



## **United States Mission to the United Nations**

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**Statement by Aisha Sabar, Advisor,  
on Agenda Item 139: United Nations Pension System,  
before the Fifth Committee,  
October 24, 2012**

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Thank you Mr. Chairman.

On behalf of the United States delegation, I would like to thank the Chair of the United Nations Joint Staff Pension Board, Mr. Olusoji Adeniyi, for introducing the report of the Board's 59th session to the Committee and for his service on the Pension Board. I would also like to thank the Representative of the Secretary-General for Investments, Mr. Warren Sach, for providing details of the status of the Pension Fund's investments and for his service to the Pension Board. Lastly, we thank the Vice Chairman of the Advisory Committee for Administrative and Budgetary Questions for his presentation of the Committee's report on the various documents.

The UN Joint Staff Pension Fund represents an important component of the UN structure to provide pay and benefits to staff members in the United Nations and the many other participating organizations. The Pension Board is the governing body that decides key aspects of the Fund's operations and reports to the General Assembly on budget and other critical matters. Just as important, the Fund's investments are overseen by the Secretary-General through the Representative of the Secretary-General for Investments. As in past years, the Pension Board's report, as well as the related reports, provides a wealth of information regarding the Pension Fund, and my delegation would like to present its views on various issues.

### ***Actuarial Matters***

Regarding actuarial matters, we would like to thank the Committee of Actuaries for its hard work and detailed report. We are discouraged to see the continued downward trend of the actuarial deficit, but at the same time we recognize that the prudent management of investments and the oversight of the Board buffered the Fund from a far steeper slide. We also agree that further steps are needed to ensure the Fund's recovery, such as the proposal to increase the retirement age, which the Committee of Actuaries fully endorses. However, we caution that simply increasing the retirement age will not ensure the viability of the UN pension system. According to the Pension Board, the new mortality assumptions had an annual cost of approximately 2 percent of pensionable remuneration. The proposed increase in the normal retirement age may be expected to result in an annual savings of approximately 1 percent of pensionable

remuneration. It is no longer feasible to assume that pensions will survive by yielding near double digit annual returns. We welcome the creation of the working group that is tasked with considering possible measures to ensure the Fund's long-term sustainability as well as its focus on governance, investment management, and asset-liability. Furthermore, we support increasing the mandate of the working group to consider the annual financial benefits that pension members receive in relation to the overall state of the fund.

### ***Increasing retirement age***

In light of the position taken by the Committee of Actuaries and the Pension Board that increasing the normal age of retirement to 65 would yield actuarial savings, we are pleased to see that the International Civil Service Commission has recommended that the General Assembly adopt this recommendation to raise the mandatory age of separation to 65 for new staff effective no later than January 1, 2014. We strongly support the recommendations of the Pension Board and the ICSC in this regard and emphasize that the Fund's current actuarial deficit demands that we remain proactive and seek all viable cost-saving measures. In addition to the financial imperative involved in increasing the retirement age, mandatory retirement at such a young age depletes the organization of skilled staff that have a wealth of institutional knowledge.

### ***Recovery of pension entitlements in cases of proven fraud***

Mr. Chairman, we are also pleased with the Board's recommendation which would allow for the recovery of a portion of pension entitlements in cases of proven fraud. The United States has long advocated for avenues of restitution in cases of proven fraud or theft. The amendment to the Regulations, which would allow for the use of pension entitlements as a possible source of reimbursement for financial losses caused by staff members who have defrauded their employing organizations, is a responsible and welcome change.

### ***Management of Pension Investments***

Mr. Chairman, another issue of importance to my delegation is the management of the Investment Management Division. This responsibility is far too important to be undertaken part-time. My delegation supports having a full time Representative of the Secretary General dedicated to managing this Division which should be resourced from the Fund.

Thank you.