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Programme, Financial and Administrative Section
Personnel Segment

PFA

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TENTH ITEM ON THE AGENDA

Report of the Board of the Special Payments Fund

Purpose of the document

The Special Payments Fund is a financial assistance fund for former ILO staff (or surviving spouses) who are United Nations Joint Staff Pension Fund beneficiaries. Assistance is based on financial need, in accordance with strict financial criteria that are set out in the terms of reference of the Special Payments Fund approved by the Governing Body. The annual report of the Board of Trustees of the Special Payments Fund was last considered by the Governing Body at its 335th Session (March 2019).

This document is for information and decision. The Governing Body is invited to note the annual report of the Board and to amend the terms of reference as proposed by the Board (see the draft decision in paragraph 4).

The proposed amendments are in the interest of administrative efficiency and clarity. They do not entail any additional cost.

Relevant strategic objective: None.

Main relevant outcome: Enabling outcome C: Efficient support services and effective use of ILO resources.

Policy implications: None.

Legal implications: Amendments to the terms of reference and rules for administration of the Special Payments Fund.

Financial implications: None.

Follow-up action required: Amendments to the terms of reference and rules for administration of the Special Payments Fund.

Author unit: Human Resources Development Department (HRD).

Related documents: GB.244/PFA/10/8; GB.254/PFA/10/13; GB.292/PFA/19/2; GB.335/PFA/INF/6.

1. The Director-General transmits herewith the annual report of the Board of Trustees of the Special Payments Fund (see appendix).
2. The report contains information about payments authorized for 2019 at the Board's 80th session (April 2019), and proposes minor amendments to the terms of reference and rules for administration of the Fund, in the interest of clarity and administrative efficiency.
3. The text of the terms of reference with the proposed amendments is set out in the annex to the report.

Draft decision

4. *The Governing Body noted the report of the Board of Trustees of the Special Payments Fund contained in the appendix to document GB.338/PFA/10 and approved the proposed amendments to the terms of reference and rules for administration of the Special Payments Fund as set out in the annex to the report, effective 1 April 2020.*

Appendix

Report of the Board of Trustees of the Special Payments Fund and proposed amendments to the terms of reference and rules for administration of the Fund

1. Since its last report, which was examined by the Governing Body at its 335th Session (March 2019),¹ the Board of Trustees of the Special Payments Fund has met once, on 5 April 2019.

Payments authorized for 2019 at the Board's 80th Session (April 2019)

2. The Board authorized grants amounting to a total of US\$90,509, to be paid in four quarterly instalments during the year 2019. This included three grants under the amendment to the terms of reference of 1989² and five grants under the amendment to the terms of reference of 1992.³ The average age of the recipients was 80 years. During recent years, the number of beneficiaries has remained within the range of 8–13 per year.
3. As in previous years, the Board awarded grants according to the criteria set out in its terms of reference and gave particular attention to individual cases of hardship. To be eligible for assistance, former officials or their surviving spouses must have an annual net income of less than 70 per cent of the local G.1, step 6, salary payable to General Service staff in the country of residence.⁴
4. The Fund receives a contribution from the regular budget of CHF232,000 on a biennial basis. There are sufficient funds available for current expenditures. The Board has closely monitored the Fund's balance in recent years and will inform the Governing Body in the event that this situation changes.

Proposal to amend the terms of reference and rules for administration of the Fund

5. In the interest of clarity and administrative efficiency, the Board proposes amendments of an editorial nature to subparagraphs (a), (b) and (c) of section A; subparagraph (b) of section B; and section D. These proposals do not have any cost implications. The proposed amendments to subparagraphs (a) and (c) of section C take into account administrative efficiencies provided by recent changes in information technology and would potentially result in financial savings that are estimated to be negligible. The last amendments to the terms of reference for the administration of the Fund were introduced in March 2005. The text of the terms of reference and the proposed amendments are set out in the annex to this report. The Board recommends that the amendments should take effect on 1 April 2020.

¹ [GB.335/PFA/INF/6](#).

² [GB.244/PFA/10/8](#) (officials who served the ILO after 1945 and fulfil certain other conditions, or their survivors).

³ [GB.254/PFA/10/13](#) (survivors of former ILO officials who, on retirement, converted part of their pension into a lump sum).

