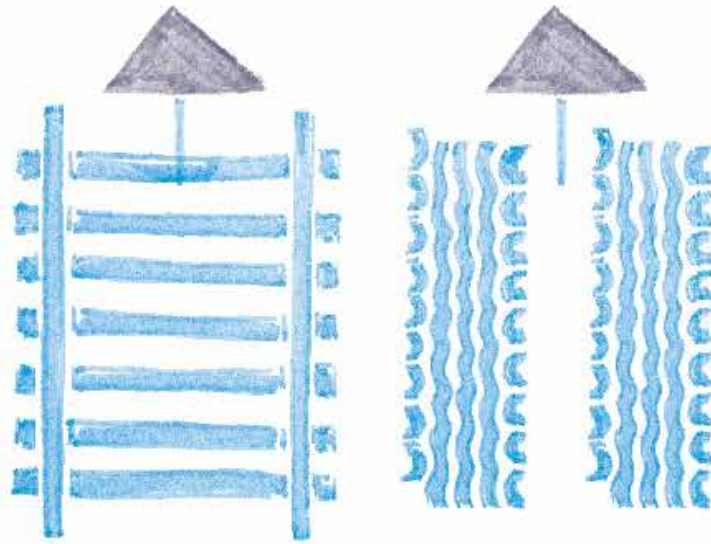




UNJSPF

United Nations Joint
Staff Pension Fund



THE TWO TRACK

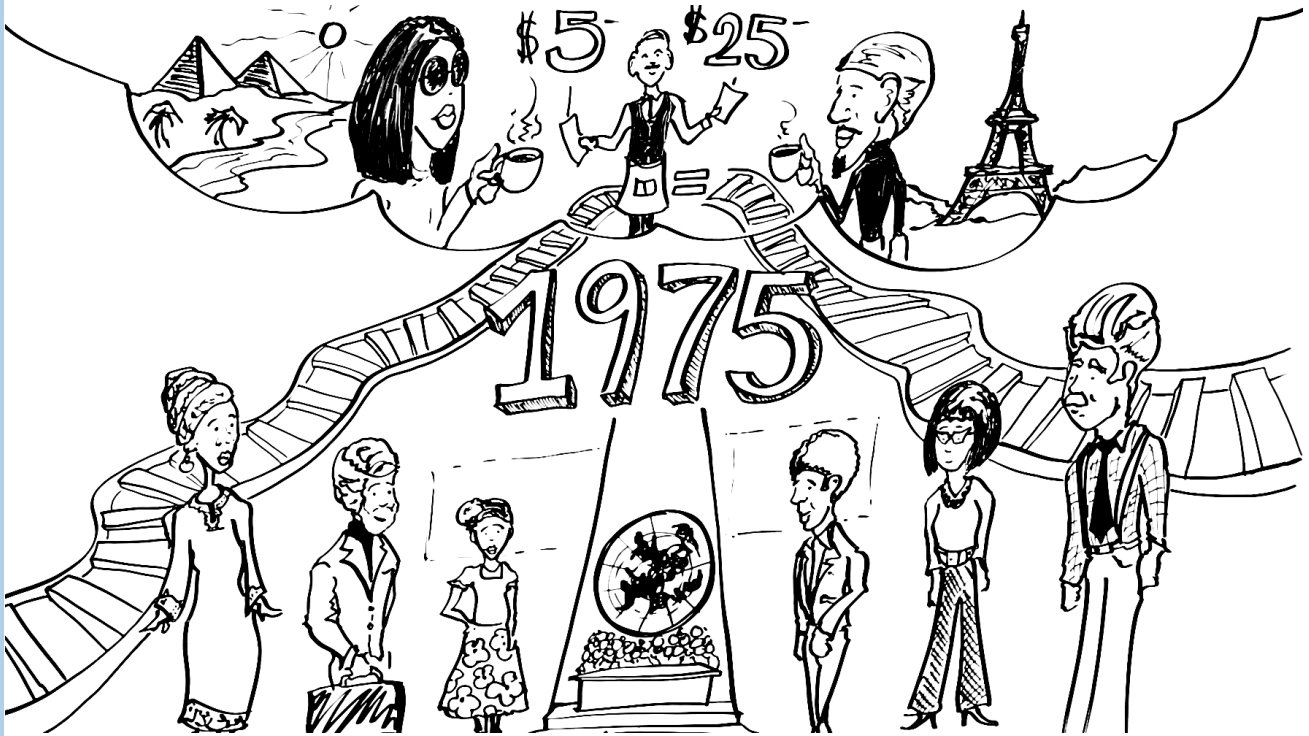
Introduction

The United Nations Joint Staff Pension Fund (UNJSPF) Regulations and Rules govern the conditions of participation and the determination of entitlements. The rules are numerous and complex: the purpose of this booklet is to guide you, facilitate your understanding and assist you in your assessment and selection of the options applicable to your benefit upon and after separation. The information is made available for the convenient use of the UNJSPF's participants and former participants. If there is an ambiguity, inconsistency or conflict between the information provided and the UNJSPF Regulations and Rules, any decisions will be based on the Regulations and Rules, and not on the information contained in this booklet.

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- Changes on the Two-Track
- More Information on the Two-Track Pension Adjustment System
- Advantages and Disadvantages
- Submitting an Application
- Special Cases
- Suspended Countries

Understanding Two-Track Pension Adjustment System



What is the Two-Track/Local Track?

For detailed information about the two-track system, which is a feature of the Pension Adjustment System whereby your pension is calculated and maintained both in US dollars and in the currency of the country where you actually reside, please see the Fund's informative page on Two Track or our Two-Track tutorial.

In essence, the Two Track is an option made available by the Fund so that beneficiaries living in high cost of living countries can receive a periodic benefit that can adapt to the local cost-of-living changes. It has little to do with the choice of currency in which you wish to receive your periodic benefit and is more dependent on the differences in the cost of living between your preferred country of residence and the cost of living in the United States.

The following should provide you with, hopefully, a better understanding of the Two Track System.

What is it?

The Two Track system is composed of two elements, the dollar track and the local track.

DOLLAR TRACK:

All pensions are initially calculated in the dollar track which is based on the cost of living of the United States. Therefore, should you decide NOT TO switch to the Two Track, your benefit shall be based on the cost of living of the United States (U.S.), regardless of where you choose to live or whatever currency you would like to receive your benefit. The adjustments made to the amount of your benefit shall be based on the CPI (consumer price index) of the U.S. and if you choose to receive it in a currency other than the dollar, it would simply be converted on the basis of the average UN conversion rate of the preceding quarter.

