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ANNUAL REPORT OF THE UNITED NATIONS JOINT STAFF PENSION FUND

Report for the period ending on 30 September 1970

1. Pursuant to the requirement in Article XXXV of the Regulations of the United Nations Joint Staff Pension Fund [1] that the United Nations Joint Staff Pension Board present the annual report to the General Assembly of the United Nations and to the member organizations of the Fund, the United Nations has published the report of the Board for the year ending on 30 September 1970 as Supplement No. 9 to the Official Records of the General Assembly: Twenty-Sixth Session (A/8409).
2. The Report has thus already been communicated to Governments. However, if any Member should require additional copies, the Secretariat is ready to obtain them.

[1] See United Nations document JSPB/G.4/Rev.7.



UNITED NATIONS JOINT STAFF PENSION FUND

REPORT

**OF THE UNITED NATIONS
JOINT STAFF PENSION BOARD**

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-SIXTH SESSION

SUPPLEMENT No. 9 (A/8409)

UNITED NATIONS

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New York, 1971

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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I. INTRODUCTION

1. The United Nations Joint Staff Pension Fund was established in 1949, under Regulations adopted by resolution of the General Assembly, to provide retirement, death, disability and related benefits for staff upon cessation of their service with the United Nations. These Regulations, as amended at various times by the Assembly, provide for the admission of other organizations to the Fund and were subsequently accepted by the specialized agencies and the International Atomic Energy Agency. There are in consequence now 11 organizations, including the United Nations, which are members of the Fund.

2. Under the Regulations, the 11-member organizations jointly administer the Fund through the United Nations Joint Staff Pension Board consisting of 21 members, one third of whom are elected by the General Assembly and the corresponding legislative bodies of the organizations, one third nominated by the executive heads, and one third elected by the participants. The Board reports annually to the General Assembly on the operation of the Fund, and from time to time recommends amendments to the Regulations - which govern, inter alia, the rates of contribution by the participants (7 per cent of their pensionable remuneration) and the organizations (14 per cent), the manner in which the assets of the Fund are invested, the conditions of eligibility for participation, and the various benefits to which staff and their dependants may become entitled. Legislative authority in this respect is exercised by the General Assembly on behalf of all 11 organizations. Expenses incurred by the Board in the administration of the Fund - principally the cost of its central secretariat at the United Nations Headquarters in New York and the management expenses for its investments - are met by the Fund.

3. The present report is submitted by the Board following its sixteenth session, held in July 1971 at the headquarters of the World Health Organization in Geneva. The report contains an account of the proceedings of that session and includes recommendations for the amendment by the General Assembly of certain of the benefit provisions of the Regulations, and for the approval of administrative expenses for 1971 and 1972. It also includes various financial statements and schedules (annex I), and statistics on the operation of the Fund for the year ended 30 September 1970 (annex II), together with the report of the Board of Auditors on the annual audit of the Fund (annex III).

II. MEMBER ORGANIZATIONS

4. The member organizations of the Fund are the United Nations and the following:

Food and Agriculture Organization of the United Nations;
Inter-Governmental Maritime Consultative Organization;
Interim Commission for the International Trade Organization;
International Atomic Energy Agency;
International Civil Aviation Organization;

International Labour Organisation;
 International Telecommunication Union;
 United Nations Educational, Scientific and Cultural Organization;
 World Health Organization;
 World Meteorological Organization.

III. SUMMARY OF THE OPERATION OF THE FUND DURING THE YEAR ENDED 30 SEPTEMBER 1970

5. The number of full participants in the Fund increased during the year from 29,377 to 32,336, and the number of associate participants (a form of participation involving death and disability coverage only, which will be phased out by the end of 1971) decreased from 1,440 to 404. The total number of participants on 30 September 1970 was thus 32,740 (annex II).
6. The principal of the Fund increased from \$435,180,076.97 on 30 September 1969 to \$505,555,040.77 on 30 September 1970 (see annex I).
7. The earned yield on the average investments of the Fund, without taking into account realized and unrealized capital gains (see paragraph 22 below), was at the annual rate of 4.35 per cent for the year in question. A summary of the investments as at 30 September 1970 and a comparison of their book and market values at that date are contained in annex I, schedules 4 and 5.
8. The Fund on 30 September 1970 was paying 1,755 retirement benefits, 782 deferred and early retirement benefits, 656 widows' benefits, 1,237 children's benefits, 128 disability benefits and 20 secondary dependants' benefits. In the course of the year it also paid 2,663 lump-sum withdrawal and other settlements (annex II).

IV. SIXTEENTH SESSION OF THE BOARD

A. Membership and attendance

9. The organizations were represented by the following members and alternates:

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
<u>United Nations</u>		
Mr. A.F. Bender	Mr. G.J. McGough	General Assembly
Mr. S. Refshal		General Assembly
Mr. M.H. Gherab	Mr. M. Heenan	Secretary-General
Mr. W.H. Ziehl		Secretary-General
Mr. A. Landau		Participants
Mrs. P.K. Tsien	Mr. A.J. Friedgut	Participants

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
<u>International Labour Organisation</u>		
Mr. C.J. Hislaire	Mr. A. Aboughanem	Executive Head
	Mr. P.M.C. Denby	Executive Head
	Mr. J. Paleologos	Executive Head
Mr. N.F. MacCabe	Mr. K. Doctor	Participants
<u>World Health Organization</u>		
Mr. E. Aujaleu		Governing Body
Mr. J. Burton	Mr. G. Dazin	Participants
<u>Food and Agriculture Organization of the United Nations</u>		
Mr. R. Piat	Mr. J. Greig	Executive Head
Mr. T. Rivetta		Participants
<u>United Nations Educational, Scientific and Cultural Organization</u>		
Mr. R. Prohme (first week)		Governing Body
Mr. R. Said (second week)		Governing Body
Mr. P. Coeytaux	Mr. W. Zyss	Participants
<u>International Civil Aviation Organization</u>		
Mr. G.F. Scherer		Governing Body
Mr. J.J. Rolian		Executive Head
<u>International Atomic Energy Agency</u>		
Mr. C.L. Lamb		Governing Body
Mr. L. Alonso de Huarte		Executive Head
<u>World Meteorological Organization</u>		
Mr. H. Panzram		Governing Body
<u>Inter-Governmental Maritime Consultative Organization</u>		
Mr. K. Stangeland		Executive Head
<u>International Telecommunication Union</u>		
Mr. C. Glinz		Participants

10. The following attended as observers for certain organizations:

<u>Observer</u>		<u>Organization</u>
Mr. K.G.L. Harrold)	
Mr. H.S. Kirkaldy)	ILO
Mr. J.I. Armstrong)	
Mr. A.C. van Pernis)	WHO
Mrs. B. Poggipollini)	FAO
Mrs. J.F. Bénard)	
Mr. R. Harper-Smith)	UNESCO
Mr. J.M. Rubiato)	
Mr. A. Weber)	WMO
Mr. P. Mathon)	ITU
Mr. Y. Ogaard)	
Mr. S.R. Pasin)	Interim Commission for the
Mr. J.J. Tanquerel)	International Trade
		Organization
Mr. P.J. Singh)	IAEA

11. The Board was assisted, additionally, by Mr. R.A. Wishart and Mr. E. Stroh of George B. Buck, Inc., consulting actuaries to the Fund, Mr. R. McAllister Lloyd, Mr. E. Black, Mr. J. Rueff, Mr. R. de Candolle and Mr. B.K. Nehru, Chairman and members of the Investments Committee, Mr. R. Myers, a member of the Committee of Actuaries, Mr. G. Ashley Cooper, the Fund's management consultant, Mr. H. Fowler, Mr. L. Thomas and Mr. B. Fisher of the Fiduciary Trust Co. of New York, the Fund's investment manager, and Dr. M. Irwin, Medical Consultant to the Board. Mr. A.C. Liveran and Mr. B.W. Pringle attended as Secretary and Deputy Secretary, respectively, of the Board.

12. The Board elected the following officers:

<u>Chairman:</u>	Mr. E. Aujaleu (representative of the Governing Body of WHO)
<u>First Vice-Chairman:</u>	Mrs. P.K. Tsien (representative of the participants of the United Nations)
<u>Second Vice-Chairman:</u>	Mr. R. Piat (representative of the executive head of FAO)
<u>Rapporteur:</u>	Mr. N.F. MacCabe (representative of the participants of the ILO)

B. Decisions and recommendations

13. The principal decisions reached by the Board are those recommending changes by the General Assembly in the Fund's benefit system. These are, in brief, a

modification in the method of determining final average remuneration - with a corresponding change in the system of cost-of-living adjustments to benefits in payment - a revision in the formula for calculating early retirement benefits between ages 55 and 60, the introduction of a new minimum of \$300 per annum for disability, retirement and widows' benefits, and the provision of an option to married female participants to purchase, by way of a reduced pension upon retirement, a widower's benefit for their survivors. Details of the recommendations are to be found in paragraphs 30 to 35 below. Further action requested of the Assembly is described in paragraphs 36 to 42, in which the Board submits for approval estimates of administrative expenses for 1972 and supplementary estimates for 1971, together with certain changes in the Fund's Regulations designed to simplify administration. In addition to these, the Board dealt with a number of items of a broad management character - within its own authority under the Regulations - which are described in paragraphs 14 to 29 below for the information of the General Assembly.

Management of the Fund

14. The Board and its secretariat is currently occupied with implementing the recommendations of a management survey of the Fund's administration carried out by professional consultants in 1969. In addition to this, however, the Board has now embarked on a wider inquiry into the Fund's organizational structure and the composition, interrelationships and functioning of its various organs, with a view to improving - principally - the representational character of the Fund's management, and the efficiency, economy and speed with which its organs conduct business.

15. On the basis of a preliminary study by the secretariat, the Board devoted considerable attention at the session to such questions as the manner in which the three groups comprising its membership should be selected, the extent to which the differing sizes of the member organizations should be reflected in its composition, 1/ the responsibility for the travel expenses of the members, the desirability of retired participants being represented, and the frequency of the Board's own meetings.

16. There was general agreement that the basic tripartite principle, under which governing bodies, executive heads and participants are equally represented in all organs of the Fund, should be maintained; and it was also generally accepted that continuity in representation, given the often complex and technical subjects requiring the Board's attention, was desirable. Views differed considerably, however, on whether each organization should be entitled to elect at least three members - which would enable each to be fully represented but would substantially enlarge the Board - or whether some form of direct representation of the groups as a whole should be sought - which would enable it to be maintained at its present size or reduced. In this question both continuity of representation and responsibility for travel expenses were involved, and a number of variants of the membership pattern were considered.

