pension Board to take appropriate steps to ensure that the Fund addressed the causes of such delays, and requested that the Board provide an update in the context of its next report.

14. The General Assembly noted with concern that delays in payment could put beneficiaries and retirees, and their families, in a difficult situation, and in that regard requested that the Secretary-General, as Chair of the United Nations System Chief Executives Board for Coordination, invite the heads of member organizations to take appropriate steps, including expediting information processing for new beneficiaries and retirees, to resolve the situation.

15. The General Assembly looked forward to the results of the review of the end-to-end process, which aimed to identify streamlining opportunities during all phases of the process, in cooperation with member organizations of the Fund, and in that regard requested that the Pension Board ensure that the Fund completed the review as a matter of priority and that measures taken to address any bottlenecks identified would be reported in the Board's next report.

16. The General Assembly decided to establish nine additional temporary positions for the period from 1 January to 31 December 2017, approved an additional provision for general temporary assistance for the biennium 2016–2017 and also approved an increase in total resources for the biennium 2016–2017.

Audit

17. The Pension Board was presented with the report of the Audit Committee, which summarized the major findings and conclusions of the Committee. The Pension Board endorsed the report, including the recommendations contained therein.

18. The Pension Board took note of the report of the Office of Internal Oversight Services on the internal audit activities of the Fund for the year ended 30 June 2016.

Governance

19. The Pension Board approved the Fund's Strategic Framework for the period 2018–2019, and took note of the performance report on the indicators of the Strategic Framework for the period 2014–2015.

20. The Pension Board was presented with the report of the Assets and Liabilities Monitoring Committee. It endorsed the report, including the Committee's recommendations.

21. The Pension Board supported gradual implementation of the proposed changes to the Fund's appeal procedures, starting in 2017, which would not require any amendment to the Fund's Regulations and Rules.

Benefit provisions of the United Nations Joint Staff Pension Fund

22. The General Assembly approved the Pension Board's recommendation to amend paragraph 26 of the Fund's pension adjustment system to reflect that, in cases of reinstatement, a new local currency track benefit would be established as from the date of reinstatement using the 36-month average of exchange rates ending as at that date.

23. The Pension Board noted that the local currency track pension amounts continue to be maintained at or near the target levels for the countries under review.

24. The General Assembly approved the Pension Board's recommendation to proceed with a technical amendment to article 24 of the Regulations.

25. The Pension Board approved the recommendation of the Contact Group to instruct the Fund's Chief Executive Officer to revise the implementation guidelines with regard to the application of articles 34 and 35 (spousal benefits) of the Regulations, in line with the policy of the United Nations.

Other matters

26. The Pension Board approved the minutes of the 197th meeting of the Standing Committee, held in July 2015 during its sixty-second session.

27. The Pension Board decided, subject to final confirmation, to hold its 2017 session at United Nations headquarters in New York from 24 to 28 July. A training session will be held on Friday, 21 July.

ACTION BY THE HEALTH ASSEMBLY

28. The Health Assembly is invited to take note of the report.

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