



UNITED NATIONS JOINT STAFF PENSION FUND
CAISSE COMMUNE DES PENSIONS DU PERSONNEL DES NATIONS UNIES

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Dear Participant/Beneficiary,

In accordance with long-standing practice, I am writing to provide you with information on developments in pension-related matters during the previous year.

Due to the biennialization of its work programme, the General Assembly did not consider the agenda item "United Nations Pension System" in 1999; therefore the provisions of the Pension Fund, set out in its Regulations and Rules, remain unchanged. The Assembly did consider and approved the biennial budget estimates for the Fund, as recommended by the Standing Committee of the Pension Board, since this item is dealt with by the Assembly in the odd-numbered years. The administrative expenses, chargeable to the Fund, for the biennium 2000-2001, were approved in the amount of US\$62,301,000, consisting of \$18,510,600 for administrative costs, \$42,992,700 for investment costs and \$797,800 for audit costs.

Updated information is provided herein on the operations of the Fund, including the investment performance. In addition, your attention is drawn to several matters which have been the subject of representations to the Fund and are of general interest. The annex to this letter contains a communication addressed to former staff members of the United Nations High Commissioner for Refugees (UNHCR) regarding the commemoration of the 50th Anniversary of that organization. It requests former UNHCR staff to submit directly to UNHCR information on their whereabouts; the Fund cannot provide this information because of the confidentiality restriction in Rule B.4 of the Fund's Administrative Rules. **Please do not send your responses to the Fund Secretariat.**

At the outset I would inform beneficiaries that there will not be an adjustment of the United States dollar pension entitlements on 1 April 2000, since the movement of the United States Consumer Price Index (US-CPI) over the period December 1998 to December 1999 was less than the required 3 per cent threshold. The 2.7 per cent increase in the US-CPI during this period will be carried over to the next measurement, which will cover the period December 1998 to December 2000, to ascertain whether an adjustment will take place on 1 April 2001. For beneficiaries on the two-track pension adjustment system, the adjustment of the local-currency track amount on 1 April 2000 will vary according to the CPI movements in their respective countries of residence, provided that the 3 per cent threshold has been met. These beneficiaries will be advised of the changes in the amounts

of their pensions, if any, on the occasion of the payment of their April 2000 benefits.

I also draw your attention to the extensive information contained in my last annual letter regarding **(a) the actions that must be taken by active participants and/or their employing organizations, as well as by current or prospective beneficiaries, to ensure the timely processing and continued receipt of their benefits, and (b) the assistance available to pensioners from the Emergency Fund and/or other sources, to alleviate financial hardship.** This information can be accessed through the Fund's website on the Internet (<http://www.un.org/unjspf/>); other pension information and forms, including the Fund's Regulations and Rules, can also be found at this site. If you do not have access to the Internet, a copy of last year's letter can be obtained from the pension secretariat of your present or former employing organization. With respect to emergency assistance, the Former FAO and Other UN Staff Association (FFOA) has requested me to advise beneficiaries that FFOA has established an "Emergency Fund" to assist its members; requests should be sent to the Chairman, Emergency Fund Sub-Committee, FFOA, c/o FAO and marked "Strictly Confidential".

I would particularly wish to remind beneficiaries of the importance of apprising the Fund of any changes in their family status, country of residence (if they are on the two-track pension adjustment system), mailing address and banking arrangements or account codes. It is also essential that beneficiaries complete and return on a timely basis the Certificate of Entitlement (CE) that the Fund sends out each year. Pursuant to audit findings and observations, we have strengthened our reviews of the CEs to verify the continuing eligibility of beneficiaries to the benefits they are receiving. Regrettably, there have been some cases of fraud. Failure, or delays, in reporting changes in countries of residence often result in substantial overpayments which then require recoveries from the beneficiaries, or, in cases of death, from surviving family members or from the estates of the deceased beneficiaries.

Operations of the Fund

With the withdrawal of the World Trade Organization, effective 31 December 1998, the number of the member organizations of the Fund now stands at 19. During the year ended 31 December 1998, the number of active participants in the Fund increased from 67,740 to 67,971 (i.e., by 0.3 per cent). It is expected that the end-of-1999 data, which will be known only when the year-end reports of the Fund's member organizations have been received and analyzed, will show a further small change in the number of active participants.

During the year 1999, the number of periodic benefits in award (including children's benefits) increased from 44,633 to 46,185 (3.5 per cent). The current annual rate of benefit payments by the Fund is approximately \$980 million, with payments being made in 27 currencies to beneficiaries in 185 countries.

Investments of the Fund

As of 31 December 1999, the market value of the Fund's assets had increased to \$25,795 million, as against \$18,526 million at the end of December 1997, the date to which the last actuarial valuation of the Fund related. This represented an increase of 39.2 per cent. As of 31 March 1999 - the normal reporting date used in the reports of the representative of the Secretary-General for the investments of the Fund to the Pension Board - the market value of the assets of the Fund stood at \$22,193 million, as against \$20,170 million a year earlier. The total investment return for the one-year period ending 31 March 1999 was 11.3 per cent, representing a "real" or inflation-adjusted return of 9.2 per cent. This was the seventeenth consecutive year in which the Fund had achieved a positive return.

