



UNJSPF

United Nations Joint
Staff Pension Fund

2020

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General Overview

The United Nations Joint Staff Pension Fund - also known by its acronym **UNJSPF** in English or **CCPPNU** in French - was established in 1949 by the United Nations General Assembly (UNGA) to provide retirement, death, disability and related benefits for staff upon cessation of their services with the United Nations and the other organizations admitted to membership in the Fund.

The Fund comprises the staff of the United Nations and 23 other organizations admitted to membership in the Fund. As at 31 December 2019, the Fund had 131,583 participants and 79,975 retirees and beneficiaries.

The Fund's Regulations and Pension Adjustment System are approved by the UNGA, and the Board approves the Administrative Rules and Rules of Procedure of the Fund. The Fund is administered by the United Nations Joint Staff Pension Board, a staff pension committee for each member organization, and a secretariat of the Board and to each such committee.

The Chief Executive of Pension Administration manages pension administration matters and reports to the Pension Board. Investments are managed by the Office of Investment Management (OIM), which reports to the United Nations Secretary-General through his Representative for the investment of the assets of the Fund. The position of Secretary of the Pension Board was created by the UNGA in 2018 and reports to the Pension Board.

The Fund has offices in New York (United States) and Geneva (Switzerland) and a liaison office in Nairobi (Kenya). A liaison office is being created in Bangkok (Thailand)*.

*The COVID-19 situation has postponed the opening of the Office.

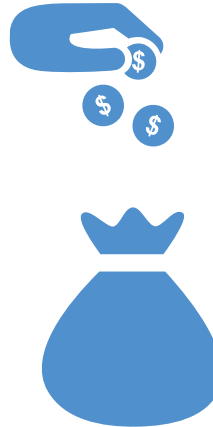
Key Figures

As at December 2019

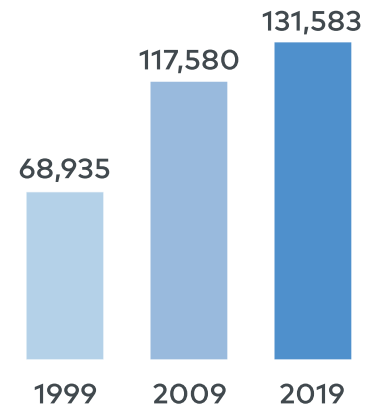
131,583

PARTICIPANTS

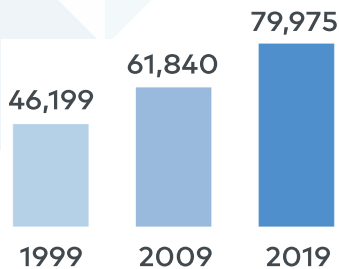
US\$2.7 BILLION
(TOTAL CONTRIBUTIONS
EMPLOYEES AND EMPLOYERS)