17. The Board finally decided to pursue the matter further, by way of an in-depth study by the secretariat, before making proposals on the subject to the General Assembly. It agreed as an interim measure, however, to permit the representation - by observers - of retired participants in the Board and in the staff pension committees of the member organizations. It also agreed to hold a session of the

1/ The United Nations at present has 6 members, the remaining 15 being rotated among the three groups of the other 10 organizations.

Board in 1972 with a limited agenda and, in the light of that experience, to consider the most effective arrangements for future Board sessions and their frequency.

Audit

18. The Board has several times in recent years reviewed the system of audit of the Fund's accounts practised under article 14 (b) of the Regulations - which provides that an audit shall be made annually by the United Nations Board of Auditors in a manner mutually agreed upon between that body and the Board. The principal objectives of these reviews have been to ensure (a) that the auditors do not duplicate the Board's own efforts in such areas as management and investment studies; (b) that there should be a not too frequent rotation, for purposes of continuity, in the annual assignment by the Board of Auditors of the member to carry out the Fund's audit; and (c) that, because of the highly technical nature of the work, the member so assigned should have at his disposal experts possessing the necessary specialized knowledge.

19. In furtherance particularly of the third of the above objectives, the Board considered various possibilities - among them that of having the audit performed on a commercial basis by an outside firm specializing in such work. The Board decided, however, to seek an agreement with the Board of Auditors within the present terms of article 14 (b) by which the latter would themselves secure whatever specialized professional advice or assistance might be required for the purpose. The Board contemplates that the agreement to this end should clearly spell out the scope and manner in which the audit should be performed for the future, and that it should be worked out in consultation with the Advisory Committee on Administrative and Budgetary Questions. The Board instructed its secretary accordingly to take the necessary steps towards this objective, including, if necessary, the early preparation of a draft agreement for its consideration.

Investments of the Fund

20. The Board once more carried out a detailed review of the policy being followed in the investment of the Fund's assets and of the returns being achieved thereby. It also, on this occasion, examined critically the management of the Fund's portfolio, responsibility for which, under the Regulations, rests essentially with the Secretary-General, acting in consultation with an Investments Committee ^{2/} and in the light of observations and suggestions made by the Board.

21. In regard to investment policy, the Board noted inter alia from reports furnished by the Secretary-General that the emphasis given in recent years to equity holdings (common stocks and convertible bonds) over fixed-interest obligations, or bonds, was being continued. On 30 September 1970 the former made up about 58 per cent of the portfolio at market value, against 42 per cent for the latter. At cost the composition was 53 per cent for equities against 47 per cent for bonds. It was reported that by 31 March 1971 the share represented by equities had risen to 63 per cent at market value and 57 per cent at cost.

^{2/} The Committee consists of six members, appointed by the Secretary-General, after consultation with the Board and the Advisory Committee and subject to confirmation by the General Assembly. The present membership is as follows: Mr. Eugene Black (United States), Mr. Roger de Candolle (Switzerland), Mr. R. McAllister Lloyd (United States), Mr. George Murphy (United States), Mr. B.K. Nehru (India), and Mr. Jacques Rueff (France).

The possibility of profitable investment in suitable real estate vehicles was also under active consideration.

22. From charts illustrating the yield on the various component parts of the Fund's portfolio, it appeared that the cumulative annual rate of return (comprising realized and unrealized capital gains as well as dividends) on the United States equity section over the last 10 years had been approximately 8.44 per cent, on non-United States equities, 7.67 per cent, and on the total equities section 8.28 per cent. The fixed-income security section - reflecting the effect of certain low-yielding bonds purchased relatively early in the Fund's history - showed an average return of 5.97 per cent based on yield to maturity. Higher-yielding bonds were, however gradually being substituted, as opportunities occurred, whenever the capital loss could be recouped within five years. Comparisons were also presented by the Secretary-General showing that the Fund had exceeded the performance of the great majority of some 50 comparable funds surveyed.

23. Most members of the Board considered these investment results to be satisfactory. It was generally agreed also that the figure of 8 per cent, estimated by the Investments Committee as a realistic minimum over-all rate of probable return on the portfolio as a whole over approximately the next 10 years, could be considered justified in the light of the statistics presented. The more conservative figure of 7 per cent used by the actuaries in valuing the Fund (see paragraph 32 below) was consequently in order.

24. With respect to the management of the Fund's portfolio, the questions discussed resolved themselves mainly into whether, on the one hand, the staff assistance provided by the Fund to the United Nations Office of the Controller was sufficient for the purpose and, on the other, whether the operating and custodianship arrangement for the portfolio - a contractual one between the Secretary-General and a New York investment bank - continued to be adequate. In regard to the first, the Board concluded after a full discussion that in view of the current size and diversity of the Fund's investment interests an increase was necessary in the staff provided to the Secretary-General, as had been requested by him, if the maximum yield was to be drawn from the portfolio. It accordingly decided to submit additional estimates to the General Assembly, under the heading of investment costs, of \$115,830 (gross) for 1972 and supplementary estimates of \$31,530 (gross) for 1971. These represent an increase in the number of staff provided to three in the Professional category and four in the General Service category. The Board expressed its appreciation to the Secretary-General and his representative on the Board charged with the investments for their constant efforts to improve the management of the portfolio and to maximize its returns.

25. The adequacy of the contractual arrangement for the actual operation and management of the portfolio by a single agent in New York was also examined by the Board. The agent in question provides a variety of managerial, custodian and advisory services in return for an annual fee governed by the current market value of the assets. The concern of the Board was principally to determine whether, with the growth and diversification of the portfolio, these services continued to respond as effectively as might be necessary to the Fund's expanding needs. The Secretary-General having undertaken to place before it in the near future the results of detailed investigations he intended to pursue into the

relative advantages and disadvantages of certain alternative arrangements in prospect, the Board decided to suggest no change in the machinery for the present. In the course of the discussion, however, several possibilities were noted - including division of the portfolio between two or more institutional managers, introducing a separate manager for investment outside the United States, recourse to specialist advisory services in such fields as real estate, and study and further improvement of the methods of handling short-term investments.

26. The Board noted, finally, that two members of the Investments Committee would be retiring at the end of 1971 and that in accordance with the Regulations it would be consulted, through its Standing Committee, with respect to the new appointments which the Secretary-General would propose for confirmation by the General Assembly.

Rates of currency exchange

27. The Board considered at some length the problems posed by the upward revaluation - which had already occurred - of certain European currencies in terms of the United States dollar, and the uncertainties on this aspect which seemed probable in the future. The Fund collects its contributions in United States dollars and discharges its obligations, in the form of benefit payments, either in that currency or in whatever other is requested by the recipient, at the rate obtainable against the United States dollar on the date of payment. In the case of a currency in which payment is being made depreciating in value in relation to the United States dollar, the recipient improves his position initially by the amount of the difference, but invariably reverts in due course to one not greatly different from the original through the accompanying upward movement, over the short or long term, in local price levels. For this reason the Board has never considered it warranted in such circumstances, to attempt to regulate payments from the Fund in any compensatory manner. In the case of a currency gaining in exchange value against the United States dollar, however, the reverse position which obtains is not normally characterized by any particular reduction in commodity price levels, and the recipient is then faced not only with a smaller pension in local currency but a diminished purchasing power unlikely to be improved by market forces. It was this position, and the possibility of its recurrence elsewhere, which occasioned the Board's concern.

28. After a full discussion, agreement was reached that measures to deal equitably with the pensioners concerned should be studied. The exact nature of these measures, however, was acknowledged to be a matter of some complexity, and most members felt that an ad hoc interim recommendation to the General Assembly, before all the implications had been examined, would be unwise. There are problems, for instance, in countries where inflation has severely eroded the value of pensions in payment, which approximate very closely to those which result directly from currency revaluations; and the Board felt that any solution which it eventually proposed should attempt to cover those situations also. Broadly speaking, it envisages some modification, or refinement perhaps, in the arrangement introduced with General Assembly approval some years ago, under which pensions in payment are adjusted upwards in accordance with world-wide cost-of-living movements as reflected in the post adjustment system for serving staff in the Professional and higher categories. The Board has for a number of reasons never been entirely satisfied with this arrangement and agreed that this was a

convenient opportunity for it to be reviewed. It was decided, in consequence, to study the revaluation problems further in conjunction with this review, but to propose no action to the General Assembly for the time being.

29. As a result of recommendations made later in this report with respect to certain improvements in the benefits system, pensions currently in payment will, upon Assembly approval, be increased by 5 per cent from 1972 onwards, which should in the meanwhile offset to a degree the hardships suffered by the pensioners in question.

C. Recommendations for action by the General Assembly

30. The decisions mentioned in paragraph 13 above, requiring the approval of the General Assembly, are described in the paragraphs which follow. These comprise changes in the benefit system - entailing amendments to the Regulations of the Fund and to the General Assembly resolution currently governing the payment of cost-of-living adjustments - estimates of administrative expenses for 1972 and supplementary estimates for 1971, and certain further amendments to the Regulations designed to improve the administration of the Fund.

Changes in the benefit system

31. The Board has consistently held the view that the member organizations should conform as far as they could to the standards of good employers in improving pension benefits, a responsibility which it believes is accentuated by the special nature of the international service, and that this is an increasingly important factor in their ability to recruit and retain competent staff from all Member States. It has been aware at the same time that improvements are necessarily subject to considerations of cost and that in this respect the relatively late ages at which staff join the service of the organizations, and the early age prescribed for their statutory retirement, absorb substantial resources which would otherwise be available for benefit purposes. Because of the first, contributions are paid over a shorter period of service and because of the second, benefits must be calculated over a longer period of retirement.

32. The Board has borne these factors in mind in developing its recommendations and, as on previous occasions, has taken pains to ensure that its proposals will not prejudice the Fund's financial self-sufficiency or impinge upon the budgets of the member organizations in any way. To this end, in conjunction with the biennial actuarial valuation of the Fund carried out by the consulting actuary as of 30 September 1970, it requested cost estimates to be provided of a range of benefit improvements which it considered desirable in principle - with a view to selecting those which would, in combination, be within any actuarial surplus that the valuation might disclose. The valuation itself was carried out under the supervision of the Fund's Committee of Actuaries ^{3/} and in accordance with methods and assumptions approved by the Board. The same Committee later reviewed

^{3/} An independent, expert Committee appointed by the Secretary-General under article 9 of the Fund's Regulations, consisting at present of Mr. Gonzalo Arroba, Director of the Centro Interamericano de Estudios de Seguridad Social, Mexico; Mr. Robert J. Myers, formerly Chief Actuary of the Department of Health, Education and Welfare, Washington, D.C. (and currently President of the American Academy of Actuaries and the Society of Actuaries); and Mr. Francis Netter, Conseiller-Maitre à la Cour des Comptes, Paris.

both the results of the valuation and the cost estimates produced, and concurred therein in its report to the Board.

