



# WELCOME TO THE UNJSPF PRE-RETIREMENT PENSION PRESENTATION



Pension Adjustment System – Two-Track

Geneva, October 2017

# THE PENSION ADJUSTMENT SYSTEM



# The Pension Adjustment System

## Why?

To **protect** the purchasing power of a pension **from inflation and**, where applicable, **from currency fluctuations**.

## Which benefits are adjusted?

All periodic benefits.



**Deferred Retirement Benefit adjusted only as of age 55**



## The Pension Adjustment System (cont.)

### How frequently are benefits adjusted?

- **Annually**, on 1 April, **if** the relevant **consumer price index moved (up or down) by at least 2%** since the date of the last adjustment.
- **Semi-Annually**, on 1 April and on 1 October, **if the consumer price index moved (up or down) by 10% or more** since the April adjustment.



**First adjustment will be reduced by 0.5 percent.**

# THE US DOLLAR TRACK



# All benefits initially calculated in USD (USD Track)

- If you keep the **USD Track**, your pension will be calculated the **same way as someone who resides in the United States**. It will be adjusted based on Cost of living in the United States.



You can reside **wherever you wish** without...

- impacting the level of your pension, and
- **having to give us proof of residence.**



The USD amount **will**  
**only vary** subject to cost  
of living adjustment  
based on the Consumer  
Price Index (CPI) of the  
USA



# Currency of Payment under the USD Track



# Currency of Payment

You can have your **USD Track Pension** paid in any one of the 15 following currencies **in the country of your choice**:

1. **US Dollar (USD)**
2. Euro (EUR)
3. Swiss Franc (CHF)
4. Pound Sterling (GBP)
5. Canadian Dollar (CAD)
6. Australian Dollar (AUD)
7. New Zealand Dollar (NZD)
8. Singapore Dollar (SGD)
9. Japanese Yen (JPY)
10. Danish Krone (DKK)
11. Norwegian Krone (NOK)
12. Swedish Krone (SEK)
13. Indian Rupee (INR)
14. Pakistani Rupee (PKR)
15. CFA Franc (XAF and XOF)



**Payment  
Fluctuation  
under the USD  
Track**



If you choose for your **USD Track** pension to be paid in **US Dollar**, the payment will not fluctuate

1,000 USD = 1,000 USD





# USD TRACK - Summary

- Your pension is **calculated** in USD
- It's adjusted based on Cost of Living adjustments in the USA (Last adjustment: **3.6% adjustment in 2017**)
- **You do not** need to prove residency
- **You can** change to the Local Track anytime
- **You can** change your country of residence as many times as you wish and travel for as long as you wish.
- You can have this **USD** pension **paid in your currency of choice in your country of choice**. The conversion will be done using the UN Quarterly Exchange Rate (*viewable on our website*)