As has been done in all past communications, I would stress that day-to-day variations in the market value of the assets of the Fund are an inevitable result of fluctuations in the financial markets and in the value of the US dollar in relation to other currencies in which the Fund is invested. Since the retirement and other related benefits of the UN pension system are secured through the assets of the Fund, the long-term investment objectives of the Fund are, firstly, to preserve the principal of the Fund in real terms and secondly, to obtain an optimal investment return over the long-term while avoiding undue risk. The table below provides a longer-term perspective of the investment returns:

<u>Compound annual rates of return for selected periods ending 31 March 1999</u>						
	5 years %	10 years %	15 years %	20 years %	25 years %	37 years %
Nominal	10.7	9.1	13.3	11.8	9.6	8.8
Real (inflation- adjusted)	7.7	5.3	9.4	6.4	3.8	3.6

The management of the Fund's investments continues to be based on maintaining a careful balance between risk and reward expectations over the medium to long term. In order to reduce risk and improve long-term returns, the structure of the Fund's portfolio is widely diversified as regards (a) the distribution of the Fund's investments among stocks, bonds, real-estate related investments and cash; (b) the markets in which the funds are invested and their weightings in the portfolio; and (c) the selection of individual securities. As indicated earlier the market value of the assets of the Fund, expressed in United States dollars, will also be affected by the strength or weakness of other currencies against the dollar.

As of 31 December 1999, the distribution of the assets by type of investment was as follows: 70.5 per cent in equities, 21.7 per cent in bonds, 3.6 per cent in real-estate related instruments and 4.2 per cent in short-term holdings. The assets were invested in 51 countries (including emerging markets), in regional institutions and international institutions, and in institutional investment trusts; as regards currencies, 49 per cent of the investments were in United States dollars (some dollar investments are not in the United States) and the remaining 51 per cent in 24 other currencies.

Major issues to be considered by the Pension Board in 2000

The Pension Board will meet in July 2000 in Geneva. The major substantive items on its agenda will be the assessment of the results of the actuarial valuation of the Fund as of 31 December 1999, along with a review of potential changes that might be made in the pension system, based on the valuation results; a strategic plan for the long-term administrative arrangements of the Fund; and a further review of the entitlements of spouses and former spouses under the Fund's Regulations and Rules, in the light of the experience with the changes made last year which were described in my 1999 letter.

The Board will also consider the situation arising from the fact that to date, the Government of the Russian Federation has not approved the proposed agreement between that Government and the Pension Board, which had been endorsed by the General Assembly. (The proposed agreement and the background of the problems it was to ameliorate were also described in my 1999 letter.) In addition, the Board will take its decision on the selection of the next Chief Executive Officer of the Fund, who will assume the post with effect from 1 January 2001.

You will be advised in the next annual letter on developments on these issues, on the matters considered by the Pension Board, and on the decisions taken by the General Assembly during its consideration of the United Nations Pension System in late 2000.

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In conclusion, I would wish to thank the staff of the local pension secretariats of the member organizations of the Fund, the Federation of Associations of Former International Civil Servants (FAFICS) and each of its member associations, for the assistance they have extended to the Fund's secretariat in New York and Geneva and to participants and beneficiaries around the world. In line with past practice, we will provide in next year's letter a list of the member associations of FAFICS and their addresses. As regards the listing in the 1999 letter, the name and address of the association in Turin, Italy, should be corrected to read "Centre International de Formation de l'Organisation Internationale du Travail, Viale Maestri del Lavoro 10 – 10127 Torino. Last but not least, my colleagues and

I wish to express our gratitude to the many participants and beneficiaries who sent cards and letters on the occasion of the holiday season and the beginning of the New Millennium. The kind words of greetings and best wishes, as well as the expressions of commendation and gratitude for our efforts, were very much appreciated.

I extend to all participants and beneficiaries, and to their families, best wishes for the New Year from the Pension Fund and its secretariat.

Yours sincerely,

A handwritten signature in black ink that reads "Raymond Gieri". The signature is written in a cursive style with a large initial 'R'.

Raymond Gieri
Chief Executive Officer

Annex
Letter from the United Nations High Commission for Refugees to its former staff

Dear colleagues,

Many of you will have realised that UNHCR is soon to commemorate its 50th Anniversary. On 14 December 1950 the General Assembly adopted UNHCR's Statute. The 50th anniversary of UNHCR is to focus attention on the plight **and** potential of refugees, rather than on the longevity of the institution. Instead of organising conferences commemorating the 50 years' existence of the Office, the idea is to organise a limited number of activities that: (1) could have an impact on public awareness, (2) show that refugees may have problems but are not the problem. Refugees are not just a burden but have made and could make contributions to society (*'positive stereotyping'*). Refugees are worthy of respect and support (and so are the legal and institutional arrangements for refugees).

As Co-ordinator for the 50th anniversary and on behalf of the High Commissioner, I would like to keep you informed of the plans, particularly if it is decided to organise a get-together of staff and former staff on or around the 14th of December 2000.

The Pension Fund has the most reliable and up-to-date records on your whereabouts, but for reasons of privacy it is unable to provide us with your address. Exceptionally the Fund has kindly agreed to include this letter in their mail to all retired UNHCR staff. Therefore we would like to request you let us know soonest whether you would like to be kept informed of the anniversary programme and activities. As this is the only occasion to build a mailing list of former staff, it may be that on the basis of your response, UNHCR will later use the addresses to establish regular contact with those of you who so faithfully served the organisation. We would therefore much appreciate your forwarding your mailing address and telephone number as well as an e-mail address if you have one. Thanking you in advance and hoping to establish contact with you.

Yours sincerely,

Hans Thoolen

Please address your reply to:

UNHCR, 50th Anniversary unit, PO BOX 2500, 1211 Geneva 2 dépôt, Switzerland.

Secretary: Ms. Cindy Woodall, Tel.: 00.41.22.7398662, Fax: 00.41.22.7397394,

E-mail: woodall@unhcr