



Outline

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- II. Benefit Calculation**
- III. Pension Adjustment System with Two-Track Feature**
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 - Income-Replacement ratios
 - Comparative provision
- IV. Conclusion**



I. Key Factors determining Pension Benefits

The United Nations Joint Staff Pension system is a Defined Benefit plan.

The type and level of the benefit from the Fund depends on your:

- i. Age at separation
- ii. Length of contributory service (CS)
- iii. Rate at which benefit accumulates each year
- iv. Final Average Remuneration (FAR)- defined as the average of the highest 36 months of pensionable remuneration during the last five years of contributory service

Defined benefit plans average potential risks; some individuals will benefit more than others.



II. Benefit Calculation

How much is the full retirement benefit (under article 28) if recruited after 1 January 1983

- Final Average Remuneration (FAR): **\$ 180,000**
- Years of contributory service (CS): **25 yrs**
- Accumulation rate per year:

1.50% for first 5 years:	7.50%
1.75% for next 5 years:	8.75%
2.00% for next 15 years:	<u>30.00%</u>
Total	46.25%
- Full Annual Pension ($\$180,000 \times 46.25\%$): **\$ 83,250**



III. Pension Adjustment System

What is the purpose of the Pension Adjustment System?

To protect the purchasing power of a periodic benefit from inflation and, where applicable, to mitigate currency fluctuations.

Which benefits are adjusted?

The Pension Adjustment System applies to all periodic benefits. However, no adjustments are made to new deferred retirement benefits until the beneficiary reaches 55 years.



III. Pension Adjustment System

The Two-Track Feature

What is the two-track feature?

The two-track feature is an optional part of the Pension Adjustment System whereby your pension can be calculated and maintained both in US Dollars and in the currency of the country where you actually reside.

(a) US dollar track record:

All pensions are calculated initially in US Dollars, which are then adjusted by the movement of the United States Consumer Price Index (US-CPI);

(b) Local currency track (LCT) record:

If you declare a country of residence other than the US and provide acceptable proof, the Fund would establish your local currency track pension based on the country where you reside.

The local currency track is established by applying a 36 month average of exchange rates to the US \$ track entitlement, which is then adjusted by the official CPI of the country of residence.

In certain high-cost countries, a cost of living differential factor may be applied, which may increase the LCT amount significantly.



III. Pension Adjustment System

The Two-Track Feature with France as COR

Date of separation 30 June 2011
 (Applicable to Professional level)

	US track (US \$)		French Local track (Euro)
Final Average Remuneration (FAR)	\$180,000		\$180,000
Rate of Accumulation (25 years)	0.4625		0.4625
Standard Annual Benefit	\$83,250		\$83,250
		P4 Top Step	
		Pensionable Remuneration (PR)	\$183,872
		COLD Factor*	0.00
		Adjusted FAR	\$180,000
		Accumulation Rate	0.4625
		notional US \$ amount	\$83,250
monthly benefit US dollar track	\$6,938	monthly notional US \$ amount	\$6,938
equivalent in Euro (June 2011 rate)	0.702	36 month average rate	0.732

Monthly US dollar track
 equivalent in Euro 4,870

Monthly France track under
 two-track in Euro 5,078

* Cold factor: provides for adjustments to the local currency track entitlement when the 36 month average excess of post adjustment in COR is at least one class over NY.