# THE TWO-TRACK OR LOCAL TRACK



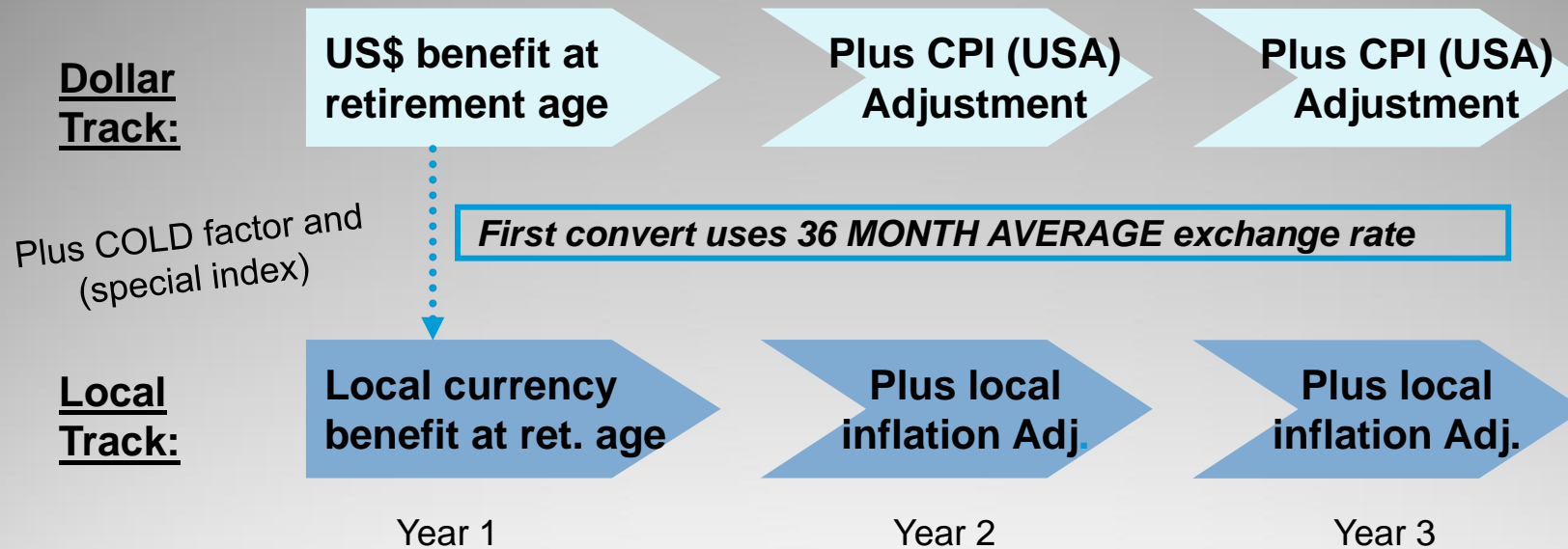
All benefits **initially calculated in USD** but . . .

- Monthly Benefit can also be **calculated** in another currency.
- Initial value converted from USD using a **36-Month Average Exchange Rate at the date of separation**  
=> the “**Local Track**” or “**Two-Track**”





# The “Two-Track” or “Local Track” Flow



**Each quarter greater of : local track benefit or dollar track (converted at quarterly rate)  
If converted US track is greater, then capped at 110% of local track, but not less than 80% of converted dollar track**

**Two-  
Track...How it  
works in  
General**



## How does the “Two-Track” Work?

- We calculate the **Local Track Amount** at your date of separation

(Normally by multiplying your USD amount at separation date with the 36-Month average UN exchange rate effective at Separation and increased by COL Differential factor when applicable)



## How does the “Two-Track” Work?

**We adjust both amounts:**

- **USD Amount** is adjusted to Cost of living Adjustments in the USA (*3.6% in 2017 for example*), and **Local Track amount** is adjusted to Cost of living adjustment in the **country of residence** (*2.1% in France for example in 2014*)



# How does the “Two-Track” Work?

**EACH QUARTER, we compare**

- **USD Track Amount** equivalent in **Local currency** using the UN Quarterly Exchange rate

$(\text{USD} + \text{USD CPI}) \times \text{Qrtly Rate}$

**TO**

- **The Local Track Amount (Local + Local CPI)**
- We **always** pay the **Local Track Amount** if **higher**. If the USD Equivalent is higher, the USD amount is payable, subject minimum and maximum (CAP) amounts (currently 110% of local track amount)



# LOCAL TRACK - SUMMARY

- It is **an option** and not an obligation
- Your pension is **converted into** the currency of your country of residence (Euro, CHF, XOF, EGP, etc.) at the *United Nations 36-month average exchange rate*.
- It's adjusted based on Cost of Living adjustments in the **country of residence**
- **You** need to prove residency
- **You cannot normally** switch back to the Dollar Track



# LOCAL TRACK - SUMMARY

- **You can** change your country of residence as many times as you wish, but **you will need to give proof of residence** in the new country every time. (*not recommended because of delays in recalculation*)
- **You can travel** for as long as you wish, **but you need to stay in your declared country of residence** for at least **6 months + 1 day**.
- You can have this Local pension **paid in your currency of choice in your country of choice**.

