ASSOCIATION OF FORMER INTERNATIONAL CIVIL SERVANTS NEW YORK

Presentation by Co-Chair of the AFICS/NY Pension Committee, Jay Pozenel

AFICS/NY Annual Assembly - Tuesday, 21 May 2024

Thank you, Jay K, and good afternoon, everyone. I'm a former member of the Office of Legal Affairs and a lifetime member of AFICS/NY. I'm here today to talk about the work of the AFICS/NY Pension Committee.

The Pension Committee is ably co-chaired by Suzanne Bishopric, who served as the UN Treasurer and later as the Director of the then Investment Management Service of the Pension Fund. In addition to co-chairing the AFICS/NY Pension Committee, together with yours truly, Suzanne is also co-chairing the Standing Committee on Pensions of the Federation of Associations of Former International Civil Servants, or FAFICS. And she is one the representatives of FAFICS, and thus of all us retirees, on the Pension Board.

The AFICS/NY Pension Committee has over twenty members who meet regularly to collaborate on issues regarding the administration of the Pension Fund that may be of interest to UN System retirees. We channel recommendations regarding such matters through the AFICS/NY Governing Board to the UN Staff Pension Committee, as well as to FAFICS, whose representatives, as mentioned, participate in the Pension Board.

One primary focus of the AFICS/NY Committee is the effective and efficient governance of the Pension Fund. We do this by monitoring Pension Board decisions and recommendations to the General Assembly and actions taken, and then advising the AFICS/NY Governing Board on any significant developments. We monitor the long-term financial and actuarial sustainability of the Fund, and then make recommendations through the AFICS/NY Governing Board and FAFICS to the Fund administration on investment and actuarial matters. Finally, we also keep an eye on how the Fund is servicing new retirees or other beneficiaries, such as surviving spouses, and we work to provide recommendations to FAFICS to bring to the Board for improving client servicing or client information and communications.

As President Landey mentioned, we met this past year with the Chief Executive for Pension Administration as well as with the Representative for Investment of the Assets of the Pension Fund.

Thus, last September, we met with the CEPA and her team and reviewed various matters that had been discussed or decided at the 2023 summer Pension Board session. Principally, these issues concerned actuarial matters, including a change to the actuarial assumption for the long-term real-rate-of-return from 3.5 to 3.4 percent, as well as the prospective growth in participants from Member Organizations. Additionally, the Pension Committee expressed to the CEPA its concerns about delays in the processing of benefits when the Fund's secretariat returns cases for further processing by Member Organizations. The CEPA assured us that the Fund Administration had made a priority of addressing the processing of benefits. She stated that improvements in the Fund's processes and communication of data with Member Organizations had resulted in most cases that are returned to Member Organizations now being returned to the Fund for processing with 15 days of the Fund's transmission of the cases to the Member Organizations.

The AFICS/NY Pension Committee met in January 2024 with the Representative of the Secretary-General for the Investment of the Assets of the UN Joint Staff Pension Fund (RSG). Prior to the meeting, the Pension Committee submitted questions regarding four main areas of concern to the Committee's members: (i) transparency of and accountability for investment decisions and operations; (ii) investment policy; (iii) performance measurement; and (iv) investment operations. The RSG was able to address all the questions raised by the Pension Committee. That said, the Pension Committee is working to seek, through FAFICS's representatives on the Board, further clarity on how performance is measured vis-à-vis comparator Funds and the scope and strategy of outsourcing investment decision-making now and in the future.

Currently, we are looking to better understand and to work with the Fund Secretariat on how the Pension Adjustment System operates, how the System ensures equitable treatment for all retirees and across generations, and how it can be better managed consistent with the long-term sustainability goals of the Fund.

Additionally, we are seeking to work with the UN Administration, with the Fund administration, and, through FAFICS, with the Pension Board and its working groups, to better understand how trends and changes in personnel management throughout the UN System may affect the nature and sustainability of the Fund.

Likewise, we are monitoring and looking to provide recommendations to the AFICS/NY Governing Board and, through the Governing Board, to FAFICS for suggestions to the Fund's investment management team on the Fund's investment policies and practices with a view to ensuring that the Secretary-General maintains the Fund's long-term real rate of return on the investment of its assets.

Finally, I would like to thank all the members of the Pension Committee for their commitment to addressing issues of concern to us as beneficiaries. In particular, I would like to thank George Saddler, a former AFICS President, and Warren Sach, a former UN Controller and Representative of the Secretary-General for Investment of the Assets of the Pension Fund, for their long service to the United Nations, for their service to AFICS/NY itself, and for their regular and significant contributions to the AFICS/NY Pension Committee.

Back to you, Madam President.

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