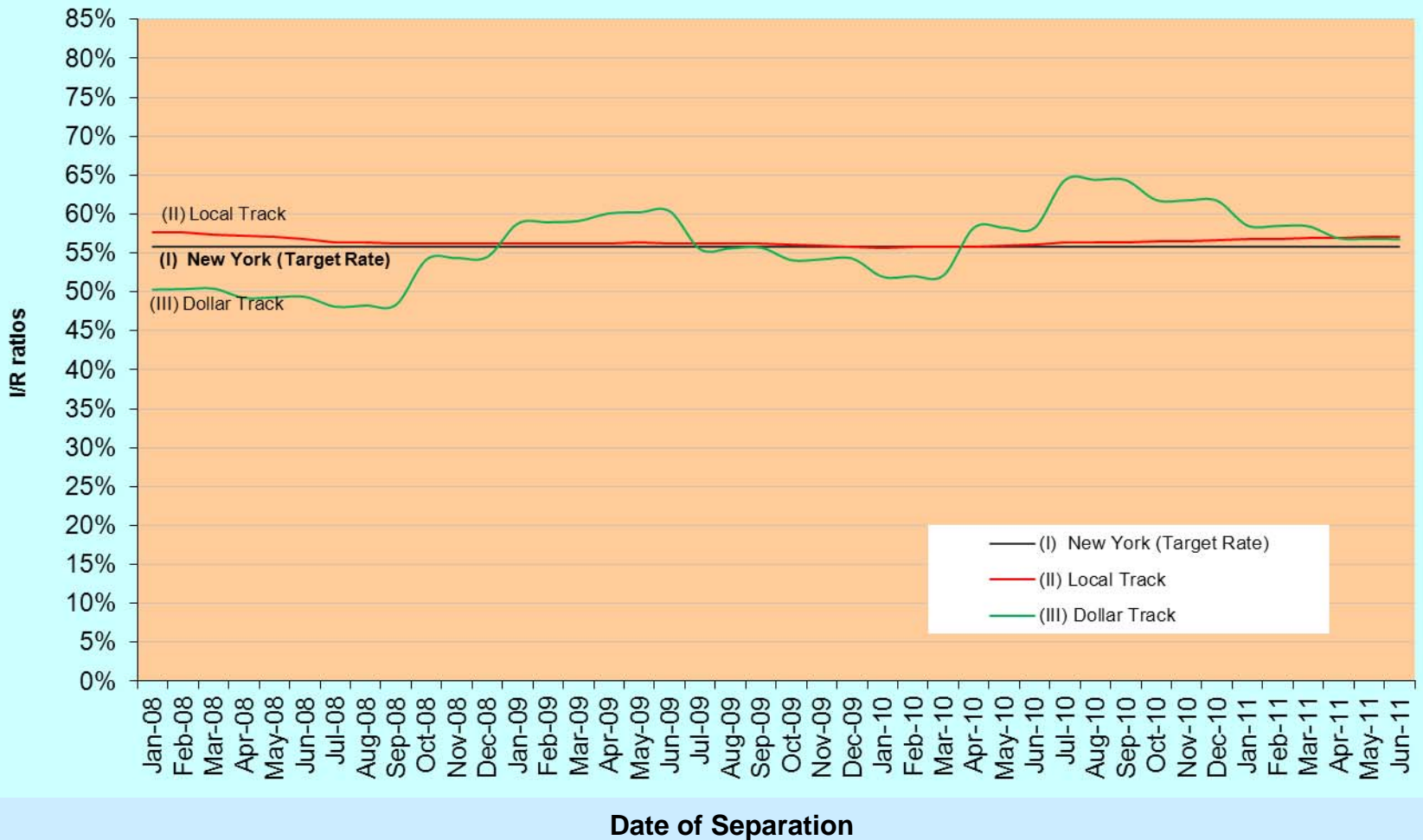


III. Pension Adjustment System

Income Replacement Ratios

Graph : France

Income Replacement (I/R) ratios of P4 top step retiring with 25 years service at age 60: based on 46.25% accumulation rate for separations Jan 08 - onwards





III. Pension Adjustment System

Comparative provision of the Two-Track Feature

Once established on the two-track how does it work?

Every quarter, the local currency equivalent of your Dollar track (derived using a quarterly rate of exchange) is compared to the local track amount and you are entitled to the higher of the two, subject to a maximum and minimum amount.

If opting for the two-track, one point to keep in mind is the cap provision (i.e. paragraph 23 of PAS). In effect, if the US dollar appreciates substantially after your retirement you may not get the full benefit of that appreciation.