# Currency of Payment under the Local Track





# Currency of Payment

You can have your **Local Track** Pension paid in one of the 15 following currencies in the country of your choice:

1. US Dollar (USD)
2. Euro (EUR)
3. Swiss Franc (CHF)
4. Pound Sterling (GBP)
5. Canadian Dollar (CAD)
6. Australian Dollar (AUD)
7. New Zealand Dollar (NZD)
8. Singapore Dollar (SGD)
9. Japanese Yen (JPY)
10. Danish Krone (DKK)
11. Norwegian Krone (NOK)
12. Swedish Krone (SEK)
13. Indian Rupee (INR)
14. Pakistani Rupee (PKR)
15. CFA Franc (XAF and XOF)





However, **we strongly recommend you** to keep the **currency of the local track** the same as the **currency of payment**

# Payment Fluctuation under the Local Track



Because of the Quarterly comparison, the benefit under the local track normally fluctuate between the local track amount (MIN) and the CAP Amount (MAX)...



But will not be less than the higher of:

- The USD amount at the date of retirement converted at the UN Quarterly rate (Minimum) **OR**
- 80% of the CPI-Adjusted USD Track Amount converted at the UN Quarterly rate (Guarantee introduced in 2005)



Further fluctuation could be caused by your choice of currency of payment if it is not the same as the currency of the local track