33. In summary, the results of the valuation show that the Fund is currently in sound actuarial condition and has sufficient financial resources in hand to support modest benefit improvements. These resources amount, in actuarial terms, to a surplus of about \$100 million over the amount required to meet the present and anticipated liabilities of the Fund in the form of benefit payments. The Board believes, for the reasons indicated above, that subject to the retention of an appropriate portion as a safety margin, this surplus should be used to improve the benefits payable by the Fund.

34. The improvements which the Board recommends, all of which can be accommodated within the available surplus, are the following:

(a) The Board recommends an alteration in the formula used for computing final average remuneration (a percentage of which, depending upon length of service, determines the pension) from the average annual pensionable remuneration over the last five years of contributory service to the average over the best three years out of the last five. The change is well in line with modern pension practice and can be expected to produce an increase in future pensions paid averaging about 5 per cent, depending upon individual salary progressions over the three years in question. The Board recommends that the improvement be applied at the same time to pensions already in payment at the date of its introduction, at the flat rate of 5 per cent. The cost of this measure in actuarial terms would be about \$56.8 million.

(b) In line with the above, the Board recommends a reduction in the period over which the movement of the post adjustment element in pensionable remuneration is averaged in order to produce the index by which cost-of-living supplements are applied by the Fund to benefits in payment, from five to three years. The justification here is partly the technical one that the period in question should continue to coincide with that used for determining final average remuneration - in order to maintain the concordance between existing pensions and those coming into payment - and partly that of reducing to some degree the time-lag between increases in the cost of living and application of the corresponding supplement to the benefit in payment. The cost in this instance is about \$1.3 million in actuarial terms.

(c) (i) The Board recommends a change in the formula for computing the early retirement benefit (payable upon separation between ages 55 and 60) under which the existing strictly mathematical reduction in the pension of about 6 per cent for each year short of 60 - corresponding to the longer period over which it will on the average be paid - would be diminished to 2 per cent per year where the retiring participant has at least 25 years of contributory service to his credit. The Board agrees with other bodies which have considered this question that it is a service both to the individual and to the organization that early retirement should to a limited degree be facilitated. The cost of the measure is estimated at \$15.5 million.

(ii) The Board considered the possibility of recommending elimination of the reduction factor altogether, as well perhaps as reducing the qualifying service period to 20 years. It was conscious, however, that to do this would require

financing beyond that at present available. It wishes to record its belief none the less that more attractive voluntary early retirement provisions in this sense are highly desirable, and remain one of its objectives, if the financing problem can be solved. The Board believes that important progress could be made in this direction - as well as in that of raising the level of benefits in general - if serious thought were now given by the member organizations to the question of raising the statutory retirement age prescribed under their staff regulations.

(iii) As has been pointed out in paragraph 31 above, the age of retirement is a critical cost factor in the financing of any pension fund. The benefit estimates produced by the Consulting Actuary for the United Nations Fund show, for instance, that for each year above 60 by which the average retirement age increases, the cost of the scheme as a whole is reduced (or a surplus created) of about \$60 million. The Committee of Actuaries has more than once drawn attention to this feature; and it has now become evident to the Board, from the comparative study it has made of national practice, that the Fund is practically unique in being obliged to base its financing - and consequently the level of benefits which can be provided - on the requirement by most organizations ^{4/} that staff be compulsorily retired at or about the age of 60. The executive heads have, it is true, a discretion under the staff regulations to retain staff on an individual basis beyond that age, but this has not so far been significantly utilized. The Board noted however - and based its present recommendation with respect to early retirement in part thereon - a limited undertaking made by the executive heads in the Administrative Committee on Co-ordination that they would in the future, in all appropriate cases, extend the application of this discretion, in such manner that some increase could be expected to result in the average retirement age, which would compensate, in actuarial terms, for the cost to the Fund of the liberalized early retirement provision now recommended. The Board welcomes this initiative.

(d) The fourth change which the Board recommends is a minor one, but important to those whose benefits would otherwise be very low, and is submitted as a measure of basic social security. It is also without significant cost implications. The change would provide a minimum benefit of \$300 per annum, whenever the annual amount of a disability, retirement or widow's benefit would under the existing provisions be less than that amount, subject to the benefit to which the increase is applied being the only benefit payable, and to its not exceeding the final average remuneration of the participant.

(e) Finally, the Board recommends a change, without any cost implications whatever, under which a married female participant entitled to a normal, early or deferred retirement benefit, would be able to opt to receive a reduced benefit in consideration of payment by the Fund to her spouse, in the event of his surviving her, of a widower's benefit at the rate provided for under the Regulations. The option was proposed to the Board at the instance of the female participants in the Fund, and is intended as a complement - for those who wish to avail themselves of it - to the relatively restrictive provisions which otherwise govern entitlement to a widower's benefit on the death, either in service or after retirement, of a female participant. The provisions in question, which

^{4/} FAO has for some years been a notable exception. It has a standard retirement age of 62 for Headquarters staff and 65 for field staff.

were adopted by the General Assembly in 1969 after much deliberation by the Board, enable a widower's benefit normally to be paid only if the surviving male spouse is able to establish that he is without means to support himself and is unable, by reason of age or infirmity, to engage in substantial gainful employment.

35. The above recommendations, adopted unanimously by the Board, involve a commitment of some \$73.6 million out of the total surplus of approximately \$100 million mentioned above, leaving a safety margin of \$26.4 million. In the light of expert advice furnished by the actuaries, the Board considered this margin adequate under existing circumstances. A draft resolution embodying the recommendations is set forth in annex IV for consideration by the General Assembly, and the revisions to the Fund's Regulations in annex V. The Board recommends that these be made effective on 1 January 1972.

Administrative expenses

36. The Regulations of the Fund provide, in article 15, that expenses incurred by the Board in the administration of the Fund - as distinguished from those incurred by member organizations in local pension administration - shall be met by the Fund itself, and that estimates thereof shall be submitted annually to the General Assembly for approval. The Board submits, under this head, estimates of \$907,830 (net) for 1972, and supplementary estimates of \$92,230 (net) for 1971 (see annex VI below). These expenses are a charge entirely on the Fund and do not involve the budget of the United Nations or any other member organization.

37. The Board wishes to observe in general on the estimates, that the guideline recommended by the actuaries and followed for a number of years - of distinguishing between administrative costs, properly so-called, and investment costs, and of holding the former within 0.14 per cent of the total pensionable remuneration of the Fund's participants - has been maintained. The investment costs, which for 1972 include provision for increased staff assistance to the United Nations Office of the Controller than has hitherto been furnished (see paragraph 24 above), as well as for the contractual fee payable to the financial institution responsible for the day-to-day management of the investments, amount to \$490,530. The balance, which represents administrative costs, is \$417,300 - about 0.12 per cent of total pensionable remuneration as at 30 September 1970 (compared with 0.13 for the previous year).

38. The over-all net increase in the estimates of \$169,510 (annex VI, table 1) is accounted for largely by the higher total provision made in 1972 - some \$164,130 - for investment costs, which is reflected partly also in the supplementary estimates for 1971 (annex VI, table 3). The comparatively small corresponding increase in the administrative costs is due principally to the phasing out of the expense connected with implementation of the 1969/1970 management survey, and to the fact that no provision requires to be made in 1972 for an actuarial valuation - both of which operate as offsetting factors against the regular annual rise occurring in salaries and wages. Beyond the seven additional staff requested by the Secretary-General and referred to in paragraph 37 above, the regular staff of the Fund secretariat will not be increased for 1972, as may be seen from the manning table provided in annex VI, table 2.

39. In so far as the supplementary estimates for 1971 are concerned, the principal item is an additional \$31,530 representing the costs for the balance

of 1971 of the further staff assistance provided to the United Nations Office of the Controller for investment management. Other items include an amount of \$15,600 in respect of salary increases applicable in July 1971, \$15,600 in respect of additional temporary assistance - the greater part of which is required for the conversion of the Fund's 7,044 computer programmes to the 360/40 computer now in service - \$12,500 as a supplementary charge in connexion with the 1971 actuarial valuation for the preparation of the benefit cost estimates referred to in paragraph 32 above, and \$13,200 for the printing of a new explanatory booklet for the Fund's participants.

Amendments to the Regulations

40. The amendments to the Regulations of the Fund, additional to those required to implement the benefit changes referred to earlier, are proposed by the Board for the purpose of simplifying in one particular area the administrative processes currently in use. In brief, the amendments are designed to replace the present complex procedures under which a participant on leave without pay is enabled to retain coverage by the Fund by paying in instalments both his own and the organization's contributions, either during his absence or within 12 months of returning to work, by a procedure under which death and disability coverage will be maintained gratis by the Fund during the period of absence, with an option to the participant on his return to obtain credit for the period as contributory service by paying the equivalent of the combined contributions in a lump sum.

41. The present leave without pay provisions, although they do not involve any particularly large number of cases on the average, have nevertheless over the years been the source of a quite inordinate degree of administrative complication, owing mainly to the variety of options and instalment payments open to the participant. On the advice of the consultants who performed the recent management survey of the Fund's administration, the Board has sought ways of reducing such complications whenever it appeared possible to do so without prejudice to established participants' rights. In the case in point, a fairly substantial administrative "streamlining" will be effected by limiting the participant to the single option of a lump-sum payment to the Fund within 12 months of his return, in order to secure recognition of the leave without pay as reckonable service for benefit purposes. The Fund would, for its part, provide free and automatic coverage during his absence, the cost of which the Board has established to be actuarially negligible.

42. Details of the amendments, for which the approval of the General Assembly is required, are included in annex V.

D. Standing Committee

43. The Board elected the following as members and alternate members of its Standing Committee which, under article 4 of the Regulations, acts on its behalf when the Board is not in session:

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
<u>United Nations (Group I)</u>		
Mr. G.J. McGough	Mr. S. Refshal	General Assembly
	Mr. A. Bender	General Assembly
	Mr. T. Naito	General Assembly
Mr. W.H. Ziehl	Mr. M. Heenan	Secretary-General
	Mr. D. Miron	Secretary-General
	Mr. C. Timbrell	Secretary-General
Mrs. P.K. Tsien	Mr. A. Landau	Participants
	Mr. A.J. Friedgut	Participants
	Mr. M. Schreiber	Participants

Specialized agencies (Group II)

Mr. E. Aujaleu (WHO)	Dr. M.U. Henry (WHO)	Governing Body
Mr. M. Bardoux (ITU)	Mr. L. Alonso de Huarte (IAEA)	Executive Head
Mr. K. Doctor (ILO)	Mr. N. MacCabe (ILO)	Participants
	Mr. V.T. Chivers (ILO)	Participants

Specialized agencies (Group III)

Mr. R. Said (UNESCO)	Mr. R. Prohme (UNESCO)	Governing Body
Mr. J.J. Rolian (ICAO)	Mr. W.H. Collins (ICAO)	Executive Head
Mr. W.K. Mudie (FAO)	Mr. I.L. Posner (FAO)	Participants
	Mr. V. de Silva (FAO)	Participants

44. The text of the present report, by direction of the Board, was approved by the Standing Committee at its 132nd meeting, held on 8 and 9 November 1971. The Standing Committee approved at the same time, on behalf of the Board, the provisional amendments to the Fund's Administrative Rules (as set forth in document JSPB/G.4/Rev.7) appearing in annex VII, to become operative on 1 January 1972 in the event of approval by the General Assembly of the amendments proposed by the Board to the Regulations of the Fund in the present report.