NUMBER OF PARTICIPANTS



NUMBER OF PERIODIC BENEFITS AWARD



THE FUND PAYS

79,975

PERIODIC BENEFITS

US\$2.7 BILLION



As at 31 August 2020

96.3%

OF INITIAL BENEFIT ENTITLEMENT
CASES ARE BEING PROCESSED
WITHIN 15 BUSINESS DAYS

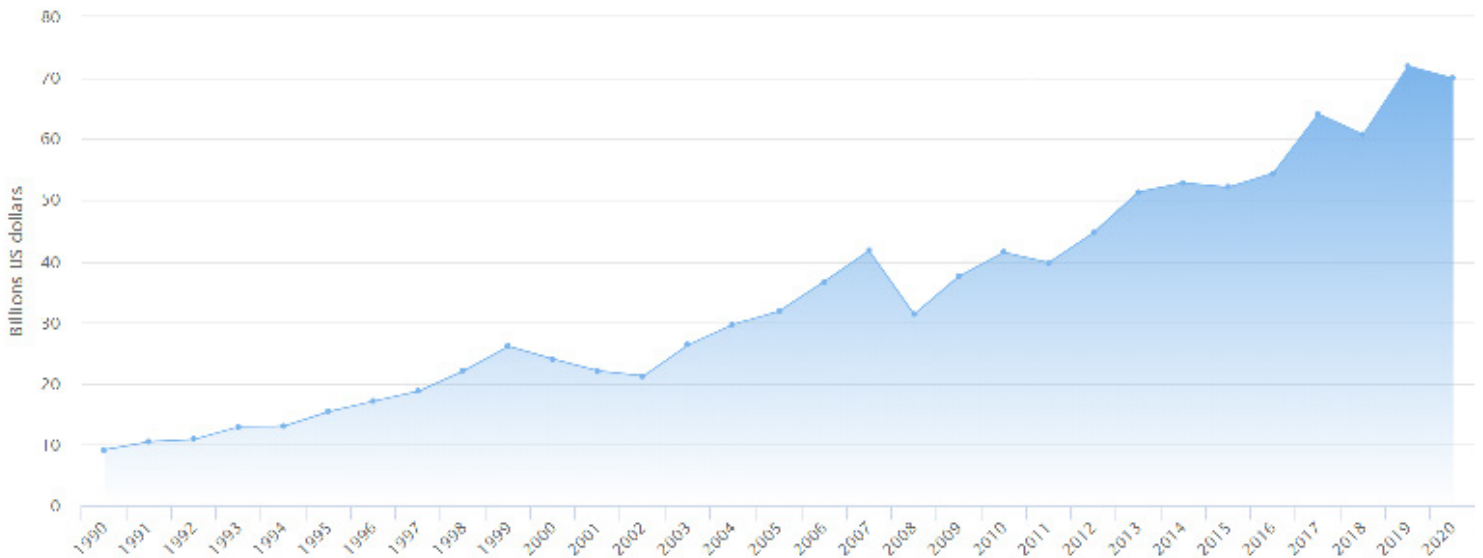


Market Value of Assets

As of 30 June 2020

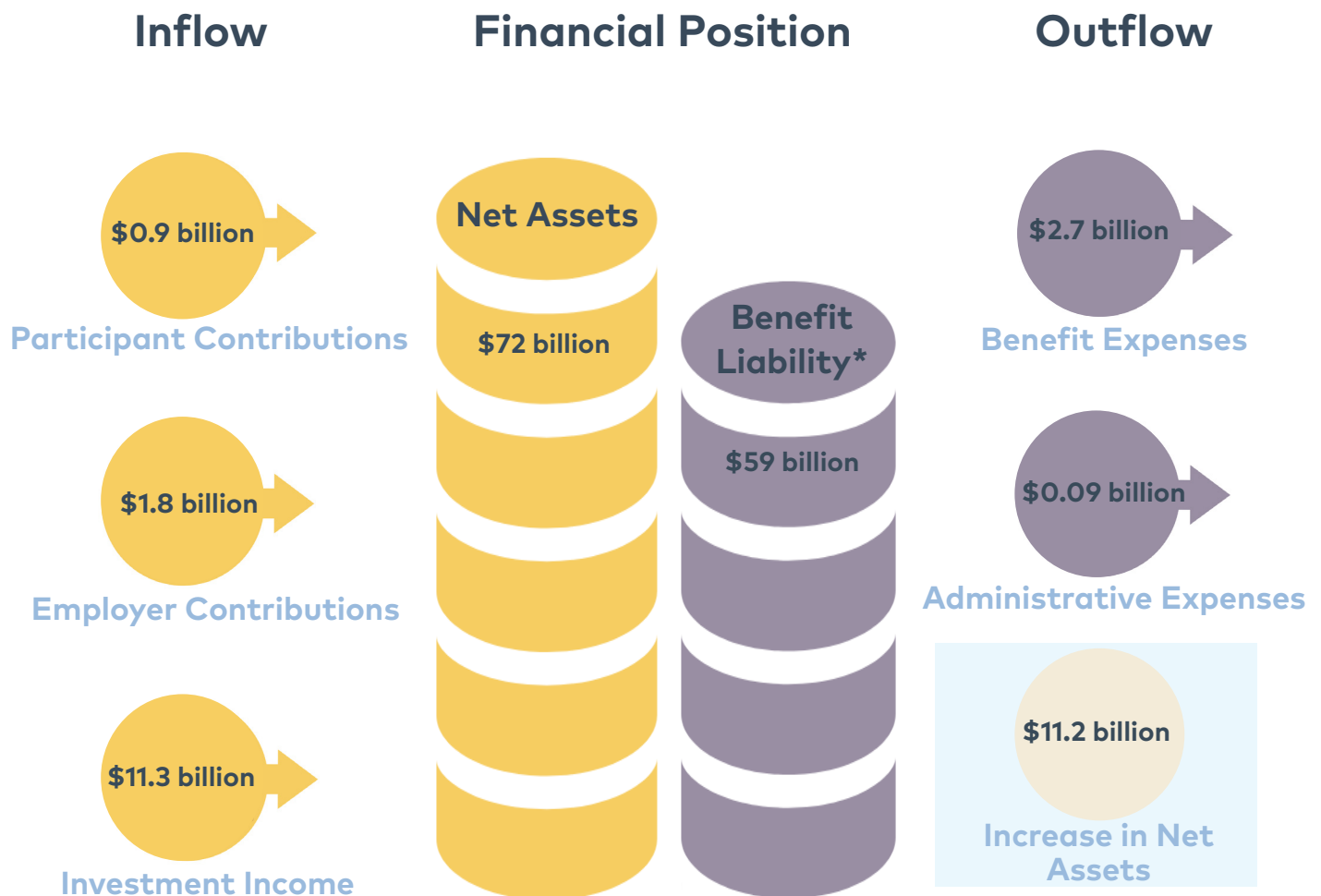
US\$70.21 billion*

(Billions of USD)



*This number is not final and it is unaudited.

Overview of the 2019 Fund's Financial Statements



*Total Actuarial Present Value of Accumulated Plan Benefits with Pension Adjustments

Actuarial Matters and Asset Liability Management

Actuarial Valuation: The Fund is fully funded

Every two years, an actuarial valuation of the Fund is completed by the Consulting Actuary and reviewed by the Committee of Actuaries (see P.12). The valuation determines the present and future liabilities of the Fund and compares that to current and projected Fund assets, respectively.

The latest regular valuation was performed as of 31 December 2019. **The Fund was found to be in a strongly funded position, as it had been for the past two valuations** (see table below). The current funded ratio is 107.1%, which was obtained by dividing the actuarial value of assets (i.e. US\$67,816 million) by the actuarial value of the accrued benefits (i.e. US\$63,343 million).*

