



UNJSPF

United Nations Joint
Staff Pension Fund

THE TWO-TRACK

Introduction

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

The UNJSPF Regulations and Rules govern the conditions of participation and the determination of the entitlements arising therefrom. The rules are numerous and complex; the purpose of this booklet is to guide you, help your understanding of the rules and assist you with information on issues affecting your pension rights. Participants, retirees and beneficiaries facing circumstances not covered by this booklet are encouraged to consult the Fund or the Secretary of the Staff Pension Committee (SPC) of the organization for which the participant works.

Disclaimer: This information is made available for the convenience of UNJSPF participants, retirees, and beneficiaries. If there is any ambiguity, inconsistency or conflict between the information provided in this booklet and the UNJSPF Regulations and Rules, the Regulations and Rules take precedence.

Please check the UNJSPF website for the most up to date Regulations and Rules.

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Introducing the two-track feature of the UNJSPF

The Pension Adjustment System (PAS) is designed to protect the purchasing power of your UNJSPF periodic benefits. The two-track is an optional feature within the PAS and is aimed at retirees and beneficiaries residing outside the United States (US). It is designed to protect the purchasing power of retirees and beneficiaries residing in other countries, rather than directly linking their benefits to the United States Consumer Price Index (CPI).

Opting into the two-track is one of the most significant decisions you can make in respect of your pension. Opting for the two-track means that your pension will be adjusted according to the cost-of-living of the country where you currently reside, based on inflation data reported by the United Nations. Once you elect to be paid on the two-track, the decision is irrevocable, except in very limited circumstances.

Over time, there will be periods when being on the two-track may be more advantageous to you and other periods when this may not be the case. Overall, the two-track is not designed to provide financial gain to a particular retiree/beneficiary or group of retirees/beneficiaries, but rather to provide some income stability to your benefits in real terms within your declared country of residence.

The two-track is only available in countries that are consistently publishing official CPI data and exhibiting suitable economic conditions. In particular, benefits payable should not vary significantly depending on the retiree's entitlement date within the same country. When such conditions are identified for a country on the two-track, the Chief Executive of Pension Administration (CEPA) has the authority to suspend the two-track feature in that country. Similarly, countries currently not on the two-track may be reinstated by the CEPA, provided specific conditions have been met.

1. How the two-track works

The name “two-track” arises from periodic benefits being calculated, adjusted and maintained in both US dollars (“dollar track”) and the currency of the country of residence (“local track”) for retirees and beneficiaries who have opted into the two-track. Subject to certain maximum and minimum amounts, each retiree and beneficiary is paid the higher of the two tracks.

The detailed mechanics of the two-track are described below.

1.1 Dollar track

All pensions are initially calculated in US dollars and adjusted over time for movements in the US CPI. Therefore, should you decide not to opt into the two-track, your benefit is always linked to the cost-of-living of the US, regardless of where you choose to live or the currency you have chosen for the actual benefit payment. If you choose to receive your benefit payments in a currency other than the US dollar, it would be converted using the exchange rate for the month preceding the calendar quarter of the payment. Your benefits would then fluctuate with the exchange rate between your chosen currency and the US dollar. You can choose to be paid in any of the currencies currently available at the Fund and still be on the dollar track, as your benefit would still be adjusted according to US CPI and not for the country you reside in.

1.2 Local track

If you decide to opt into the two-track, you will need to provide proof of residence in a country other than the US in order for the Fund to establish your local track benefit. The local track

benefit is calculated by converting the value of your dollar track on the first day of your retirement, using an average exchange rate between the US dollar and the currency of your country of residence. This average exchange rate is computed over the 36 consecutive calendar months up to and including the month of your separation. Once established, the local track amount will then be adjusted based on the CPI in your country of residence.

1.3 The benefit you receive

Every quarter, your dollar track amount is then compared to the local track amount. In general, you are entitled to the higher of the two. This is subject to the following:

- **Maximum cap:** if the dollar track is higher than the local track, then your benefit is capped at 110% of the local track amount. If the local track is higher than the dollar track, there is no maximum cap.
- **Minimum guaranteed amount:** The greater of:
 - a. 80% of your US dollar track; or
 - b. the initial US dollar amount of your benefit converted using the current exchange rate.

It should be noted that the minimum guaranteed amount takes precedence over the maximum cap when the minimum guaranteed amount is higher than the maximum cap.