**Let's**  
**CALCULATE**  
**Local Track!**

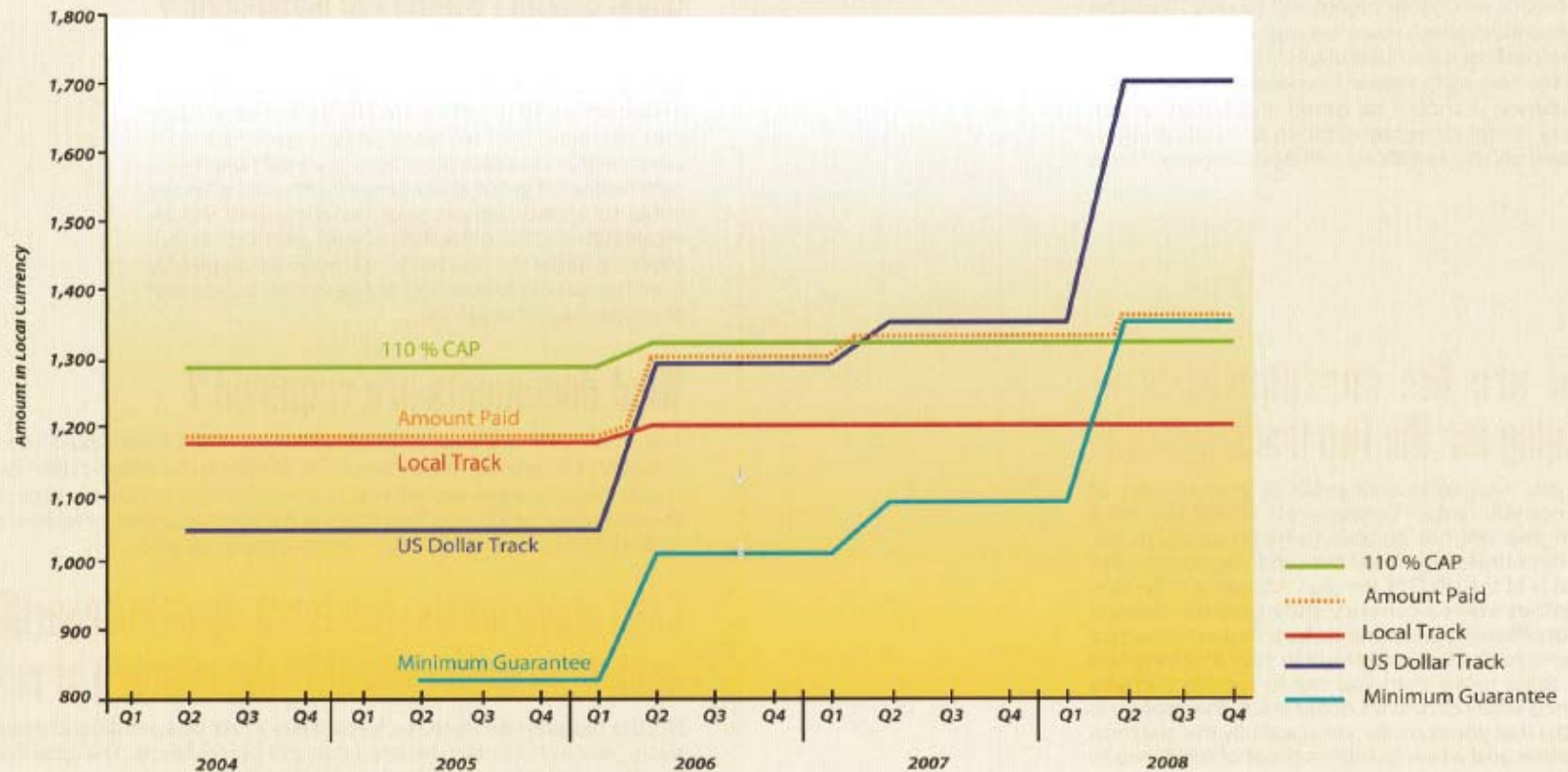


# Two-Track Graph

Illustration of the

# Two-Track

Feature of the pension Adjustment System







# Calculating Local Track **Monthly** Amount for Switzerland

- ✓ **USD Pension at Entitlement Date (01/09/2017): \$4,500.00**
- ✓ UN 36-Month Average Rate applicable at the Month of Separation (31 August 2017): **0.977 CHF per 1 USD**
- ✓ CHF Local Track amount at Entitlement Date:  
$$\text{\$4,500.00} \times \text{0.977} = \text{CHF } 4,396.50 \text{ (Guaranteed Amount)}$$
- ✓ **CAP (Maximum Amount) = CHF 4,396.50 x 110% = CHF 4,836.15**



# Comparative Feature – Jul 17 Quarter

- ✓ USD Pension : \$4,500.00
- ✓ UN Quarterly Rate for July 2017: **0.974 CHF** per 1 USD →→  
USD Equivalent in CHF for Sept 17 Month  
  
(4,500.00 X 0.974 = CHF 4,383.00)
- ✓ CHF Local Track amount = CHF 4,396.50 (Guaranteed Amount)
- ✓ **Result:** USD Equivalent lower than CHF Local Amount, so Local Track Switzerland is favorable at this time, but the differential is very low (13.50 CHF per month for this case)



**THE ABOVE LOGIC APPLIES FOR GS  
STAFF REQUESTING LT IN  
SWITZERLAND.**

**BECAUSE OF COLD FACTORS  
APPLICABLE FOR P STAFF, *LT FOR P  
STAFF IN SWITZERLAND* COULD BE  
MORE BENEFICIAL.**

**PLEASE REQUEST AN ESTIMATE  
SHORTLY **AFTER** YOUR PENSION IS  
CALCULATED**



# COLD FACTORS IN SWITZERLAND

## COL DIFFERENTIAL

SWITZERLAND

*Showing 13 Records*

Effective Date	Differential
July 2017	9.92
June 2017	10.46
May 2017	11.06
April 2017	11.72
March 2017	12.20
February 2017	12.68
January 2017	13.04
December 2016	13.52
November 2016	13.88



