



UNJSPF

THE PENSION ADJUSTMENT SYSTEM

“The Two-Track”

07 October 2020

Client Services and Outreach Section, UNJSPF



DISCLAIMER:

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Should there be any ambiguity or inconsistency between the information provided herein and the UNJSPF Regulations, Rules and Pension Adjustment System, any decisions will be based on the appropriate provisions contained therein.

Should this presentation be provided by staff other than the staff of the UNJSPF, any ambiguity or inconsistency should likewise be clarified either with the appropriate provisions, or through communications with the staff of the Fund.

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 Benefits is adjusted only as of age 55

The Pension Adjustment System (cont.)

HOW FREQUENTLY are benefits adjusted?

- **Annually**, on 01 April, if the relevant **consumer price index moved by at least 2%** since the date of the last adjustment.
- **Semi-Annually**, on 01 April and on 01 October, if the **consumer price index moved by 10% or more** since the April adjustment.



The first adjustment will be reduced by 0.5 percent.

THE US DOLLAR TRACK

All benefits are 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.**

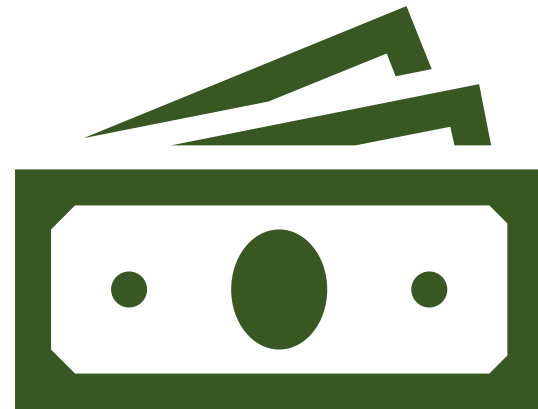
**The USD amount will
only vary subject to
cost of living
adjustment based on
the Consumer Price
Index (CPI) of the USA**

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**

If you choose for your **USD Track** pension to be paid in **another currency**, the USD Track amount will be converted to the currency of payment using the **UN Quarterly Rate**. The payment **will fluctuate** every quarter **with no maximum or minimum**.

1,000 USD could = 1500 CHF **or**
= 500 CHF

USD TRACK - Summary

- Your pension is **calculated** in USD
- It's adjusted based on Cost of Living adjustments in the **USA (2.2% adjustment for 2018, (4.2% in 2020).**
\$1,000 in 2006 would be today \$1,295.07
- **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**”

Two-Track:

How it works...

How does the “Two-Track” work?

I - 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 if & when applicable.)

How does the “Two-Track” work?

II - We adjust both amounts:

USD Amount is adjusted to Cost of living Adjustments in the **USA (4.2% in 2020)**, and **Local Track amount** is adjusted to Cost of living adjustment in the **country of residence (3.1% in France in April 2020)**.

How does the “Two-Track” work?

III - EACH QUARTER, we compare:

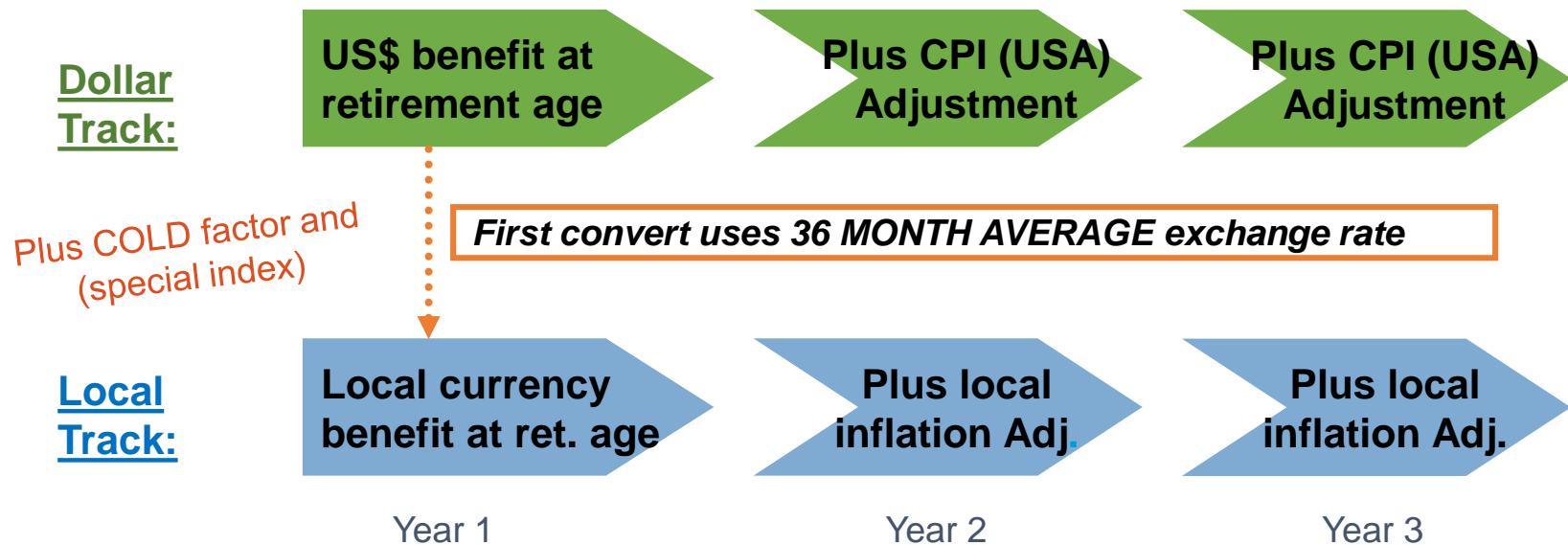
- **USD Track Amount** equivalent in **Local currency** using the UN Quarterly Exchange rate