LOCAL TRACK:

The local track pension is calculated by converting the value of your dollar track (see above) on the first day of your retirement, at an average exchange rate between the United States Dollar and the currency of your country of residence (this average is computed over the 36 consecutive calendar months up to and including the month of your separation from service). Once established, it will be adjusted, based on the cost of living of your country of residence.

How does it work?

Once you elect to switch to the Two Track, you would now have two pension values, i.e., Dollar Track and Local Track. Each quarter, the Fund shall compare these two values and pay you the higher amount, subject to a maximum amount (which is 110% of the value of the Local Track value) and a minimum (which is 80% of your Dollar Track Value). Such feature provides stability as it avoids fluctuation of the monthly pension in local currency terms.

How do I request an estimate for the two-track/local track?

To find out whether the two-track system may be advantageous, you may wish to contact the Fund at any time after you separate from service to obtain an estimate that would contain the 36-month average exchange rate applicable to you. To request an estimate for the Two-Track/Local Track contact the Fund by sending an email.

Changes on the Two-Track



Can I change the country of residence under two track/ local track?

If you are not on the two-track system, then you can move to any country you chose and all you have to do is notify the Fund of your change in address. If you are already on the two-track system, you need to submit a series of documents to the Fund every time you change your country of residence. Please provide the Fund with proof of residence in your current country with an official certificate of residence, proof of your arrival date with an official passport stamp, and an

E.11 form for a change in country of residence. Please note, the E.11 form is necessary for a change in country of residence while the E.10 form is necessary only for those initially entering the two-track system.

The two-track system is a feature of the Pension Adjustment System whereby your pension is calculated and maintained both in US dollars and in the currency of the country where you actually reside. This feature is thus composed of two elements, the dollar track and the local-currency track or local track.

