



UNITED NATIONS JOINT STAFF PENSION FUND

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REFERENCE:

January 1999

Dear Participant/Beneficiary,

In accordance with long-standing practice, I am writing to inform you of developments on pension-related matters during the past year. Information is provided on the operations of the Fund, the investment performance, the actuarial position of the Fund and the decisions taken by the General Assembly in December 1998. I am also reproducing in annex I, with some additional updating, the detailed information provided in previous letters on actions required from active participants and/or their employing organizations, as well as from current or prospective beneficiaries, to ensure the timely processing and receipt of their benefits. That annex also contains important information on considerations to be taken into account in deciding whether to opt for the two-track pension adjustment system, on facilitating the payment of survivor's benefits, and on obtaining assistance from the Emergency Fund and/or other sources to alleviate financial hardship. **I urge you to familiarize yourself with the contents of that annex.**

The current and past annual letters, as well as other pension information and forms, can be obtained from either the pension secretariat of your employing organization or from the Internet (<http://www.un.org/unjspf/>).

Adjustment of US dollar pension entitlements on 1 April 1999

At the outset I would like to inform you that on 1 April 1999 there will be a 3.3 per cent adjustment to the US dollar track pensions, based on the movement of the United States Consumer Price Index (US-CPI) over the two-year period December 1996 to December 1998 (there was no increase in April 1998 because the minimum 3 per cent movement required to "trigger" an adjustment had not been reached).

For beneficiaries receiving the first adjustment since the award of their pensions, the increase will be reduced by 1.5 percentage points due to an economy measure which entered into effect in 1985; for those who separated in 1998 or early 1999, the adjustment will be pro-rated before the reduction. For beneficiaries on the two-track pension adjustment system, the adjustment of the local-currency track pensions on 1 April 1999 will vary according to the CPI movements in their respective countries of residence; as is the case for the dollar-track pensions, a movement of at least 3 per cent since the last adjustment is required. Beneficiaries will be advised of the changes in their pensions, if any, on the occasion of the payment of their April 1999 benefits.

Operations of the Fund

The number of the member organizations of the Fund decreased from 20 to 19 with the withdrawal, effective 31 December 1998, of the Interim Commission for the International Trade Organization (ICITO) - now known as the World Trade Organization (WTO). The WTO has established salary and pension arrangements different from those of the United Nations common system.

The number of active participants in the Fund decreased from 68,708 to 67,740 (1.4 per cent) during the period 1 January 1996 through 31 December 1997. The number of periodic benefits in award (including children's benefits) increased during the same period from 38,914 to 43,149 (10.9 per cent); as of the end of December 1998, the number of periodic benefits had increased by a further 3.1 per cent, to 44,497. The annual rate of benefit payments by the Fund is currently about \$920 million, with payments being made in 26 currencies to beneficiaries in 188 countries.

Investments of the Fund

As of 31 December 1998, the market value of the Fund's assets had increased to \$21,819, as against \$18,555 million at the end of December 1997, the date to which the last actuarial valuation of the Fund related. This represented an increase of 17.6 per cent. As of the end of December 1998, the distribution of the assets by type of investment was as follows: 64.1 per cent in equities, 25.4 per cent in bonds, 4.1 per cent in real estate and 6.4 per cent in cash and short-term holdings. The assets were invested in 50 countries (including emerging markets), in regional institutions, in international institutions and in institutional investment trusts; as regards currencies, 53 per cent of the investments were in United States dollars and the remaining 47 per cent in 33 other currencies.

As of 31 March 1998 - 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 stood at \$20,170 million, as against \$16,856 million a year earlier. The total investment returns for the years ended 31 March 1997 and 31 March 1998 were 8.9 per cent and 20.4 per cent, respectively. They represented the fifteenth and sixteenth consecutive years in which the Fund had achieved positive returns.

The long-term investment objectives of the Fund continue to be, firstly, to preserve the principal of the Fund in real terms and, secondly, to obtain an optimal investment return while avoiding undue risk. Therefore, the investment performance should be assessed in the context of investment returns over a substantial period, such as five or ten years. Short-term results are largely influenced by the volatility of security markets, which are difficult to predict and impossible to control. For example, over the six-month period from the end of March 1998 to the end of September 1998, the market value of the Fund decreased from \$20,170 million to \$19,223, but then increased to \$20,235 million one month later.

Considering that the retirement and other related benefits paid by the UN pension system are secured through the assets of the Fund, the management of the Fund's investments maintains a careful balance between risk and reward expectations over the medium to long term, rather than taking the risk inherent in seeking high short-term returns. The table below provides a long-term perspective for the rates of return on the Fund's investments:

Compound annual rates of return for selected periods ending 31 March 1998						
	5 years %	10 years %	15 years %	20 years %	25 years %	38 years %
Nominal	12.4	10.8	12.9	12.5	10.0	9.0
Real (inflation adjusted)	9.8	7.2	9.2	7.3	4.4	3.8

Actuarial position of the Fund

Actuarial valuations are undertaken every two years to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments. The economic assumptions used for the Regular Valuation as at 31 December 1997 were the same as those used in the previous Regular Valuation as at 31 December 1995; however, with respect to the future number of participants, a zero-growth rate was assumed.

The result of the 1997 Regular Valuation was an actuarial surplus of 0.36 per cent of pensionable remuneration, as against an actuarial deficit of 1.46 per cent as at 31 December 1995. This was the first surplus in more than 20 years.

