

ORIGINAL

FEDERATION
des ASSOCIATIONS d'ANCIENS FONCTIONNAIRES INTERNATIONAUX
(F.A.A.F.I.)

—
FEDERATION
of ASSOCIATIONS of FORMER INTERNATIONAL CIVIL SERVANTS
(F.A.F.I.C.S.)

Compte 285 161 00M/60 R
Union de Banques Suisse
Genève

Palais des Nations
CH-1211 Genève 10
Geneva,
9 April 1984.

To: All Member Associations of FAFICS

Re: Record of Decisions of the Extraordinary
Session of the Council of FAFICS, held at
UNESCO, Paris, 19 and 21 March 1984

1. You will find attached the Record of Decisions of the Extraordinary Session of the Council of FAFICS, which was held at UNESCO Headquarters, Paris, on 19 and 21 March 1984.

2. Your attention is drawn especially to paras. 28 and 29 of the Record, concerning the nomination of FAFICS representatives to the forthcoming meetings of ACPAQ (Geneva, 7-18 May 1984) and the ICSC (New York, 9-25 July 1984) respectively.

3. You will also note that the next session of the Council will be held in Vienna from 2 to 6 August next. This is advance notice. Further communications on the Session will be sent out at a later date.



Angela Butler,
Secretary of the Federation.

Enc.

Extraordinary Session of the Council of the
Federation of Associations of Former International Civil
Servants (Paris, 19 and 21 March 1984)

Record of Decisions

1. The Council of the Federation of Associations of Former International Civil Servants (FAFICS) met at the UNESCO Headquarters in Paris on 19 March 1984 in an Extraordinary Session convened to consider policies to be adopted in view of the special session of the United Nations Joint Staff Pension Board, meeting in Paris from 21 March 1984. It reconvened on Wednesday morning, 21 March 1984, when it adopted this Record of Decisions.

Participation

2. The following Member Associations of FAFICS were represented:

AAFI/AFICS (Geneva)	Mr. S. Grabe Mr. D. Miron
AFICS (New York)	Mrs. P. Tsien
Committee of Former Officials of UNESCO (Paris)	Mr. P. Coeytaux Mr. J. Guiton
FFOA (Rome)	Mr. P. Montanaro
NAFICS (Copenhagen)	Miss I. Poulsen.

3. The following persons were also present and participated in the Session:

Mr. A. Chakour (President of the Committee of Former Officials of UNESCO);

Mr. A. Elliott (Chairman of the Council of FAFICS);

Miss A. Butler (Secretary of the Federation).

4. Mr. Chakour welcomed the participants on behalf of the UNESCO Assistant Director-General for Administration who was unable to attend as he was absent from Paris on official mission.

Election of the Chairman of the Session

5. On the proposal of the Chairman of the Council of FAFICS, the Council agreed to take Item 2 of the proposed Draft Agenda (Election of the Chairman of the Session) as Item 1. Mr. A. Elliott, Chairman of the Council of FAFICS, was unanimously elected Chairman of the Session.

Adoption of the agenda (Item 1 of proposed Draft Agenda)

6. The proposed Draft Agenda was adopted, subject to reversal of the order of Items 1 and 2, some amendments to Item 5, and the addition of two new items. The revised Agenda, as adopted, is appended.

General discussion

7. On a proposal from the Chair, the meeting began with a general discussion on Items 3, 4 and 5.

8. A number of points were made with a view to clarifying the position of FAFICS for the benefit of the FAFICS representatives at the special session of the UNJSPB.

8.1 The most important point in the whole issue of the attempts to improve the actuarial balance of the Fund was to be found in the final paragraph of the Preamble of the Resolution adopted by the General Assembly, in which it was stated that the Assembly was "aware that a co-operative effort by member Organisations, participants and beneficiaries is required if the actuarial imbalance is to be reduced or eliminated, thereby securing an adequate level of benefits under the Fund". This notion of "co-operative effort" had largely been ignored in previous years. To date, most of what had been done or proposed to improve the actuarial balance had been to the detriment of the present, past and future participants, whereas "co-operative effort" required an equitable sharing of the burden, a sharing in which the Organisations should bear their full part.

8.2 The whole approach in the Resolution, and hence in the documents prepared by the Secretary of the Pension Board, had been rather piecemeal.

8.3 An additional problem was the division of responsibility between the ICSC and the JSPB as regards pension policies.

8.4 There were three main types of reason for the actuarial imbalance of the Fund: economic, demographic, and reasons deriving from the personnel policies applied by the Organisations.

8.5 FAFICS should insist that measures introduced to reduce the actuarial imbalance should deal with the causes of that imbalance rather than with only minor details.

8.6 There was a danger that if FAFICS were to advocate a too drastic, global approach to the problem, it might result in a decision to constitute a "review committee", and such a committee might not be a committee of specialists such as had been set up in the past.

8.7 It would therefore be advisable to remain open to any proposals intended to help achieve an acceptable reduction in the actuarial imbalance, with the cost equitably shared among the parties concerned.