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

➤ **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)

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

LOCAL TRACK - SUMMARY

- It is **an option** and not an obligation
- Your pension is **converted into** the currency of your country of residence (Euro, GBP, CHF, HUF, ETB, 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 (Requirements for each country on the Pens. E/10 form)
- **You cannot** normally switch back to the Dollar Track
 - Reversion to USD Track can happen if **the country** is suspended from the two-track system
 - Reversion of individual retirees is reviewed on a case-to-case basis

LOCAL TRACK - SUMMARY

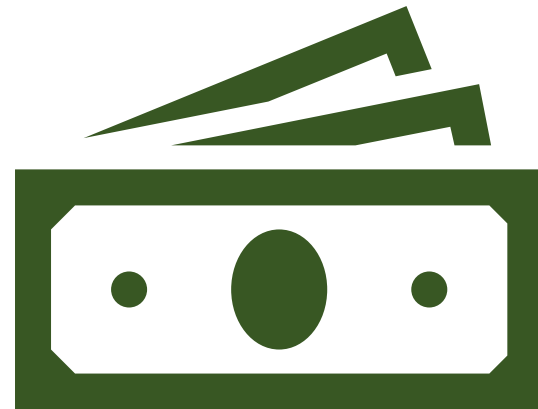
- **You can change your country of residence** as many times as you wish, but **you will need to give proof of residence** in the new country every time (*not recommended because of delays in recalculation*)
- **You can travel** for as long as you wish, **but you need to stay in your declared country of residence** for at least more than half of the year.
- **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 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)



However, **we strongly recommend** you keep the currency of the local track the same as the currency of payment (if possible) **to avoid fluctuations**

Let's
CALCULATE

THE US DOLLAR TRACK

UN Quarterly Exchange Rate:

The Beginning of the Month Rate for the month prior to the new quarter.

Example:

Rate of beginning March is the Quarterly Rate for Apr-May-Jun Quarter

TRACK (calculation)

USD Track
(\$1,000
per
month)

Conversion at the UN
Quarterly Rate

Payment in 16 Payroll Currencies (Your Choice)

CURR	Apr-19		APR-MAY-JUN19
USD	1.000	USD	1,000.00
EUR	0.879	EUR	879.00
CHF	0.999	CHF	999.00
GBP	0.751	GBP	751.00
CAD	1.316	CAD	1,316.00
AUD	1.402	AUD	1,402.00
NZD	1.462	NZD	1,462.00
SGD	1.349	SGD	1,349.00
JPY	110.000	JPY	110,000.00
DKK	6.559	DKK	6,559.00
NOK	8.547	NOK	8,547.00
SEK	9.270	SEK	9,270.00
INR	71.240	INR	71,240.00
PKR	139.417	PKR	139,417.40
XOF	576.665	XOF	576,665.00
XAF	576.665	XAF	576,665.00

TRACK (calculation)

USD
Track
(\$1,000
per
month)

Conversion at the UN
Quarterly Rate

Payment in 16 Payroll Currencies (Your Choice)

CURR	Jul-19		JUL-AUG-SEP 19
USD	1.000	USD	1,000.00
EUR	0.899	EUR	899.00
CHF	1.009	CHF	1,009.00
GBP	0.793	GBP	793.00
CAD	1.349	CAD	1,349.00
AUD	1.447	AUD	1,447.00
NZD	1.538	NZD	1,538.00
SGD	1.380	SGD	1,380.00
JPY	109.870	JPY	109,870.00
DKK	6.714	DKK	6,714.00
NOK	8.755	NOK	8,755.00
SEK	9.535	SEK	9,535.00
INR	69.880	INR	69,880.00
PKR	150.830	PKR	150,830.40
XOF	589.730	XOF	589,730.00
XAF	589.730	XAF	589,730.00