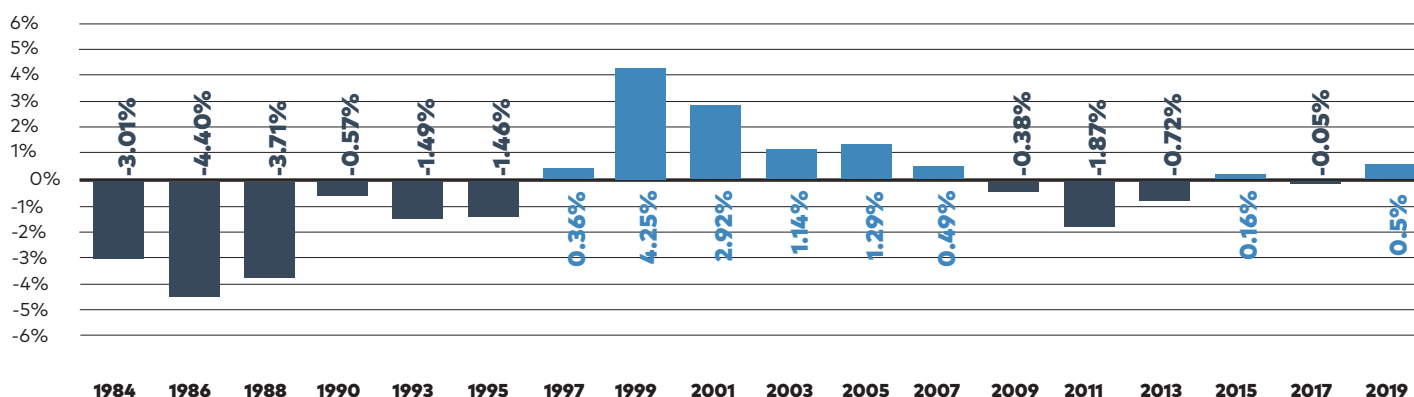
Historical funded ratios for valuations

1999	2001	2003	2005	2007	2009	2011	2013	2015	2017	2019
113	106	95	92	95	91	86	91	101	103	107

Furthermore, the actuarial valuation revealed a small surplus of 0.5% of pensionable remuneration, well within the corridor of +/-2% of pensionable remuneration recommended by the Fund's actuaries, which indicates that the Fund is very close to actuarial balance and is considered to be well funded.

*Actuarial valuations differ from the annual Financial Statements' ones as they are based on more conservative assumptions.

Historical differences between required and actual contributions rate



Asset-Liability Management: No expected future liquidity problems for the next 30 years

Every four years, a consultant performs an Asset Liability Management (ALM) Study that evaluates the assets together with the liabilities of the Fund and is reviewed by the FSALM Committee (see P.13). The ALM Study uses long-term capital market assumptions to model the assets and develop the optimal strategic asset allocation which will help to deliver on the obligations of the Fund.

The last asset-liability management study was submitted to the 66th session of the Pension Board in July 2019. The Board took note of the results of the 2019 asset-liability management study and the conclusions of the Committee of Actuaries and the FSALM Committee, specifically: (a) The real rate of return earned by the Fund continues to be the most significant factor in maintaining solvency; (b) The 23.7% contribution rate continues to be appropriate; (c) There are no expected future liquidity problems for the projected 30 years of the study, even though it is anticipated that benefits will exceed contributions in coming years in the context of the growing maturity of the Fund.

Member Organizations

As of 1 January 2020, the member organizations of the Fund are the following:

Member Organizations		Number of Participants	Year of Admission
UNITED NATIONS	UN	85,363	1949
FOOD AND AGRICULTURE ORGANIZATION	FAO	11,760*	1950
WORLD HEALTH ORGANIZATION	WHO	11,056	1949
INTERNATIONAL ORGANIZATION FOR MIGRATION	IOM	6,897	2007
INTERNATIONAL LABOUR ORGANIZATION	ILO	3,939	1953
INTERNATIONAL ATOMIC ENERGY AGENCY	IAEA	2,802	1958
UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION	UNESCO	2,539	1951
INTERNATIONAL CRIMINAL COURT	ICC	1,230	2004
WORLD INTELLECTUAL PROPERTY ORGANIZATION	WIPO	1,216	1977
INTERNATIONAL CIVIL AVIATION ORGANIZATION	ICAO	761	1951
INTERNATIONAL TELECOMMUNICATION UNION	ITU	748	1960
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION	UNIDO	712	1986
INTERNATIONAL FUND FOR AGRICULTURE DEVELOPMENT	IFAD	612	1977
SPECIAL TRIBUNAL FOR LEBANON	STL	449	2009
WORLD METEOROLOGICAL ORGANIZATION	WMO	374	1952
INTERNATIONAL MARITIME ORGANIZATION	IMO	365	1959
COMPREHENSIVE NUCLEAR-TEST-BAN TREATY ORGANIZATION	CTBTO	300	2019
INTERNATIONAL CENTRE FOR GENETIC ENGINEERING AND BIOTECHNOLOGY	ICGEB	175	1996
UNITED NATIONS WORLD TOURISM ORGANIZATION	UNWTO	89	1996
INTER-PARLIAMENTARY UNION	IPU	47	2005
INTERNATIONAL CENTRE FOR THE STUDY OF PRESERVATION AND THE RESTORATION OF CULTURAL PROPERTY	ICCROM	45	1981
INTERNATIONAL SEABED AUTHORITY	ISA	43	1998
INTERNATIONAL TRIBUNAL FOR THE LAW OF THE SEA	ITLOS	41	1997
EUROPEAN AND MEDITERRANEAN PLANT PROTECTION ORGANIZATION	EPPO	20	1983

* The World Food Programme (WFP) shares with FAO the same Staff Pension Committee. This number includes 8,223 WFP participants.

Transfer Agreements

Currently, the Fund has signed Transfer Agreements with 23 entities, which allows UNJSPF participants to transfer their pension rights to a non-member organization, or vice versa when a staff member joins a member organization of the UNJSPF and is eligible to participate in the UNJSPF.