ANNEX I

Statement 1

Financial statements and schedules for the year ended 30 September 1970Statement of assets and liabilities as at 30 September 1970
with comparative figures as at 30 September 1969

		1970	1969
	\$	\$	\$
<u>Assets</u>			
Cash in banks		2,405,185.07	6,801,827.61
Contributions receivable from member organizations		3,630,739.10	4,074,770.05
Accounts receivable		74,410.61	879.62
Accrued income from investments		5,453,270.60	4,863,107.66
Receivable for securities sold		—	2,760,397.47
Investments (schedules 4 and 5)			
Bonds - at cost			
(market value - \$201,961,913.00)	247,244,366.15		
Convertible bonds - at cost			
(market value - \$54,818,320.00)	63,096,882.17		
Stocks - at cost			
(market value - \$228,840,490.00)	210,777,931.97	521,119,180.29	449,247,436.03
Prepaid benefits		599,281.78	409,795.72
		<u>533,282,067.45</u>	<u>468,158,214.16</u>
<u>Liabilities and principal of the Fund</u>			
Benefits payable		2,219,120.73	2,245,422.52
Held in trust		1,635,582.71	1,511,917.10
Payable for securities purchased		1,420,142.23	6,920,264.54
Other accounts payable		318,080.87	542,111.30
Contingency account (schedule 2)		22,134,100.14	21,758,421.73
Principal of the Fund (schedule 1)			
Balance at 1 October 1969	435,180,076.97		
Excess of income over expense for the year ended 30 September 1970	70,374,963.80	505,555,040.77	435,180,076.97
		<u>533,282,067.45</u>	<u>468,158,214.16</u>

Certified correct:

(Signed) B.R. Turner,
Controller, United Nations(Signed) Arthur C. Liveran,
Secretary,
United Nations Joint Staff Pension
Board

12 March 1971

AUDIT CERTIFICATE

The Statement of assets and liabilities with comparative figures for 1969 and 1970 of the United Nations Joint Staff Pension Fund for the financial year ended 30 September 1970 has been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that, in our opinion, the financial statement is correct.

(Signed) A.I. OSMANY
Comptroller and Auditor-General of Pakistan(Signed) A.M. HENDERSON
Auditor-General of Canada(Signed) J.E. ESCALLON O.
Controller-General of Colombia

18 June 1971

Statement 2

Statement of income and expense for the year ended 30 September 1970
with comparative figures as at 30 September 1969

	1970	1969
	\$	\$
<u>Income</u>		
Contributions by staff members of participating organizations - full participants		
7 per cent of pensionable remuneration	22,918,313.03	19,719,986.71
Additional contributions to make past service pensionable	1,922,127.12	2,212,373.83
Refund of benefits to restore previous pensionable service	185,267.90	234,305.65
Voluntary deposits for purchases of additional benefits	79,193.34	74,923.33
14 per cent of pensionable remuneration for periods of leave without pay	<u>19,744.54</u>	<u>18,163.04</u>
	<u>25,124,645.93</u>	<u>22,259,752.56</u>
Contributions by participating organizations on behalf of full participants		
14 per cent of pensionable remuneration	45,836,626.06	39,439,973.42
Additional contributions to make past service pensionable	3,974,533.53	4,628,873.32
Less deductions for validations under article 25(c)	<u>1,227,774.32</u>	<u>1,455,286.52</u>
	<u>48,583,385.27</u>	<u>42,613,560.22</u>
Contributions by participating organizations on behalf of associate participants	<u>460,821.77</u>	<u>1,104,174.03</u>
Interest received from participants and participating organizations on retroactive contributions and refund of benefits	<u>348,309.05</u>	<u>358,790.22</u>
Contributions with interest received from non-member organizations for participants transferred under agreements with other funds	<u>19,537.57</u>	<u>45,422.75</u>
Excess of actuarial cost over regular contributions with interest	<u>5,200.73</u>	<u>7,441.96</u>
Investment income		
Interest earned	14,854,809.64	13,530,191.47
Accumulation of discount and amortization of premium	—	425,546.37
Dividends	5,346,537.46	3,798,843.06
Profit on sales of investments (net)	<u>(1,194,721.72)</u>	<u>1,998,272.33</u>
	<u>19,006,625.38</u>	<u>19,752,853.23</u>
Total income, carried forward	<u>93,548,525.70</u>	<u>86,141,994.97</u>

Statement 2 (continued)

	<u>1970</u>	<u>1969</u>
	\$	\$
Total income, brought forward	<u>93,538,995.54</u>	<u>86,141,994.97</u>
<u>Expense</u>		
Operating expenses:		
Benefits - former full participants		
Final cash settlements (including commutation of annuities)	5,029,094.90	3,952,115.39
Retirement benefits	8,413,838.35	5,996,589.30
Death benefits (other than to children)	953,164.42	776,163.91
Children's benefits	486,314.62	382,792.84
Disability benefits	250,617.52	196,413.55
Annuities	<u>1,857,478.71</u>	<u>1,053,991.04</u>
	<u>16,990,508.52</u>	<u>12,358,066.03</u>
Benefits - former associate participants		
Death benefits (other than to children)	149,961.54	131,484.60
Children's benefits	83,479.08	77,347.66
Disability benefits	<u>44,129.89</u>	<u>47,535.51</u>
	<u>277,566.51</u>	<u>256,367.77</u>
Contributions with interest remitted to non-member organizations for participants transferred under agreements with other Funds	<u>138,850.20</u>	<u>134,224.71</u>
Contributions refunded to member organizations under article 26	<u>2,222,755.16</u>	<u>834,271.01</u>
Administrative expenses:		
Administrative cost	353,350.62	338,391.70
Investment costs chargeable to gross income from investments	<u>246,505.78</u>	<u>226,376.06</u>
	<u>599,856.40</u>	<u>564,767.76</u>
Other expenses:		
Adjustments to prior year benefits (net)	<u>133,043.91</u>	<u>65,362.19</u>
Total expenses	<u>20,362,580.70</u>	<u>14,213,059.47</u>
Excess of income over expense for year	<u>73,185,945.00</u>	<u>71,928,935.50</u>
Excess income transferred to:		
Principal of the Fund	70,374,963.80	66,037,869.27
Contingency Account	<u>2,810,981.20</u>	<u>5,891,066.23</u>
	<u>73,185,945.00</u>	<u>71,928,935.50</u>

Certified correct:

(Signed) Arthur C. Liveran, Secretary,
United Nations Joint Staff Pension Board

- a/ Adjusted, for purposes of comparison with 1970, to reflect gross investment income in the amount of \$6,117,442.29.
- b/ Adjusted, for purposes of comparison with 1970, to reflect investment costs in the amount of \$226,376.06.

AUDIT CERTIFICATE

The Statement of income and expense with comparative figures for 1969 and 1970 of the United Nations Joint Staff Pension Fund for the financial year ended 30 September 1969 has been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that, in our opinion, the financial statement is correct.

(Signed) A.I. OSMANY
Comptroller
General of Pakistan

(Signed) A.M. HENDERSON
Auditor General of
Canada

(Signed) J.E. ESCALLON O.
Controller-General
of Colombia

18 June 1971

Schedule 1

Schedules for the year ended 30 September 1970Principal of the Fund

	\$	\$
<u>Pension reserve</u>		
Former full participants	101,491,365.52	
Former associate participants	<u>2,965,333.37</u>	
Balance as at 30 September 1970		104,456,698.89
<u>Participants' account</u>		
Balance as at 30 September 1970		129,683,853.06
<u>Accumulation account</u>		
Full participant	261,561,894.41	
Associate participant	<u>9,852,594.41</u>	
Balance as at 30 September 1970		<u>271,414,488.82</u>
Principal of the Fund as at 30 September 1970		<u>505,555,040.77</u>

Schedule 2

Contingency account

	\$	\$
As at 30 September 1969		21,758,421.73
Excess of investment income over actuarial yield, as detailed below:		
Interest earned	14,854,809.64	
Dividends	<u>5,346,537.46</u>	
	20,201,347.10	
Less:		
Portion of administrative expenses applicable to the investment of the Fund	<u>246,505.78</u>	
	19,954,841.32	
3 1/4 per cent actuarial yield on average assets of the Fund	<u>15,949,138.40</u>	4,005,702.92
Plus: Profit on sales of investments	1,586,770.14	
Less: Loss on sales of investments	<u>2,781,491.86</u>	(1,194,721.72)
Excess of investment income (net) for the fiscal year to 30 September 1970 (Statement 2)		2,810,981.20
Less: Amount credited in prior years as amortization of premium and accumulation of discount upon decision to discontinue this practice		<u>2,435,302.79</u>
Balance as at 30 September 1970		<u>22,134,100.14</u>

Schedule 3

Schedule of administrative expenses

	<u>Administrative costs</u>	<u>Investments costs</u>
	\$	\$
Established posts	186,507.35	
Overtime and temporary assistance	85,019.20	
Common staff costs	45,302.18	
Custodial services and investment counsel		224,068.28
Consultants	49,529.04	
Travel of staff	5,301.84	
	<u>371,659.61</u>	<u>224,068.28</u>
Staff assessment	(51,123.26)	
	<u>320,536.35</u>	<u>224,068.28</u>
Investment Committee		7,000.00
Committee of Actuaries	500.00	
External audit	6,000.00	
Staff and computer services rendered by the United Nations	20,000.00	15,000.00
Communications services	4,000.00	
Hospitality	1,080.76	
Miscellaneous charges	1,233.51	437.50
	<u><u>353,350.62</u></u>	<u><u>246,505.78</u></u>

SUMMARY STATEMENT OF INVESTMENTS

AS AT 30 SEPTEMBER 1970

(000'S OMITTED)