⁴ The local annual salary for 2019 at G.1, step 6, was CHF61,283 in Switzerland, and €30,261 in France.

6. The Governing Body may wish to decide to amend the terms of reference and rules for administration of the Special Payments Fund as set out in the annex to this report.

Board of Trustees of the Special
Payments Fund

(Signed) Sue Hudson
Margaret Kearns
Thierry Montant

Annex

Proposed amendments to the terms of reference and rules for administration of the Fund

ILO Board of Trustees of the Special Payments Fund

2020
SPF/TR/Rev.7

Terms of reference and rules for administration of the Special Payments Fund

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I. Establishment of the Fund

The Special Payments Fund was established by the Governing Body at its 143rd Session (November 1959) following consideration of the pension position of certain groups of former ILO officials and the circumstances of financial hardship in which some were reported to find themselves.

In establishing the Fund, the Governing Body decided that:

- the Fund should be administered by a Board of Trustees of three members appointed by the Governing Body who should not be members of the Governing Body or of the staff;
- the secretariat for the Board should be provided by the Pensions secretariat of the Office;
- there should be included in the ILO budget such credit as would be determined by the Governing Body and the Conference in the light of the recommendations of the Board of Trustees.

II. Terms of reference of the Board of Trustees

Terms of reference of the Board were established by the Governing Body at its 143rd Session and subsequently broadened, firstly, by interpretations suggested by the Board and approved by the Governing Body at its 144th Session (March 1960), and secondly, by an amendment adopted by the Governing Body at its 147th Session (November 1960). They were replaced with effect from 1 January 1962 by revised terms of reference adopted by the Governing Body at its 151st Session (March 1962) which extended the scope of the Fund to a further distinct group of former officials of the ILO, the League of Nations and the Registry of the Permanent Court of International Justice. The terms of reference were subsequently broadened by amendments adopted by the Governing Body in 1973, 1974, 1980, 1989, 1992 and 2005, to include ILO beneficiaries of the UN Joint Staff Pension Fund (UNJSPF).

The terms of reference provide that periodic payments may be made to applicants whose circumstances are established as justifying it within the rules developed by the Board for the administration of the Fund. Applicants must be former ILO officials¹ or their widows or widowers provided that the marriage was contracted prior to the effective date of separation from service.

Former ILO officials, or their widows or widowers, are eligible if:

- (i) they are in receipt of supplementary pensions established in US dollars under article XVIII (in effect until 1970) from the UNJSPF and reside in a country whose currency has appreciated substantially in relation to the dollar;²

¹ This includes former officials of the Turin Centre.

² 1980 amendment (effective 1 January 1980) GB.213/PFA/8/5, May–June 1980.

The following texts were replaced by the amendments of 2002 and 2005:

“they served in the ILO after 1945 for at least ten years, including five after the age of 45, without receiving a pension from the UNJSPF; and they are [at least] 60 years old at the time of submitting their request”.

- (ii) they are suffering hardship by reason of the reduced purchasing power of the supplementary pension;²
- (iii) for former ILO officials, they did not convert part of their UNJSPF pension into capital;³
- (iv) they did not receive any payment on departure from the UNJSPF in settlement;³
- (v) they are found by the Board of Trustees to be suffering hardship at the time they request assistance;³
- (vi) they are widows or widowers of former ILO officials who, on retirement, converted part of their UNJSPF pension into capital;⁴
- (vii) irrespective of age, they are UNJSPF beneficiaries, that they have had at last ten years of UN system employment and that the last five years of employment were with the ILO.⁵

III. Determination of awards

Awards are established from the records held by ILO or to be established from the applicant's own declaration of income (including dependant's income) in respect of the year preceding the year for which the award is considered.

A. Determination of annual gross income

The annual gross income is the sum of the following amounts:

- (a) the pension paid by the UNJSPF or any other source of pension income;
- (b) revenue from investments, loans, deposits and private insurance;
- (c) revenue (actual or estimated) from the rental of property, after deduction of cost of repairs, maintenance and mortgage payments;
- (d) any other revenue of the applicant or his/her spouse;
- (e) conversion of capital savings into the equivalent of an annual pension.⁶

Savings equivalent to 50 per cent of the local G1/1 salary scale are excluded in order to provide a certain amount of financial security. The remaining amount is converted to the equivalent of an annual pension based upon actuarial factors and the age of the applicant.

