

PENSIONS

ILO

Pre-retirement course

The information in this booklet is made available for the convenience of UNJSPF participants. If there is ambiguity, inconsistency, or conflict between the information provided and the Regulations and Rules, decisions will be based on the Regulations and Rules, and not on the information contained in this booklet.

E-mail: pension@ilo.org

Fax: 22 799 85 71

September 2015 ILO
Pension Secretariat

Your full pension retirement age *

- Retirement age = 60 for those who joined before 1 January 1990
- Retirement age = 62 for those who joined on or after 1 January 1990
- Retirement age = 65 for those who joined on or after 1 January 2014
- Early retirement possible from age 55 for groups 60/62 (*from age 58 for retirement age 65 – calculations here only apply to groups 60/62*)

* *Your employer determines when you must leave the organization – neither the UNJSPF nor the ILO Pensions Section is involved in this decision*

Pension at age 60 (62)

a) Full pension,

OR

b) Reduced pension = $\frac{2}{3}$ of the full pension + $\frac{1}{3}$ of the actuarial equivalent of the full pension (or a smaller lump sum and a larger reduced pension)

The benefits under a) and b) are accompanied by:

Child's pension (max): US\$ 3,436 per year

Survivor's pension: $\frac{1}{2}$ of the full pension

Basic Pension Calculation

Annual rate of accumulation *

multiplied by

Number of years of contributory
service

multiplied by

Final Average Remuneration (FAR) =
best 36th months of pensionable
remuneration during the last five
years of employment

** Part-time employment accrues on a partial/pro-rata basis (net contributions)*

Examples (60/62)

Basic Pension Calculation

Rate of accumulation * = 36.25%

example for 20 years of contributory service, began on/after 1 January 1983)

$$1.50\% \times 5 \text{ years} = 7.50\%$$

$$1.75\% \times 5 \text{ years} = 8.75\%$$

$$2.00\% \times 10 \text{ years} = \underline{20.00\%}$$

36.25% total

FAR = US\$ 100,000

$36.25\% \times 100,000 = \text{US\$ } 36,250$ per year, full pension at 60/62

* Linked to length of contributory service: 1.5% for the 1st five years, 1.75% for 2nd five years, 2% for next 25 years, 1% after 35 years (maximum accumulation of 70%)

Lump Sum Calculation

For a pension of
US\$36,250 per year

$1/3$ of \$36,250 = \$12,083

Maximum amount commutable

multiplied by

Actuarial factor* at age 60
= 12

$\$12,083 \times 12 =$
US\$145,000 lump sum

* Actuarial factor from a chart that is updated periodically, discount rate varies

Between age 55 and 60/62

a) Defer retirement benefit to 60/62
(no lump sum, no child's benefit)

OR

b) Early retirement benefit (from 55 +)

OR

c) Reduced early retirement, with
maximum lump sum equal to 1/3 of
the actuarial equivalent of the full
pension

Early retirement: child's benefit to commence from age 60/62, except in case of disability, death or if the child is recognized as 100% disabled

Early Retirement Reduction Factors

- 6 % with less than 25 years
- 3% with 25 years *
- 1 % with 30 years or longer *

- *First example*
- less than 25 years, deferred full pension from age 60 = \$36,250

- Early retirement pension from age 55 equal to \$25,375 per year (\$36,250 reduced by 30% = or 6% x 5 years)
- Or, reduced early retirement pension with lump sum

* Retirement age 62: 6% for years before age 57
(Retirement age 65: new reduction factors, 58 +)

Part-time employment: difference between entry date and separation date

Early Retirement reduction factors (contd.)

- *Second example*

more than 30 years, deferred full pension from age 60 = \$36,250

- Early retirement pension from age 55 equal to \$34,438 per year (\$36,250 reduced by 5% = 1% x 5 years)

- Or, reduced early retirement pension with lump sum

Survivor's Benefit (Article 34/35)

Equal treatment male/female

Equal to 50% of the beneficiary's full pension, even if the beneficiary had chosen a reduced pension with the lump sum

Paid for life, regardless of remarriage

Requirement: The survivor was **married** to the beneficiary at the date of cessation of service and remained married until the death of the beneficiary (voluntary purchase of benefit for marriage after retirement)

Minimal benefit for former spouse (divorce) under certain conditions

Residual settlement (Article 38)

(if no spouse or child under 21)

Refund of your own contributions
with interest
less
the total amount of the benefits
already paid

Paid to a beneficiary designated by
you on form Pens A/2

OR

Without designation on form Pens A/2
Paid to your estate

Pension Adjustment System (US dollar only)

All pension entitlements are in the US dollar (based on the principle of income replacement), they can be paid in local currency at the UN operational exchange rate. This UN operational exchange rate is changed four times a year (Jan., April, July, Oct.) and is equal to the exchange rate of the last month of the prior quarter (Dec. rate applies to the following Jan., Feb., and Mar. payments).

Provides a stable benefit in US dollars and protects long-term purchasing power when the US dollar is strong against the local currency (no cap or ceiling on the amount paid when the dollar is very strong).

These pensions are adjusted for US inflation when the cost of living (US Consumer Price Index) has moved by at least 2% since the last cost of living adjustment. Adjustments are applied in April.