In assessing the significance of the improved actuarial situation, the Fund's Consulting Actuary and the Committee of Actuaries noted that whether an actuarial deficit would reappear depended upon future economic and demographic developments, specifically as regards investment returns and exchange rates; a substantial portion of the actuarial gain was attributable to the strengthening of the United States dollar and the good investment performance since the previous valuation.

Based on the improved situation, the Board had agreed to make two provisional recommendations to the General Assembly: a) that the interest rate used to determine lump-sum commutations be changed from 6.5 per cent to 6 per cent, with respect to contributory service performed as from 1 January 2001, and; b) that the threshold for implementing cost of living adjustments of pensions in award be reduced from 3 to 2 per cent, with effect from the adjustment due on 1 April 2001. **It must be stressed that both changes would still require**

a favourable actuarial valuation as at 31 December 1999, confirmation of the recommendations by the Board at its session in 2000 and approval by the General Assembly.

In its resolution, the General Assembly took the position that no attempt should be made to reduce the present rate of contributions to the Fund, or to change any other features of the pension system, unless and until a pattern of surpluses emerges in future valuations.

Detailed information on the results of the actuarial valuations, under five sets of assumptions, are reproduced in annex II of this letter.

Changes made in the pension system

The General Assembly, acting on the recommendations of the Board, approved a number of important changes in the Regulations of the Fund, which are described below.

A. Entitlements to survivors' benefits for spouses and surviving spouses

The major change in the benefit provisions of the pension system related to the entitlements to survivors' benefits for spouses and former spouses. It should be noted at the outset that the Pension Fund does not provide a spouse's benefit as such; it provides only for a surviving spouse's benefit after the death of the participant; moreover, up until now the Regulations did not provide a surviving spouse's benefit if the participant was not married to the spouse in question both at the time of separation from service and at the date of death. It should also be noted that anything short of divorce, e.g. living apart or legal separation, does not affect the rights of spouses under the Fund's Regulations.

The sensitive issues involved in addressing problems arising from the dissolution of marriage have been before the Board for more than 20 years. In 1997, the Standing Committee had approved a change in the confidentiality requirements in the Fund's Administrative Rules, authorizing the release of relevant pension information, under certain circumstances, in divorce and family support cases. That change was communicated to you in my July 1997 letter. In 1998, the Board reached agreement on a number of measures which break new ground. The General Assembly welcomed and approved these measures; it also encouraged the Board to continue its efforts in addressing these issues. Further measures will be considered by the Standing Committee of the Board this year, with a view to submitting proposals for the consideration of the Board in 2000.

The Board and the General Assembly recognized that the provisions of the Regulations dealing with the entitlements of spouses had to be self-contained and not dependent on potentially conflicting national legal provisions and court decrees; hence, the amendments and additions to the provisions in the Fund's Regulations had to be the means of addressing the issues concerned. It was also recognized that these matters had to be kept under close review, in the light of the initial experience gained from the measures adopted.

The specific changes made and their effective dates are described below; the texts of the new and amended articles of the Regulations are provided in annex III to this letter.

(a) Surviving spouse's benefit for divorced spouses

In relation to participants retiring or dying in service on or after 1 April 1999, a divorced spouse may request a surviving former spouse's benefit, **so long as the following five conditions are found by the Secretary of the Board to have been met:**

- (i) the participant had been married to the former spouse for a continuous period of at least ten years;
- (ii) the former spouse had not remarried;
- (iii) the participant's death occurred within 15 years of the date when the divorce became final, unless the former spouse proves that at the time of death the participant was under a legal obligation to pay maintenance to the former spouse;
- (iv) the former spouse has reached the age of 40; otherwise the benefit entitlement would commence only after that age has been reached; and
- (v) evidence is provided by the former spouse that the participant's pension entitlement from the Fund was not taken into account in a divorce settlement.

In such cases the former spouse would receive the surviving spouse's benefit established under the Regulations; **if there were more than one former spouse fulfilling the conditions set out above, or also a current spouse married before the participant's separation from service, the benefit would be divided in proportion to the duration of their marriage to the participant.**

The Board was fully aware that this change would not apply to individuals whose divorced former spouses had retired before 1 April 1999; however, the view was expressed in the Board that a retroactive change in the Regulations affecting accrued benefit entitlements could lead to legal challenges. The Board requested its Standing Committee to consider further, at its Summer 1999 meeting, what might be done in respect of divorced spouses not covered by the new article in the Regulations.

(b) Payment facility in favour of divorced spouses

A payment facility has been established whereby a portion of a pension benefit due to a participant might be paid to a former spouse, in conformity with a court order relating to maintenance or a divorce decree incorporating a settlement agreement, but only at the request of the participant. Formerly, payment of a pension benefit could only be made to the beneficiary, and could not be split in any way. The amendment of article 45 of the Regulations, which is already in effect, is intended to assist participants in honouring maintenance orders or divorce settlements.

(c) **Purchase of a surviving spouse's entitlement for spouse married after retirement**

As from 1 April 1999, a retired participant may purchase a surviving spouse's annuity, through a reduction of his/her pension benefit, for a spouse married after retirement. There are certain limitations in the new article of the Regulations, aimed at protecting both the Fund and the long-term financial interests of the participant.

(d) **Continuation of surviving spouse's benefits after remarriage**

The provision in article 34 of the Regulations requiring the discontinuance of the surviving spouse's benefit upon remarriage has been deleted, with respect to remarriage on or after 1 April 1999. The Standing Committee will consider this year whether and how this improvement might be applied to surviving spouses who had remarried prior to 1 April 1999.