8.8 Some members thought that FAFICS should come forth with a general, broad, policy statement that was well-founded, dignified, and showed goodwill. There was a tendency in some of the governing organs of the international organisations to question the systems of pay and of pensions for the staff, and to do so on the basis of erroneous analogies with national systems.

8.9 Other members felt that nothing could any longer be accomplished with general statements, particularly as the pensioners had no voting power. It would be better to determine which suggestions were the least "dangerous" and to put all efforts into achieving some progress on these.

9. There was general agreement that it would be more effective to concentrate on specific, concrete suggestions which could be dealt with in the context of a general, or global, approach. It was important that FAFICS should develop an approach that would sound reasonable. This meant determining precisely the issues that should be stressed.

10. After a discussion with the Secretary of the Fund, which was largely concerned with the Report of the Actuaries and in the course of which there had been a free and frank exchange of questions and answers, the Council resumed discussion of its agenda.

Item 3: Measures to safeguard the maintenance of the purchasing power of pensions and other periodic benefits, including the review of the two-track system followed to determine the initial amount of the pension and its subsequent adjustment

11. It was agreed that it was essential to maintain the Washington formula, which had been designed to solve a series of anomalies and inequities resulting from fluctuations in currency and in rates of inflation. It had taken a long time to reach agreement on the formula, which was modest in approach and essentially provided a safety net.

12. The fact that the Washington formula did not at present affect pensions in many countries should not be allowed to deflect attention from this basic principle of the safety-net approach. It should be borne in mind that, so far, it had been the participants — past, present and future — who had borne nearly four-fifths of the burden of the reforms introduced over the past few years.

13. On the question of the adjustment of pensions, it was important that adjustment for currency fluctuations should be continued on a quarterly basis. FAFICS should firmly support the maintenance of a twice-yearly CPI adjustment.

14. The suggestions in UNJSPB document R.9 (Review of the two-track pension adjustment system) should, on the whole, be rejected. On the other hand, FAFICS should stress the desirability of reaffirming the 1982 decision of the Board to raise the age of mandatory separation, as well as the 1983 decision to increase the rate of contributions to the Fund over a period of six years.

Item 4 : The re-examination of the survivor benefits under the Regulations of the Fund together with alternative ways of their financing

15. The Council supported the view expressed in paragraph 16 of the Report of the Committee of Actuaries: "... the current approach to the financing of survivor benefits should be maintained and that any approach of a reduction to 'purchase' such benefit protection would be socially undesirable, as well as poor benefit design for this plan."

Item 5: Other measures to improve the actuarial balance

(a) the increase to a realistic level in the interest rate used to calculate the amount of the lump-sum commutation

16. It was agreed that the question was not a primary concern of pensioners and that consequently nothing about it should be introduced into any statement.

(b) the determination of the lump sum in net equivalent terms, subject to the reimbursement of any taxes payable thereon

17. It was agreed that this, too, chiefly concerned serving staff, though pensioners could certainly have an opinion on it. According to the Actuaries, the Fund had in fact consistently benefited from the lump sum withdrawal provision. There was possibly a parallel between the tax equalisation proposal contained in this paper and the tax questions in the Special Index for pensioners. This should be kept in mind.

(c) the re-examination of the early retirement provisions, taking into account, inter alia, the observations made by the Committee of Actuaries, and proposed changes in retirement age

18. FAFICS should recommend that the Board maintain its position that the age of mandatory separation should be raised. The early retirement provision and the extension of the retirement age had originally been two elements of a package (1971), when the Board had agreed that, in effect, the one would pay for the costs of the other and the executive heads of the Organisations had undertaken to use their discretionary power to extend the service of the staff beyond age 60. Instead, the Fund was now saddled with the cost of early retirement without being able to benefit from the retirement age extension. In any event, the extension could be more liberally applied with respect to groups of staff who were not subject to geographical distribution constraints — to interpreters, translators, and General Service staff, for instance.

(d) the imposition of a ceiling on the highest levels of pension

19. FAFICS should oppose the imposition of an arbitrary ceiling; it should stand solidly for the protection of all pensioners, irrespective of level.

(e) possible alternative measures to improve the actuarial imbalance of the Fund

20. FAFICS should oppose changing the date of payment of pensions. It should be pointed out that the measure could give rise to hardships, particularly for General Service staff, and the attention

of the Participants' Representatives should be drawn to the existence of this possibility.

(f) re-employment of former participants who are entitled to a retirement, early retirement, or deferred retirement benefit

21. Recent changes in the regulations had caused certain problems for both Organisations and participants. Of the proposals put forward by the WHO participants (cf. UNJSPB document R.12), FAFICS would, on the whole, give preference to the third option:

"Third solution: retain article 21 unchanged, but add to it, in regard to any period of employment served by the re-engaged pensioner, not conferring new pension rights, one of the provisions proposed by the Secretary of the Board in document JSPB/30/R.23, paragraph 16, namely:

"Continue their pensions but require the employing Organisation to make a 14% contribution on their behalf, without a pensioner accruing any further benefit from such contributions.""