CURR	Apr-19	APR-MAY-JUN19	CURR	Jul-19	JUL-AUG-SEP 19	Oct-19	OCT-NOV-DEC 19
USD	1.000	1,000.00	USD	1.000	1,000.00	1.000	1,000.00
EUR	0.879	879.00	EUR	0.899	899.00	0.904	904.00
CHF	0.999	999.00	CHF	1.009	1,009.00	0.984	984.00
GBP	0.751	751.00	GBP	0.793	793.00	0.820	820.00
CAD	1.316	1,316.00	CAD	1.349	1,349.00	1.330	1,330.00
AUD	1.402	1,402.00	AUD	1.447	1,447.00	1.484	1,484.00
NZD	1.462	1,462.00	NZD	1.538	1,538.00	1.580	1,580.00
SGD	1.349	1,349.00	SGD	1.380	1,380.00	1.388	1,388.00
JPY	110.000	110,000.00	JPY	109.870	109,870.00	106.390	106,390.00
DKK	6.559	6,559.00	DKK	6.714	6,714.00	6.738	6,738.00
NOK	8.547	8,547.00	NOK	8.755	8,755.00	9.077	9,077.00
SEK	9.270	9,270.00	SEK	9.535	9,535.00	9.754	9,754.00
INR	71.240	71,240.00	INR	69.880	69,880.00	71.780	71,780.00
PKR	139.417	139,417.40	PKR	150.830	150,830.40	159.650	159,650.00
XOF	576.665	576,665.00	XOF	589.730	589,730.00	592.768	592,768.00
XAF	576.665	576,665.00	XAF	589.730	589,730.00	592.768	592,768.00

THE TWO-TRACK OR LOCAL TRACK

CALCULATION

UN 36-month Average Rate:

Average of the last 36 monthly rates up to and including the month of separation

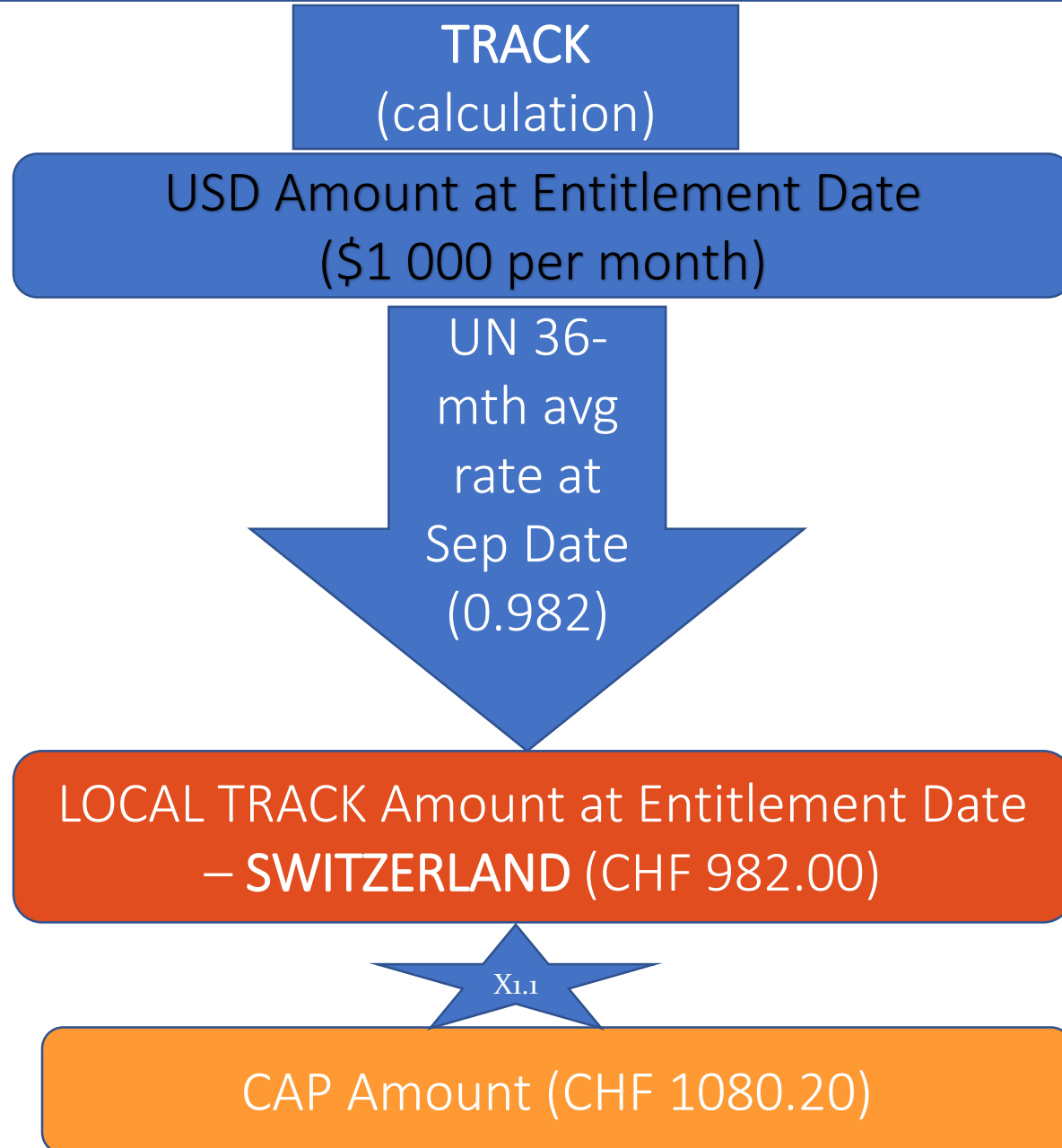
UN Quarterly Exchange Rate:

The Beginning of the Month Rate for the month prior to the new quarter.

Example:

Rate of beginning March is the Quarterly Rate for Apr-May-Jun Quarter

I - CALCULATION OF THE LOCAL TRACK AMOUNT AT ENTITLEMENT DATE – Separation 31/03/2019



II - COST OF LIVING ADJUSTMENTS (COLA) FOR BOTH USD AND LOCAL TRACK

TRACK
(calculation)

USD Track Amount at
Entitlement Date
(\$1 000 per month)

No Adjustment
in the USA in
April 2019

Adjusted USD Track
Amount
(\$1 000 per month)

LOCAL TRACK Amount
at Entitlement Date –
CH (CHF 982.00)

NO Adjustment
in Switzerland
in April 2019

Adjusted LOCAL TRACK
Amount for CH (CHF
982.00)

X1.1

CAP Amount (CHF 1
080.20)

III - DETERMINING THE PAYABLE AMOUNT – JAN 2020 QUARTER

TRACK
(calculation)

CHF Equivalent of USD Track
Amount

Adjusted USD Track
(\$1 000 per month)

Convert
at UN
Quarte
rly Rt
(0.999)

999.00 CHF

COMPARE
TO

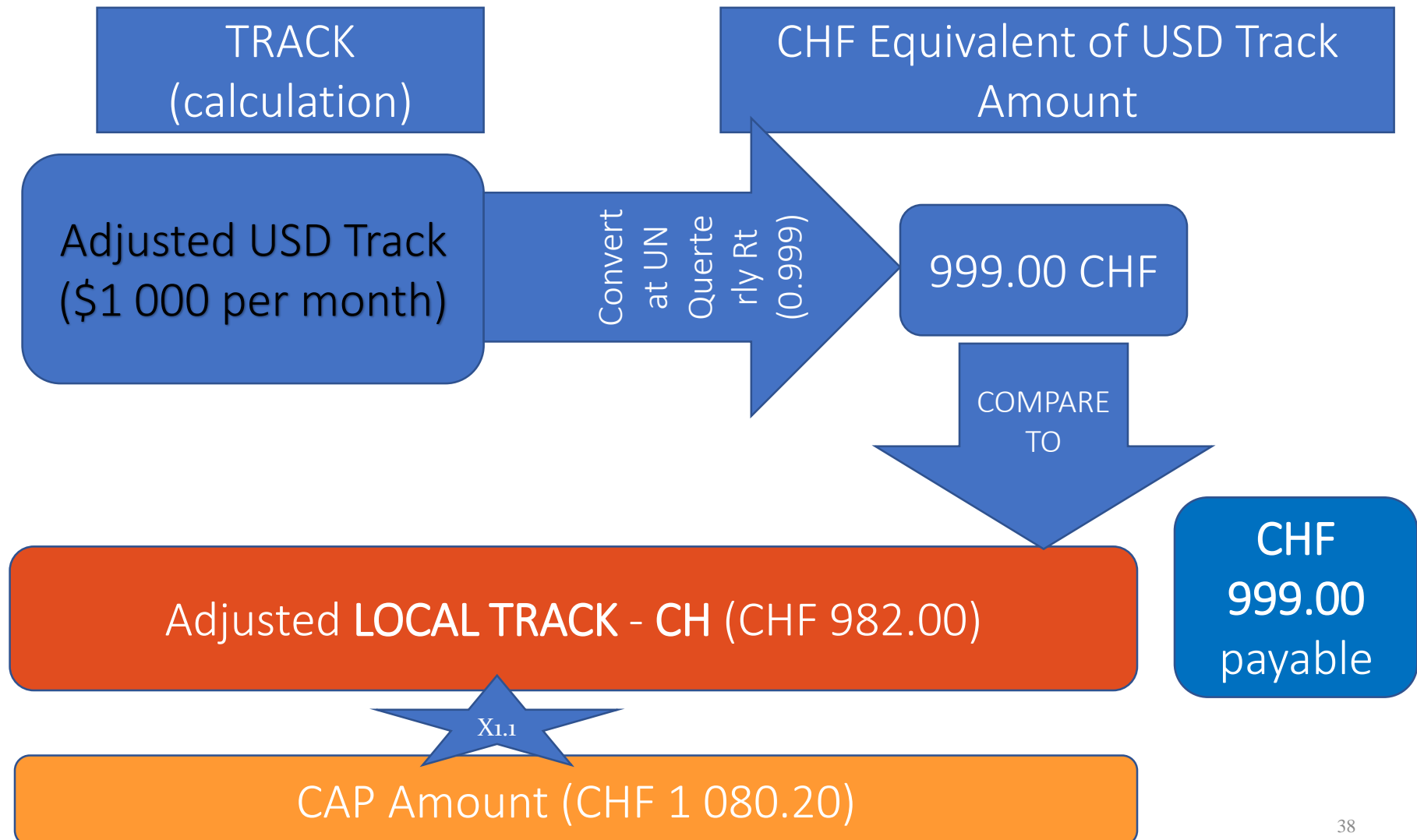
Adjusted LOCAL TRACK - CH (CHF 982.00)

X1.1

CAP Amount (CHF 1 080.20)

CHF
999.00
payable

**WHEN PAYABLE IS TAKEN FROM
USD TRACK OR CAP,
TWO-TRACK IS NOT ADVISABLE FOR THAT QUARTER**



If in July 2020, the rate is 0.850 CHF = 1 USD

TRACK
(calculation)

CHF Equivalent of USD Track
Amount

Adjusted USD Track
(\$1 000 per month)

Convert
at UN
