

STAFF UNION BULLETIN

BULLETIN DU SYNDICAT

BOLETIN DEL SINDICATO



6 June 2003

PENSIONS

Summary notes - meeting 6 June 2003

Responding to a call from Participants' representatives and Staff Associations and Unions of Geneva based UN Organizations, supported by FICSA and CCISUA, an important meeting gathering numerous participants and beneficiaries of the UNJSPF – including a strong delegation from the International Training center of the ILO in Turin – was held at the headquarters of the ILO on Friday 6 June 2003. The Secretary of the Board, Mr. Bernard Cochemé, accompanied by Mr. John Dietz, deputy Secretary, and Mr. Gilbert Ferrari, Head of the Geneva Office, had accepted the invitation to take an active part in this meeting.

The agenda was as follows:

- Attempts by the UN General Assembly to misuse its powers concerning the utilization of accumulated contributions;
- The future of the Fund: Financing, benefits, retirement age, membership, management.

An appeal by Participants' representatives and Staff Associations and Unions of Geneva based UN Organisations to all participants and beneficiaries of the UNJSPF (ILO Staff Union Bulletin N° 1303, 3 June 2003) had been widely disseminated among staff. Recalling the reasons leading to the concerning of the meeting, the Chair of the ILO Staff Union, also Participants' representative on the ILO Staff Pensions Committee, emphasized that those were not attributable to the Fund's Secretariat, but to the 5th Committee of the General Assembly and to Member States there represented. He noted the meeting was also nonetheless intended at showing, if need be, to the Secretary of the Fund that Participants' representatives were not cut or isolated from their constituencies, whose active support had in the past allowed for counteracting some attacks and for achievement some successes.

The danger of the precedent thus created by the UN General Assembly abusing its prerogatives without ground or real justification is real. The staff, present in numbers at this meeting, was well aware of this. In addition to the legal analysis of the situation created through the adoption of Resolution 57/286, on which Participants' representatives and Staff Associations and Unions have been apprised of an advice prepared by the Counsel of the ILO Staff Union, Staff will support with its customary determination its representatives on the meeting of the Standing Committee of the UNJSPF Board to be held in New York in July

2003. Staff will also stand ready to answer through action if requested on the occasion of the 58th session of the UN General Assembly due to open on Tuesday 16 September 2003.

The Fund's secretary briefly recapitulated the complex decision making process on decisions already made by the Board. He showed how necessary a constant dialogue between accredited representatives of the Board, in particular those appointed by the General Assembly, and members of the 5th Committee. He ventured that perhaps the negative reaction of the 5th Committee to decisions made by the Board on a slight improvement in benefits might arise from a dual misunderstanding, that of the role of tutelage for a social security body, and the by necessity long and not short term nature of the evaluation of the financial situation of a pension fund. He confirmed that these questions would be opened for in-depth discussion during the July 2003 session of the standing Committee of the Board.

The Fund's Secretary then reviewed the main parameters of the technical situation. The market value of the Fund's assets, after an all-times maximum slightly above 25 billion \$ in 1999-2000, resisted satisfactorily to stock exchange fluctuations, and is again over 23 billion \$. The real rate of return on investments of the Fund is of 3.6% over the last 43 years (i.e. since 1960) that is more then the hypothesis in the financial evaluations. The actuarial situation of the Fund has indeed shown positive results for the last 3 evaluations (1997, 1999, 2001), while the 2003 evaluation is on-going. The progressive maturing of the Fund, with an increase in beneficiaries from 37.000 in 1994 to 51.000 in 2002 while the number of contributors increased over the same period from 64.000 to 83.000 henceforth mobilizes part of the yield from investment to finance benefit payments – which is normal in a funded scheme and had been anticipated, but requires that the investments policy take this lasting phenomenon into account.

The Fund's Secretary stressed that the financial situation was absolutely healthy and strong, and that there was no reason for concern over the future financial sustainability of our Fund, be in the short -, medium- or long-term.

The secretary then responded to a number of questions and interventions from participants, which all testified to their commitment towards the pension system, its tripartite management, the quality of its services, as well as to their determination to act not only to safeguard, but also to improve the system.

When closing, participants expressed their thanks to the organizers for that initiative, reaffirmed their availability for acting as necessary in response to a call from their Staff Associations and Unions, and agreed to keep in touch to jointly evaluate, in the light of the outcome of the Standing Committee, what actions may need to be considered in relation with the holding of the 58th session of the UN General Assembly.