Below is a list of the current Transfer Agreements the Fund has entered into:

- African Development Bank (AfDB)
- Asian Development Bank (ADB)
- Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO)
- Council of Europe (CoE)
- European Bank for Reconstruction and Development (EBRD)
- European Centre for Medium Range Weather Forecast (ECMWF)
- European Communities (EC)
- European Free Trade Association (EFTA)
- European Organization for the Safety of Air Navigation (Eurocontrol)
- European Organization for the Exploitation of Meteorological Satellites (EUMETSAT)
- European Space Agency (ESA)
- European Union Institute for Security Studies (EUISS)
- European Union Satellite Centre (SatCen)
- Government of Canada
- Inter-American Development Bank (IDB)
- International Monetary Fund (IMF)
- North Atlantic Treaty Organization (NATO)
- Organization for Economic Co-operation and Development (OECD)
- Organization for the Prohibition of Chemical Weapons (OPCW)
- Organization for Security and Co-operation in Europe (OSCE)
- Universal Postal Union (UPU)
- World Bank
- World Trade Organization (WTO)

Regulations and Rules



Photo credit: UN Photo

The Regulations of the Fund were adopted by the United Nations General Assembly by resolution 248 (III), effective 23 January 1949, and have been amended by the General Assembly a number of times since then, following recommendations by and consultation with the United Nations Joint Staff Pension Board.

The UNJSPF Regulations, together with the

Administrative Rules, Rules of Procedure and Pension Adjustment System, set out the governance of the Fund, the benefits that are payable and how they are administered, and the rules of procedure for the proceedings of the Pension Board and the Staff Pension Committee of each member organization. In addition, the Fund's appeals process is found in the Administrative Rules.

Governance

The Fund is administered by the United Nations Joint Staff Pension Board, a Staff Pension Committee for each member organization and a Secretary to the Pension Board and to each Staff Pension Committee. The governance of the Fund has been high on the agenda of the Pension Board and the UNGA for the past 2 years. An independent position of Secretary to the Pension Board was created by the UNGA resolution A/RES/74/263 effective 1 January 2020. A report on governance from an independent entity will be submitted together with the 2020 Pension Board report to the UNGA.

Fund Administration

United Nations Joint Staff Pension Board

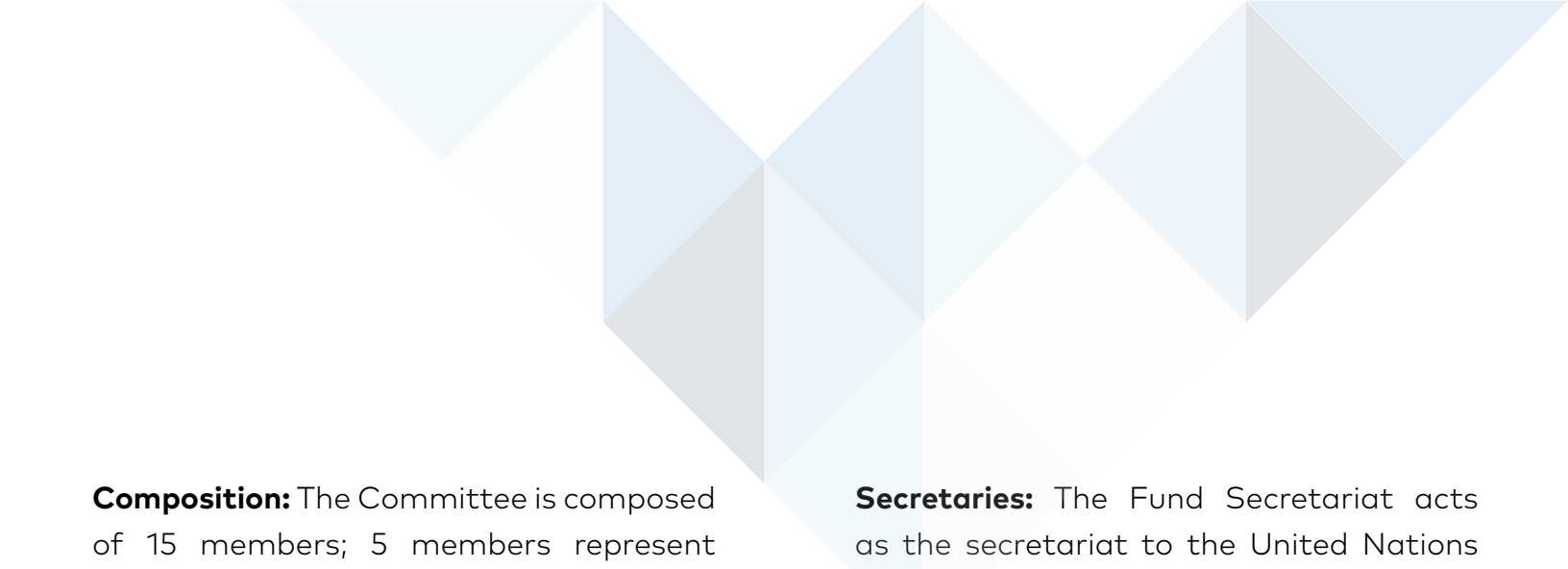
Function: The Pension Board formulates recommendations for approval by the United Nations General Assembly including budget, changes to the Regulations and Rules, and governance. It also reports on the long-term solvency (30 or more years) of the Fund and makes observations and suggestions on the investment policy from time to time.

Composition: The Pension Board is composed of 33 members; 11 members represent governing bodies of the member organizations, 11 members are appointed by the chief administrative officers of the

member organizations, and 11 members are elected by participants in service. Attendance at Board sessions includes other categories without voting rights such as representatives of retirees.

Standing Committee

Function: The Pension Board appoints a Standing Committee that has the power to act on behalf of the Board when the latter is not in session. The Committee also considers appeals of decisions of the Staff Pension Committees by participants and of decisions of the Chief Executive Officer of the Fund by retirees and other beneficiaries.



Composition: The Committee is composed of 15 members; 5 members represent the governing bodies of the member organizations, 5 members are appointed by the chief administrative officers of the member organizations, and 5 members are elected by participants in service. In addition, the representatives of retirees participate without voting rights.

Staff Pension Committees (SPC) and their Secretaries

Function: For each member organization, a Staff Pension Committee administers the participation in the Fund of its staff members and has the power to determine incapacity for the purpose of the award of disability benefits.