Schedule 4

	BALANCE 1 OCTOBER 1969		PURCHASES AND ACQUISITIONS		SALES, MATURITIES AND EXCHANGES			PROCEEDS SALE OF STOCK RIGHTS	PRIOR YEARS AMORTIZATION REVERSED	DISCOUNT RECORDED TO INCOME	BALANCE 30 SEPTEMBER 1970		INCOME 1969/1970	AVERAGE YIELD ON COST VALUE
	PAR VALUE	BOOK VALUE	PAR VALUE	COST	PAR VALUE	PROCEEDS	PROFIT OR (LOSS)				PAR VALUE	COST		
<u>UNITED STATES DOLLAR - BOND SECTION</u>														
United States Government Agency and Authority Bonds	8,100	8,057	4,498	4,438	1,000	1,034	35		(21)		11,598	11,475	405	5.83
Other Government Bonds	21,527	21,196	3,050	3,030	3,895	3,690	(162)		(57)		20,682	20,317	1,195	6.22
Corporate Bonds														
Railroads	4,583	4,528			25	25			(72)		4,558	4,431	201	4.54
Public Utilities	64,500	61,912	32,450	32,309	22,629	22,685	96		(1,556)	80	74,321	70,156	2,808	4.79
Industrials	115,811	114,197	114,762	112,337	98,700	97,829	(436)		(589)	28	131,873	127,708	6,720	5.41
International Monetary Agencies	5,634	5,619	2,000	2,000	265	215	(49)		(31)		7,369	7,324	260	5.54
Total United States Dollars - Bond Section	220,155	215,509	156,760	154,114	126,514	125,478	(516)		(2,326)	108	250,401	241,411	11,589	5.72
<u>UNITED STATES DOLLAR CONVERTIBLE BOND SECTION</u>														
Corporate Bonds														
Public Utilities	3,882	3,791	1,000	1,023	1,000	1,023					3,882	3,791	160	4.39
Industrials	53,654	56,469	7,240	7,237	9,982	9,592	(690)				50,912	53,423	2,610	4.52
Total United States Dollar Convertible Bond Section	57,536	60,260	8,240	8,260	10,982	10,615	(690)				54,794	57,214	2,770	4.51
<u>UNITED STATES DOLLAR - STOCK SECTION</u>														
Financial		4,649		2,195		883	(153)	1				5,807	278	5.33
Public Utilities		19,976		4,894		648	(206)	55				23,962	956	4.45
Consumer		40,301		21,731		387	20					61,664	1,191	2.31
Semi-Capital		27,466		7,086		1,509	461	7				33,497	1,214	3.92
Capital		32,968		7,564		4,308	(778)					35,445	556	1.50
Total United States Dollar Stock Section		125,360		43,470		7,736	(656)	63				160,375	4,195	2.90
Total Investment United States Dollars		401,129		205,844		143,829	(1,862)	63	(2,326)	108		459,000	18,554	
<u>NON-UNITED STATES DOLLAR BOND SECTION</u>														
Canadian Government Bonds	2,153	2,069			186	188	3		(69)		1,967	1,815	87	4.69
Provincial Government Bonds	3,120	3,088							(31)		3,120	3,057	173	5.67
Corporate Bonds														
Public Utilities	783	777							(9)		783	768	43	5.64
Industrials	462	451			265	232	(24)				196	194	23	7.78
Total United States Dollars Equivalent - Non United States Dollars Bond Section	6,518	6,385			451	420	(21)		(109)		6,067	5,834	326	5.17
<u>NON-UNITED STATES DOLLAR CONVERTIBLE BOND SECTION</u>														
Corporate Bonds														
Industrials	2,451	6,791	3,424	4,047	4,178	4,965	10				4,697	5,883	170	3.44
Total United States Dollars Equivalent - Non United States Dollar Convertible Bond Section	5,451	6,791	3,424	4,047	4,178	4,965	10				4,697	5,883	170	3.44

	<u>BALANCE 1 OCTOBER 1969</u>		<u>PURCHASES AND ACQUISITIONS</u>		<u>SALES, MATURITIES AND EXCHANGES</u>			<u>PROCEEDS SALES OF STOCK RIGHTS</u>	<u>PRIOR YEARS AMORTIZATION REVERSED</u>	<u>DISCOUNT RECORDED TO INCOME</u>	<u>BALANCE 30 SEPTEMBER 1970</u>		<u>INCOME 1969/1970</u>	<u>AVERAGE YIELD ON COST VALUE</u>
	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>PAR VALUE</u>	<u>COST</u>	<u>PAR VALUE</u>	<u>PROCEEDS</u>	<u>PROFIT OR (LOSS)</u>				<u>PAR VALUE</u>	<u>COST</u>		
<u>NON-UNITED STATES DOLLAR STOCK SECTION</u>														
Financial		6,955		5,161		1,443						10,673	261	2.81
Public Utilities		982										982	37	4.01
Consumer		11,166		7,405		1,868	401	20				17,084	278	2.61
Semi-Capital		8,028		4,292		1,640	279	1				10,958	305	3.22
Capital		8,682		1,785								10,467	270	3.08
Construction				<u>232</u>								<u>232</u>		
Total United States Dollars Equivalent - Non United States Dollars Stock Section		35,813		18,882		4,951	680	21				50,403	1,151	2.91
Total Investment equivalent of United States Dollars		48,989		22,929		10,336	669	21	(109)			62,120	1,647	
Grand Totals:		450,118		228,773		154,165	(1,193)	84	(2,435)	108		521,120	20,201	4.42
												Less Investment Costs:	<u>247</u>	
												Net Investment Income:	19,954	
												Earned Yield on average Investments of the Fund:	485,183	4.35
												Earned Yield on Average Assets of the Fund:	490,743	4.30

COMPARISON OF COST VALUE AND MARKET VALUE OF INVESTMENTS
AS AT 30 SEPTEMBER 1969 AND 30 SEPTEMBER 1970

Schedule 5

	BALANCES AT 30 SEPTEMBER 1969				BALANCES AT 30 SEPTEMBER 1970			
	COST VALUE \$	PER CENT OF TOTAL %	MARKET VALUE \$	MKT. VALUE TO COST %	COST VALUE \$	PER CENT OF TOTAL %	MARKET VALUE \$	MKT. VALUE TO COST %
<u>UNITED STATES DOLLAR BOND SECTION</u>								
United States Government Bonds	8,036,404	1.8	6,404,000	79.7	11,474,656	2.2	10,002,920	87.2
Other Government Bonds	21,099,047	4.7	17,440,970	82.7	20,316,705	3.8	15,964,030	78.6
Corporate Bonds								
Railroads	4,455,781	1.0	3,563,150	80.0	4,430,781	0.9	3,445,650	77.8
Public Utilities	60,348,326	13.5	43,817,090	72.6	70,156,004	13.5	53,372,880	76.1
Industrials	113,547,270	25.4	95,786,763	84.4	127,707,586	24.5	108,429,423	84.9
International Monetary Agency Bonds	<u>5,584,400</u>	<u>1.2</u>	<u>4,065,480</u>	<u>72.8</u>	<u>7,324,475</u>	<u>1.4</u>	<u>5,783,050</u>	<u>79.0</u>
Total United States Dollar Bond Section	213,071,228	47.6	171,077,453	80.3	241,410,207	46.3	197,002,953	81.6
<u>UNITED STATES DOLLAR CONVERTIBLE BOND SECTION</u>								
Corporate Bonds								
Public Utilities	3,791,273	0.8	3,115,680	82.2	3,791,273	0.7	2,852,480	75.2
Industrials	<u>56,468,624</u>	<u>12.7</u>	<u>54,683,560</u>	<u>96.8</u>	<u>53,423,012</u>	<u>10.3</u>	<u>45,894,260</u>	<u>85.9</u>
Total United States Dollar Convertible Bond Section	60,259,897	13.5	57,799,240	95.9	57,214,285	11.0	48,746,740	85.2
<u>UNITED STATES DOLLAR STOCK SECTION</u>								
Insurance	4,649,175	1.0	4,615,017	99.3	5,806,919	1.1	5,976,648	102.9
Public Utilities	19,976,366	4.5	18,697,988	93.6	23,961,572	4.6	21,796,650	91.0
Consumer Goods	40,300,629	9.0	65,146,969	161.7	61,664,332	11.8	78,353,514	127.1
Semi-Capital	27,466,131	6.1	31,894,018	116.1	33,496,920	6.5	33,372,468	99.6
Capital	<u>32,967,625</u>	<u>7.4</u>	<u>36,830,554</u>	<u>111.7</u>	<u>35,444,748</u>	<u>6.8</u>	<u>33,151,527</u>	<u>93.5</u>
Total United States Dollar Stock Section	125,359,926	28.0	157,184,546	125.4	160,374,491	30.8	172,650,907	107.7
Total Investment United States Dollars	398,691,051	89.1	386,061,239	96.8	458,998,983	88.1	418,400,600	91.2
<u>NON UNITED STATES DOLLAR - BOND SECTION</u>								
Canadian Government Bonds	1,999,344	0.4	1,601,500	80.1	1,814,161	0.3	1,553,350	85.6
Provincial Government Bonds	3,057,147	0.7	2,475,300	81.0	3,057,147	0.5	2,588,720	84.7
Corporate Bonds								
Public Utilities	768,406	0.2	615,920	80.2	768,406	0.2	647,290	84.2
Industrials	<u>422,766</u>	<u>0.1</u>	<u>378,380</u>	<u>89.5</u>	<u>194,445</u>	<u>0.1</u>	<u>169,600</u>	<u>87.2</u>
Total United States Dollar Equivalent - Non United States Dollar Bond Section	6,247,663	1.4	5,071,100	81.2	5,834,159	1.1	4,958,960	85.0
<u>NON UNITED STATES DOLLAR - CONVERTIBLE BOND SECTION</u>								
Corporate								
Industrials	<u>6,790,829</u>	<u>1.5</u>	<u>7,758,466</u>	<u>114.2</u>	<u>5,882,597</u>	<u>1.1</u>	<u>6,071,580</u>	<u>103.2</u>
Total United States Dollar Equivalent - Non United States Dollar Convertible Bond Section	6,790,829	1.5	7,758,466	114.2	5,882,597	1.1	6,071,580	103.2

NON UNITED STATES DOLLAR - STOCK SECTION

Financial
Public Utilities
Consumer
Semi-Capital
Capital
Construction
Total United States Dollar Equivalent - Non United States Dollar Stock Section
Total United States Dollar Equivalent Other Currencies
Grand Total:

BALANCES AT 30 SEPTEMBER 1969				BALANCES AT 30 SEPTEMBER 1970			
COST VALUE	PER CENT OF TOTAL	MARKET VALUE	MKT. VALUE TO COST	COST VALUE	PER CENT OF TOTAL	MARKET VALUE	MKT. VALUE TO COST
\$	%	\$	%	\$	%	\$	%
6,955,245	1.6	8,410,214	120.9	10,672,863	2.0	11,199,420	104.9
982,244	0.2	1,008,000	102.6	982,244	0.2	900,000	91.6
11,165,834	2.5	14,761,860	132.2	17,084,278	3.3	19,863,504	116.3
8,027,483	1.8	10,351,812	129.0	10,957,718	2.1	11,676,584	106.6
8,682,430	1.9	10,668,663	122.9	10,467,490	2.0	12,348,475	118.0
				<u>238,848</u>	<u>0.1</u>	<u>201,600</u>	<u>84.4</u>
35,813,286	8.0	45,200,549	126.2	50,403,441	9.7	56,189,583	111.5
48,851,778	10.9	58,030,115	118.8	62,120,197	11.9	67,220,123	108.2
447,542,829	100.0	444,091,334	99.2	521,119,180	100.0	485,842,363	93.2

ANNEX II

Statistics on the operation of the Fund for the year ended 30 September 1970

Table 1. Number of full participants as at 30 September 1970

Member organi- zations	Full partici- pants as at 30 September 1969	Direct	From associate partici- pation	Transfers in	Total	Separa- tions	Transfers out	Full partici- pants as at 30 September 1970
United Nations	12,432	2,334	226	62	15,054	1,368	60	13,626
ILO	2,467	625	82	21	3,195	323	23	2,849
FAO	5,074	880	177	32	6,163	566	42	5,555
UNESCO	3,014	520	63	23	3,620	342	23	3,255
WHO	3,850	575	123	14	4,562	356	9	4,197
ICAO	663	129	21	1	814	78	3	733
WMO	285	64	11	3	363	29	1	333
ICITO	261	55	2	5	323	20	3	300
IAEA	677	144	23	2	846	78	4	764
IMCO	78	22	1	4	105	8	0	97
ITU	576	105	2	4	687	57	3	627
	<u>29,377</u>	<u>5,453</u>	<u>731</u>	<u>171</u>	<u>35,732</u>	<u>3,225</u>	<u>171</u>	<u>32,336</u>

Table 2. Number of associate participants as at
30 September 1970

Member organi- zations	Associate partici- pants as at 30 September 1969	Retro- active Admiss- ions <u>a/</u>	Transfers in	Total	Separa- tions	Transfers out	Associate partici- pants as at 30 September 1970
United Nations	459	2	2	463	325	0	138
ILO	180	0	0	180	120	0	60
FAO	336	5	0	341	222	2	117
UNESCO	133	0	0	133	102	0	31
WHO	199	1	0	200	172	0	28
ICAO	34	0	0	34	31	0	3
WMO	22	0	0	22	17	0	5
ICITO	2	0	0	2	2	0	0
IAEA	69	0	0	69	49	0	20
IMCO	1	0	0	1	1	0	0
ITU	5	0	0	5	3	0	2
	<u>1,440</u>	<u>8</u>	<u>2</u>	<u>1,450</u>	<u>1,044</u>	<u>2</u>	<u>404</u>

a/ Retroactive admissions due to erroneous separations in previous year.

Table 3. Benefits awarded to full participants or their beneficiaries
during the year ended 30 September 1970

Member organiz- ations	Retire- ment benefits	Withdrawal settlements										TOTAL
		Annuities		Lump sum		Child- ren's benefits	Widows' benefits	Other death benefits	Disabil- ity benefits	Secondary dependants' benefits	Transfer to other funds	
		Imme- diate	Defer- red	Less than 5 years	Over 5 years							
United Nations	122	13	30	994	165	117	23	4	7	1	8	1,484
ILO	27	10	19	247	13	15	5	1	1	0	0	338
FAO	42	10	52	399	48	43	7	1	3	1	2	608
UNESCO	42	10	21	253	12	20	1	2	1	0	0	362
WHO	37	11	20	235	39	58	7	1	3	1	1	413
ICAO	2	2	6	53	13	1	1	0	0	0	1	79
WMO	0	0	1	26	2	0	0	0	0	0	0	29
ICITO	2	2	0	14	0	0	1	0	1	0	0	20
IAEA	2	0	1	66	8	3	1	0	0	0	0	81
IMCO	1	0	0	4	3	0	0	0	0	0	0	8
ITU	4	0	3	41	5	8	2	1	0	0	1	65
	281	58	153	2,332	308	265	48	10	16	3	13	3,487

Table 4. Benefits paid to associate participants or their
beneficiaries during the year ended
30 September 1970

Member organizations	Widows' benefits	Children's benefits	Disability benefits	Secondary dependant's benefits	TOTAL
United Nations	0	3	0	0	3
ILO	0	0	0	0	
FAO	0	0	0	0	
UNESCO	1	0	0	0	1
WHO	1	5	0	0	6
ICAO	0	0	0	0	
WMO	0	0	0	0	
ICITO	0	0	0	0	
IAEA	0	0	0	0	
IMCO	0	0	0	0	
ITU	0	0	0	0	
	—	—	—	—	—
	2	8	0	0	10
	=	=	=	=	=

Table 5. Analysis of periodic benefits in payment on 30 September 1970
Full participants or their beneficiaries

Type of entitlement	In payment as at 30 September 1969	New	Transfer to survivor	Total	Discontinued	In payment as at 30 September 1970
Retirement benefits	1,503	281	(20)	1,764	(9)	1,755
Life annuities	597	212	(2)	807	(25)	782
Widows' benefits	495	49	22	566	(8)	558
Disability benefits	97	17	(1)	113	(3)	110
Children's benefits	929	265	--	1,194	(105)	1,089
Secondary dependants' benefits	12	3	- 1	16	(2)	14
	<u>3,633</u>	<u>827</u>	<u>-0-</u>	<u>4,460</u>	<u>(152)</u>	<u>4,308</u>

Table 6. Analysis of periodic benefits in payment on 30 September 1970
Associate participants or their beneficiaries

Type of entitlement	In payment as at 30 September 1969	New	Transfer to survivor	Total	Discontinued	In payment as at 30 September 1970
Widows' benefits	95	2	1	98	--	98
Disability benefits	19	-	(1)	18	--	18
Children's benefits	150	8	-	158	(10)	148
Secondary dependants' benefits	6	-	-	6	--	6
	<u>270</u>	<u>10</u>	<u>-0-</u>	<u>280</u>	<u>(10)</u>	<u>270</u>

ANNEX III

REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY ON THE ACCOUNTS OF THE UNITED NATIONS JOINT STAFF PENSION FUND FOR THE YEAR ENDED 30 SEPTEMBER 1970

1. In accordance with article 14 of the Regulations and Rules of the United Nations Joint Staff Pension Fund, approved by the General Assembly in resolution 2524 (XXIV), an audit of the accounts of the Fund shall be made annually by the Board of Auditors, in a manner agreed between the Board of Auditors and the Joint Staff Pension Board. Its report on the accounts shall be included in the annual report of the Joint Staff Pension Board to the General Assembly and to the member organizations.
2. The Board of Auditors, established under General Assembly resolution 74 (I), is required to audit the accounts of the United Nations Joint Staff Pension Fund in accordance with financial regulations 12.1 - 12.5 and the annex thereto.
3. The Secretary of the United Nations Joint Staff Pension Board submitted for audit the following two financial statements as at 30 September 1970 with comparative figures as at 30 September 1969, together with five related schedules.

Statement 1.	Assets and liabilities
Statement 2.	Income and expense
Schedule 1.	Principal of the Fund
Schedule 2.	Contingency account
Schedule 3.	Administrative expenses
Schedule 4.	Summary of investments
Schedule 5.	Comparison of book value and market value of investments

Scope of the audit

4. The examination of the accounts and financial statements included a general review of the accounting procedures and internal controls and such tests of the accounting records and other supporting evidence and such other auditing procedures as were considered necessary in the circumstances by the Board of Auditors.
5. The Board of Auditors has transmitted a separate long-form report containing its findings and recommendations arising from the audit to the Secretary of the United Nations Joint Staff Pension Board. Distribution of this long-form report will be made solely at his direction and accordingly copies will be made available by the Secretary of the Board of Auditors only upon receipt of that direction.

Physical verification of securities

6. The securities of the Fund totalling \$521.1 million were physically counted by the Board on a test basis from 1 to 3 March 1971. The custodian and the trustee's auditors also inspected or confirmed the securities during the year. In addition to these physical examinations, the custodian and trustee have provided a certificate that securities were held by them or their overseas agents for the account of the United Nations Joint Staff Pension Fund.

Financial statement summary

7. A comparative summary extract from the financial statements of the more significant figures is presented below:

	(In millions of US dollars)			
	<u>30 September</u>		<u>Increase</u>	<u>Per cent</u>
	<u>1970</u>	<u>1969</u>		
Total assets	535.3	468.2	67.1	14
Investments	521.1	449.2	71.9	16
Investment income	20.2	17.8	2.4	13
Excess of income over expense	70.3	66.0	4.3	7

Summary of major findings and recommendations

Investments

8. The total portfolio of investments of the Fund at cost amounted to \$521,119,180 as at 30 September 1970 as against \$449,247,436 as at 30 September 1969. The increase in the level of investment during the period under review was 16 per cent as against the increase of 18 per cent during the corresponding previous period.

9. Investments in bonds and convertible bonds have declined during the period under review with a corresponding increase in investments in stock. This is in line with the long-term objective of increasing the proportion of stocks in the Fund.

10. The proportion of investments in currencies other than United States dollars has gone up from 10.9 per cent as at 30 September 1969 to 11.9 per cent as at 30 September 1970.

11. The percentage of market value of the total investment to its book value has continuously declined from 106.7 per cent as at 30 September 1968 to 98.6 per cent as at 30 September 1969 and again to 93.2 per cent as at 30 September 1970. Bonds, convertible bonds and stocks have all contributed to this general decline but as between investments in United States and non-United States currencies, the latter as a whole have fared better in this respect and their valuation at market rate

continued to be higher than their book value. Investment in non-United States securities has thus been a more profitable activity. Of the three individual categories of investments, bonds have fared noticeably worse than convertible bonds and stocks.

Administrative costs

12. The administrative costs of the Fund in the past have been understated, firstly for the reason that account is not taken of a variety of services or facilities like office accommodation, equipment, supplies, telephone services etc. Secondly, the fixed annual remuneration of \$52,000 recovered by the United Nations from the Fund for several other services such as computer services, communications facilities, staff paid for by the United Nations but assigned to work with the Fund, possibly does not reflect the escalated value of the services at the present time considering the fact that this rate was fixed many years ago. It is understood that, at the direction of the Advisory Committee on Administrative and Advisory Services, the fixed annual recovery of \$52,000 is now under review. The Administration has been advised that the value of services and facilities being provided to the Fund by the United Nations without cost may also be assessed and charged against the Fund to enable a true presentation of the income and expenditure of the Fund and to enable a proper appraisal of the percentage of administrative costs to the total pensionable remuneration.