THE DOLLAR TRACK:

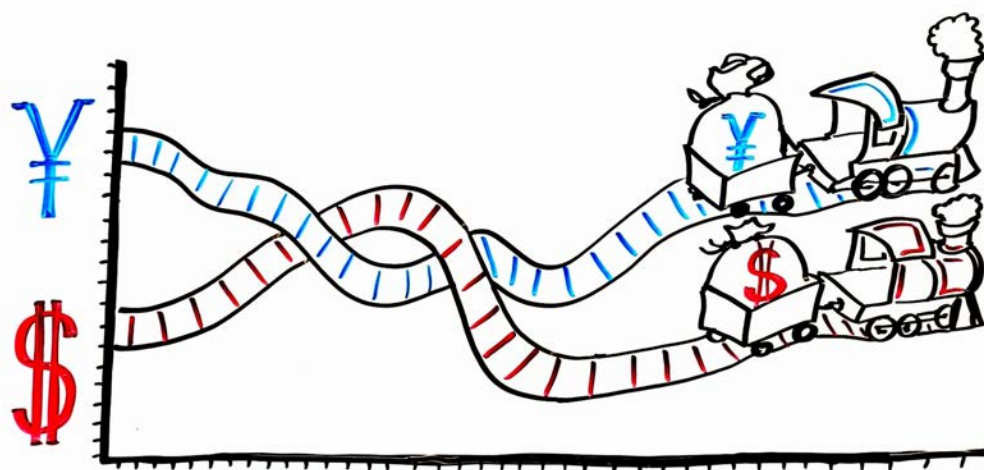
All pensions are calculated initially in US dollars, that is to say, on the "dollar track". If you do not declare a country of residence but request payment in a currency other than US dollars, your pension will remain on the dollar track but would be converted by the Fund to the local currency equivalent on a quarterly basis by using the applicable UN operational exchange rate.

THE LOCAL TRACK:

If you declare a country other than the United States as your country of residence and submit acceptable proof thereof, your pension will be recalculated in the currency of your country of residence. This is the "local track", which is established in the currency of your country of residence and adjusted by the official cost of living index published by the country where you reside. The local track provides stability as it avoids fluctuation of the monthly pension in local currency terms.

If you go on the local track, the UNJSPF will still calculate your pension based on the dollar track and each quarter the two (i.e. the local and dollar tracks) will be compared and you would be paid the higher amount, subject to a specified maximum and a specified minimum. It is possible that the dollar track would sometimes be more beneficial than the local track, and vice versa. Please remember that the decision to go on the two-track system is an option, not an obligation.

Advantages and Disadvantages



How does it work?

Your pension is calculated initially in US dollars. If you elect to provide proof of

residence in a country other than the United States, the Fund would establish your local-currency track pension. Your local track pension is calculated by converting the value of your dollar track pension on the first day of your retirement, at an average exchange rate between the United States dollar and the currency of the country of your residence (this average is computed over the 36 consecutive calendar months up to and including the month of separation). This local track amount is your protection against future fluctuations of the exchange rate.

Every quarter, the local currency equivalent of the dollar amount (your dollar track) is compared to the local track amount and you are generally entitled to the higher of the two. Should the dollar track amount be higher, it would be subject to a maximum CAP amount determined by your separation date (120% of the local track amount for separations before 1 July 1995, 110% on or after that date).

Furthermore, as from 1 April 2005, a new provision took effect for an adjustable minimum guarantee amount which ensures that your benefit will not be smaller than either your US dollar monthly base amount [converted to the local currency using the applicable quarterly exchange rate] or 80 per cent of your adjusted U.S dollar track. A simplified graphic illustration of the two-track feature is provided in the centerfold of the Two-Track brochure. A more detailed example of the two-track feature in operation, from a specific separation date, is provided in a spreadsheet on the last page.

What about future adjustments?

Your pension will evolve over time based on inflation and shall be adjusted generally on an annual basis, provided that the Consumer Price Index (CPI) has moved by at least 2% since the last adjustment. The dollar track pension is adjusted by the movement of the United States CPI, while the local track pension is adjusted by the movement of the CPI of the country of residence.

How do I know if it is beneficial for me?

