

Annex XX

Sensitivity Analysis of the 31 December 2005 Valuation Results

Impact of three key parameters on the results of subsequent actuarial valuations:

- Sudden change in market value assets
- Sudden change in currency exchange rate
- Sudden change in inflation rate

Asset Changes

Per cent change ⁽¹⁾ in market value of assets	Eventual required ⁽²⁾ contribution rate %
-40	26.46
-30	24.97
-20	23.48
-12.8	22.41
-10.0	21.99
0	20.50
10	19.01
20	17.53
30	16.04
40	14.55

- (1) Assumes that the market value of assets will experience a sudden change as shown above and thereafter will earn the assumed rate of 7.5 per cent per annum.
- (2) This is the eventual required contribution rate after 5 years, as a result of the change in market value and assuming no other sources of gain or loss. It will take approximately 5 years before the full impact emerges, because of the current asset averaging methodology.

Calculations assume no other sources of gain or loss.

Currency Exchange Rate

Per cent change in local exchange rates vis-à-vis United States Dollars	Resulting ⁽¹⁾ required contribution rate %
-40	20.46
-30	20.99
-20	21.49
-10	21.97
0	22.41
10	22.84
20	23.25
30	23.63
40	24.00

(1) This is the net rate before allowing for the estimated offsetting effect of currency exchange rates on non-United States denominated assets, which would appear as a change in assets. (Approximately 50 per cent of assets are affected by changes in currency exchange rates.)

Assumptions regarding currency exchange

- * 85 per cent of General Services pay is affected by change in currency exchange rate (assumes 15 per cent of General Services pay is set in United States dollars).
- * 30 per cent of pension payroll is affected by change in currency exchange rate.

Calculations assume no other sources of gain/loss.

Inflation Rate

Actual Inflation %	Annual decrease in required contribution rate ⁽¹⁾ %
7	0.36
6	0.25
5	0.12
4	0.00
3	-0.13
2	-0.25
1	-0.39

(1) Assumes the inflation rate will change suddenly as shown above and will return thereafter to the assumed rate of 4 per cent per annum.

Calculations assume no other sources of gain or loss.