A graphical illustration of the two-track feature is provided in Annex 1. In addition, Annex 2 contains four scenarios of the two-track feature in operation in different countries that have experienced different economic conditions. Furthermore, Annex 3 comprises a practical illustration of the two-track feature for clients who would like to better understand the calculations.

2. Consequences of the two-track

Once you have elected to be paid on the two-track and proof of your country of residence is submitted, you will remain permanently on the two-track, except in certain limited conditions.

In countries where a currency later experiences a devaluation against the US dollar without corresponding changes in the official CPI, opting for the two-track may result in you receiving less in US dollar terms than you would have received had you remained solely on the US dollar track. Therefore, you should very carefully consider your decision to opt into the two-track feature.

3. Future adjustments

Your pension will be adjusted over time based on inflation. In general, it will be adjusted on an annual basis, provided that the relevant CPI of your country of residence has moved by at least 2% since the last adjustment.

4. Making your decision

To obtain an estimate, you may contact the Fund any time after you separate from service. It is important to note that the estimate is not a permanent situation. Any advantage or disadvantage of the two-track feature can change over time due to currency exchange rate fluctuations and relative inflation.

5. Application process

5.1 Timeline to submit an application

You may opt into the two-track by providing proof of residence and making the relevant election any time after your date of separation. If you provide acceptable proof of residence and make the election:

- Within six months of your benefit coming into payment: the two-track becomes effective from your benefit commencement date and any difference will be paid retroactively.
- After six months: your benefit would still be recalculated as from the date of your entitlement, but payment under the two-track would begin only from the quarter following the one in which the proof of residence was received.

5.2 Documentation required

You must submit:

- Form PENS.E/10 "Declaration of Country of Residence", which can be downloaded from the UNJSPF website (www.unjspf.org/resources/forms) or E-Forms page within your Member Self-Service (MSS) account;
- A certificate of residence: Specific requirements vary by country and examples of acceptable proof of residence can be found on form PENS.E/10.

You can submit the documents using the MSS document upload feature or mail them to the UNJSPF in New York or Geneva (addresses on the website's Contact Us page).

6. Country of residence

There is a requirement that a retiree or beneficiary spend at least six months of every year in their declared country of residence. This is actual physical presence, rather than “legal residence”.

6.1 Annual confirmation of country of residence

To continue receiving periodic benefits, you will be required annually to send the Fund, as proof of life, a Certificate of Entitlement (CE) – either through the Digital CE app (DCE) or by mailing the paper-based CE form. You must complete this process to confirm continued eligibility for your benefit under the two-track in your declared country of residence. Any willful misrepresentation of country of residence will be considered fraud. If you choose to complete the proof of life using the Digital CE (DCE) app, you will need to be in your declared country of residence at the time of issuance. If you issue your DCE in another country, the Fund will request for a new proof of residence. If you choose to complete the proof of life using the paper-based CE form, then you will receive it in your declared mailing address. You can choose to send it back to the Fund via postal mail or upload it using the MSS document upload feature.

6.2 Change in country of residence

If you move to another country, no later than six months from the date of your arrival in the new country you must submit:

- Form PENS.E/11 “Change of Country of Residence”.
- A new proof of residence.

Although you have six months to submit the paperwork, it is in your interest to do this as soon as possible to avoid any possible recovery of overpayments. Your benefit will be recalculated based on your new country of residence with effect from the first day of the quarter following acceptance of satisfactory proof of residence in the new country. Thereafter, the local currency track amount is adjusted by the movement of the CPI of the new country.

If you relocate to the US, your local-currency track would be the same as your dollar track and your benefits would simply be adjusted in line with US CPI. Should you subsequently relocate again you must provide proof of residence in the new country and you would remain on the two-track.

7. Suspending a country from the two-track

Under paragraphs 26(a) and (b) of the Pension Adjustment System, the Chief Executive of Pension Administration has the authority to suspend the two-track feature in a country where:

- Local-currency track amounts exhibit wide fluctuations depending on the benefit commencement date; or
- Up-to-date CPI data is not available.

In the event of such a suspension, your benefits will revert back to the dollar track and be adjusted based on the movements of the US CPI.

Suspending countries from the two-track is not a frequent event but retirees and beneficiaries opting into the two-track should be aware that it is a possibility, depending on the country of residence.