Quarte
rly Rt
(0.850)

850.00 CHF

COMPARE
TO

YES!

Adjusted LOCAL TRACK - CH (CHF 982.00)

CHF
982.00
payable

X_{1.1}

CAP Amount (CHF 1080.20)

If in October 2020, The QTRLY rate becomes 1.2 CHF = 1 USD

TRACK
(calculation)

CHF Equivalent of USD Track
Amount

Adjusted USD Track
(\$1 000 per month)

Convert
at UN
Quarte
rly Rt
(1.20)

1 200.00
CHF

COMPARE
TO

Adjusted LOCAL TRACK - CH (CHF 982.00)

CHF 1 080.20
payable

X1.1

CAP Amount (CHF 1 080.20)

PAYMENTS

Calculation to Payment is done using the UN Quarterly Exchange Rate, which is the Monthly Exchange Rate of the month prior to the new quarter.

For example:

The monthly rate of December 2019 is the Quarterly Rate for Jan-Mar 2020 Quarter.

TRACK
(calculation)

USD Track
(\$1000 per
month)

CHF
999.00
payable

LOCAL TRACK – CH
(CHF 982.00)

Payment in 16 Payroll
Currencies (Jan 2020)

CHF 999.00

USD 1,000.00

No
conversion

Conversion at the UN Quarterly Rate
Jan2020 (0.999 CHF = 1 USD)

GBP	0.751	751.00
EUR	0.879	879.00
CAD	1.316	1,316.00
AUD	1.402	1,402.00
NZD	1.462	1,462.00
SGD	1.349	1,349.00
JPY	110.000	110,000
DKK	6.559	6,559.00
NOK	8.547	8,547.00
SEK	9.270	9,270.00
INR	71.240	71,240.00
PKR	139.417	139,417.40
XOF	576.665	576,665
XAF	576.665	576,665

Local Track

Keep in mind...