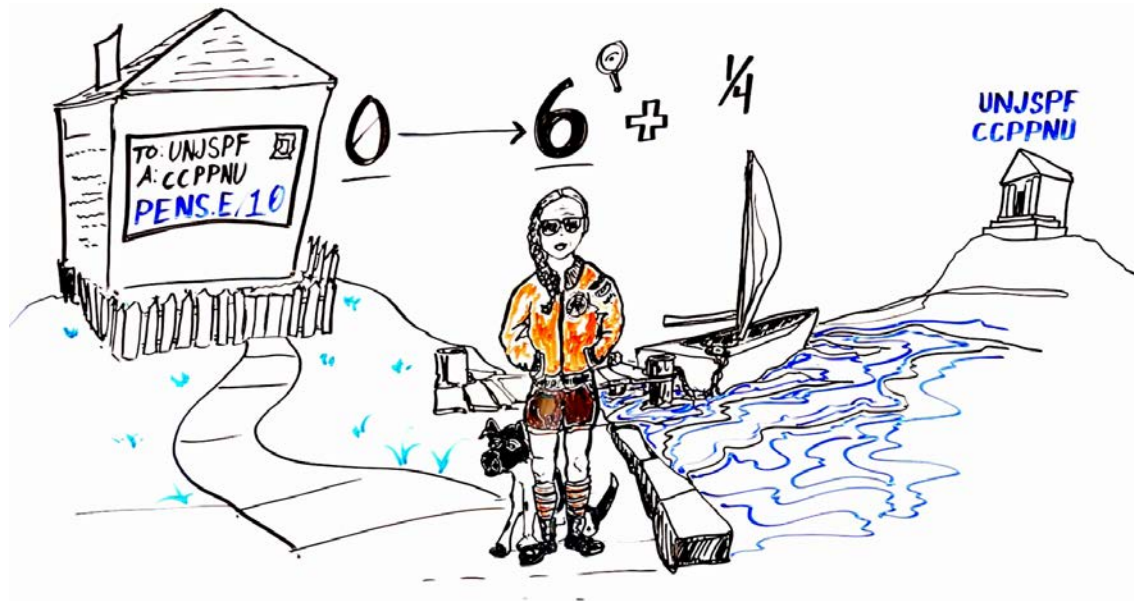
To find out whether the two-track system may be advantageous, you may wish to contact the Fund at any time after you separate from service to obtain an estimate that would contain the 36 months average exchange rate applicable to you.

What are the consequences of applying for the two-track system?

Once you have submitted proof of your country of residence you remain permanently on the two-track system. You will not be able to revert solely to the dollar track unless you meet the conditions outlined in section N of the UNJSPF Pension Adjustment System. In countries where a currency undergoes devaluation without offsetting adjustments for inflation, opting for the two-track system may result in your receiving less in US dollar terms than you would receive had you remained solely on the US dollar track.

Therefore, it is essential that you consider very carefully the question of whether and when to submit proof of residence to qualify for the two-track adjustment system.

Submitting an Application



How to apply?

Before you decide to switch to the Two Track, we strongly recommend that you request for an estimate of your benefit under the Two Track, providing us with your preferred country of residence. This will give you an idea as to whether switching to the Two Track would, indeed, be advantageous. We should be able to run an estimate once the processing of your benefit is complete, following submission of your payment instruction form upon your separation from service.

Once you have decided to switch to the Two Track, you must fill out UNJSPF form PENS.E10 (Declaration of Country of Residence) form and return the same duly completed, date and signed with your signature in original ink, along with a certificate of residence dated no more than 3 months prior to submission. This certificate of residence must be in a form of a statement from a local government officer or local police, confirming that you indeed reside in the declared residence, contained in their letterhead and signed with their seal of office.

Can I apply for the two-track system regardless of the amount of time I spend in my country of residence?

No, the requirement is that a beneficiary must be spending at least six months of every year in his or her declared country of residence. The question is not one of "legal residence", but of actual physical presence.

What documents are required?

You must submit a certificate of residence and a form called The Declaration of Country of Residence (form Pens.E/10) which can be downloaded from the Pension Fund's website www.unjspf.org. The certificate of residence varies depending on the country of residence. Examples of acceptable proofs of residence are annexed to the PENS.E/10 and PENS.E/11 forms on the website.

When should I submit my application?

You may provide proof of residence at any time after your date of separation. If you provide acceptable proof of residence within six months of your benefit coming into payment, the two-track system would become effective from the date