For additional information on two-track suspensions and the list of countries currently suspended, please check the UNJSPF website.

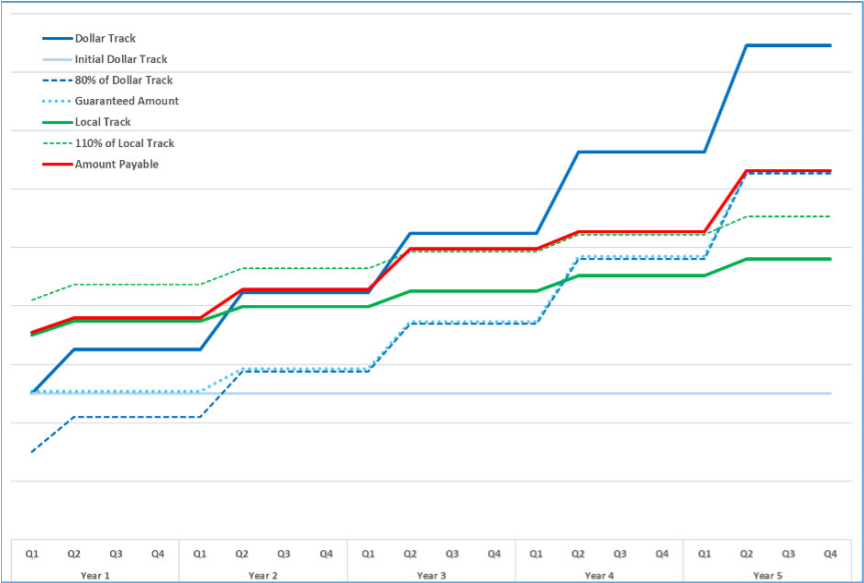
8. Reinstating a country to the two-track

In line with paragraph 26(c) of the Pension Adjustment System, a suspended country will remain suspended until the Fund determines that the local-currency track can again be expected to consistently preserve the purchasing power of monthly pension benefits.

After the reinstatement of the two-track in a previously suspended country, all retirees and beneficiaries residing in that country at the date of reinstatement are permitted to opt into the two-track. This is subject to the retiree/beneficiary providing acceptable proof of country of residence.

Annex I

Illustration of the two-track feature



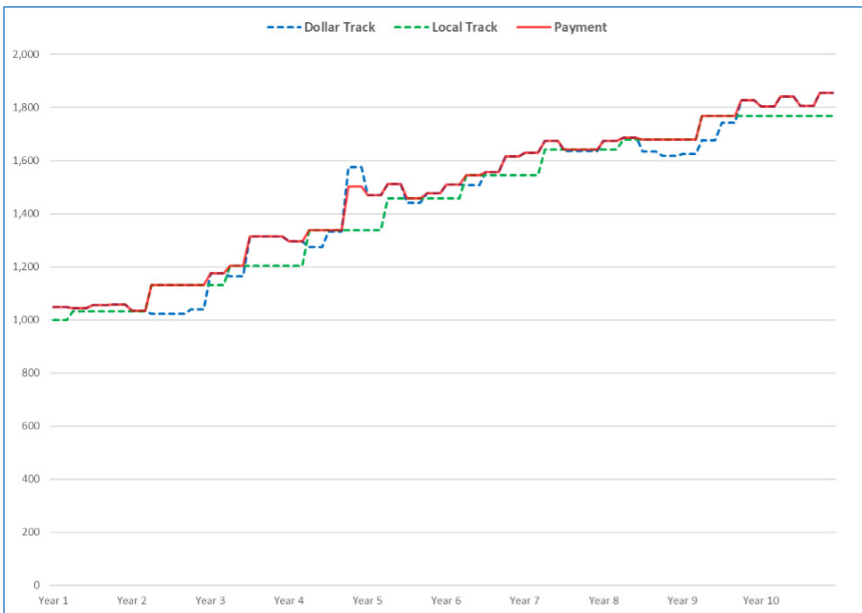
Please note the graph is provided for illustrative purposes, to demonstrate how the amount payable is determined under the two-track feature. It should not be interpreted as a precise reflection of the real-world results.