Composition: Each Staff Pension Committee is composed of an equal number of members representing (i) the governing body, (ii) the chief administrative officer, and (iii) the participants in service.

Secretaries: The Fund Secretariat acts as the secretariat to the United Nations Staff Pension Committee (UNSPC). The Secretaries of Staff Pension Committees of other member organizations are appointed by the chief administrative officer of each member organization on the recommendation of the respective Staff Pension Committee.

Pension Board Committees and Working Groups

Committee of Actuaries

Function: The Committee of Actuaries advises the Pension Board on actuarial questions arising out of the operation of the Fund's Regulations.

Composition: The Committee consists of 5 plus ad hoc members independent actuaries respected in their field from around the world. The members are appointed by the United Nations Secretary-General upon the recommendation of the Pension Board.

Fund Solvency and Assets and Liabilities Monitoring Committee (FSALM)

Function: The FSALM Committee monitors the solvency of the Fund and provides advice and recommendations to the Pension Board on asset-liability matters.

Composition: The FSALM Committee is composed of 6 members designated by the Pension Board; 2 from each of the three constituent groups of the Board, as well as 2 additional members designated by Federation of Associations of Former International Civil Servants (FAFICS).

Audit Committee

Function: The Audit Committee provides assistance to the Board in fulfilling its oversight responsibility relating to: (a) the performance and independence of the internal audit function; (b) the accounting and financial audit reporting processes of the UNJSPF; (c) adherence to the Internal Audit Charter of the Fund, and UNJSPF Regulations and Administrative Rules relating to audits.

Composition: The Committee has 6 members reflecting the tripartite composition of the Pension Board, 2 external expert members and 1 representative of FAFICS.

In addition to the above permanent committees, the Pension Board has created ad hoc working groups:

- the Budget Working Group*
- the Governance Working Group
- the Succession Planning Committee

These working groups adhere to the tripartite composition and include representatives of FAFICS.

*The Pension Board has decided in its 67th session to establish the Budget Working Group as a permanent committee.

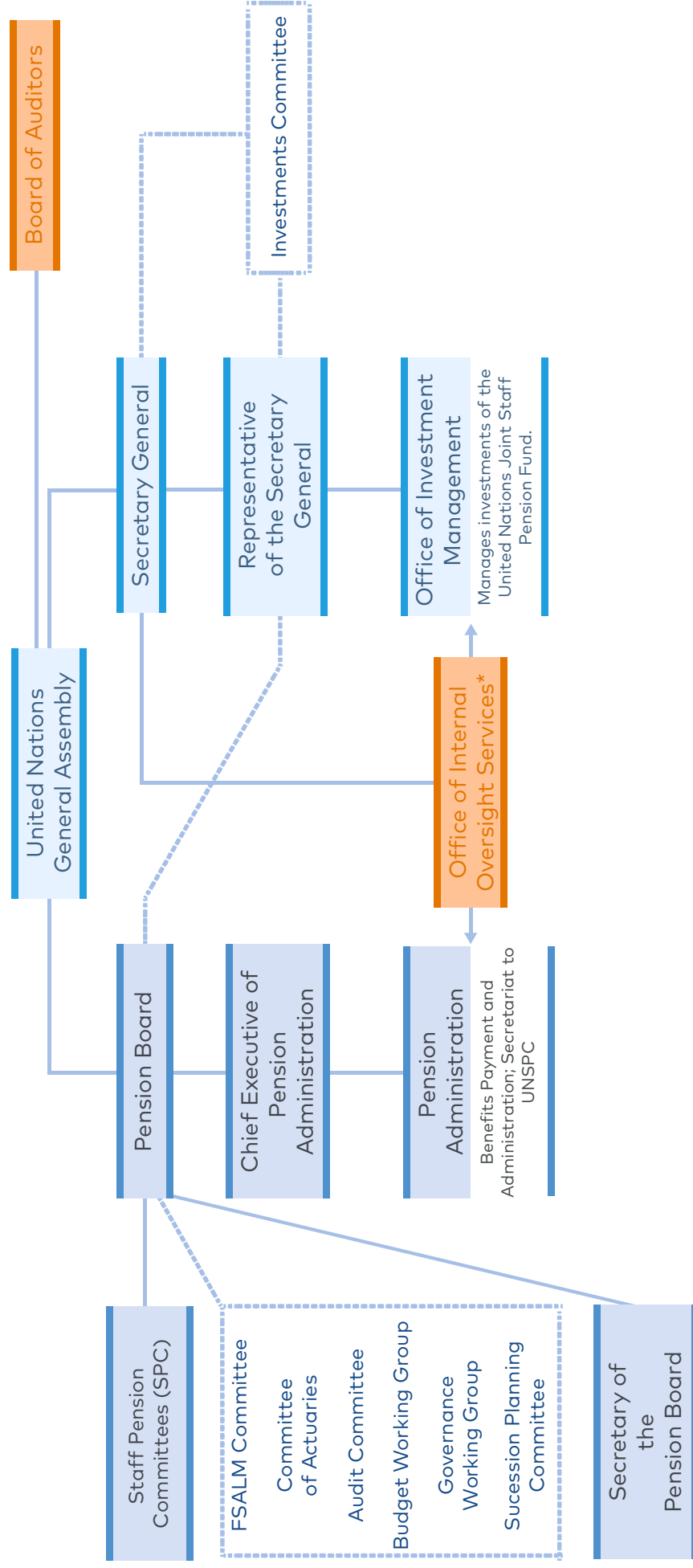
Investments Committee

Function: The Investments Committee advises the United Nations Secretary-General on the investment of the assets of the Fund.

