

### **Script 3: Managing Risk**

Managing risk is not supernatural. An actuary is not a wizard and an economist is not a magician. Deciphering the future solvency of the UN Pension Fund is done by experts through statistical analysis and scientific study.

The assets and liabilities of the Fund are appraised by an array of specialists.

There is the Committee of Actuaries; an external Consulting Actuary; Assets and Liabilities Monitoring Committee; Investments Committee; and there is the Investment Management Division and the Fund Secretariat; The Fund is also scrutinised by the Office of Internal Oversight or OIOS. Every financial aspect of the Fund is measured, examined, audited and stress tested.

The actuaries associated with the Fund are making calculations and looking at many things that could go wrong, for example: what would happen if the Fund has a decrease of 20% of active participants and other catastrophic scenarios.

They scrutinize the Fund's investments comprehensively and develop assumptions that are tested; they consider what the future investment return will be and how inflation in different currencies will affect the Fund.

The Board of the UN Pension Fund reports on the long-term 30 or more year's solvency of the Fund to the UN General Assembly every two years. The methodology used is tried and tested.

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