Annex II

Scenarios

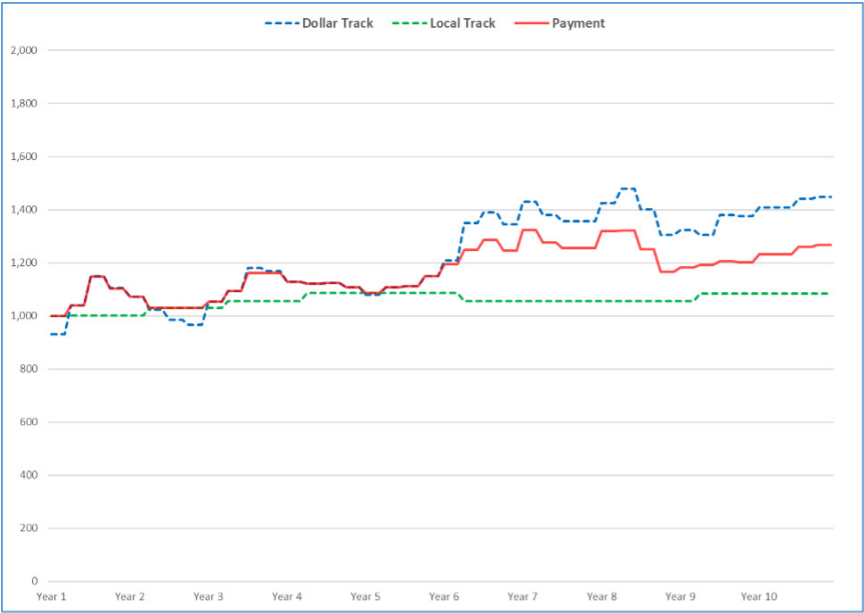
The following scenarios are based on actual historic data in various countries to illustrate how the relative advantage and disadvantage of the two-track can vary over time.

Scenario 1: Retiree/beneficiary is paid the higher of dollar track and local track amounts for the majority of the periods



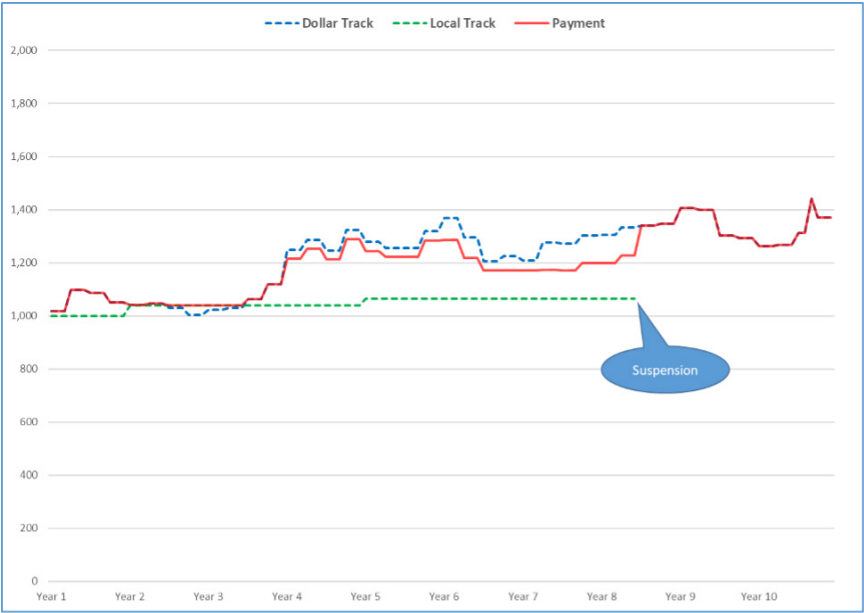
During the illustrated timeframe in this scenario, the retiree/beneficiary would have received more by opting into the two-track.

Scenario 2: Two-track has consistently led to lower payments than the dollar over an extended period



During the illustrated timeframe in this scenario, the retiree/ beneficiary would have received more if they had not opted into the two-track.

Scenario 3: The suspension resulted in a reversion back to the dollar track



Depending on individual circumstances, the suspension of the two-track in a country can result in an increase in benefit payments, as illustrated above, or a reduction in benefit payments. This will not be known until a suspension is implemented and it is impossible to predict how this will impact retirees and beneficiaries over the full period of payment.

