



Governing Body

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Programme, Financial and Administrative Section

PFA

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Decisions of the United Nations General Assembly on the report of the 67th Session of the United Nations Joint Staff Pension Board (2020)

Summary: This report summarizes the major issues discussed by the United Nations Joint Staff Pension Board and the decisions of the UN General Assembly on the Board's report.

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Related documents: Official records of the UN General Assembly, 75th Session: [A/C.5/75/L.10](#) and [A/75/9](#) and related documents. Further information about the Pension Fund and its investments is available on the public website www.unjspt.org.

▶ Introduction

1. A summary of the 67th Session of the United Nations Joint Staff Pension Board and of the decisions of the United Nations (UN) General Assembly on the Board's 2020 report is set out below. In October–December 2020, the UN General Assembly considered the report of the Board and related documents. On 31 December 2020, it adopted UN General Assembly resolution [A/RES/75/246](#) without a vote, accepting most of the Board's recommendations.

▶ Investment management

2. The market value of the assets of the Fund had increased from US\$60.8 billion on 1 January 2019 to US\$72.0 billion on 31 December 2019, representing a real (net of inflation) return of 16.0 per cent for the calendar year of 2019. Following global financial market volatility in early 2020, the market value of the assets of the Fund had dropped to US\$63.1 billion by March 2020. However, the value of the assets increased in the latter half of 2020 to more than US\$80 billion as at 30 December 2020. Average performance for the two-year period and beyond continues to exceed the real (net of inflation) investment return objective of 3.5 per cent that is used to project the long-term financial solvency of the Fund.
3. The majority of the Fund's assets are managed internally and are diversified by country, currency, asset type and sector. Investments must meet the criteria of safety, liquidity, convertibility and profitability, as set forth by the UN General Assembly. The Fund's Office of Investment Management integrates environmental, social and governance factors in its decision-making processes. More detailed investment information is available on the public website <https://oim.unjspf.org>.

▶ Actuarial valuation

4. The external consulting actuary prepares an actuarial valuation of the Fund every two years. The valuation determines whether the current and estimated future assets of the Fund will be sufficient to meet projected liabilities at the present contribution rate. The Fund's actuarial balance as at 31 December 2017 was close to perfect, exhibiting a negligible deficit of 0.05 per cent of total pensionable remuneration. The actuarial valuation as at 31 December 2019 exhibited a modest surplus of 0.50 per cent of total pensionable remuneration. This was the third consecutive valuation where the Fund's actuarial balance remained close to perfect. Market fluctuations in early 2020 did not affect these valuation results. The Fund remains fully funded and is financially sound.

▶ Budgetary, financial and auditing matters

5. The Board noted the unqualified audit opinion of the Board of Auditors (external auditors) and approved the financial statements for the year ended 31 December 2019.

It considered the recommendations of its Audit Committee with the reports of the internal and external auditors of the Fund.

6. The General Assembly approved total budgetary expenditures for the year 2021 amounting to US\$111,212,700, including US\$7,995,100 due from the UN member organizations under a separate cost-sharing agreement with the Fund. It approved most of the Board's recommendations related to improved client service, modernization of operations and strengthening of partnerships, as well as additional staffing to manage a growing investment portfolio.

▶ Appointment of Deputy Chief Executive of Pension Administration and Secretary of the Board

7. The Board interviewed candidates selected by its Succession Planning Committee for the posts of Deputy Chief Executive of Pension Administration and Secretary of the Board. It recommended to the Secretary-General that Mr David Penklis be appointed as Deputy Chief Executive of Pension Administration and Mr Jan De Preter as Secretary.

▶ Governance

8. In 2019, the UN General Assembly had requested the Chief Executive of Pension Administration to engage an independent external entity with expertise in pension fund governance matters to conduct a comprehensive and objective analysis of the governance structure of the Fund, giving due regard to best practice standards of pension funds. The consulting firm Mosaic Governance Advisors was chosen by competitive bidding in 2020, and had prepared a preliminary report for the Board within a very short time frame. The Board discussed the detailed recommendations, and made several comments to its Governance Working Group and the consultants. The Board, comprising representatives of the Governing Bodies of the member organizations, of the administration and of the participants of the Pension Fund consulted further with its Governance Working Group after the Board session. The Working Group is expected to submit a report to a special session of the Board in February 2021, to enable the Board to implement specific and actionable recommendations at its 68th Session, which will be held in July 2021.
9. Due to COVID-related travel restrictions, the Board met by means of virtual technology. Lessons learned and efficiencies of using such technology will be integrated into the working methods of the Board in the future.

▶ Proposed amendments to the Regulations of the Fund

10. The Board had proposed amendments to articles 4, 7, 8 and 48 of the Regulations and a clarification to paragraph 19 of the Pension Adjustment System of the Fund. The UN General Assembly approved the proposed amendments to articles 4 and 8 of the Regulations, and decided to defer the other proposals until the next session.

▶ Pension administration

11. The Board and the UN General Assembly noted that the Fund now exceeded the target-processing rate of 15 business days for 75 per cent of initial separation payments. They stressed the importance of providing quality client services in both the New York and Geneva offices of the Fund. The Chief Executive of Pension Administration presented her strategy to modernize the Fund's client services and production processes, which includes lessons learned during the remote working arrangements that have been in effect since March 2020.

▶ Other matters

12. The Board discussed reports of and appointments to its advisory committees, information and communications technology, the emergency fund for beneficiaries suffering financial hardship, the impact of currency fluctuations and the pension benefits adjustment system, proposals on benefit provisions, the Fund's strategic framework and performance indicators, the report of the Standing Committee, relevant UN Appeals Tribunal judgments and other administrative matters.
13. The Board and the UN General Assembly approved the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Technologies Goods and Technologies as a new member organization, effective 1 January 2021.
14. The Standing Committee met once to examine individual legal appeals.