B. Changes in the title and level of the post of Secretary of the Board

The Fund's Regulations were amended to change the title and level of the post of the Secretary of the Board to reflect the expanded and dual responsibilities assigned to the post: Chief Executive Officer of a large multi-employer pension operation and Secretary of a subsidiary organ of the United Nations General Assembly. The title of the post was changed to "Chief Executive Officer of the United Nations Joint Staff Pension Fund," and the level of remuneration and other conditions of service were set at the equivalent to those applicable to the Assistant Secretary-General level in the United Nations. A consequential change was made in the title of Deputy Secretary of the Board, to Deputy Chief Executive Officer of the Fund.

C. Time limit applicable to linking periods of participation in the Fund

Article 21 was amended in order to extend the time limit, after separation and before re-entry into the Fund, for determining the separate periods of participation in the Fund could be linked. This limit was changed from 12 to 36 months; however, the requirement that no benefit had been paid during the interval between the periods was retained. The time frame for deferring a benefit election or payment under article 32 was also extended to 36 months.

Other Matters

A. Year 2000

Given the extensive use of electronic information systems to process transactions, especially in respect to the receipt of contributions and the payment of periodic benefits, many participants and beneficiaries have been expressing their concerns as to possible problems during the Year 2000. The Fund has established, and is on schedule to meet, a detailed work plan to ensure that all our computer programmes are Year 2000 compliant. Since beneficiaries select

their respective personal banking institutions, it would be prudent for them to ensure that the banks they utilize are or will be Year 2000 compliant. We will make such determination in respect of the banks the Fund uses to transfer payments.

B. Implications of the introduction of the Euro

A number of beneficiaries, as well as participants, have written during the past year inquiring as to the impact of the introduction of the Euro on their existing or future benefits. Exchange rates constitute an integral part of the Pension Adjustment System, both for the payment of a dollar pension in another currency and for the determination of a local-currency-track pension under the two-track adjustment system. The Fund secretariat therefore undertook an extensive review of the various benefit entitlements, adjustments and payment arrangements for the countries adopting the Euro. The results of that review were presented to the Board, which requested that this letter provide information on how the Euro would be incorporated into the Fund's Pension Adjustment System and payment processes.

Under the UNJSPF Pension Adjustment System there are two distinct scenarios in which a pensioner can request that his/her pension be established and/or paid in Euros: (a) the pensioner is paid in a currency other than the dollar, but his/her benefit entitlement is calculated solely under the US dollar track, and (b) the pensioner is on the two-track adjustment system and therefore has a local-currency-track pension record.

Concerning the first scenario, once a beneficiary chooses to be paid in Euros (or when the Fund has no alternative but to stop payment in the legacy currencies concerned, i.e., by 1 July 2002), the Fund will convert the pensioner's dollar entitlement into Euros in the same manner as is currently done in the payment of US dollar pensions in other currencies. More specifically, the US dollar pension would continue to be adjusted on the basis of the movement of the US-CPI, and the adjusted US dollar pension would then be converted into Euros, rather than into the legacy currency, using the United Nations operational rate of exchange in effect for the month preceding the calendar quarter of that payment.

Regarding the second scenario, where a pensioner is on the two-track adjustment system and is paid in a currency other than the US dollar, the procedures for the adjustment and payment of the benefit would also remain the same. However, in this case, once a beneficiary chooses to be paid in Euros, or upon reaching the end of the legal existence of the 11 legacy currencies (i.e. by 1 July 2002), the conversion of the local track into Euros will be done by applying the fixed conversion rate between the Euro and the respective legacy currency, which was set as of 1 January 1999. The subsequent adjustments and comparisons of the pension benefits under both the US dollar track and the local currency track will continue to be made in accordance with the relevant provisions of the Fund's Pension Adjustment System, with the newly established Euro pension amount being adjusted by the movement of the respective country's consumer price index.

While the Fund will be in a position to execute bank transactions in Euros during the three-year transitional period (i.e. until 31 December 2001), it must be stressed that, until Euro bank notes and coins are available for cash transactions (between 1 January 2002 and 30 June 2002), a Euro pension record may not be convenient for beneficiaries. Should you nevertheless decide that your pension record be denominated in Euros, you should confirm with your banking institution that the account number you eventually provide is in fact a Euro account number. Unless we hear from you to the contrary, in writing, the Fund will continue to pay your pension under the existing arrangements, at least until 31 December 2001. From 1 January 2002 until 30 June 2002, the notes and coins of the 11 legacy currencies will coexist with Euro notes and coins. On 1 July 2002, the 11 legacy currencies will cease to exist and the Fund will (sometime between 1 January 2002 and 30 June 2002) automatically begin to remit your benefit in Euros.

C. Proposed agreement between the Government of the Russian Federation and the United Nations Joint Staff Pension Board

In previous annual letters, I had informed you of the problems arising from the past application of the Transfer Agreements which the Fund had concluded with the Governments of the former USSR, Ukrainian SSR and Byelorussian SSR. Contrary to the terms of those Agreements, the transferred pension rights of the former participants from the countries concerned had not been taken into account in the benefits they receive under the applicable national pension or social security schemes. In my 1997 annual letter, I provided information on a proposed agreement between the Government of the Russian Federation and the Pension Board, which had the concurrence of the General Assembly, and would provide prospective pensions to a defined and limited group of former participants who are Russian citizens and met other eligibility requirements. The proposed agreement is self-contained and clearly stipulates that the rights granted thereunder would flow neither from the Regulations of the Fund nor from any obligation or responsibility on the part of the Fund. The actuarial costs of the proposed pension arrangements would be met by the Russian Government. Upon implementation of the proposed agreement, discussions were to commence on the situation of other former participants from the countries concerned who were not covered by the proposed agreement.