III. Pension Adjustment System

Comparative provision of the Two-Track Feature

NAME					SAMPLE		SPECIAL MEASURE APPLICABLE			n/a		
RETIREMENT NUMBER					12345		NEW CURRENCY INTRO. DATE			n/a		
COUNTRY of RESIDENCE					France		EX-rate on INTRO. DATE			n/a		
DATE of SEPARATION					30-Jun-11		LOCAL CURRENCY			EURO		
36 MONTH AVERAGE RATE OF EXCHANGE					0.7320							
1	2	3	4	5	6	7	8	9	10	11	12	13
	US DOLLAR TRACK				80% of US\$ TRACK		LOCAL TRACK		Maximum (CAP TRACK)	Minimum Guarantee US\$	PAYABLE	
				Local		Local		Local	110/120	Minimum	Local	US\$ Equiv.
Effective	US	US\$	Qtrly	Currency	80% US\$	Currency	Local	Currency	Maximum	at current	Currency	payable if
Date	CPI	Pension	Ex-rate	Equivalent	Pension	Equivalent	CPI	Pension		qtrly rate	Payable	US\$
07/11 to 09/11	1.000	6,938.00	0.702	4,870.48	5,550.40	3,896.38	1.000	5,078.00	5,585.80	4,870.48	5,078.00	7,233.62
10/11 to 12/11	1.000	6,938.00	0.674	4,676.21	5,550.40	3,740.97	1.000	5,078.00	5,585.80	4,676.21	5,078.00	7,534.12
01/12 to 03/12	1.000	6,938.00	0.649	4,502.76	5,550.40	3,602.21	1.000	5,078.00	5,585.80	4,502.76	5,078.00	7,824.35
04/12 to 06/12	1.03	7,146.14	0.640	4,573.53	5,716.91	3,658.82	1.040	5,281.12	5,809.23	4,440.32	5,281.12	8,251.75
<p>Amount payable: equals column 12 which is higher of column 5 or 9 subject to a maximum of column 10 and a minimum of column 11.</p> <p>Effective April 2005, payable amount should not be less than 80% of US dollar track amount;</p> <p>If beneficiary wants the payable amount in US dollars then convert the payable in column 12 into US dollars at quarterly rate and pay column 13.</p> <p>It should be noted that while two-track for France is currently advantageous to those retiring today, this may not be the case when you retire. You should therefore request an estimate at the time of your retirement</p> <p>All exchange rates and CPI data are hypothetical as from October 2011</p>												



III. Pension Adjustment System

CPI Adjustment

United States

Effective date	Adjustment
APR 2010	2.8
APR 2008	4.1
APR 2007	2.5
APR 2006	3.4
APR 2005	5.2
APR 2003	4.0
APR 2001	6.1
APR 1999	3.3
APR 1997	3.3
APR 1996	5.4
APR 1994	5.7
APR 1992	3.1
APR 1991	6.1
APR 1990	4.7
APR 1989	4.4
APR 1988	5.6
APR 1986	5.4
OCT 1984	6.9
OCT 1982	3.2
APR 1982	3.6
OCT 1981	4.9
APR 1981	4.4
OCT 1980	3.3
JUL 1980	7.3
JAN 1980	3.1
OCT 1979	3.6
JUL 1979	3.2
APR 1979	3.2
OCT 1978	5.2
APR 1978	4.1
JUL 1977	5.0
OCT 1976	4.0
JAN 1976	3.7
JUL 1975	3.7