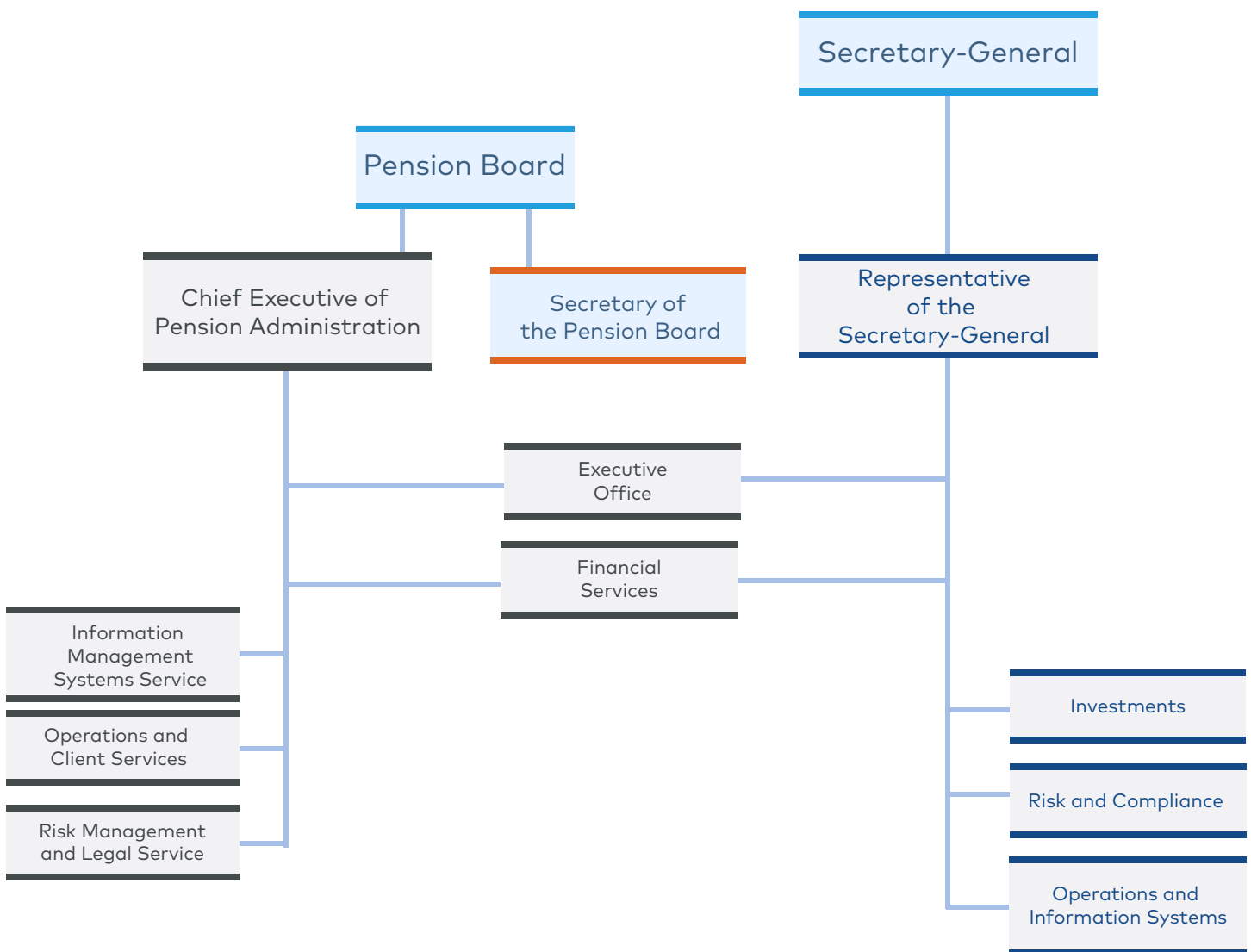
Composition: The Committee consists of 9 members plus ad hoc members appointed

by the United Nations Secretary-General after consultation with the Pension Board and the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ), subject to confirmation by the United Nations General Assembly.

Governance Chart



Organizational Chart



Participation and Benefits

Participation

Staff members of each member organization with an appointment of six-months or longer become participants in the Fund. Each month, a percentage of the participant's pensionable remuneration is paid to the Fund, and the employing organization pays double the amount as its share of the contributions.