Unfortunately, despite numerous communications and other contacts since January 1997, there has been no formal action as yet by the Russian Government. In a letter dated 1 July 1998, the Permanent Representative of the Russian Federation to the United Nations indicated that work on this issue had taken longer than originally anticipated, because of the difficult financial situation in the country and the competing priorities, as well as other acute domestic social problems. The Board requested its Chairman and Secretary to intensify their efforts, including a possible visit to Moscow, with a view to securing implementation of the proposed agreement.

In the Fifth Committee, the delegate from the Russian Federation reiterated the obstacles to approval of the proposed agreement, in particular, the acute issues faced by the Government in the areas of social protection of its pensioners and the financial situation in the country. He also indicated that efforts were underway to overcome the current difficulties, interacting closely with the Pension Fund and other parties concerned; in this connection, an official invitation was extended to representatives of the Fund to visit Moscow in 1999.

In the resolution on the United Nations Pension System, the General Assembly took note of the problems that have arisen and of the intention of the Government of the Russian Federation to pursue all of the outstanding issues. The Assembly also encouraged "all parties concerned to continue their efforts to resolve the problems addressed in section IV of its resolution 51/217, in particular those within the framework of the proposed agreement and its accompanying protocol."

The dates for a visit by the Chairman and Secretary of the Board to Moscow would depend on the intentions and readiness of the Government of the Russian Federation to pursue, within the framework of the proposed agreement, a solution to the problems that have arisen. It would be most regrettable if the efforts expended by so many to find a reasonable and fair solution to the long-standing grievances of this group of former participants in the Fund should all be to no avail.

D. Federation of Associations of Former International Civil Servants (FAFICS)

I should again draw to your attention the valuable information and assistance you can obtain from FAFICS and its member associations. Annex IV contains an updated list of the member associations of FAFICS and their addresses. These associations, through the experiences of their respective members, serve as knowledgeable sources of information and advice, not only on pension-related matters, but also on the laws and other aspects of life in countries around the world. They continue to provide support and assistance to the Fund's member organizations through their interest and involvement in the issues and objectives which had led them, and those of us still in service, to become international civil servants. FAFICS continues to participate actively and effectively in the deliberations of the Pension Board. As far as the Fund secretariat is concerned, FAFICS and its member associations have made a major contribution towards enhancing our awareness of, and responsiveness to, the concerns of beneficiaries.

In conclusion, I would again express deep appreciation to those participants and beneficiaries who sent, on the occasion of the holiday season and the beginning of the new year, a record number of cards and letters conveying their best wishes and appreciation of our efforts on their behalf. We remain acutely aware of, and sensitive to, the importance of continuously

enhancing our servicing responsibilities. We make conscientious efforts to stay abreast of developments in the management of pension/social security operations, including technological innovations, so as to enhance our services. I would also take this opportunity to inform you that the Fund's Geneva Office was recently relocated, within the Palais des Nations, to building D, office D-110.

Finally, I extend to all of you, and to your families, best wishes for 1999 from the Pension Board and its secretariat.

Yours sincerely,

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

Raymond Gieri
Chief Executive Officer
UNJSPF

Annex I

Information for Pension Administration Purposes

A. For active participants (i.e., those still in service)

Designation of beneficiary

An up-to-date form for "Designation of Recipient of a Residual Settlement" (Pens. A/2-Rev.2) should be on file with the secretary of the staff pension committee of your employing organization. (UN participants are reminded that the Fund secretariat serves as the staff pension committee for the UN.) If you have never completed this pension form, or wish to change the designation made earlier, you should contact your staff pension committee secretariat. Also, please note that the form you submitted to the personnel office of your employing organization in respect of residual settlements of salary and allowance payments **cannot** be used for pension payments. **You must complete and submit the Fund's form.**

Annual statements

You should review carefully the annual statement you receive from the Fund and advise the secretary of your staff pension committee if any of the personal information at the top of the statement is incomplete or inaccurate, particularly as to your marital status, children under age 21 and any periods of special leave without pay, all of which have a bearing on your prospective pension entitlements. The annual statement also indicates your recent levels of pensionable remuneration (section F), the number of years of contributory service (section B), the amount of your own contribution (section D), and the accrued level of your pension entitlements as at the end of the previous year (section C). The figures appearing in your statement reflect the information provided to us by your employing organization; **if you believe that the information concerning your levels of pensionable remuneration and the contributions reported are not correct, you should contact your organization's office of financial services.**

I would also urge you to read carefully the explanatory notes on the reverse side of your annual statement, particularly those related to the estimates of your future benefits. You should take into account that the last recorded pensionable remuneration amount, namely as of 31 December of the year to which the statement relates, is used, in most cases, for future years in projecting the estimated benefits at age 55 (Early Retirement), 60 or 62 (Retirement), i.e., no assumptions or projections are made as to future changes in salaries, pensionable remuneration amounts and step increments. The further you are from reaching those ages, the lesser is the value of the estimates.

For staff in the General Service and related categories, pensionable remuneration is defined as the dollar equivalent of their gross pensionable salaries and pensionable allowances, **which are established in local currency.** The dollar pensionable remuneration amounts for such staff at duty stations outside the United States will therefore increase or decrease, often from month to month,

according to exchange rate changes; therefore, a benefit estimate on the annual statement for future years is heavily influenced by the exchange rate and consequent pensionable remuneration reflected in the last reported pensionable remuneration amount shown in section F.