France

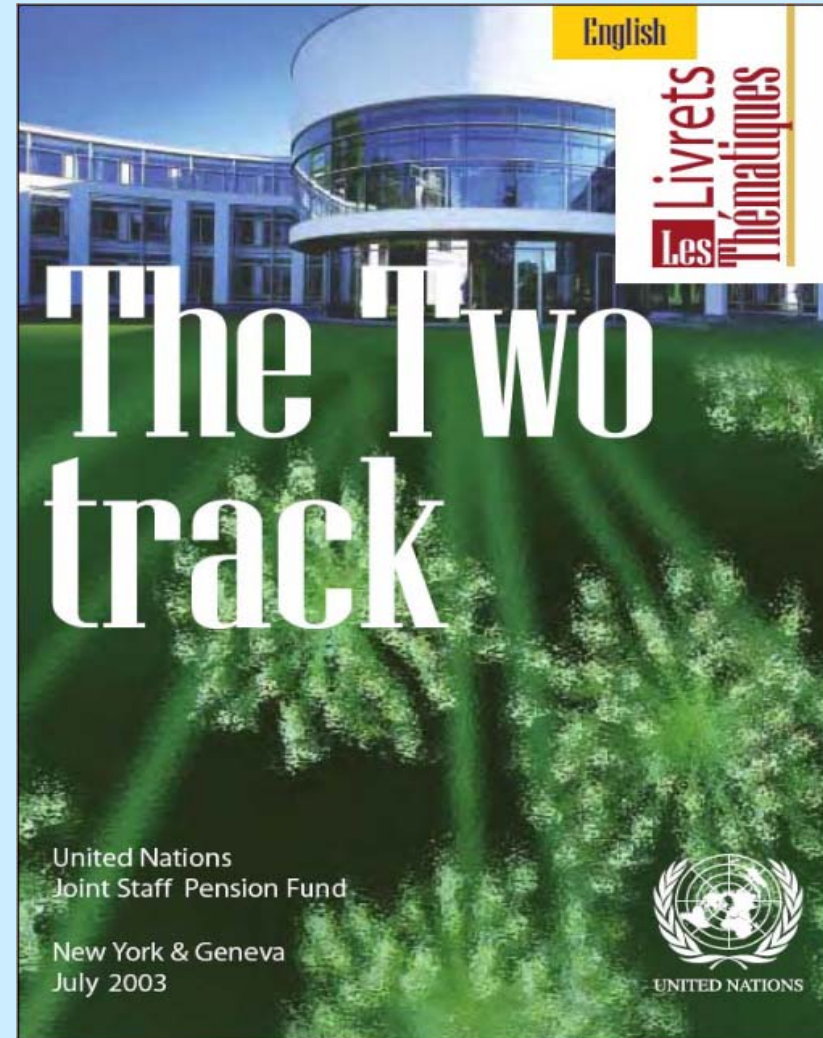
Effective date	Adjustment
APR 2011	3.7
APR 2008	2.6
APR 2007	3.2
APR 2005	2.1
APR 2004	2.1
APR 2003	3.7
APR 2001	2.9
APR 1999	3.1
APR 1996	3.7
APR 1994	3.9
APR 1992	3.1
APR 1991	3.4
APR 1990	3.6
APR 1989	3.1
APR 1988	5.6
APR 1986	4.4
APR 1985	6.7
APR 1984	9.2
APR 1983	6.2
JUL 1982	3.3
APR 1982	7.0
OCT 1981	3.3
JUL 1981	3.1
APR 1981	3.6
JAN 1981	3.2
OCT 1980	3.3
JUL 1980	6.6
JAN 1980	6.3
JUL 1979	3.6
JAN 1979	4.3
JUL 1978	3.9
JAN 1978	4.9
JUL 1977	4.4
JAN 1977	4.9
JUL 1976	4.8
JAN 1976	4.5
JUL 1975	5.4



III. Pension Adjustment System

The Two-Track or Local Track Feature

- What should I do if I am retiring in a country other than the U.S. and I might want to go on the local track?
- **You should:**
 - (a) Familiarize yourself with the “two-track” booklet on the web.**
 - (b) After you have retired, come to the UNJSPF for advice or request an estimate of your local track benefit.**





III. Pension Adjustment System

The Two-Track Feature

Remember:

- You may choose to go on the two-track at any time during your retirement but in order to have it applicable from the date of your retirement, you must apply within six months of your retirement.
- If you opt for two-track, you must supply a Certificate of Residency from your country of residence along with the PENS.E/10 – Declaration of country of residence form.
- Once you choose the local track you cannot normally decide at a later stage that you wish to revert to the dollar track.
- If you change your country of residence whilst on the two-track you must inform the UNJSPF immediately.



IV. Conclusion

- The two-track feature should help to mitigate concerns over fluctuating exchange rates.
- If electing the **optional** two-track feature, the pension benefit will be also established in local currency; and
- The local currency track (LCT) amount would therefore not fluctuate and it would be subsequently adjusted by local inflation rates.