

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 seventieth session (24–25 February 2022), seventy-first session (11–12 April 2022) and seventy-second session (25–29 July 2022) and the actions taken by the General Assembly.¹

Actuarial matters

2. An external actuarial valuation of the Fund is undertaken every two years, to determine whether the current and estimated future assets of the Fund will be sufficient to meet projected liabilities and to maintain the current contribution rate. The regular valuation as at 31 December 2021 (thirty-sixth valuation) showed an actuarial surplus of 2.3% of pensionable remuneration as compared with a surplus of 0.5% as at 31 December 2020. This surplus is due primarily to asset performance. The actuaries confirmed the retention of the objective of an annual real (net of inflation) rate of investment return of 3.5%. The regular valuation showed that a real rate of return of 2.5% would cause a deficit of 5.84% 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 Representative of the Secretary-General for the investment of the Fund reported that the Fund had recovered and ended 2021 with a market value of US\$ 91 482 million, an increase of US\$ 9954 million from US\$ 81 528 million as at 31 December 2020. The General Assembly noted that the annual real rate of return of the Fund for the 10-year and 15-year periods remained markedly above the long-term objective of 3.5%, and encouraged the Fund to continue its efforts to improve the performance of its investments and identify suitable comparators with peers from various countries and provide a comparison thereof in the context of the next report.

Audit matters

4. The Pension Board welcomed the unqualified audit opinion of the Board of Auditors and approved the financial statements of the Fund for the year ended 31 December 2021. The Director of

¹ United Nations General Assembly resolution 77/258 (2022).

External Audit highlighted that 63% of outstanding recommendations had been fully implemented and recognized the commitment of the Fund's management and staff. The Office of Internal Oversight Services reported that, as at 30 June 2022, there were 46 open important audit recommendations for the Pension Administration and the Office of Investment Management. The Office of Internal Oversight Services highlighted the significant number of audit recommendations closed.

Governance matters

5. The Pension Board considered at its seventy-first session in April 2022 a proposal regarding the allocation of Board seats and decided that a paper should be presented to the Board no later than the July 2023 session containing an outline of the current arrangements and a description of how new member organizations to the Fund would be accommodated on the Board in terms of representation.

6. The General Assembly welcomed the continued implementation by the Pension Board of the governance reform plan, which takes into account best practices as recommended by the Governance Working Group and respects the unique nature of the Fund; acknowledged that the Board considers that the reform plan has started to contribute to improving efficiency and effective decision-making; and requested the Board to monitor and report on the progress achieved in this regard to the General Assembly at its seventy-eighth session.

7. The General Assembly requested the Pension Board, in consultation with the Ethics Adviser, to revise and adjust the ethics policy and to provide further analysis of, and clarification on, the policy in the context of the next report.

Benefit provisions of the United Nations Joint Staff Pension Fund

8. The General Assembly decided to approve the proposed amendment to article 1 of the Regulations of the Pension Fund to allow, on a cost-neutral basis, the restoration of all or partial contributory service in the case of deferred retirement benefits. It also decided to approve the proposed new article 24 bis to include in the Regulations of the Fund the restoration of prior contributory service in the case of deferred retirement benefits, as set out in annex III to the report of the United Nations Joint Staff Pension Board for 2022.

Administrative matters

9. The Pension Board reached a consensus at its seventieth session in February 2022 to establish the Plan Review Group and approved at its seventy-first session in April 2022 the terms of the reference and the composition of the Group based on the nominations received. The Group will present a report including its recommendations to the Board session in July 2024 or earlier.

10. The General Assembly welcomed the proposal to establish a Risk Management Unit aimed at strengthening the risk management capabilities of the Pension Administration, and requested the Board to provide updated information on the Unit's performance in the next report.

11. The General Assembly emphasized the importance of implementing swiftly the new customer relationship management system, and called upon all involved stakeholders to conclude the procurement contract before the end of 2022, in order to strengthen services to clients and deal with the increased number of requests while improving efficiency gains.

12. The General Assembly recalled paragraph 55 of the report of the Advisory Committee, welcomed the deployment of the digital certificate of entitlement, and requested the Pension Administration to provide an update on the utilization of the digital certificate of entitlement, including progress on the reduction of risks of fraud or overpayments, and on measures to ensure its cost-effective implementation in the context of the next report.

Budget estimates for 2023

13. The General Assembly requested the Pension Board to further refine and support effective implementation of key performance indicators and workload drivers of the Pension Administration and the Office of Investment Management in relation to their budget requests.

ACTION BY THE HEALTH ASSEMBLY

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

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