It should be borne in mind that a weakening local currency vis-a-vis the US dollar will invariably result in an increase in the cost-of-living and in comparator salaries in the locality; this, in turn, leads to upward revisions of the UN salary scales, including in particular the gross pensionable salary, for local staff. It is not possible to make assumptions as to these future developments in the estimates of future benefit levels presented in the annual statements.

Separation from service

When you separate from service, in order for us to begin the processing of your pension entitlement for payment, we must have received (a) from your employing organization, the separation notification(s) indicating the official date of your separation, and your pensionable remuneration and contributions since the end of the previous year, and (b) from you, completed payment instructions indicating the benefit election you have made (where options exist), the bank account into which you wish payment to be made, the currency of payment and your mailing address. When long delays occur in the payment of the initial benefit, the main contributing factors have usually been (a) late submission of the separation notification by the employing organization; (b) late submission of payment instructions; or (c) incomplete or inaccurate information on the participant, including marital status and the number and age(s) of any children. **You should do everything you can to help expedite the submission of the required separation documentation by your employing organization, as well as to complete and submit promptly your payment instructions.**

It is also in your interest to request, from your staff pension committee secretariat, an estimate of your benefit options within six months of your anticipated separation date. **If you intend to reside outside the United States, you have the option of having a local-currency-track pension record established and the application of a two-track pension adjustment system. In this regard, your attention is drawn to the considerations to be weighed in deciding whether or not to opt for the two-track adjustment system, set out in section B below.**

B. For beneficiaries (i.e., those in receipt of a benefit)

Opting for the two-track pension adjustment system

Prospective and current beneficiaries who reside, or eventually intend to reside, outside the United States often seek the advice of staff in the Fund's secretariat as to whether they should opt for application of the two-track pension adjustment system. **This is a matter of judgement, based on one's appreciation or confidence as to (a) the current and future relationship between the currency of the country of residence and the US dollar, and (b) current and future expectations regarding inflation developments in the country of residence and the measurement thereof reflected in the local CPI.**

The staff of the Fund's secretariat cannot venture to predict the future evolution of the relationship between the two tracks, because of the uncertainties as to future developments in exchange rates and inflation. They can only provide information on the amount of the initial local-currency-track pension and its adjustment to the date of the estimate. To assist beneficiaries in arriving at their individual judgements, I have listed below some of the considerations to be borne in mind.

In order to have a two-track pension record established - i.e., both a US dollar and a local currency track - beneficiaries must provide proof that they reside outside the United States. The proof required is a certificate of residence issued by a national or local government authority. The date of issuance must normally be after the date of separation from service.

Under the two-track pension adjustment system, the pension amount payable in any quarter would not be less than either the initial dollar pension entitlement under the Regulations, without adjustment, or the amount under the local currency track, as adjusted. Thus, the purchasing power of the pension in relation to the cost of living in the country of residence would always be secured. However, if the amount of the US dollar track, as adjusted by US-CPI, converted into its local currency equivalent for a particular quarter is higher than the amount of the local currency track, this higher amount is payable, but subject to the "110/120 per cent cap provision"; therefore, the actual payment could not be greater than 110 per cent, or 120 per cent, of the local currency track amount. (The 120 per cent cap applies to those who separated before 1 July 1995 and the 110 per cent cap to those who separated on or after 1 July 1995.)

It is the "cap provision" which may serve to deter some beneficiaries from choosing the two-track system, since once beneficiaries go on the two-track system, they must, in general, remain on that system even if their country of residence changes. (There are limited possibilities for exceptions, e.g. when moving to one's country of nationality.) When there is a change in the country of residence, the local currency track amount is recalculated as if the beneficiary had resided in the new country of residence from the date of separation. The benefit is then payable according to the new local currency track, as from the quarter following the effective date of the change of residence.

If the beneficiary has a reasonable degree of confidence in the long-term stability of the currency of the country of residence and in the official measurement of the local CPI, the advantages in choosing the two-track options are: (a) the purchasing power of the pensions in local currency terms would be secured over time, and (b) fluctuations in the local currency pension payments from one quarter to another would be avoided. On the other hand, if the local currency weakens significantly vis-a-vis the US dollar, the benefit payment could be less than the adjusted amount of the US-dollar track.

All this being said, the only advice that the Fund's secretariat can give is that beneficiaries should obtain estimates of their local currency track amount, compare it to the dollar amount, and

then make their own assessment, taking into account their own judgement as to the future strength of the local currency of their country of residence and their degree of confidence in the measurement of inflation by the local CPI.

Changes in mailing address and/or country of residence

It is essential that you apprise the Fund of any changes in your mailing address; otherwise, you will not receive communications from us, including the highly important Certificates of Entitlement (CE), on a timely basis.

If you provided proof of residence in a country outside the United States and thereby opted to be on the two-track pension adjustment system, that country must be your primary place of residence and you must inform us promptly when you change your country of primary residence, so that we can make the required recalculation of your local-currency track pension record. Delays or failure to provide such information on a timely basis could result in significant over-payments requiring recovery from your future benefit payments and, in the event of your death, recovery from your survivors. I would also draw to your attention that your mailing address should be in the country for which you have furnished proof of residence, as that country serves as the basis for the determination of your local currency track pension.

Monthly pension payments; change of payment instructions

For those receiving periodic pension payments, it is extremely important that you monitor regularly the receipt by your bank of our monthly remittances and inform us without delay of any missing payment. If there are changes in the name of your bank or your account number, please inform us promptly, in writing, in order to avoid any interruption in the payment of your benefit. In order to ensure the timely implementation of changes in payment instructions, such requests should reach the Fund at least one month prior to the intended date of implementation. Moreover, we cannot act on the basis of copies or faxed versions of the signed instructions.

