



Information meeting on the financial condition of the Pension Fund

Geneva, 17 October 2008, 13:00hrs – Room V

With the financial crisis that we are all facing, many of our colleagues are concerned about their pensions and how they will be paid.

Along with the Human Resources Department, the Staff Union Committee held a meeting on the subject on Friday, 17 October 2008.

The representatives of the administration and of the participants in the ILO Pension Fund, together with its Secretary, unanimously reassured those present that the Pension Fund is well run, that its funds are managed according to a long-term investment plan and that its financial situation is evaluated by an actuary every two years. The last six valuations showed a surplus. The representatives of the administration and of the participants are all in agreement on this, and so we can rest assured.

The Fund's assets are currently invested as follows:

56 % in stocks and shares

33 % on bonds

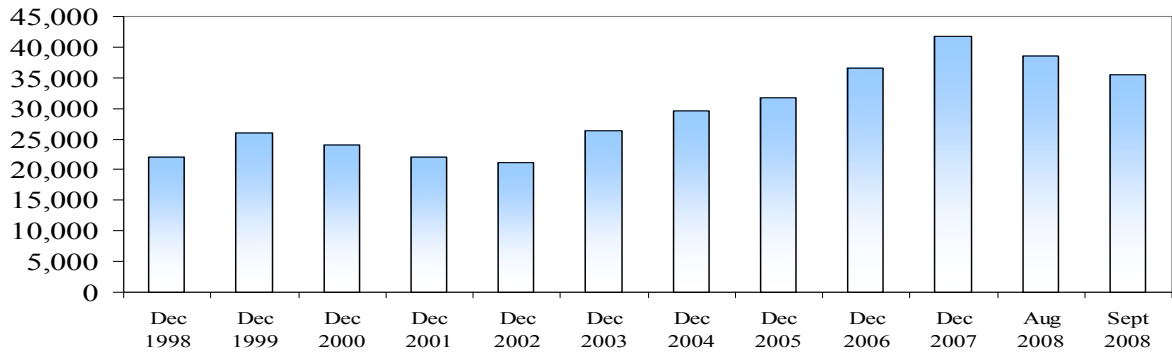
11 % in short-term investment, fixed assets and miscellaneous.

The distribution of these assets is between that of pension funds in the United States and that of European pension funds. In the United States funds tend to invest more in stocks and shares and less in bonds, while the trend in Europe is the opposite

The number of participants in the ILO Pension Fund has increased by 10 per cent in recent years, and this has meant more revenue. The amount paid out in monthly pensions to retirees is virtually the same as the contributions received. In other words, the Pension Fund does not need the revenue from its investments, let alone to sell its assets, in order to function,.

The Fund's assets, which peaked on 31 October 2007, have declined. They stood at US\$30 billion at the end of September 2008 and US\$32 billion at the end of October 2008, a drop which is far from catastrophic as the level is almost identical to the level on 31 December 2006, as can be see from the graph below.

UNJSPF Total Market Value (USD \$ millions)



The Secretary of the ILO Pension Fund reminded the meeting that the United Nations Joint Staff Pension Fund (UNJSPF) is a fixed benefit scheme. This means that the amount of pensions paid out is determined by the level of salaries and length of service of the staff member concerned and is therefore not affected by fluctuations in earnings from the Fund's investments.

This should be enough to reassure even the most pessimistic among us. BUT, that pessimist among pessimists is sure to ask, what if the Pension Fund goes bankrupt?

Well, article 26 of the Regulations of the UNJSPF would apply. And article 26 reads as follows:

“Deficiency payments

(a) In the event that an actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under these Regulations, there shall be paid into the Fund by each member organization the sum necessary to make good the deficiency.”

If you have any more questions, don't hesitate to ask.