Annex 3: Practical illustration of the two-track feature

Initial dollar track benefit (monthly):

Average of 36 monthly exchange rates at separation:

Initial local track (initial value of benefits converted into local currency) (\$1,000 x 0.714):

\$ 1,000.00

0.714

€ 714.00

	#1	#2	#3	#4	#5	#6	#7	#8	
Time period from benefit commencement	US cost-of-living adjustment based on US CPI (%)	Dollar track in USD Adjusted for cost-of-living (#2)	Dollar track in Euro	Cost-of-living adjustment in country of residence based on local CPI (%)	Local track (Euro) Adjusted for cost-of-living (#4)	Minimum (Euro) 110% of local Track (#5)	Guaranteed minimum in USD Higher of initial dollar track or 80% of dollar track (#2)	Guaranteed minimum in Euro	Monthly amount payable (Euro) If Local Track (#5) > Dollar Track (#3): pay Local Track (#5) If Dollar Track (#3) > Local Track (#5): pay Dollar Track (#3) subject to maximum (#6) and minimum (#8)
Year 1	Q1	0.0%	\$ 1,000.00	0.0%	€ 714.00	€ 785.40	\$ 1,000.00	€ 664.00	€ 714.00
	Q2	0.2%*	\$ 1,002.00	0.1%*	€ 714.72	€ 786.20	\$ 1,000.00	€ 741.00	€ 742.48
	Q3	0.0%	\$ 1,002.00	0.0%	€ 714.72	€ 786.20	\$ 1,000.00	€ 819.00	€ 819.00
	Q4	0.0%	\$ 1,002.00	0.0%	€ 714.72	€ 786.20	\$ 1,000.00	€ 787.00	€ 787.00
Year 2	Q1	0.0%	\$ 1,002.00	0.0%	€ 714.72	€ 786.20	\$ 1,000.00	€ 764.00	€ 765.53
	Q2	0.0%	\$ 1,002.00	2.9%	€ 735.45	€ 809.00	\$ 1,000.00	€ 728.00	€ 735.45
	Q3	0.0%	\$ 1,002.00	0.0%	€ 735.45	€ 809.00	\$ 1,000.00	€ 702.00	€ 735.45
	Q4	0.0%	\$ 1,002.00	0.0%	€ 735.45	€ 809.00	\$ 1,000.00	€ 688.00	€ 735.45
Year 3	Q1	0.0%	\$ 1,002.00	0.0%	€ 735.45	€ 809.00	\$ 1,000.00	€ 750.00	€ 751.50
	Q2	4.5%	\$ 1,047.09	2.4%	€ 753.11	€ 828.43	\$ 1,000.00	€ 746.00	€ 781.13
	Q3	0.0%	\$ 1,047.09	0.0%	€ 753.11	€ 828.43	\$ 1,000.00	€ 805.00	€ 828.43
	Q4	0.0%	\$ 1,047.09	0.0%	€ 753.11	€ 828.43	\$ 1,000.00	€ 797.00	€ 828.43
Year 4	Q1	0.0%	\$ 1,047.09	0.0%	€ 753.11	€ 828.43	\$ 1,000.00	€ 770.00	€ 806.26
	Q2	0.0%	\$ 1,047.09	2.9%	€ 774.96	€ 852.46	\$ 1,000.00	€ 764.00	€ 799.98
	Q3	0.0%	\$ 1,047.09	0.0%	€ 774.96	€ 852.46	\$ 1,000.00	€ 767.00	€ 803.12
	Q4	0.0%	\$ 1,047.09	0.0%	€ 774.96	€ 852.46	\$ 1,000.00	€ 755.00	€ 790.55
Year 5	Q1	0.0%	\$ 1,047.09	0.0%	€ 774.96	€ 852.46	\$ 1,000.00	€ 736.00	€ 774.96
	Q2	3.2%	\$ 1,080.60	0.0%	€ 774.96	€ 852.46	\$ 1,000.00	€ 731.00	€ 789.92
	Q3	0.0%	\$ 1,080.60	0.0%	€ 774.96	€ 852.46	\$ 1,000.00	€ 735.00	€ 794.24
	Q4	0.0%	\$ 1,080.60	0.0%	€ 774.96	€ 852.46	\$ 1,000.00	€ 759.00	€ 820.18

* The initial CPI adjustment can be less than 2% as it is adjusted in accordance with PAS paragraph 20 and 21.



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