When writing to the Pension Fund, please include your full name and your Pension or Retirement number; this will facilitate the handling of your communication.

Certificates of Entitlement

In response to observations and recommendations made by the Auditors and at the request of the General Assembly, we continuously review our procedures for monitoring and controlling payments from the Fund, with a view to verifying the continuing eligibility of beneficiaries to the particular benefits they are receiving. At present, this is done through Certificates of Entitlement (CE), which are usually sent early in the last quarter of each year. Failure to complete and return the CE will, after a follow-up reminder, result in suspension of the benefit.

Please check carefully the information given on the CE and advise us of any changes or corrections. When returning the signed certificate, **which must be the latest certificate sent to you and not a signed copy of an earlier version of the CE**, please follow the instructions on the bottom of the form.

Do not return the form in a separate envelope, as this would delay our automatic processing of the returns. Do not staple, tape or add glue to seal the form, and be sure to affix the appropriate postage when you return the CE. It is also essential that you not use the CE form to communicate requests or provide information which relate to matters not dealt with on that form.

Deduction for after-service health insurance (ASHI)

Based on written authorization from beneficiaries, on standard forms prepared for this purpose by the insurance sections of member organizations of the Fund, we deduct from monthly pensions the premiums for after-service health insurance (ASHI). However, we are not in a position to respond to questions concerning the level of premiums or the scope of insurance coverage. **All questions related to insurance, including the authorizations for ASHI premium deductions, should be addressed to the insurance section of the particular organization and not to the Fund secretariat.**

Pension statement for tax purposes

When requested, the Fund provides beneficiaries with statements of the pension benefits paid to them during the previous calendar year. Please note that once such a request has been made, in subsequent years we will automatically provide the same statement. There is no need to repeat the request each year; you should contact the Fund only if you do not receive the statement by mid-February. It must be stressed that questions on national income taxation laws or on the particular tax obligations of individual beneficiaries should not be addressed to the Fund.

C. Guidelines to facilitate the payment of survivor's benefits

In order to facilitate the processing of survivor's benefits after your death, you may wish to review the following to ensure that the Fund's records accurately reflect your current situation:

- (i) **that your "designation of recipient of a residual settlement" form (Pens. A/2) is up to date and on file with the Fund;**
- (ii) **if you are an active staff member, that your annual statement accurately reflects your date of birth, marital status and number of children; if it does not, you should provide the correct information to your Personnel Officer, who should, in turn, advise the Fund;**

- (iii) **that your prospective survivor(s) is aware that, in the event you predecease him/her, the Fund will need an original death certificate (i.e., not a medical certificate) or a certified copy of a death certificate issued by local authorities, and an original, duly completed payment instruction form (Pens. E/2); and**
- (iv) **that your spouse(s) or other prospective survivor(s) have available copies of all relevant birth certificates (i.e., for you, for themselves and for each child under the age of 21); copies of any relevant marriage certificates and/or divorce decrees should also be available.**

D. Emergency Fund

In approving the Fund's budget for the biennium 1998-1999, the General Assembly also authorized the Pension Board to supplement voluntary contributions to the Emergency Fund by an amount not exceeding \$200,000. I would again remind beneficiaries that the Emergency Fund was established to alleviate somewhat the financial hardships due to illness, infirmities of old age or similar causes which may arise for recipients of small pensions, by providing aid in individual cases of proven emergency. **The Emergency Fund is not a source for supplementing pensions which the recipient considers inadequate; it does not provide loans and does not serve as a substitute for medical insurance.**

The procedure for requesting assistance commences with a submission in writing to the secretary of the staff pension committee of your former employing organization. It should include information on the circumstances surrounding the financial hardship experienced by the pensioner or beneficiary. **The processing of a request is facilitated if documentation is provided substantiating both the need for assistance and the costs involved. Requests relating to medical expenses must be accompanied by a statement from a medical doctor and paid receipts.**

I would also draw to your attention that some member organizations of the Fund (e.g. the ILO) and some UN-system retiree associations (e.g. BAFUNCS in the United Kingdom) also have limited funds for providing some assistance. As regards the BAFUNCS Benevolent Fund, applications for assistance in alleviating emergency hardship situations by **retirees and their beneficiaries who reside in the United Kingdom**, should be sent to:

The Clerk of the Trustees
BAFUNCS Benevolent Fund
41 Riverine, Grosvenor Drive
Maidenhead, Berks SL6 8PF
United Kingdom

Annex II

**Results of the actuarial valuation of the Fund
as at 31 December 1997**

The table below summarizes the valuation results as at 31 December 1997, as a per cent of pensionable remuneration and in dollar terms, under five sets of economic and participant growth assumptions (the economic assumptions include specific recognition of the cost of the two-track pension adjustment system at 1.9 per cent of pensionable remuneration).

Economic Assumptions (real rate of investment return) and participant growth assumptions	VALUATION RESULTS SURPLUS (DEFICIT)	
	As per cent of pensionable remuneration	In dollar terms (in millions)
3.5 per cent, with zero participant growth (Regular Valuation)	.36	417.3
3.0 per cent, with zero participant growth	(1.73)	(2336.0)
4.0 per cent, with zero participant growth	2.66	2618.2
3.5 per cent, with modest 3-year participant growth <u>a/</u>	.43	502.2
3.5 per cent, with modest 3-year participant decline <u>b/</u>	.30	334.7

a/ Assumed growth of 0.5 and 1.0 per cent for Professional and General Service staff, respectively, for the first three years followed by zero growth thereafter;

b/ Same as a/ above, but with decline in number of participants.