Implementation of previous recommendations

13. In its report to the General Assembly last year the Board made the following recommendations:

(a) The co-ordination of functions with respect to the investment of assets by the Fund should be reviewed;

(b) The investment function, including the agreement with an instructions to the custodian and agent, registration of securities, amortization procedures, cash flow analysis and forward investment planning should be re-examined by the Fund;

(c) The accounting system and procedures relating to investments by the Fund should be re-examined in the interests of improving internal financial controls;

(d) The financial statement presentation of income and expense, principal of the Fund and the contingency account should be revised so as to show the excess of total income and total expenses before transfer to the principal of the Fund and the contingency account. The Board has noted that steps are being taken by the United Nations Secretariat and the Joint Staff Pension Board towards the implementation of these suggestions.

Acknowledgement

14. The Board appreciates the co-operation it received from the Secretary of the Joint Staff Pension Board, his staff and the Secretariat of the United Nations in the discharge of its duties.

(Signed) A. I. OSMANY
Comptroller and Auditor-
General of Pakistan

(Signed) A. M. HENDERSON
Auditor-General of
Canada

(Signed) J. E. ESCALLON O.
Controller-General of
Colombia

18 June 1971

ANNEX IV

Draft resolution proposed for adoption by the General Assembly

REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

The General Assembly,

Having considered the report of the United Nations Joint Staff Pension Board to the General Assembly and to the member organizations of the Fund for 1971 and the related report of the Advisory Committee on Administrative and Budgetary Questions,

I

Amendment of the Regulations of the Fund

Decides that the Regulations of the United Nations Joint Staff Pension Fund shall be amended, with effect from 1 January 1972, as set forth in annex V of the report of the United Nations Joint Staff Pension Board to the General Assembly for 1971;

II

Application of the Regulations, as amended, to participants and former participants in the Fund

Decides that:

(a) Benefits payable to or on the account of participants whose last day of contributory service was after 31 December 1971 shall be calculated in accordance with the Regulations as amended in section 1 above;

(b) Benefits payable in periodic form to or on the account of participants whose last day of contributory service was prior to 1 January 1972, other than benefits derived from voluntary deposits under article 54 of the Regulations, shall be increased by 5 per cent with effect from that date; no increase shall be applied to benefits paid or payable in a lump sum to or on the account of participants whose last day of contributory service was prior to 1 January 1972;

(c) Benefits as in (b) above payable under article 30 of the Regulations shall, prior to the application of the increase, be recalculated in accordance with article 30 (b)(ii) of the Regulations as amended, if the contributory service of the participant on the date of his retirement was 25 years or more;

III

Adjustment of benefits in respect of cost-of-living changes

Decides that the system of adjustment of benefits in payment contained in General Assembly resolution 2122 (XX) of 21 December 1965 shall be varied, with effect from 1 January 1972, in such manner that the index provided for therein is calculated thenceforward according to the average values of the post adjustment element in the pensionable remuneration of professional staff in each of the three years immediately preceding the 1 January upon which the adjustment is applied;

IV

Administrative expenses

Approves expenses totalling \$907,830 (net) for 1972 and supplementary expenses totalling \$92,230 (net) for 1971 for the administration of the Fund, as estimated in annex VI to the report of the United Nations Joint Staff Pension Board to the General Assembly for 1971.

ANNEX V

Recommendations to the General Assembly for the amendment of the Regulations of the Joint Staff Pension Fund

Existing text	Amended text	Purpose
<u>Article 1 (h)</u>	<u>Article 1 (h)</u>	
<u>Definitions</u>	<u>Definitions</u>	
<p>(h) "Final average remuneration" shall mean the average annual pensionable remuneration of a participant during the last five years of his contributory service, or during the actual period of such service if shorter; it shall nevertheless, where contributory service commenced before 3 November 1955, mean the average during the last ten years thereof if such average is higher.</p>	<p>(h) "Final average remuneration" shall mean the average annual pensionable remuneration of a participant during:</p> <ul style="list-style-type: none"> (i) The thirty-six completed calendar months of highest pensionable remuneration within the last five years of his contributory service, or (ii) If his contributory service was less than five years, the thirty-six completed calendar months of highest pensionable remuneration within the actual period of such service, or (iii) If his contributory service contained less than thirty-six completed calendar months, the actual number of such months within his contributory service, or (iv) If his contributory service contained no completed calendar month, the actual period of such service. 	<p>To alter the basis for computing final average remuneration from the average of the last five years of contributory service to the average of the best three out of the last five such years.</p>

Existing text	Amended text	Purpose
<p><u>Article 22 (b)</u></p> <p><u>Contributory service</u></p> <p>(b) Contributory service may accrue during leave without pay if contributions are received by the Fund in accordance with article 25 (b).</p>	<p><u>Article 22 (b)</u></p> <p><u>Contributory service</u></p> <p>(b) Contributory service may accrue in respect of leave without pay if contributions are received by the Fund in accordance with article 25 (b).</p>	<p>To provide for the accrual of contributory service after, rather than during, periods of leave without pay.</p>
<p><u>Article 25 (b)</u></p> <p><u>Contributions</u></p> <p>(b) Contributions for the purpose of article 22 (b) in respect of a period of leave without pay may be made if such leave was granted for a purpose other than the performance of military service and shall be at the rate of 21 per cent of the pensionable remuneration of the participant, payable by the participant in full or by the organization in full, or in part by the participant and in part by the organization, either (i) concurrently with the leave without pay as in (a) above or, (ii) with interest, within twelve months of the resumption of participation in pay status.</p>	<p><u>Article 25 (b)</u></p> <p><u>Contributions</u></p> <p>(b) Contributions for the purpose of article 22 (b) in respect of a period of leave without pay shall be at the rate of 21 per cent of the pensionable remuneration of the participant, with interest, payable by the participant in full or by the organization in full, or in part by the participant and in part by the organization, within twelve months of the resumption of participation in pay status.</p>	<p>To provide for the payment of contributions in respect of leave without pay after return from, rather than concurrently with, such leave.</p>

Existing text	Amended text	Purpose
<u>Article 29 (b), (c) and (d)</u>	<u>Article 29 (b), (c), (d) and (e)</u>	
<u>Retirement benefit</u>	<u>Retirement benefit</u>	
(b) The benefit shall be payable either:	(b) The benefit shall, subject to (c) below, be payable either:	To provide for a new minimum benefit of 300 dollars per annum or the final average remuneration of the participant, whichever is smaller, when the retirement, disability or widow's benefit would otherwise be less.
(i) At the standard annual rate which is obtained by multiplying the years of the participant's contributory service, not exceeding thirty, by 1/50 of his final average remuneration, or	(i) (No change)	
(ii) At the minimum annual rate which is obtained by multiplying the years of the participant's contributory service, not exceeding ten, by the smaller of 180 dollars or 1/30 of his final average remuneration, if the benefit so calculated would be greater than the amount under (i) above.	(ii) (No change)	
(c) A benefit payable at the standard annual rate may be commuted by the participant into a lump sum:	(c) The annual rate of the benefit shall nevertheless not be less, when no other benefit is payable on the account of the participant under these Regulations, than the smaller of 300 dollars or the final average remuneration of the participant.	
(i) If the rate is 300 dollars or more, to the extent of one third of its actuarial equivalent or the amount of his own contributions, whichever is greater, or	(d) (as in present (c)).	
	(e) A benefit payable at the minimum annual rate or at the rate under (c) above may be commuted into a lump sum as in (d) above, if the participant elects to receive it instead at the standard annual rate.	

Existing text	Amended text	Purpose
<u>Article 29 (b), (c) and (d)</u> (continued)		
(ii) If the rate is less than 300 dollars, to the extent of its full actuarial equivalent; if a male participant is married, the prospective benefit payable to his spouse may also be commuted at the standard annual rate of such benefit.		
(d) A benefit payable at the minimum annual rate may be commuted into a lump sum as in (c) above, if the participant elects to receive it instead at the standard annual rate.		
<u>Article 30 (b) and (c)</u> <u>Early retirement benefit</u>	<u>Article 30 (b) and (c)</u> <u>Early retirement benefit</u>	
(b) The benefit shall be payable at a rate equal in actuarial value, at the age of the participant on separation, to a retirement benefit at age sixty payable at the standard annual rate.	(b) The benefit shall be payable	To lower the reduction factor applied to early retirement pensions from approximately 6 per cent per year to 2 per cent, where the participant has twenty-five years of contributory service to his credit.
(c) The benefit may be commuted by the participant into a lump sum to the extent specified in article 29 (c) for a retirement benefit.	(i) At a rate equal in actuarial value, at the age of the participant on separation, to the standard annual rate for retirement benefit, or	
	(ii) If the contributory service of the participant was twenty-five years or longer, at the standard annual rate for a retirement benefit reduced, for each year or part thereof by which the age of the	

Existing text	Amended text	Purpose
	<p><u>Article 30 (b) and (c)</u> <u>(continued)</u></p> <p>participant on separation was less than sixty, at the rate of 2 per cent per year.</p> <p>(c) No change, except that the reference to "article 29 (c)" becomes "article 29 (d)".</p>	
<p><u>Article 34 (d) and (e)</u></p> <p><u>Disability benefit</u></p> <p>(d) A benefit which is discontinued shall, if a participant who has been separated does not upon such discontinuance again become a participant, be converted as his option to a deferred retirement benefit or a withdrawal settlement, calculated as at the date of commencement of the disability benefit.</p> <p>(e) The Board may prescribe the extent to which and the circumstances in which a disability benefit may be reduced when the beneficiary, although remaining incapacitated within the meaning of this article, is nevertheless in paid employment.</p>	<p><u>Article 34 (d), (e) and (f)</u></p> <p><u>Disability benefit</u></p> <p>(d) The annual rate of the benefit shall, notwithstanding (c) above, not be less, when no other benefit is payable on the account of the participant under these Regulations, than the smaller of 300 dollars or the final average remuneration of the participant.</p> <p>(e) (as in present (d)).</p> <p>(f) (as in present (e)).</p> <p>(Insertion of a new paragraph (d)).</p>	<p>To provide for a new minimum benefit of 300 dollars per annum or the final average remuneration of the participant, whichever is smaller, when the retirement, disability or widow's benefit would otherwise be less.</p>

Existing text	Amended text	Purpose
<u>Article 35 (d), (e), (f) and (g)</u>	<u>Article 35 (d), (e), (f), (g) and (h)</u>	
<u>Widow's benefit</u>	<u>Widow's benefit</u>	
(d) The benefit shall, if the participant died after the commencement of a deferred retirement benefit which had not been commuted under article 31 (c), be payable at half the annual rate of such benefit and, if he died before its commencement, at the rate of half the actuarial equivalent at the date of his death of the annual rate of the benefit at age sixty.	(d) The annual rate of the benefit shall, notwithstanding (c) above, not be less, when no other benefit is payable on the account of the participant under these Regulations, than the smaller of 300 dollars or the final average remuneration of the participant.	To provide for a new minimum benefit of 300 dollars per annum or the final average remuneration of the participant, whichever is smaller, when the retirement, disability or widow's benefit would otherwise be less.
(e) The benefit shall be payable at periodic intervals for life or until remarriage, 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 (d) above, as the case may be.	(e) (as in present (d)).	
	(f) (as in present (e)) - except (d) in last line becomes (e).	
	(g) (as in present (f)).	
	(h) (as in present (g)) - except that (f) in second last line becomes (g).	
(f) The benefit shall, where there is more than one surviving spouse, be divided equally between the spouses, and upon the death or remarriage of each such spouse shall be equally divided among the remainder.	(Insertion of a new paragraph (d)).	
(g) A lump sum in the amount of twice the annual rate of the benefit shall, unless (f) above applies, be payable to a surviving spouse upon remarriage.		

