

Dear Mr. Cassell,

March 26, 2009 at 12:04 PM

I refer to your follow-up communication of 25 March 2009 regarding the current financial situation of the UN Joint Staff Pension Fund (UNJSPF), which you sent after receiving my response of 20 March 2009 to your initial e-mail of 15 March 2009 on the same subject.

In my earlier response I had stressed the need to take a long-term actuarial view of the UNJSPF assets and liabilities and noted the review process connected with the Fund's biennial actuarial valuations. Therefore I will now limit myself to commenting only on some new points that are raised in your letter of 25 March 2009:

- 1) Through FAFICS, UNJSPF retirees have an active voice in the management of the Pension Fund; FAFICS representatives have the right to participate in meetings of the Pension Board and its Standing Committee, as well as in inter-sessional UNJSPF Working Groups and the newly established Audit Committee;
- 2) Alternative valuations and additional sensitivity analyses constitute integral parts of every UNJSPF actuarial valuation - that was true for the recent valuation as at 31 December 2007 and will be the case for the Fund's upcoming actuarial valuation as at 31 December 2009;
- 3) The five-year moving market average is not the only way in which the state of the Fund's investments is assessed during the Fund's biennial actuarial valuations - furthermore, when reviewing the assumptions for the next actuarial valuation, the Committee of Actuaries and the Pension Board consider, inter alia, whether or not continued reliance for the "Regular Valuation" on the five-year moving market average (with a 15% cap and floor, as measured against the market value of the assets on the valuation date) is warranted;
- 4) The two-year budget cycle has not posed a problem for the administration of the UNJSPF - furthermore, it is in effect only a one-year cycle as additional resources for unanticipated developments can be requested by the UNJSPF in the non-budget years;
- 5) The UN Secretary-General has no supervisory role in the operation and management of the UNJSPF, other than the responsibility given to him under the UNJSPF Regulations for deciding on the Fund's investments - the CEO of UNJSPF is responsible for the Fund's administration, and he reports to the Pension Board which in turn reports to the UN General Assembly;
- 6) The mandatory age for separation from service is seen mainly as an HR issue for the Fund's member organizations - that age is currently under review at the UN common system level. However, for reasons of equity, the

mandatory age of separation cannot be higher than the applicable normal retirement age under the UNJSPF Regulations; I might add that the UNJSPF has long supported an increase in the mandatory age of separation, since that would clearly be beneficial for the Pension Fund;

7) Choosing the up to one-third lump-sum commutation option when commencing to receive a UNJSPF retirement or early retirement benefit has no adverse impact on a spouse's potential survivor's benefit - that benefit, when payable, is established at one-half of the unreduced retirement or early retirement benefit (so that the commutation is totally disregarded in its calculation);

8) "Phased retirement" is at present not possible under either the Staff Rules of the Fund's member organizations or the UNJSPF Regulations - to our knowledge, that subject is not under any active discussion currently.

With best regards,

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