A beneficiary may choose the “double track” pension adjustment system (protects the purchasing power in local currency) at any time in the future. The UNJSPF can provide an estimate before switching to the double track system. The double track system is generally for life.

Pension Adjustment System – US dollar track example, separation at 31 January 2011

Initial monthly pension entitlement = US\$ 1000

US \$ track only

\$ 1000

Prior Qtr. SF
Exchange rate

Dec = 1.00

1st Qtr. =
SF 1000



1000

Mar = 0.93

2nd Qtr. =
SF 930



930

June = 1.10

3rd Qtr. =
SF 1100



1100

Sep = 1.25

4th Qtr. =
SF 1250



1250

Monthly amount paid in SF

Every 1st April: cost-of-living adjustment (CPI > 2% only) – pro-rata first year

+ 4.5%

\$ 1045

Pension Adjustment System – dual track example, separation at 31 January 2011

(Excludes the Cost of Living Differential Factor that applies to P and D staff in limited situations – available on the exchange rate section of www.unjspf.org)

Initial monthly pension entitlement = US\$ 1000

US \$ track

\$ 1000

Swiss Franc track

36 month avg. exchange rate = 1.07

Minimum = SF 1070
Min + 10% cap = SF 1177

Prior Qtr. SF
Exchange rate

Monthly amount paid in SF

Dec = 1.00

1st Qtr. =
SF 1000

1070

1st Qtr. =
SF 1070

Mar = 0.93

2nd Qtr. =
SF 930

1070

2nd Qtr. =
SF 1070

June = 1.10

3rd Qtr. =
SF 1100

1100

3rd Qtr. =
SF 1070

Sep = 1.25

4th Qtr. =
SF 1250

10% cap

1177

4th Qtr. =
SF 1070

Every 1st April: cost-of-living adjustment (CPI > 2% only)

+ 4.5%

\$ 1045

+2.1%

Minimum = SF 1092
Min + 10% cap = SF 1202

Continuation of quarterly comparison with new CPI adjusted base amounts

Before you leave the ILO

What officials have to do to ensure that they receive their first pension payment promptly

- Inform the ILO Pension Secretariat of any **address change/private E-mail** before your last working day.
- Return the **Payment Instructions form** (PENS-E/7) to the ILO Pension Secretariat after you receive the official letter from the Pension Secretariat. Make sure that the form is completed and includes the full name and address of the bank and any special bank routing or account codes (IBAN required in Europe).
- You may change your bank account in the future by submitting a new form directly to the UNJSPF.

Before you leave the ILO (Continued)

What officials have to do to ensure that they receive their first pension payment promptly

- For those who wish to be placed on the « double track » pension adjustment system, return the **Proof of Residency form** (Pens E/10) to the ILO Pension Section. The proof of residency from local authorities must be dated the day after you leave the ILO (with the exception of citizens of the country of residence who had their last employment contract in the country of residence).

Before you leave the ILO (continued)

What officials have to do to ensure that they receive their first pension payment promptly

- Ensure that the ILO Pension Section has **correct personal data** (date of birth for you and your spouse, any children under 21 years of age, handicapped children of any age, dates of marriage or divorce). **The UNJSPF will not change personal data after you leave the ILO, even if you submit legal documents to support a change.**

Submit photocopies of all birth, marriage and death certificates.
- If you have not already done so, return the **Designation of Beneficiaries form (Pens A/2)** to the ILO Pension Section. (You may submit a new form directly to the UNJSPF at any time in the future.)

After you leave the ILO

What beneficiaries have to do to ensure that pension payments are not interrupted

1. Complete the **annual Certificate of Entitlement form** (attestation that you are alive) promptly and return it to the UNJSPF. Do not return this form to the ILO Pension Section.
2. Inform the UNJSPF of any **address change**, including change in the country of residence.
3. If you **change your bank account**, contact the UNJSPF two months in advance to complete a new payment instructions form. Report the full name and address of the bank and any special bank routing or account codes, including the IBAN if applicable.
4. Inform the UNJSPF of any **change in civil status** (marriage, divorce, death of a spouse).

All forms are on the website: www.unjspf.org

Note

Further information is available on the website www.unjspf.org. You may also prepare your own retirement estimates on this website.

Pension payments are made by the UNJSPF, **AFTER** the date of separation from the organization.

Retired persons and beneficiaries must contact the UNJSPF directly for all enquires, tax statements, estimates, and payment problems.

Neither the ILO nor the UNJSPF can provide tax advice. Officials are responsible for complying with the applicable national tax laws and bank account reporting requirements. You may wish to consult a professional tax adviser in the case of any doubt or uncertainty.

ILO Pension Secretariat

- Family name:
- A-F, M Françoise Martinez x 8167
- G-K, Q-Z Marianne Charron x 6504
- L, N-P Annie Lenique x 6507

UNJSPF Geneva Office (Europe, Africa, and the Middle-East) *

Contact directly after the first
pension payment

E-mail: unjspf.gva@unjspf.org

Tel: 022 928 88 00

Fax: 022 928 90 99

Chief: Mr. Alan BLYTHE

* *UNJSPF New York E-mail: unjspf@un.org*



**Best wishes
for a happy and healthy
retirement**