

AAFI AFICS Newsletter

ASSOCIATION DES ANCIENS FONCTIONNAIRES INTERNATIONAUX - Genève
ASSOCIATION OF FORMER INTERNATIONAL CIVIL SERVANTS - Geneva

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July is pension season once again...

The UN Joint Staff Pension Board will take place in London, at IMO HQ, from 14 to 23 July.

High on the agenda are a number of issues of concern to pensioners:

- the actuarial evaluation as of 31 December 2009
- the report of the Working Group on Plan Design
- the suspension of the Special Index for pensioners

The actuarial evaluation as of 31 December 2009

Not wholly unsurprisingly, the actuarial evaluation is negative - just. Influenced by the incorporation of the 2007 United Nations Mortality Tables (which show that we shall all be living longer) and the losses in investment performance in the two years since the previous evaluation (the financial crisis), the Committee of Actuaries has estimated that, effective 31 December 2009, there is an imbalance of 0.38% of pensionable remuneration. (i.e. -0.38% of PR)

That means that while the financial situation of the Fund remains positive, there is little or no money - or anticipated money - to pay for improvements.

The actuarial evaluation has an important impact on decision-making in the Pension Board; the Committee of Actuaries has insisted that there should be a relatively healthy actuarial surplus (somewhere between +1% to + 2% of pensionable remuneration) before additional expenditures can be entertained.

The report of the Working Group on Plan Design

All this bodes fairly badly for the proposals forthcoming from the Working Group on Plan Design. The Working Group, set up two years ago, is making recommendations *inter alia* to:

- increase the retirement age to 65,
- improve withdrawal settlements for staff with less than 5 years service,
- eliminate negative cost-of-living adjustments from the Pension Adjustment System,
- reduce the eligibility period for participation in the Fund from 6 months to 60 days,
- introduce four amendments to the provisions governing divorced spouses (Article 35bis of the Regulations),
- review the early retirement reduction factors,
- study enhancing the scope and flexibility of administering the Emergency Fund.

Not all these proposals have a cost, and some may indeed provide savings but they will all be evaluated by the Board against the backdrop of the actuarial evaluation.

Above all other proposals, the Working Group upheld the need to introduce the measures already approved by the UN General Assembly for the elimination of the 0.5% reduction of the first cost-of-living adjustment due after retirement.

The suspension of the Special Index for pensioners

It is probably rare to meet anyone who really understands exactly what is the Special Index. Well, the Secretary/CEO of the Pension Fund agrees and is proposing that it be suspended. AAFI-AFICS agrees.

Your Committee will report to you on the outcome of the Pension Board as well as on the highlights of the meeting of the Federation of Associations of Former International Civil Servants (FAFICS) which precedes it.

Enjoy your Summer!