Update on Pension Matters to be shared on Monday 25 June 2018 st the AFICS/NY Annual Assembly – Warren Sach

Since we met in the AFICS/NY annual Assembly the UNJSPB has held its annual Board meeting in Vienna in July 2017 and the UN General Assembly has adopted in December 2017 resolution 72/262.XV on the Administration Expenses of the UNJSPF. This latter resolution approved a new budget for the biennium 2018-2019 and entrusted the Office of Oversight Services with the conduct of a comprehensive audit of the governance structure of the Pension Board. This request came unannounced and had not been preceded by any debate or discussion in either the Board or the Fifth Committee. Nevertheless the additional work involved has been absorbed by all involved and the General Assembly will receive the requested report this Fall at its seventy-third session as requested. Hopefully , the Board will Manage to provide the Assembly with its consolidated views on the matter in time for the Fifth Committee debate on Pension matters.

Before going into detail on the comprehensive governance review let me update you on the budget and finance matters including the implementation of IPAS - the Integrated Pension administration system. The new budget for 2018-2019 represents an increase 5.6% or $ 10.3 million . This increase is quite healthy and occurs despite the fact that both the UNJSPF, the ACABQ and the Fifth Committee had made cuts in the proposed budget. Investment returns through 31 December 2017 were in excess of 19% which reflected the very strong market experienced in November and December 2017. May I take this opportunity to express our pleasure at the appointment of Mr Raj Kumar as RSG. We wish him every success in the future.

News on the audit front was also positive with a clean unqualified opinion from the Board of Auditors. As for the internal auditors, OIOS noted some deficiencies for which the Assembly called for improvements and reporting back in the future. Although at the time of the IPAS rollout there had been problems in terms of slow payments of some new pensions by year end , however, the bulk of the payment delay problems had been solved. FAFICS will continue to keep the matter under review to ensure there is no recurrence of delays and none of our members have to suffer.

With regard to the OIOS comprehensive governance audit about 15 separate recommendations are expected from OIOS. FAFICS can support a number of these but strongly objects to two which relate to its own role and the ability to participate in the governance process. As the audit is still under way confidentiality considerations do not allow discussion of these in detail. Nevertheless, you maybe assured FAFICS will strongly defend your interests before the Auditors and in the Pension Board and the Fifth Committee.

When we last met the “independent review of main practices, investment management and risk management” being by Deloitte consultants for the Asset and Liability Monitoring Committee was in its final stages of review. Since then it has been completed and was presented to the Board at its July 2017 Vienna session where it was endorsed in full. FAFICS is a strong supporter of the ALM Committee and will continue to follow up on implementation of the Deloitte proposals.

During 2017 and this year the Consulting actuary has been working under the guidance of the committee of actuaries on the estimation of the actuarial balance of the fund as of 31/dec/2017. The results will be presented to the Board in Rome in July and to the Assembly in the Fall. It is expected that the use of new mortality tables will reflect improvements in longevity with the financial consequences that the liabilities of the fund will increase . If no other changes occur this would mean the actuarial balance would most likely become slightly negative. However, given a number of imponderables we will not make a prediction at this point but remain alert . In any event the change in balance is unlikely to require an early change in contribution rates.

Overall the fund is in a strong financial position so the Board is unlikely to find itself either with the need to change contribution rates nor with the opportunity to change benefits.
Let me take this opportunity to thank the administration, the RSG and the DCEO for any assistance rendered to assist us as retirees. Thank you.