³ 1989 amendment (effective 1 January 1989) GB.244/PFA/10/8, November 1989.

⁴ 1992 amendment (effective 1 January 1992) GB.254/PFA/10/13, November 1992.

⁵ 2005 amendment (effective 1 April 2005) GB.292/PFA/19/2, March 2005. This amendment is subject to annual review to ensure that it will not entail any large unforeseen expenditures.

⁶ Decision of the Board, 16 March 1994, document SPF/362.

B. Deductible expenses ⁷

The following expenses should be deducted from the annual gross income:

- (a) lodging costs;
- (b) primary health insurance contributions and any contributions to a complementary plan;
- (c) reasonable medical costs assumed by the applicant after deduction of amounts reimbursable by the ILO Staff Health Insurance Fund, by the UNJSPF Emergency Fund, and/or by any complimentary medical insurance plan;
- (d) reasonable costs for domestic assistance.

C. Calculation of award

The annual net income is equal to the annual gross income (see section A) less the deductible expenses (see section B). The annual gross income is divided by 12 to obtain the monthly gross income.

The annual net income is subtracted from 70 per cent of the annual net G1/6 local salary scale in the country of residence (75 per cent for applicants with dependants) to determine the annual amount of the award. These amounts are converted into their monthly equivalents by dividing by 12.

The sum of the monthly award and the monthly gross income may not exceed 100 per cent of the monthly net G1/6 local salary scale:

- (a) If this sum is less than 100 per cent of the monthly net G1/6 local salary scale, then the entire grant is due;
- (b) If this sum is greater than 100 per cent of the monthly net G1/6 local salary scale, then the amount of the grant is reduced so that the total of the monthly award and the monthly gross income are equivalent to 100 per cent of the monthly net G1/6 local salary scale;
- (c) For reasons of administrative expediency, any annual award of less than US\$60, or its equivalent in local currency, will not be granted.

D. Miscellaneous provisions ⁸***Date of commencement and period of grant***

The grant shall commence on 1 January of the calendar year in which the Board meets. Awards are made on an ex gratia basis establishing no contractual right; they expire on 31 December of the same year and are then renewable for a further year after review by the Board.

Grant for part of a year

Where an applicant becomes eligible for a grant in the course of a calendar year the amount shall be calculated pro rata from the date of eligibility.

⁷ Reconfirmed by the Board, 18 December 1989, document SPF/SR/49.

⁸ Reconfirmed by the Board, 18 December 1989, document SPF/SR/49.

Payment

Awards are payable in arrears on the last day of the calendar quarter.

Death of beneficiary⁹

An award which is in payment to a beneficiary at the time of his/her death shall be payable up to the last day of the calendar quarter in which he/she dies and any arrears due in consequence shall be paid to the estate or, if the beneficiary left a widow/widower, the award shall be payable through 31 December, in lieu of such award as might be payable to the widow/widower upon a separate subsequent application. If the devolution of the estate is not established within two years of the date of death the arrears shall no longer be payable.

Rates of exchange

Awards are determined in the currency of the applicant's country of residence, calculated at the average annual exchange rate. Where necessary, the conversion rate of any currency will be the ILO rate and the application of any change in these rates shall be referred to the Board.

Part-time employment¹⁰

If the ILO official had been employed on a part-time basis, then the award will be calculated on a pro rata basis.

E. Procedure

Questionnaire

Applicants who satisfy the conditions of service enunciated in the terms of reference of the Board (see under Chapter II above) and are therefore eligible to be considered for an award are requested to complete a questionnaire; they may subsequently be asked to submit such further particulars and supporting evidence as the Board may deem essential for consideration of the application.

For the purpose of the annual review of awards, a questionnaire shall be sent at the beginning of each calendar year to each applicant who received a grant for the preceding year.

When an eligible applicant does not qualify for a grant in consideration of the level of his/her income, the letter of notification of the Board's decision shall indicate that a new application may be made at any time when that income is materially reduced and a questionnaire form shall be enclosed for this purpose.

Applications received between sessions of the Board

In all straightforward cases of applications received from eligible persons the proposed award of a grant or the rejection of the application may be submitted by the secretary to the members for approval by correspondence.

⁹ SPF/231 (Feb. 1978).

¹⁰ Decision of the Board, 29 March 1995, document SPF/363.