The table below provides the projected liabilities and assets of the Fund in dollar terms reflected in the Regular Valuation results as of 31 December 1997 and 31 December 1995.

	(Millions in US dollars)	
	31 December 1997	31 December 1995
Liabilities		
Present value of benefits:		
Payable to or on behalf of retired and deceased participants	9,800.3	8,860.1
Expected to become payable on behalf of active and inactive participants, including future new entrants	33,193.0	33,710.8
Total liabilities	42,993.3	42,570.9
Assets		
Actuarial asset value	16,459.0	13,691.2
Present value of future contributions	26,951.6	27,191.0
Total assets	43,410.6	40,882.2
Surplus (deficit)	417.3	(1,688.7)

Annex III

**YOU MAY WISH TO KEEP THIS WITH YOUR COPIES OF THE
REGULATIONS, RULES AND PENSION ADJUSTMENT SYSTEM OF THE UNJSPF**

Amendments to the Regulations of the United Nations Joint Staff Pension Fund

Article 7

Secretariat of the United Nations Joint Staff Pension Board

1. Replace paragraph (a) with the following:

"(a) The Chief Executive Officer of the Fund and a Deputy shall be appointed by the Secretary-General on the recommendation of the Board."

2. Replace paragraph (c) with the following:

"(c) The Chief Executive Officer shall perform that function under the authority of the Board and shall certify for payment all benefits properly payable under these Regulations. The Chief Executive Officer shall also serve as Secretary of the Board. In the absence of the Chief Executive Officer of the Fund, the Deputy Chief Executive Officer shall perform these functions."

Article 21

· Participation

In paragraph (b) replace "12 months" by "36 months," so that the paragraph should read:

"(b) Participation shall cease when the organization by which the participant is employed ceases to be a member organization, or when he or she dies or separates from such member organization, except that participation shall not be deemed to have ceased where a participant resumes contributory service with a member organization within 36 months after separation without a benefit having been paid."

Article 32

Deferment of payment or choice of benefit

In paragraph (a) replace "12 months" by "36 months," so that the paragraph should read:

"(a) The payment to a participant of a withdrawal settlement, or the exercise by a participant of a choice among available benefits, or between a form of benefit involving payment in a lump sum and another form, may be deferred at the participant's request for a period of 36 months."

Article 34

Widow's benefit

1. In paragraph (f) delete the phrase "or until remarriage," so that the paragraph should read:

"(f) The benefit shall be payable at periodic intervals for life, provided that a benefit payable at an annual rate of less than 200 dollars may be commuted by the widow into a lump sum which is the actuarial equivalent of the benefit at the standard annual rate under (c) above, or the annual rate under (e) above, as the case may be."

2. In paragraph (g) delete the phrase "or remarriage," so that the paragraph should read:

"(g) The benefit shall, where there is more than one surviving spouse, be divided equally between the spouses, and upon the death of each such spouse shall be equally divided among the remainder."

3. Paragraph (h) should be deleted in its entirety.

Add the following new Article,
Article 35 bis

Divorced surviving spouse's benefit

"(a) Any divorced spouse of a participant or former participant, separated on or after 1 April 1999, who was entitled to a retirement, early retirement, deferred retirement or disability benefit, or of a participant who died in service on or after that date, may, subject to the provisions of article 34(b) (applicable also to widowers), request a former spouse's benefit, if the conditions specified in paragraph (b) below are fulfilled;

- (b) Subject to paragraph (d) below, the divorced spouse is entitled to the benefit set out in paragraph (c) below, payable prospectively following receipt of the request for a divorced surviving spouse's benefit, if, in the opinion of the Secretary, all of the following conditions are fulfilled:
- (i) The participant had been married to the former spouse for a continuous period of at least ten years during which contributions were paid to the Fund on account of the participant or the participant was awarded a disability benefit under Article 33 of the Regulations;
 - (ii) The former spouse had not remarried;
 - (iii) The participant's death occurred within 15 years of the date when the divorce became final, unless the former spouse proves that at the time of death the participant was under a legal obligation to pay maintenance to the former spouse;
 - (iv) The former spouse has reached the age of 40. Otherwise the benefit entitlement shall commence on the day immediately following the day that age is reached; and
 - (v) Evidence is provided by the former spouse that the participant's pension entitlement from the Fund was not taken into account in a divorce settlement;
- (c) A former spouse who, in the opinion of the Secretary, has met the conditions set out in paragraph (b) above shall be entitled to the widow's or widower's benefit under Article 34 or 35 as the case may be; however, if the participant is survived by both one or more such former spouses and/or by a spouse entitled to a benefit under Article 34 or 35, the benefit payable under Article 34 or 35 shall be divided between the spouse and former spouse(s) in proportion to the duration of their marriages to the participant.
- (d) Article 34 (f) and (g) shall apply *mutatis mutandis*."

Add the following new Article,
Article 35 ter

Spouses married after separation

- (a) A former participant receiving a periodic benefit may elect to provide a periodic benefit for life in a specified amount (subject to paragraph (b) below) to a spouse who was not married to him or her at the date of separation. Such election shall be made within 180 days of the date of marriage or of the entry into force of this provision, if later, and shall become effective one year after the date of marriage, or one year after the date of entry into force of this provision, as appropriate. The benefit shall be payable as of the first day of the month following the death of the former participant. When the election becomes effective, the benefit payable to the former participant shall be reduced in accordance with actuarial factors to be determined by the Fund's Consulting Actuary. An election under this subsection may not be revoked after it becomes effective, except by the death of the spouse, in which case it will be considered terminated as from that date.