- 
- **The 36-Month average UN exchange rate effective in January 2020 is:**

1 USD = 0.985 CHF

- This rate will be used to compute the initial local track amount **for staff separating in January 2020** whenever they opt for the **Switzerland local track.**

- 
- **The 36-Month average UN exchange rate effective in January 2020 is:**

1 USD = 0.8750 EUR

- This rate will be used to compute the initial local track amount **for staff separating in January 2020** whenever they opt for the **France (and EURO zone) local track.**

Exchange Rates, CPI Adjustments, and Cost of Living Differential Factors

<https://www.unjspf.org/un-rates-of-exchange/>

Welcome to the Pension Exchange Rates! Please select your country.

Pension Exchange Rate Tables

To retrieve exchange data, please select a country.

SWITZERLAND

To complete, select currency.

SWISS FRANC

Showing

13

Records

Exchange Rates

Showing 13 Records

Effective Date	Rate (Beginning of the month)	Rate (Mid-month)	36 Mo Avg	Quarterly Rate
January 2020	0.97500	0.97500	0.9850	0.99900
December 2019	0.99900	0.99900	0.9860	0.98400
November 2019	0.99200	0.99200	0.9870	0.98400
October 2019	0.99200	0.99200	0.9860	0.98400
September 2019	0.98400	0.99400	0.9860	1.00900

Exchange Rates, CPI Adjustments, and Cost of Living Differential Factors

<https://www.unjspf.org/un-rates-of-exchange/>

Welcome to the Pension Exchange Rates! Please select your country.

Pension Exchange Rate Tables

To retrieve exchange data, please select a country.

FRANCE ▼

To complete, select currency.

EURO ▼

Showing

13 ▼

Records

Exchange Rates

Showing 13 Records

Effective Date	Rate (Beginning of the month)	Rate (Mid-month)	36 Mo Avg	Quarterly Rate
January 2020	0.89600	0.89600	0.8750	0.90900
December 2019	0.90900	0.90900	0.8770	0.90400
November 2019	0.90000	0.90000	0.8780	0.90400
October 2019	0.91400	0.91400	0.8790	0.90400
September 2019	0.90400	0.91000	0.8780	0.89900
August 2019	0.89700	0.89400	0.8780	0.89900

SWISS Local Track: Trends

- **SWITZERLAND** is the second country with the highest number of retirees on the Local Track, behind France.
- However, **NO Cost of Living Adjustment (COLA)** has been applied to the Swiss Local Track since April 2008.
- **CHF 1,000 in 2006 would be today CHF 1,031**
- **No** Cost-of-living Differential (**COLD**) factor for Switzerland **since August 2019**
- The **UN Quarterly rate** is currently higher than the 36-month average rate, so, the Swiss Local Track is **NOT advisable at the moment.**

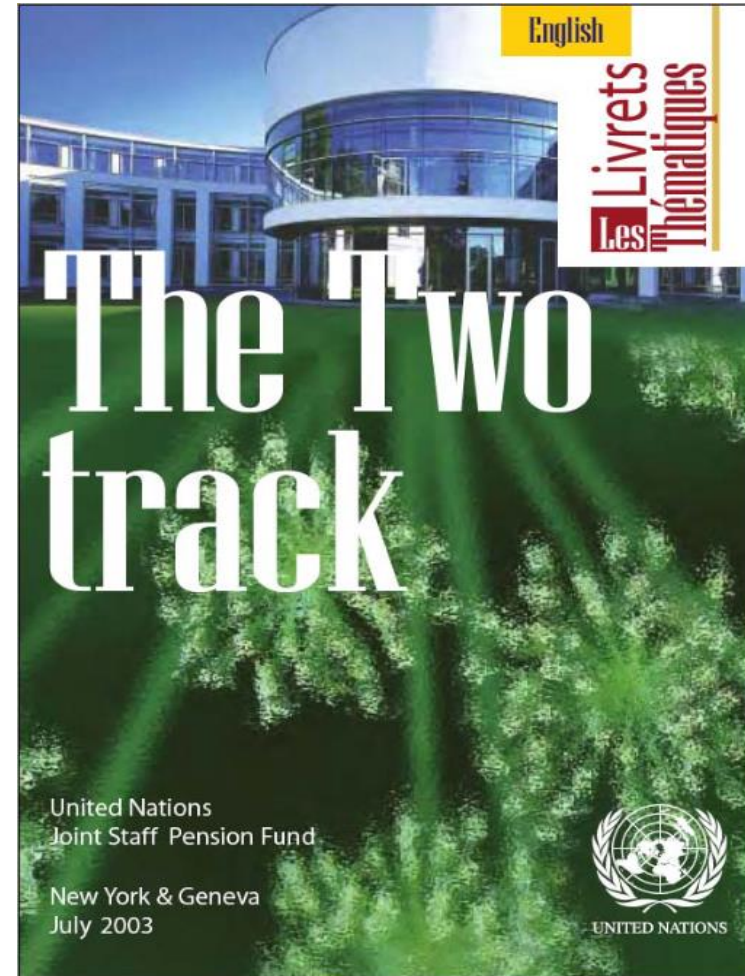
FRANCE Local Track: Trends

- **FRANCE** is the **first** country with the highest number of retirees on the Local Track.
- The France local track is regularly adjusted, with the **last adjustment being 3.1% in April 2020.**
- **€ 1,000 in 2006 would be today € 1,166.40**
- The **UN Quarterly rate (0.909)** is currently higher than the 36-month average rate (0.875), so the Local Track is **NOT advisable at the moment**