Existing text	Amended text	Purpose
<p><u>Article 36</u></p> <p><u>Widower's benefit</u></p> <p>A widower's benefit, at the rates and under the conditions applicable in article 35 to a widow's benefit save that it shall not cease upon remarriage, shall be payable to a surviving male spouse who satisfies the Board that he is without means to support himself and is unable, by reason of age or infirmity, to engage in substantial gainful employment</p>	<p><u>Article 36</u></p> <p><u>Widower's benefit</u></p> <p>A widower's benefit, at the rates and under the conditions applicable in article 35 to a widow's benefit save that it shall not cease upon remarriage, shall be payable to the surviving male spouse of a participant:</p> <p>(a) If he satisfies the Board that he is without means to support himself and is unable, by reason of age or infirmity, to engage in substantial gainful employment; or</p> <p>(b) If his deceased spouse had elected on separation to receive a retirement, early retirement or deferred retirement benefit reduced by an amount equal in actuarial value to a benefit payable under this article.</p>	<p>To enable a female participant to provide a benefit for her surviving spouse by accepting a reduced benefit for herself.</p>
<p><u>Article 38 (c) (i)</u></p> <p><u>Secondary dependant's benefit</u></p> <p>(c) ...</p> <p>(i) In the case of a mother or father, at the rates and under the conditions applicable in article 35 (b), (c), (d), (e) and (g) to a widow's benefit, save that the Board may, in the event of remarriage, decide in its discretion to continue the benefit;</p>	<p><u>Article 38 (c) (i)</u></p> <p><u>Secondary dependant's benefit</u></p> <p>(c) ...</p> <p>(i) In the case of a mother or father, at the rates and under the conditions applicable in article 35 (b), (c), (d), (f) and (h) to a widow's benefit, save that the Board may, in the event of remarriage, decide in its discretion to continue the benefit;</p>	<p>To provide for a new minimum benefit of 300 dollars per annum or the final average remuneration of the participant, whichever is smaller, when the retirement, disability or widow's benefit would otherwise be less.</p>

Existing text	Amended text	Purpose
<p><u>Article 40</u></p> <p><u>Limitation of entitlements during leave without pay</u></p> <p>(a) Entitlement to a disability benefit or to a benefit payable in case of death, during a period of leave without pay in respect of which contributions have not been made in accordance with article 25 (b) (i), shall instead be to a withdrawal settlement calculated as of the day immediately preceding the commencement of such leave in accordance with article 32, unless the entitlement accrues within two months of the commencement of such leave, in which case the full entitlement under these Regulations shall be maintained. These benefits shall be limited in like manner, regardless of the date on which the entitlement accrues, if the leave was granted for the performance of military service.</p> <p>(b) In the event that a participant becomes entitled to a retirement, early retirement or deferred retirement benefit on separation during a period of leave without pay in respect of which contributions have not been made in accordance with article 25 (b) (i), a widow's, widower's, child's or secondary dependant's benefit shall not be payable unless entitlement thereto would have existed had the participant died on the day immediately preceding the commencement of such leave.</p>	<p><u>Article 40</u></p> <p><u>Limitation of entitlements during leave without pay</u></p> <p>(a) Entitlement to a disability benefit or to a benefit payable in case of death, during a period of leave without pay granted for the performance of military service, shall instead be to a withdrawal settlement calculated as of the day immediately preceding the commencement of such leave, in accordance with article 32.</p> <p>(b) In the event that a participant becomes entitled to a retirement, early retirement or deferred retirement benefit on separation during a period of leave without pay, a widow's, widower's, child's or secondary dependant's benefit shall not be payable unless entitlement thereto would have existed had the participant died on the day immediately preceding the commencement of such leave.</p>	<p>To provide full coverage for benefits during leave without pay except, as at present, where such leave was granted for the performance of military service.</p>

ANNEX VI

Table 1

Estimate of administrative expenses for 1972

Items of expenditure	1972 estimates	1971 appropriations (in US dollars)	1970 expenses
Salaries and wages			
Established posts	293,600.00	255,600.00	189,999.21
Overtime	8,500.00	8,500.00	12,752.31
Temporary assistance	62,700.00	48,800.00	87,642.42
Common staff costs			
Established posts	57,000.00	46,700.00	36,019.87
Temporary assistance	12,500.00	9,000.00	14,902.19
Investment costs			
Contractual investments	369,000.00	a/	a/
Salaries and wages			
Established posts	107,240.00	-	-
Common staff costs	23,590.00	-	-
Investments Committee	7,000.00	b/	b/
Miscellaneous	4,400.00	a/	a/
Consultants			
Contractual investments	c/	300,000.00	228,904.09
Actuarial services	7,000.00	37,500.00	2,144.00
Management survey	5,000.00	25,000.00	42,179.00
Miscellaneous	700.00	5,100.00	3,106.42
Travel of staff			
To meetings	4,000.00	1,800.00	2,839.93
On official business	3,100.00	1,600.00	1,146.16
On home leave	3,200.00	8,500.00	1,361.62
Cost of external audit	6,000.00	6,000.00	6,000.00
Investments Committee	c/	7,000.00	7,000.00
Committee of Actuaries	2,000.00	2,000.00	-
United Nations staff services			
Investment officer	-	15,000.00	15,000.00
Computer services	20,000.00	20,000.00	20,000.00
Hospitality	900.00	900.00	611.50
Communications services	4,000.00	4,000.00	4,000.00
	1,001,430.00	803,000.00	675,608.72
Less: staff assessment	(93,600.00)	(64,680.00)	(54,983.81)
TOTAL:	907,830.00	738,320.00	620,624.91
Increase over 1971	169,510.00		

a/ Amounts shown under consultants for 1970 and 1971.

b/ Amounts shown under a separate heading for 1970 and 1971.

c/ Amounts shown under investment costs for 1972.

Table 2
Manning table for 1972

Category and level		1972	1971	1970
<u>Director and Principal Officers</u>				
Director	(D-2)	1	1	1
Principal Officer	(D-1)	1	1	1
<u>Professional</u>				
Senior Officer	(P-5)	2	-	-
First Officer	(P-4)	3	3	2
Second Officer	(P-3)	2	1	-
Associate Officer	(P-2)	4	4	3
Assistant Officer	(P-1)	-	-	-
<u>General Service</u>				
Principal Level	(G-5)	4	4	4
Senior Level	(G-4)	13	12	7
Intermediate Level	(G-3)	10	7	6
TOTAL		40 ^{a/}	33 ^{b/}	24

a/ Includes 3 professional and 4 general service posts for investment management provided to the United Nations Office of the Controller.

b/ Does not include the additional staff provided from 1 August 1971 and referred to in foot-note a/ above. The costs for these 7 additional posts for 1971 are included in the supplementary estimates shown in Table 3.

Supplementary estimates for 1971, as compared with the appropriations^{a/} previously approved, are given in Table 3 below:

Table 3
Supplementary estimates for 1971

Description	1971 Appropriations	Revised estimate	Net increase or (decrease)
Salaries and wages			
Established posts	255,600.00	271,200.00	15,600.00
Temporary assistance	48,800.00	64,400.00	15,600.00
Common staff costs			
Established posts	46,700.00	48,300.00	1,600.00
Temporary assistance	9,000.00	9,800.00	800.00
Investment costs			
Salaries and wages			
Established posts	-	25,840.00	25,840.00
Common staff costs	-	5,690.00	5,690.00
Consultants			
Actuarial services	37,500.00	50,000.00	12,500.00
Travel of staff			
To meetings	1,800.00	7,100.00	5,300.00
Committee of Actuaries	2,000.00	3,100.00	1,100.00
Printing of explanatory booklet	-	13,200.00	13,200.00
TOTAL			97,230.00
Less: staff assessment			(5,000.00)
Total net increase			92,230.00

^{a/} Limited to items in respect of which additional appropriations are requested

ANNEX VII

Provisional amendments to the Administrative Rules of the Fund

Section G

Leave without pay

Delete the present text and substitute the following:

G.1 A participant who resumes pay status after a period of leave without pay shall, if he wishes contributory service to accrue to him in terms of article 22 (b) of the Regulations in respect of such period, give notice thereof in writing to the secretary of the committee, not later than nine months after the resumption of his participation in pay status; the notice shall include a statement of the extent, if any, to which the organization has agreed to contribute to the Fund on his behalf in respect of such period.

G.2 The secretary of the committee shall notify the participant in writing of the amount of the contributions due from him under article 22 (b), with interest to the date of the notice in rule G.1 above.

G.3 The participant shall remit the amount notified to him under rule G.2 above, to the organization, within 90 days of the date of the notification, or prior to his separation if earlier, failing which his right to contribute in respect of the period of leave without pay shall be deemed to be cancelled.

G.4 A participant who is separated while on leave without pay, and wishes contributory service to accrue to him in respect of such leave, shall give notice in like manner to the secretary of the committee, on or before the date of his separation; he shall be notified of the amount due by him in accordance with rule G.2 above, and shall remit such amount to the organization within 90 days of the date of the notification, failing which his right to contribute in respect of the leave without pay shall be deemed to be cancelled.

SECTION J

Computation and payment of benefits

Delete rules J.2 (b) and J.5 and substitute the following:

J.2 (b) In the case of a periodic benefit, payment may at the option of the participant be made monthly in advance or quarterly in arrear without interest on the arrears;

J.5 The contributory service of a participant which is used to determine his eligibility for a benefit shall be calculated according to the actual years, months and days comprised therein; for the purpose of determining his final average remuneration, incomplete months shall be disregarded except as provided in article 1 (h).

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