# EFFECT OF COLD FACTORS IN SWITZERLAND

	P4 TOP STEP	G6/11	P3/11
F.A.R - (A)	\$ 192,540	\$ 159,952	\$ 150,899
ROA - (B)	0.4625	0.4625	0.4625
Annual PEN - (C) = (A) X (B)	\$ 89,050	\$ 73,978	\$ 69,791
<i>Mnthly PEN - (D) = (C) /12</i>	\$ 7,421	\$ 6,165	\$ 5,816
COLD FACTOR FOR JUL 17 - (E)	0.0992		0.0992
MAX FAR FOR COLD APPLICATION (Current P4 Top Step) - (F)	\$ 188,761		\$ 188,761
Adjusted FAR for LT in Switzerland - (G) = (A) + (lower of (A),(F)) x (E)	\$ 211,265	\$ 159,952	\$ 165,868
ROA - (B)	0.4625	0.4625	0.4625
ANNUAL US\$ PENSION FOR SWISS LT CALC - (H) = (G) X (B)	\$ 97,710	\$ 73,978	\$ 76,714



# EFFECT OF COLD FACTORS IN SWITZERLAND

ANNUAL US\$ PENSION FOR SWISS LT CALC - (H) = (G) X (B)	\$ 97,710	\$ 73,978	\$ 76,714
UN 36-MONTH AVERAGE RATE (USD/CHF) AT 31/07/17 - (I)	0.977	0.977	0.977
ANNUAL SWISS LT PENSION - (J) = (H) X (I)	CHF 95,463	CHF 72,276	CHF 74,950
MONTHLY SWISS LT PENSION - (K) = (J)/12	CHF 7,955	CHF 6,023	CHF 6,246
UN QUARTERLY RATE AT 31/07/17 - (L)	0.974	0.974	0.974
MONTHLY USD PENSION IF PAID IN CHF - (M) = (D) X (L)	CHF 7,228	CHF 6,005	CHF 5,665
LOCAL TRACK MINUS USD TRACH IN CHF - (N) = (K) - (M)	CHF 727	CHF 18	CHF 581
RESULT	LT BENEFICIAL	LT BENEFICIAL	LT BENEFICIAL



# Calculating Local Track Amount for France and **ALL** Euro Zone countries

- ✓ **USD Pension at Entitlement Date (01/09/2017): \$4,500**
- ✓ UN 36-Month Average Rate applicable at the Month of Separation (31 August 2017): **0.892 EUR per 1 USD**

- ✓ EUR Local Track amount at Entitlement Date:

$$\$4,500 \times 0.892 = \mathbf{EUR\ 4,014\ (Guaranteed\ Amount)}$$

- ✓ **CAP (Maximum Amount) = EUR 4,014 x 110% = EUR 4,415.40**



# Comparative Feature – Jul 17 Quarter – ALL STAFF

- ✓ USD Pension : \$4,500.00
- ✓ UN Quarterly Rate for July 2017: **0.893 EUR** per 1 USD  
→→ USD Equivalent in EUR for Sept 17 month  
  
(4,500 X 0.893 = EUR 4,018.50)
- ✓ EUR Local Track amount = EUR 4,018.00 (Guaranteed Amount)
- ✓ Result: USD Equivalent slightly higher than EUR Local Amount, so Local Track EURO Zone is not favorable at this time



**How about  
Payment?**



**THE CHOICE IS YOURS!**

**ALL BENEFICIARIES  
IRRESPECTIVE OF THE WAY  
THEIR PENSIONS ARE  
CALCULATED (USD TRACK OR  
LOCAL TRACK) **HAVE THE SAME  
PAYMENT OPTIONS:****

**15 CURRENCIES IN OVER 200  
COUNTRIES**



# Currency of Payment

**Q: What are those 15 Currencies?**

**A: Our 15 monthly pensions currencies are:**

1. **US Dollar (USD)**
2. **Euro (EUR)**
3. **Swiss Franc (CHF)**
4. **Pound Sterling (GBP)**
5. Canadian Dollar (CAD)
6. Australian Dollar (AUD)
7. New Zealand Dollar (NZD)
8. Singapore Dollar (SGD)
9. Japanese Yen (JPY)
10. Danish Krone (DKK)
11. Norwegian Krone (NOK)
12. Swedish Krone (SEK)
13. Indian Rupee (INR)
14. Pakistani Rupee (PKR)
15. CFA Franc (XAF and XOF)