- (b) Any election made under paragraph (a) shall be subject to the following:
- (i) The amount of the periodic benefit payable to the former participant, after reduction owing to elections made pursuant to paragraph (a) above, shall be at least one half of the benefit that would have been payable without any such elections; and
 - (ii) The amount of the benefit payable to the spouse shall not be larger than the amount of the benefit payable to the retired participant after reduction for the elections.

Article 45

Non-assignability of rights

Article 45 should be replaced with the following:

"A participant or beneficiary may not assign his or her rights under these Regulations. Notwithstanding the foregoing, the Fund may, upon receipt of a request from a participant or former participant made pursuant to a legal obligation arising from a marital or parental relationship and evidenced by an order of a court or by a settlement agreement incorporated into a divorce or other court order, direct that a portion of a benefit payable by the Fund to such participant for life be paid to one or more former spouses and/or a current spouse from whom the participant or former participant is living apart. Such direction or payment related thereto shall not convey to any person a benefit entitlement from the Fund or (except as provided herein) provide any rights under the Regulations of the Fund to such person or increase the total benefits otherwise payable by the Fund. To be acted upon, a request must be consistent with the Regulations of the Fund. The direction in any such request shall normally be irrevocable; however, a participant or former participant may request, upon satisfactory evidence based on a court order or a provision of a settlement agreement incorporated into a court decree, a new direction that would alter or discontinue the payment or payments. Furthermore, any direction shall cease to have effect following the death of the participant or former participant. If a designee under a direction predeceases the participant or former participant, the payments shall not commence, or if they have commenced, shall cease upon the designee's death. In the event that the payment or payments under a direction have been diminished, discontinued, or have failed to commence or have ceased, the amount of benefit payable to the participant or former participant shall be duly adjusted."

Annex IV

Associations of Former International Civil Servants

When you retire, you may have queries about various pension matters and need to seek advice. Any of the associations listed below can help you. They are all affiliated with the Federation of Associations of Former International Civil Servants, which represents you on the United Nations Joint Staff Pension Board.

- ARGENTINA:** Asociación de Ex-Funcionarios de las Naciones Unidas de Argentina
AFICS Buenos Aires, c/o UNDP, Casilla 2257, 1000 BUENOS AIRES
- AUSTRALIA:** Australian Association of Former International Civil Servants (AAFICS),
c/o Dr. John Hirshman, 212 Old South Head Road, VAUCLUSE, NSW 2030
- AUSTRIA:** Association of Retired International Civil Servants in Austria,
Vienna International Centre, Room C.0262, P.O. Box 100, 1400 Vienna,
- CANADA:** Canadian Association of Former International Civil Servants (CAFICS/ACAFI)
c/o ICAO, 999 University Street, Montreal, Qué. H3C 3H7
- CHILE:** Asociación de Ex-Funcionarios de Naciones Unidas en Chile (AFICS Santiago),
Edificio Naciones Unidas, Office Z-122, Avenida Dag Hammarskjold,
Casilla 179 D, Santiago
- COLOMBIA:** Asociación de Pensionados de Naciones Unidas en Colombia (ASOPENUC),
Apartado Aéreo 90423, Santafe De Bogota
- FRANCE:** Association des anciens fonctionnaires de l'UNESCO (AAFU/AFUS),
Bureau MR 01, UNESCO, 1 rue Miollis, 75732 Paris
- INDIA:** Association of Former United Nations Personnel in and of India (AFUNPI),
Box 8011, Sadashivanagar Post Office, Bangalore 560 080
- United Nations Pensioners' Association (UNPA)
F-216 Mansrover Garden, New Delhi 110 015
- ITALY:** Association of Former FAO and WFP Staff Members (FFOA)
c/o FAO, Viale delle Terme de Caracalla, 00153 Rome
- Former Officials Association - FAO Turin, International Centre for Advanced
Technical and Vocational Training, Corso Unità d'Italia 125, 10127 Turin

MEXICO: Asociación de Ex Funcionarios de las Naciones Unidas en México (AEFNUM)
Presidente Masaryk 29, Apartado Postal 6-718, Mexico D.F. 11570

NEW ZEALAND: N.Z. Association of Former U.N. Officials (AFUNO), c/o Mr. Ed. Dowding,
16A Moore St., Birkenhead, Auckland 1310

RUSSIAN
FEDERATION: Association of Former International Civil Servants (Moscow), c/o UNIC
No. 4/16 Ulitsa Lunacharskogo, Moscow 121002

SRI LANKA: Association of Former International Civil Servants (Sri Lanka),
3 Thambian Avenue (off Independence Avenue), Colombo 7

SWITZERLAND: Association des anciens fonctionnaires internationaux (AAFI/AFICS),
Bureau C.542,1, Palais des Nations, 1211, Geneva 10

UNITED
KINGDOM: British Association of Former United Nations Civil Servants (BAFUNCS)
c/o Mr. R.E. Chamberlin, Executive Chairman, 47 Chapel Street, Bildeston,
Ipswich IP7 7EP

USA: Association of Former International Civil Servants (AFICS New York),
Room DC1-580, United Nations, New York, NY 10017

URUGUAY: Asociación de Ex-Funcionarios de las Naciones Unidas en Uruguay
(AFICS Uruguay), Javier Barrios Amorin 870 P.3, Casilla de Correo 1207 -
Correro Central, 11200 Montevideo

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