Defined Benefit Plan

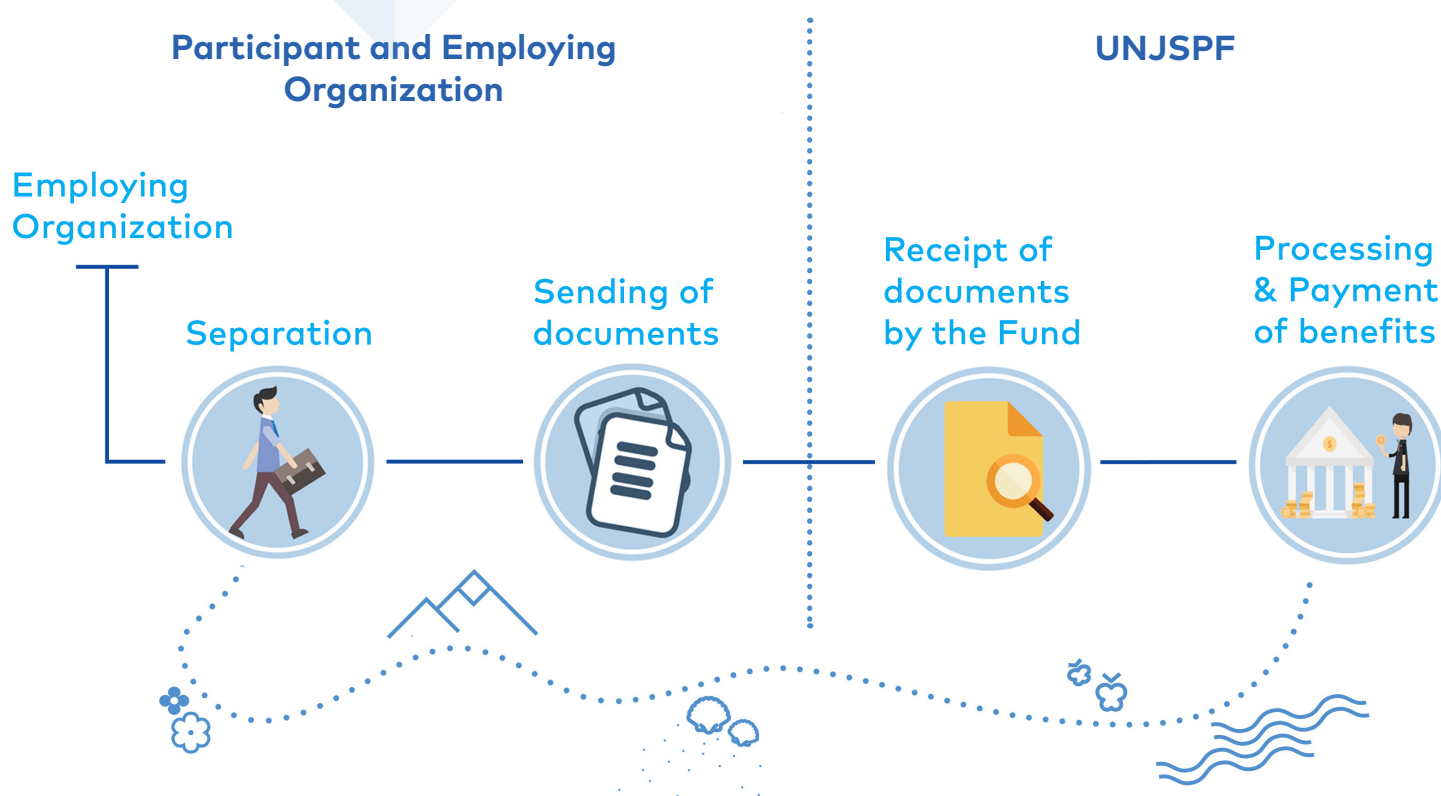
When a monthly payment option is selected by a participant, the Fund guarantees such payment, defined by a formula using service and pensionable remuneration. Therefore, benefits are not dependent on investment return or longevity. Risks are assumed by the member organizations and shared by participants through the level of contributions paid to the Fund.

Retirement, Death and Disability Benefits

Participants in the UNJSPF vest after 5 years of participation except in the event of death and disability where vesting is immediate. When they leave their employing organization, participants can opt for a withdrawal settlement (lump sum) or, if they have more than 5 years of service, a periodic benefit. Children and surviving spouses are also eligible to receive benefits.

Separation to Benefit Process

The process from separation to submission and receipt of all required documentation and information to the Fund.

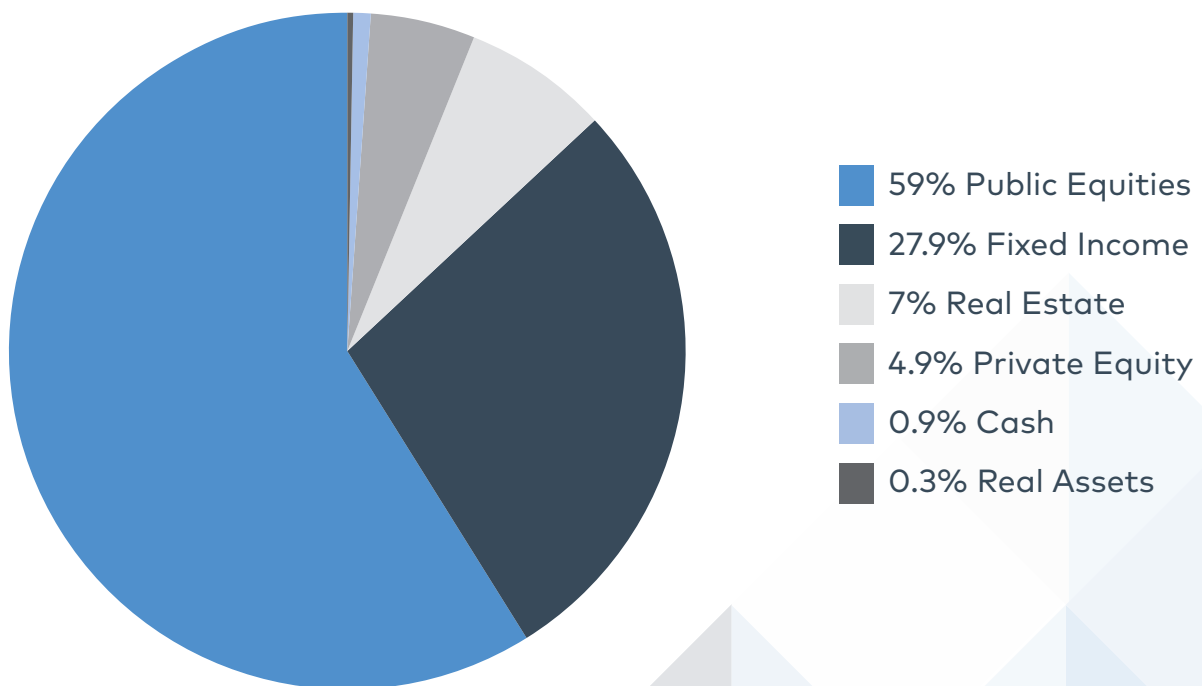


- A UNJSPF benefit cannot be processed without the required separation documents from the employing organization and the former participant.
- The Fund engages actively with member organizations to make sure the separation documents are received in a timely manner.