**The first 4 currencies make up of approx. 92% of all our monthly benefits**



# CHOICE OF CURRENCY OF PAYMENT

**Q: So what are the possible consequences for my choice of currency of payment?**

**R: Your choice of currency has two possible consequences: Unlimited Payment fluctuations and Bank Charges**

To avoid **unlimited payment fluctuations** (up or down), **the Track currency has to be the same as Payment Currency.**

Track	Payment Currency	Consequences
USD	USD	No payment fluctuation
USD	CHF	Unlimited Quarterly Fluctuation
USD	EURO	Unlimited Quarterly Fluctuation
CH Local Track	CHF	Limited payment fluctuation
FR Local Track	EUR	Limited payment fluctuation
CH Local Track (CHF)	USD	Unlimited Quarterly Fluctuation
CH Local Track (CHF)	EURO	Unlimited Quarterly Double fluctuation: CHF-USD, USD-EURO
FR Local Track (EUR)	CHF	Unlimited Quarterly Double fluctuation: EUR-USD, USD-CHF



## CHOICE OF CURRENCY OF PAYMENT

**Q:** So what are the possible consequences for my choice of currency of payment?

**R:** Your choice of currency has two possible consequences: Unlimited Payment fluctuations and **Bank Charges**

*The Fund pays a fee to send pensions, but **does not absorb fees related to the receipt of pensions***

*To avoid bank charges, the payment destination must be in the currency zone.*

Currency	Destination	Bank Charges (yes, no, possible)
USD	USA	No
USD	Other countries	Yes for most, with a few exceptions
EURO	SEPA Zone (32 countries)	No
EURO	Outside SEPA Zone	Yes for most, with a few exceptions
CHF	Switzerland	No
CHF	Outside Switzerland	YES
Other Payroll currencies	In their zones	NO
Other Payroll currencies	Outside their zones	YES

# Local Track in Numbers



# LOCAL TRACK NUMBERS

- AS OF August 2017, WE HAVE **17,778 BENEFICIARIES ON THE LOCAL TRACK** FOR 104 COUNTRIES (OUT OF APPROXIMATELY 63 000 BENEFICIARIES in 200 countries).
- **5 COUNTRIES MAKE 73% OF THE TOTAL**
  - FRANCE: 4 298
  - SWITZERLAND: 3 853
  - ITALY: 1 982
  - AUSTRIA: 1 873
  - UNITED KINGDOM: 1 004



➤ The has been **NO COL** Adjustment for Switzerland since April 2008.

*Based on August 2017 Payroll data:*

- There are **3 853 beneficiaries on the Swiss local track** out of 4,801 Swiss residents (2<sup>nd</sup> highest count behind France)
- **80%** (compared to **82%** of Swiss residents as of Aug 16) opted for the local track
- **98%** of them have selected **CHF** as currency of payment



**Local Track:  
Keep in Mind**



- The 36-Month average UN exchange rate effective in **August 2017 is:**

$$1\$ = 0.977 CHF$$

- This rate will be used to compute the initial local track amount for SM separating in Aug 17 whenever they opt for the **Switzerland** local track



# GUIDANCE

**Q: I know that it is an individual decision, but what would you do if you were at my position?**

**R: Your choices depend of your individual situation and needs. However, I would proceed as follows:**

*I would ask for the pension to be calculated in the **USD Track**.*

*I would then select the currency of **payment** depending on my needs (in what currency most of my expenses will be in) – (**for me** Euros)*

*I would select the country of destination of the payment where I would avoid bank charges, and will have easy access to the funds (**for me**, France)*

*I would then run or ask for an estimate of the local track for the **countries** where I could possibly end up during my retirement (France, Switzerland, my home country) .*

*I would then decide based on the estimates whether to stay on the US Track or go to the Local Track.*

