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Programme, Financial and Administrative Section
Personnel Segment

PFA

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ELEVENTH ITEM ON THE AGENDA

Other personnel questions

Amendments to the Staff Regulations: Age of retirement in the ILO

Purpose of the document

As a result of anticipated changes in the age of retirement provided for in the Regulations of the United Nations Joint Staff Pension Fund, all member organizations of the Fund, including the ILO, are required to reflect in their Staff Regulations the age of retirement that will apply to officials recruited after 31 December 2013. The Governing Body is invited to amend article 11.3 of the Staff Regulations accordingly (see the draft decision in paragraph 10).

Relevant strategic objective: Governance, support and management.

Policy implications: The alignment of the ILO Staff Regulations with the higher age of retirement for new participants in the United Nations Joint Staff Pension Fund Regulations has no immediate policy implications. However, the possible extension of age of retirement at 65 to current staff would significantly affect a number of Human Resources policies and reform initiatives.

Legal implications: Amendment to the Staff Regulations.

Financial implications: The proposed amendment has no direct financial implications.

Decision required: Approval of amendments to article 11.3 of the Staff Regulations.

Follow-up action required: The Office will keep the Governing Body informed of any further development in the common system after other specialized agencies and the United Nations consider the matter, as well as of further discussions within the Joint Negotiating Committee.

Author unit: Human Resources Development Department (HRD).

Related document: GB.317/PFA/INF/4.

1. Under article 11.3 of the Staff Regulations, the normal age of retirement of ILO officials (i.e. the age at which they can enjoy a full pension benefit under the Regulations and Rules of the United Nations Joint Staff Pension Fund (UNJSPF)) coincides with the mandatory age of separation (i.e. the age at which they shall not be retained in service unless otherwise decided by the Director-General with the agreement of the official concerned). That age is 60 for officials who entered service prior to 1 January 1990 and 62 for those who entered service after that date. The same article specifies that the Joint Negotiating Committee must be consulted and informed regarding all cases of retention of officials beyond their age of retirement and stipulates that the maximum age that an official can be retained in service after the age of retirement is 65. However, article 11.3 excludes from its scope staff assigned to technical cooperation projects. In practice, while technical cooperation staff have obviously the same retirement age as any other ILO official, the extension of their contract beyond their age of retirement is granted very liberally, based on the needs and duration of the project for which the official was hired, including in a few cases beyond the age of 65. Some other exceptions to the maximum age of service concerning members of senior management have been reported to the Officers of the Governing Body. These cases are not consulted with, or reported to, the Joint Negotiating Committee as they do not concern career officials.
2. At its 59th Session in July 2012, the United Nations Joint Staff Pension Board, noting a steady increase in life expectancy of UNJSPF participants, as well as a growing actuarial deficit in its two most recent consecutive actuarial valuations of 2010 and 2012, determined that a priority measure to address the long-term sustainability of the Fund was to raise the normal age of retirement from 62 to 65 for new participants with effect as of 1 January 2014 at the latest. It was then agreed that the rights of serving staff would not be affected, as was the case when the age of retirement was increased from 60 to 62 for new participants joining on or after 1 January 1990. The Board also established a working group to consider other possible measures to ensure the Fund's long-term sustainability.¹
3. When considering the extension of the proposed new age of retirement to current staff as one of those measures, the working group noted that the actuarial savings from an optional increase of the retirement age of current staff would be negligible, even if based on a 70 per cent utilization rate. It was therefore considered that the possibility of extending the age of retirement for current staff was a decision for each organization to take, based on their mandate, specific circumstances and staffing structure. At its 60th Session (July 2013), the Pension Board accordingly recommended to the United Nations General Assembly a series of amendments to the UNJSPF Regulations in order to increase the normal age of retirement to 65 for any participant joining the Fund on or after 1 January 2014, as well as the introduction of more onerous reduction factors applicable to new staff opting for an early retirement.
4. In parallel, the International Civil Service Commission (ICSC) conducted a review of the implications of applying the higher age of retirement to current staff members and has now recommended to the United Nations General Assembly that the mandatory age of separation of serving staff be established at 65 as of 1 January 2016.
5. Several specialized agencies have already aligned the mandatory age of separation in their Staff Regulations with the higher normal age of retirement for new participants in the Fund only, in particular ICAO, ITU and WHO. All other agencies will be submitting similar proposals to their governing bodies between now and the end of the year. The United Nations General Assembly will be considering the issue and the recommendation of the

¹ GB.317/PFA/INF/4.

ICSC at its 68th Session during the last quarter of 2013; its decisions and recommendations will be known at the earliest in late December 2013.

6. In order to align the provisions governing the age of retirement in the Staff Regulations of the ILO with those of the UNJSPF Regulations with respect to staff appointed after 31 December 2013, an amendment is required to article 11.3 of the Staff Regulations with effect no later than 1 January 2014.
7. The different perspectives and concerns resulting from the possible application of the new age of retirement to serving staff are being discussed within the Joint Negotiating Committee, but no conclusion has been reached at this stage. The Director-General intends to continue those discussions, in particular with regard to the definition of a maximum age of service, possible exceptions to the mandatory age of separation, its application to technical cooperation staff and the conditions governing retention of officials beyond their age of retirement or the re-employment of former officials after retirement, taking account of the possible impact of any change in the mandatory age of separation for serving staff with respect to mobility, career progression, gender parity, geographical diversity and effective workforce planning.
8. The Director-General will report any developments in this regard in the context of the comprehensive report on Human Resources reform requested by the Governing Body for its 320th Session in March 2014, including the outcome of the discussions on the subject matter within the common system.
9. In the meantime, in accordance with article 14.7 of the Staff Regulations, the Director-General submits the following amendment to article 11.3 of the Regulations for approval by the Governing Body, subject to approval by the General Assembly of the amendments to the UNJSPF Regulations concerning the age of retirement submitted by the Pension Board (additions appear underlined in bold, suppressions are crossed out):

ARTICLE 11.3

Age of retirement

~~An official~~ shall retire at the end of the last day of the month in which ~~they~~ reaches: **age 65 for officials appointed after 31 December 2013; the age of 62 for officials appointed after 31 December 1989; age 60 for officials appointed before 1 January 1990.** ~~An official appointed before 1 January 1990 shall retire at the end of the last day of the month in which he reaches the age of 60.~~

In special cases the Director-General may retain an official, **whose age of retirement would otherwise be 60 or 62**, in service until the end of the last day of the month in which the official reaches the age of 65. The Joint Negotiating Committee shall be consulted before a decision is taken to retain in service an official below the grade of P.5. The Joint Negotiating Committee shall be informed of any decision to retain in service any other official. The provisions of this article shall not apply to an official appointed for a fixed term to a technical cooperation project.

Draft decision

10. ***The Governing Body amends article 11.3 as set out in paragraph 9 above with effect on 1 January 2014, subject to approval by the United Nations General Assembly of the corresponding amendments to the Regulations of the United Nations Joint Staff Pension Fund.***