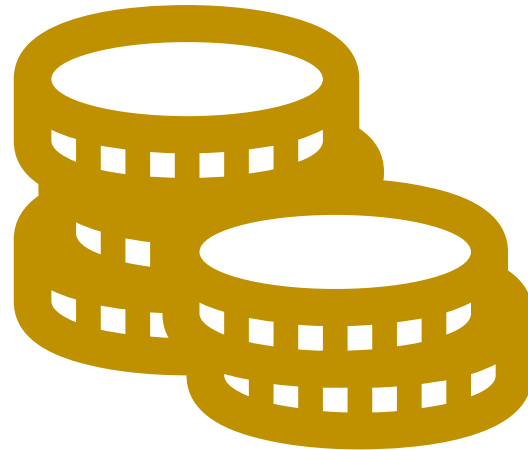
The “Two-Track”: Keep in mind

What should I do if I might want to go on the Two-Track?

- ✓ Familiarize yourself with the **“Two-Track” booklet** on the web **BEFORE** you make a decision.
- ✓ **After you retire**, contact the UNJSPF for detailed information and a discussion with a pension expert
- ✓ **Run an estimate** of your local track benefit inside your Member Self Service (MSS), once your benefit is in payment.
- ✓ **DO NOT MAKE A HASTY DECISION**, on the basis of one quarter of fluctuation. Look at trends!
- ✓ **Think about your future BEFORE** you make a decision.



PAYMENTS



GENERALITIES

Value Date for **WEEKLY PAYMENTS** (= date when the Fund authorizes the banks to release the payments): **Every Thursday**

- **Weekly Payments:** All payments made outside the Monthly Payroll run.
- **They consist of:**
 - Lump Sum
 - Withdrawal Settlements
 - Residual Settlements
 - Retroactive Benefits
 - Re-issuance of Returned/Cancelled payments
 - Payment of suspended and withheld payments

These payments are issued as “High Value” transfer and can be traced from initiation to reception

LUMP SUM PAYMENT

CURRENCY
CHOICE BY
BENE

 USD

 EURO

 CHF

PF CALC &
PAYMT



 USD

 USD

 USD

CONVERSION
BY **PF BANKS**
@**Bank Rate**

 USD

 USD →  EURO

 USD →  CHF

CURRENCY
RECEIVED BY
BENE BANK

 USD

 EURO

 CHF

GENERALITIES

- All payments are made in arrears: March 2020 benefits are payable at the end of March.
- **Value Dates** for **MONTHLY PAYMENTS** (date when the Fund authorizes the banks to release the payments)
 - **All Cheque payments** are dated the first of the following month (March 2020 payments by cheques are dated 01 April 2020)
 - **All monthly pensions in USD payments to USA** are paid **on the last business day of the month** (March 2020 pensions will be paid on 31 March 2020)
 - **All other monthly pensions** are paid **the day before the last business day of the month** (March 2020 pensions will be paid on 30 March 2020)