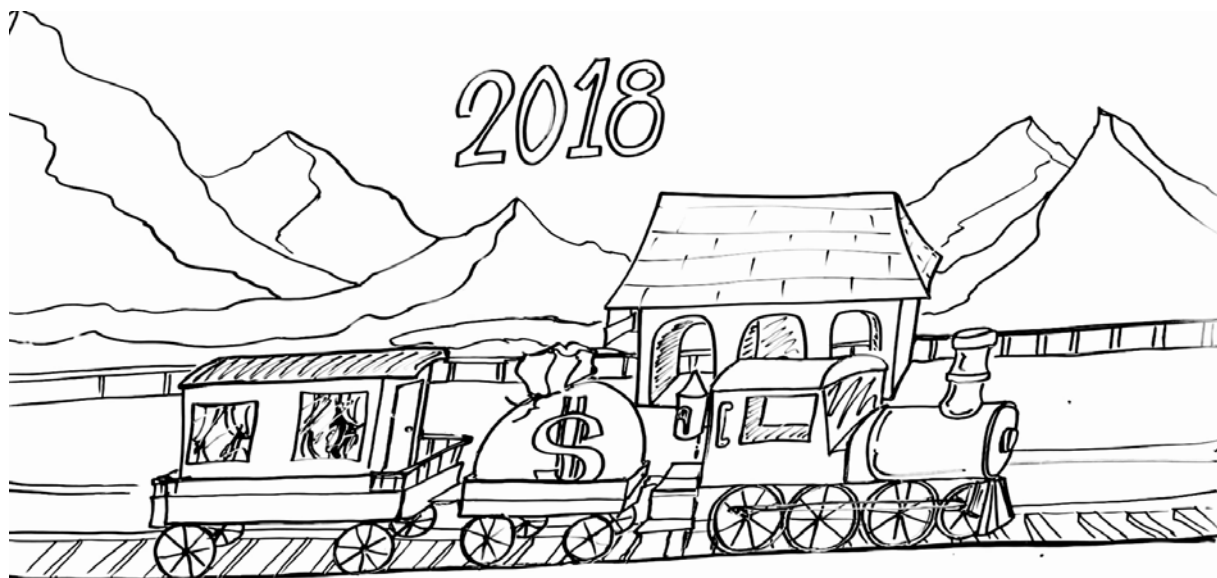
on which the benefit payments commenced.

If proof of residence is received after the initial six-month period, your benefit would still be recalculated as from the date of your entitlement, but payment under the two-track system would begin only from the quarter following the one in which the proof of residence was received.

Where to submit?

Please mail the original form PENS.E10 affixed with your signature in original ink along with the original certificate of residence via certified mail with receipt confirmation and tracking information to the Fund at the address available at this link.

Special Cases



If I elect to have my benefit paid under the two-track system will I be required to confirm that I continue to reside in my declared country of residence?

Yes, a certificate of entitlement will be sent to you on an annual basis, which you must sign, and return to the Fund to confirm continued eligibility for your benefit under the two-track system in your declared country of residence. It should be noted in this connection that any willful misrepresentation or falsification of signature on this certificate will be considered fraud.

What should I do if I relocate to a different country whilst on the two-track system?

If you move to another country, you will have to submit a new proof of residence and the Change of Country of Residence form PENS.E/11 no later than six months from the date of your arrival in the new country, in order to have your pension determined in the currency of your new country of residence and adjusted according to its consumer price index. Although you have 6 months to do so it is in your interest to have your benefit recalculated rapidly to avoid possible overpayment recovery. Your benefit will then be re-calculated as if you had always resided in the new country, by applying the same rules as above (see ques-

tion "How does it Work?" above). Thereafter the local-currency track amount is adjusted by the movement of the CPI of the new country. Special provisions may apply if you return to your country of nationality.

If I relocate to the USA, what happens?

If you relocate to the USA, then your local-currency track would be the same as your dollar track as long as you continue to reside in the USA. In this scenario, you would also remain subject to the two-track pension adjustment system and should you subsequently relocate you would have to provide proof of residence in the new country. ATTENTION! Your stable entitlement is the local-currency track amount only.

Any extra income generated by the exchange rate variations, i.e. movement within the 10 per cent CAP (formerly 20%) over the local track amount, should be viewed as a temporary bonus resulting from the financial markets fluctuation and does not represent, as often erroneously perceived, a permanent acquired right.

Suspended Countries

There are a few countries for which the two track feature is currently not offered as the financial situation in that country does not create a reasonable local currency track benefit considering the intention of the Pension Adjustment System or, most often, the economic data required to administer the local currency track benefit is not available. The countries currently suspended from the two track feature are as follows:

- Angola
- Belarus
- Cameroon
- FYR of Macedonia
- Ghana
- Guinea
- Iran
- Iraq
- Kazakhstan
- Kenya
- Kyrgyzstan
- Latvia
- Lebanon
- Libya
- Montenegro
- Myanmar
- Niger
- Republic of Moldova
- Russian Federation
- Ukraine
- Venezuela
- Vietnam
- Zimbabwe

Contacting the Fund

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www.unjspf.org

You can contact the Fund through the website – go to **CONTACT US** and fill out the form. The secretariat of the Staff Pension Committee will assist participants from member organisations.



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ISA ITU ITLOS STL UNESCO UNIDO
UN UNWTO WHO WIPO WMO