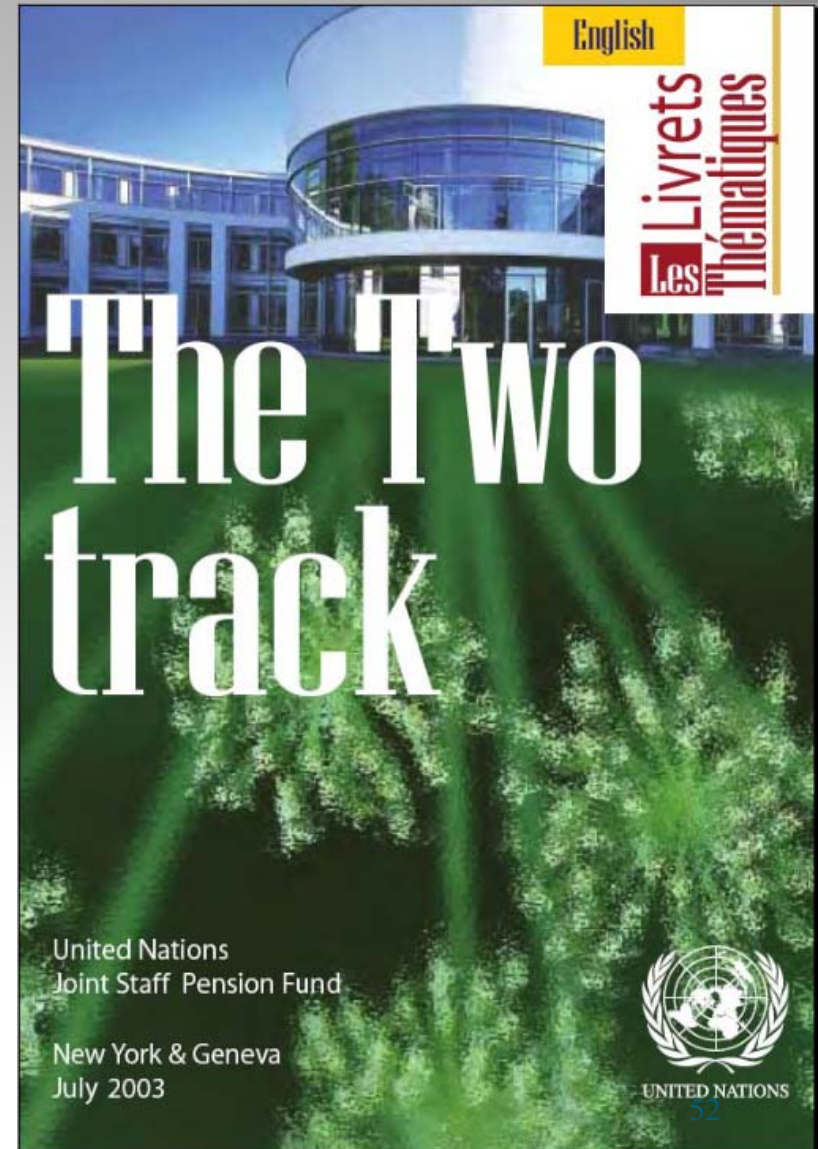
*My decision would not be based on whether I am winning or losing but on whether I **can balance my budget with the local track amount in the countries where I could possibly reside during my retirement (especially the latter part of it).***



# The “Two-Track”: Keep in mind

- What should I do if I might want to go on the Two-Track?
  - (a) Familiarize yourself with the “Two-Track” booklet on the web **BEFORE** you make a decision.
  - (b) After you retire, come to/call the UNJSPF for a discussion and/or run an estimate of your local track benefit on our web site.

**THINK** about your future **BEFORE** you make a decision.





# The “Two-Track”: How to apply

- ✓ You may **choose** to go on the two-track at any time during your retirement but in order to have it applicable from the date of your retirement, you must apply within six months of your retirement.
- ✓ You must supply a **Certificate of Residence** from your declared country of residence along with form PENS.E/10 (“Declaration of Country of Residence”).
- ✓ Once you choose the local track **you cannot normally** decide at a later stage that you wish to **revert to the dollar track**.
- ✓ If you **change your country of residence** whilst on the local track you **must inform the UNJSPF immediately** and submit form Pens.E/11 + new proof of residence.



