

Report of the United Nations Joint Staff Pension Board

Report by the Director-General

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-seventh session (16–24 July 2020) and the actions taken by the General Assembly.¹

Actuarial matters

2. The regular valuation as at 31 December 2019 showed an actuarial surplus of 0.50% of pensionable remuneration as compared with a deficit of 0.05% as at 31 December 2017. This small surplus was due primarily to the positive effects of lower-than-expected inflation. The General Assembly stressed the importance of continuing to achieve the necessary 3.5% annual real (net of inflation) rate of return on a long-term basis for the future solvency of the Fund. The regular valuation showed that a real rate of return of 2.5% would cause a deficit of 6.84% of pensionable remuneration. If the Fund earns the expected real rate of return of 3.5% per year, it is expected to remain adequately funded during the 50-year projection period.

Investments

3. The then-Acting Representative of the Secretary-General informed the Pension Board that as at 31 December 2019, the Fund was financially sound, especially after a very strong investment performance of 18.7% nominal return over 2019. He stated that the Office of Investment Management had achieved its long-term objective of meeting or exceeding the required 3.5% real rate of return for the past 1-, 2-, 3-, 5-, 10-, 15-, 25- and 50-year periods.

Audit matters

4. The Pension Board took note with appreciation of the unqualified audit opinion of the Board of Auditors and approved the financial statements of the Fund for the year ended 31 December 2019. It also took note of the report on the implementation of audit recommendations.

¹ United Nations General Assembly resolution 75/246 (2020).

Governance matters

5. The Pension Board decided by consensus to recommend to the Secretary-General, in accordance with article 7(c) of the Regulations of the Fund, that Mr Jan De Preter be appointed as Secretary of the Board. The General Assembly requested the Board to include the terms of reference and related reporting lines for both the Secretary and the Chief Executive in the context of the next report.

6. The Pension Board supported mainstreaming an approach that would maximize solutions based on information and communications technology to enable the Pension Board's governance between sessions. The Pension Board decided that the secretaries of staff pension committees and members of committees and working groups of the Pension Board should participate remotely whenever possible. Only the Chair or one designated representative from the committees and working groups of the Board or from the Investment Committee may participate in Board sessions to present their respective reports.

7. The General Assembly recalled paragraph 8 of section VIII of its resolution 74/263 that called for a comprehensive and objective analysis of pension fund governance matters. It noted the decision of the Pension Board to request the Governance Working Group to review the report of the independent external entity, and looked forward to further considering the report together with the recommendations of the Board, noting the significant variances from best practices in respect of the governance of the Fund as reflected in the report of the independent external entity, while respecting the unique nature of the Fund. The General Assembly also noted that the key focus should be aimed, in particular, at the size, composition and frequency of meetings of the Pension Board.

8. The General Assembly welcomed the decision of the Pension Board to recognize, *mutatis mutandis*, the Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission, adopted by the General Assembly by its resolution 56/280 of 27 March 2002, as the code of conduct for the Board, without prejudice to the legal status, privileges and immunities of those attending sessions of the Board or any of its committees or working groups.

9. The General Assembly recalled paragraph 16 of section VIII of its resolution 74/263, and decided that the proposed amendment to article 6 of the Regulations of the Pension Fund should be considered in the context of the review of the recommendations of the Board on the report of the independent external entity and upon submission of further proposals, including changes to the Regulations and Rules of the Fund to ensure adherence to the code of conduct. The Pension Board had recommended amending article 6 to avoid a conflict of interest whereby a staff member of the Fund secretariat, of the secretariat of each staff pension committee or the secretariat of the Board, or a staff member of the Office of Investment Management, would also be a member of the Board.

Benefit provisions of the United Nations Joint Staff Pension Fund

10. The General Assembly requested the Pension Administration to continue to adhere to the target benchmark of 75% of initial benefit processing in 15 business days and to eliminate the practice of postponing the benchmark for additional documentation requirements, according to the recommendation of the Board of Auditors, and to report the actual time for completion of the processing of initial benefits, including those without proper documentation, as well as the reasons for exceeding the 15 business-day target benchmark as appropriate, in the next report of the Pension Board.

Administrative matters

11. The Pension Board unanimously decided to recommend to the Secretary-General, in accordance with article 7(a) of the Regulations of the Fund, that Mr David Penklis be appointed as Deputy Chief Executive of Pension Administration.

12. Introducing the 2021–2023 strategic plan for the Pension Administration to the Pension Board, the Chief Executive indicated that it was based on three pillars and aimed to simplify the Fund's client experience, modernize its pension services and develop strong, global partnerships. The response to coronavirus disease (COVID-19) had further highlighted the need for digitalized paperless processes, without compromising the integrity of the controls.

13. The General Assembly recalled paragraph 35 of section VIII of its resolution 74/263 and requested the Pension Board to clarify the functional responsibilities and reporting lines of the New York and Geneva offices and to submit, in its next report, information on specific measures to ensure the efficiency of the Geneva office in rendering services to clients.

Other matters

14. The General Assembly approved the admission of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies to membership in the Fund, with effect from 1 January 2021.

ACTION BY THE HEALTH ASSEMBLY

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

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