FAFICS representatives at the Board should, however, wait to see the reactions within the Board before stating their position. It was queried, for instance, whether the 14% contribution would in fact be sufficient.

Item 6: Representation of FAFICS at various meetings, including UNJSPB, ACPAQ, ICSC, etc.

22. It was decided to take up separately FAFICS representation at UN and UN-related bodies, and its representation at other meetings. It was pointed out that the decisions taken at the last session of the Council concerning FAFICS Representatives were applicable.

23. It was further agreed that an item concerning the functioning of the secretariat of the Federation and its relationships with the Member Associations would be placed on the agenda of the next regular session of the Council.

24. The following decisions were taken regarding FAFICS representation at specific meetings:

(a) UNJSPF Participants' meeting (UNESCO, Paris, 20.3.84)

25. It was agreed that the following members would attend:

Mr. A. Chakour (Committee of Former Officials of UNESCO)
 Mr. A. Elliott (BAFUNCS/London)
 Mr. S. Grabe (AFICS/Geneva)
 Mr. D. Miron (AFICS/Geneva)
 Mr. P. Montanaro (FFOA/Rome)
 Miss I. Poulsen (NAFICS/Copenhagen)
 Mrs. P. Tsien (AFICS/New York).

(b) UN Joint Staff Pension Board (Paris, opening 21.3.84)

26. It was agreed that the FAFICS delegation would be composed of:

Observers: Mrs. P. Tsien (AFICS/New York)
Mr. S. Grabe (AFICS/Geneva)

Alternates: Mr. J. Guiton (Committee of Former Officials
of UNESCO)
Mr. D. Miron (AFICS/Geneva)
Mr. P. Montanaro (FFOA/Rome).

27. It was further agreed that the Secretary of the Fund would be informed that the Chairman of the Council of FAFICS, Mr. A. Elliott, and the President of the Nordic Association of Former International Civil Servants, Miss Inga Poulsen, would also attend certain of the initial sittings of the Board during the first week of the Session.

(c) ACPAQ (Geneva, 7-18 May 1984)

28. It was agreed that FAFICS should be represented at the meeting in view of the agenda item on the Special Index for pensioners, and that Member Associations would nominate their candidate(s) by the end of April 1984.

(d) ICSC (New York, 9-25 July 1984)

29. It was agreed that a decision on participation would be taken once the agenda of the ICSC session had been received and that, in the event of an affirmative decision, representation would be assured by AFICS/New York and/or other nominees.

(e) Meeting of the NGO/WHO collaborative Group on Aging (Geneva, 14 May 1984)

30. It was agreed that AAFI/AFICS(Geneva) would be asked to nominate a member to represent FAFICS at this meeting.

31. It was further agreed that there should be a full discussion of the implications of FAFICS' recognition as a Non-Governmental Organisation of ECOSOC at the next session of the Council.

Item 7: Date and place of the next session of the Council

32. The Council noted the date of the opening of the next session of the UNJSPB (Vienna, 7 August 1984) and decided that the next Annual Session of the Council should be held in Vienna from 2 to 6 August 1984. It requested the Secretary to sound out IAEA/UNIDO for the requisite facilities. It much regretted that the cost factor did not make it possible to accept the offer of NAFICS to hold the session in Copenhagen.

Item 8: Other business

33. The FAFICS representatives who took part in the Participants Meeting (cf. para. 25 above) assisted in the drafting of a statement on behalf of all participants, to be delivered during the opening debate at the first meeting of the Board by the Convenor of the Participants Meeting. This in no way excluded the possibility of FAFICS observers making general statements at the Board or speaking on particular items.

COUNCIL OF FAFICS

Extraordinary Session
Paris,
19 March 1984.

AGENDA

1. Election of the Chairman of the Session.
2. Adoption of the Agenda.
3. Measures to safeguard the maintenance of the purchasing power of pensions and other periodic benefits, including the review of the two-track system followed to determine the initial amount of the pension and its subsequent adjustment.
4. The re-examination of the survivor benefits under the Regulations of the Fund, together with alternative ways of their financing.
5. Other measures to improve the actuarial balance of the Fund, referred to in the General Assembly Resolution:
 - (a) the increase to a realistic level in the interest rate used to calculate the amount of the lump-sum commutation;
 - (b) the determination of the lump sum in net equivalent terms, subject to the reimbursement of any taxes payable thereon;
 - (c) the re-examination of the early retirement provisions, taking into account, inter alia, the observations made by the Committee of Actuaries, and proposed changes in retirement age;
 - (d) the imposition of a ceiling on the highest levels of pensions;
 - (e) possible alternative measures to improve the actuarial balance of the Fund;
 - (f) re-employment of former participants who are entitled to a retirement, early retirement or deferred retirement benefit.
6. Representation of FAFICS at various meetings, including UNJSPB, ACPAQ, ICSC, etc.
7. Date and place of the next meeting of the Council of FAFICS.
8. Other business.

* * * * *