Investments

As of 30 June 2020, the Office of Management investment managed a multi-asset class, global investment portfolio worth approximately US\$70 billion, 84% of which is actively managed in-house. The Fund invests in regions such as North America, Europe, Asia, Latin America and the Caribbean, and Africa. Investments are made across multiple asset classes that include global equities, global fixed income, private equity, real estate and infrastructure (real assets).

Asset Breakdown*



*As of 31 December 2019.

Long-Term and Short-Term Investment Objectives

The Fund's current "Long-Term Investment Objective" is to meet or exceed a 3.5% real rate of return (net of inflation, as measured by the US Consumer Price Index) in US dollar terms annualized over the long-term (15 years and longer). The Fund's current "Short-Term Investment Objective" is to meet or exceed the return of the Policy Benchmark over the short-term (3 years). In aiming to prudently meet its long-term obligations, the Fund must ensure an adequate level of investment return on its assets while being mindful of the approved Risk Appetite Statement and the requirements posed by its liabilities.

Investment Policy

The management of the investment of the assets of the UNJSPF is the fiduciary responsibility of the Secretary-General (SG) of the United Nations, in consultation with an Investments Committee, and in light of the observations and suggestions, made from time to time, by the Pension Board on the investment policy. The Representative of the Secretary-General (RSG) has been delegated the responsibility and authority to act on behalf of the SG in all matters relating to the investment. Investments must, at the time of initial review, meet the criteria of safety, profitability, liquidity and convertibility. Investments are carried out within the framework of an Investment Policy Statement (IPS) which is usually updated comprehensively subsequent to the completion of an Asset-Liability Management (ALM) study, conducted once every four years (see page 07). The Investment Policy Statement was last updated in August 2019 and is available on the OIM website.

Diversification of Investments

The Fund's policy of broad diversification continues to be a reliable strategy for improving the risk return profile of the Fund over the long-term. The Fund is unique among major pension funds in its commitment to diversifying its portfolio on a fully global basis. The Fund continually makes efforts to identify opportunities to diversify its investments by asset class and geographical regions. As of 31 December 2019, the Fund had investments in 109 countries, including both developed and developing countries. This included direct securities investments in 46 countries and 33 currencies, along with indirect investments in additional countries through international institutions and externally managed funds.

Sustainable Investing

As OIM pursues its fiduciary responsibility of meeting its Long-Term Investment Objective, it also strives to be a leader in sustainable investing. We strongly believe that portfolios with a strong commitment to sustainability have the potential to provide returns that are superior to those of conventional portfolios, while exhibiting lower risk over the long term. This view has been supported by a large amount of academic research and literature.

OIM's sustainable investing approach references such internationally recognized sustainability-related initiatives as the UNEP Finance Initiative, UN Principles for Responsible Investment (PRI), the United Nations Global Compact (UNGC), and the conventions of the International Labour Organization (ILO). Our sustainable investment approach is based on three pillars:

- **Exclusionary:** Prohibits investments in tobacco, weapons, and thermal coal across the Fund's assets
- **Full ESG Integration:** Support investment decisions with ESG metrics across all asset classes
- **Engagement:** Proxy voting and stewardship as active dialogue with our investee companies

2020 OIM's achievements in sustainable investing include:

- Received an A+ rating from UN PRI on our responsible investing performance for both 2019 and 2020
- Comprehensive training of investment officers across all asset classes on ESG platforms
- Streamlined ESG due diligence processes across all asset classes
- Commitment and execution of divestment from thermal coal
- Joined the UNEP FI-led Net Zero Asset Owner Alliance in 2020
- Committed to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Published a paper on the linkages between ESG metrics, alpha generation and the SDGs (click [here](#) to read)

For more details, please read the OIM's [2019 Report](#) on Sustainable Investing.

Impact of COVID-19 on the Fund's assets

OIM has not been immune to the COVID-19 crisis which started in the first quarter of 2020. The market value of the Fund's assets dropped to USD 63.03 billion as of 31 March 2020 from USD 71.97 billion as of 31 December 2019. As of 30 June 2020, the market value of the assets was nearly USD 70 billion. The key components that allowed the Fund to recover was the benefit of being a long-term investor, as outlined by the Chair of the Investment Committee at the 67th session of the Board held in July 2020.

Administrative Budget

The UNJSPF's administrative budget is funded through contributions from its member organizations and participating staff members as well as investment income. The UNGA noted in its 2019 resolution 74/263 that "contributions of member organizations are resourced by Member States through the United Nations regular budget, extrabudgetary contributions and the budget of other participating member organizations". The Fund's resource requirements support its three entities: the secretariat of the Pension Board, Pension Administration, and the Office of Investment Management, as well as the services of the Office of Internal Oversight Services (OIOS), for internal audit functions.

(Thousands of USD)

	Appropriation 2020
Secretariat of the Pension Board	1 750.5
Pension Administration	53 426.4
Office of Investment Management	43 896.4
Audit	1 608
Extrabudgetary	85.3
Total	100 766.6

Milestones



1949

Established as a defined benefit retirement fund.



1960s

Calculations were done manually.



1970s

Instability in currency exchange and high inflation became worrying and, by the late 1970s, markets deteriorated.



The End of 1990s

Started to show an important level of surplus of investments.



1990s

Began digitalizing some tasks and using computers for calculation.



1980s

The General Assembly requested new economic measures reducing benefits and increasing contributions.



2000s

United Nations Joint Staff Pension Board began making plans for modernization. The Fund's first website was established.



2010s

The UNJSPF built a new operation IT system (IPAS) and strengthened client services.



2020

A new strategy is developed to modernize Pension Administration.

The image features decorative geometric patterns in the corners. The top-left corner has a large, light gray diamond shape composed of smaller squares, with a dark blue triangle at its top vertex. The bottom-right corner has a dark blue triangle with a light blue triangle at its bottom vertex. The main content area is white.

www.unjspf.org

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