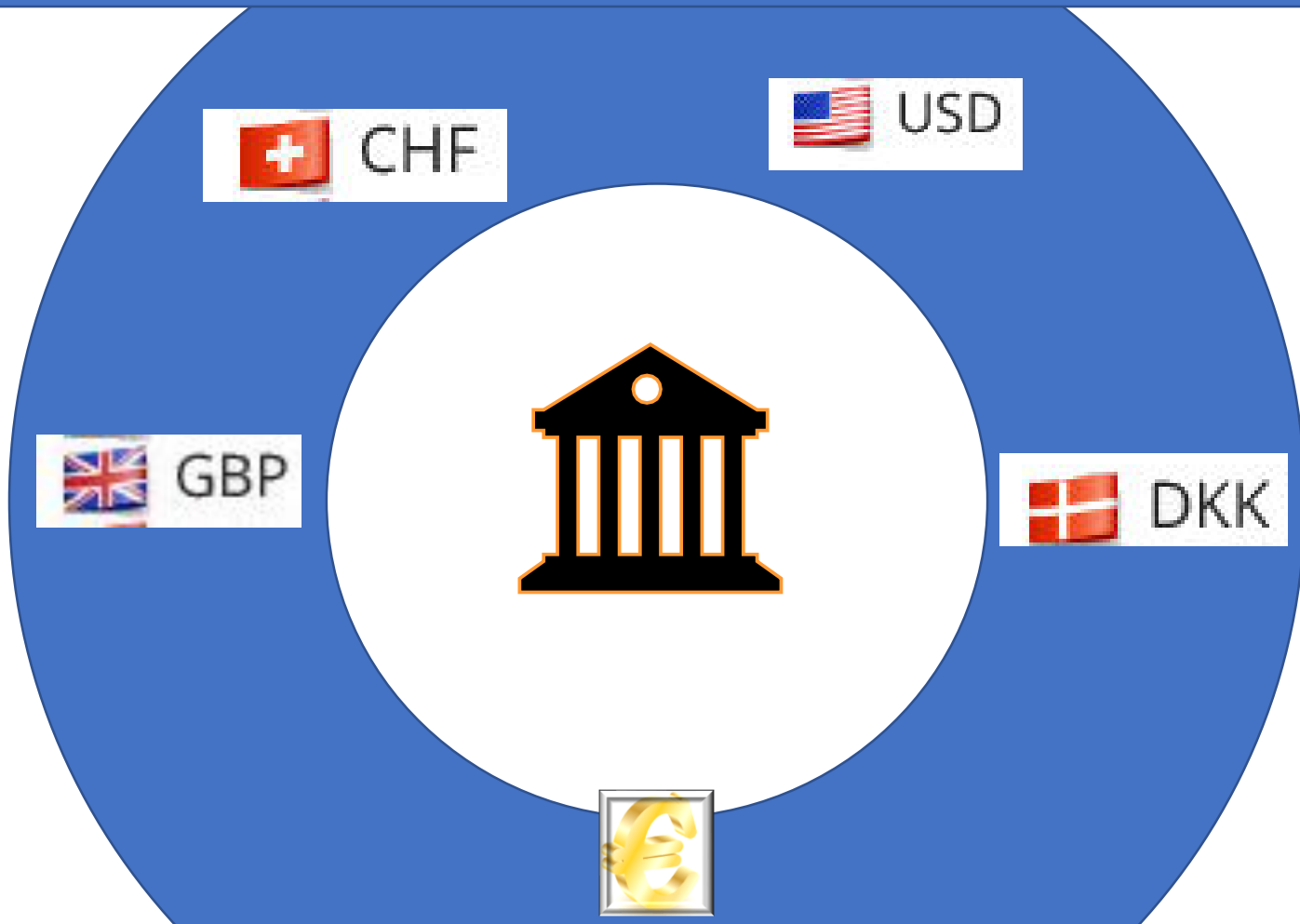
GENERALITIES

- Each Pension payment must be made by bank transfer to **only one bank account** owned or co-owned by the beneficiary.
- The Pension benefit **cannot be split** voluntarily by the beneficiary. It can be split to comply to a legal obligation to pay maintenance to a former spouse in case of divorce (Article 45)
- **Two separate benefits** belonging to the same beneficiary (e.g. pension + survivor's benefit) can be paid together **as a single payment** (aggregate feature) or separately to two different bank accounts.

GENERALITIES

- **Child/ren benefit/s** can be paid separately to a bank account owned by the staff, the child or jointly held.
- **Normally, all monthly pensions are paid each month...**
- ...However, **SMALL PENSIONS** (USD400 or less per month) **can be paid in arrears quarterly, semi-annually or annually** at the request of the beneficiary. The payments will be withheld and released **automatically** at the end of each cycle.
Note: This option is not compatible with ASHI deductions!

BANK ACCOUNT CURRENCY



Currency denomination of your account determines how you receive your funds. **Your bank** will convert all funds received to the currency of your account.

**CURRENCIES AND
DESTINATION
TO AVOID BANK
CHARGES FOR
MONTHLY PENSIONS**

PAYROLL CURRENCIES



DESTINATIONS

USD

To

USA

EUR

To

30 SEPA COUNTRIES

CHF

To

SWITZERLAND

GBP

To

UK

CAD

To

CANADA

AUD

To

AUSTRALIA

NZD

To

NEW ZEALAND

SGD

To

SINGAPORE

JPY

To

JAPAN

DKK

To

DENMARK

NOK

To

NORWAY

SEK

To

SWEDEN

INR

To

INDIA

PKR

To

PAKISTAN

XAF

To

CEMAC COUNTRIES

XOF

To

WAEMU COUNTRIES

QUESTIONS AND ANSWERS