UNITED NATIONS JOINT STAFF PENSION FUND

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PALAIS DES NATIONS, Office D-106, CH-1211, Geneva 10
Tel: +41 (22) 917-1824

DECLARATION OF COUNTRY OF RESIDENCE

IMPORTANT

Please Enter Your Pension Number

[Empty box for Pension Number]

PENS.E/10:
the
"Two-Track"
form

1. THE SUBMISSION OF THIS FORM IS OPTIONAL. Please refer to Annex III of the Regulations, Rules and Pension Adjustment System of the UNJSPF (JSPB/G.4/Rev.16), and the Information Note on Declaration of Country of Residence (PENS.E/10N), which should be studied carefully. If you decide to complete form PENS.E/10, please return it together with the required certificate of residence.

2. A declaration of your country of residence is not effective without a certificate of residence issued by a national or local government authority. The certificate of residence must be issued after the date of separation from service. Its acceptance will enable you to avail yourself of the provisions of the two-track Pension Adjustment System under which your entitlement each quarter will be the greater of the local track or the local currency equivalent of the US dollar track for the given quarter, subject to a maximum of the local track plus the applicable margin, currently 10%.

3. If you submit form PENS.E/10, it cannot be dated or submitted more than two weeks before the commencement date of the UNJSPF entitlement. All future communications concerning your entitlement will be sent to the address given on that form, unless a reasonable explanation is provided for doing otherwise. Should you change your address, whether or not this involves moving to a different country, it is essential that you inform us immediately.

4. If you do NOT submit form PENS.E/10, your benefit will be established in US dollars and will then be adjusted in accordance with the United States Consumer Price Index (US CPI). You may however, at any time in the future, declare your country of residence and submit form PENS.E/10.

A. DECLARATION OF COUNTRY OF RESIDENCE

Having taken note of paragraphs 1, 2, 3 and 4 above,

I, \_\_\_\_\_ (SURNAME) \_\_\_\_\_ (FIRST) \_\_\_\_\_ (MIDDLE)

declare my residence as a UNJSPF beneficiary as follows:

My country of residence is: \_\_\_\_\_

My home address is:
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_

Telephone No: \_\_\_\_\_ e-mail: \_\_\_\_\_

B. PROOF OF RESIDENCE

A certificate of residence issued by a national or local government authority is attached [ ]

I understand that, having submitted proof of my country of residence and thereby having become entitled to the two-track Pension Adjustment System, I will remain permanently under that system and I will not be able to withdraw from that system. I undertake, in the future, to notify the Fund of any change in my country of residence as soon as it occurs. I understand that failure to do so, or providing a false statement, may lead to the loss of my entitlements under the pension adjustment system.

Date: \_\_\_\_\_
(please see paragraph 3 above)

Signature: \_\_\_\_\_

**In need of  
help ?**

If you need further assistance . . .



UNJSPF NY

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**Office Location:**

**DuPont de Nemours Building Ch.  
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**How to contact us. . .**

**At the “PERMANENCE”**

**UNJSPF GVA**

**Office:**

**PALAIS DES NATIONS Geneva**

**AAFI-AFICS Office, Door 40**

**Office: E-2078**

**Open Hours:**

**Tuesdays**

**9:00 to 12:00 without appt**

# Special “PERMANENCE” during Pre-Retirement Seminar



**UNJSPF GVA**

**PALAIS DES NATIONS  
E Building**

**1st Floor Office No: E-1062, E-1064  
and E-1066**

*Directions: Please follow signs posted outside*

**Open Hours:**

**ALL THIS WEEK**

**10:00 to 17:30**

# Q and A



UNJSPF

**Thank You!**

EPPO FAO IAEA ICGEB ICCROM ICAO ICC IFAD ILO IMO IOM IPU  
ISA ITU ITLOS STL UN UNESCO UNIDO WHO WIPO WMO WTO