UNITED
NATIONS

ST

Secretariat

ST/AI/414
29 March 1996

ADMINISTRATIVE INSTRUCTION

To: Members of the staff

From: The Under-Secretary-General for Administration and Management

Subject: 1996 EARLY SEPARATION PROGRAMME

Introduction

1. The General Assembly, by its resolution 50/215 A of 23 December 1995, approved the programme budget for the biennium 1996-1997, and decided at the same time that anticipated reductions in the amount of $104 million would have to be achieved. By its resolution 50/214 of the same date, the Assembly also mandated a 6.4 per cent vacancy rate in 1996-1997 in both the Professional and the General Service and related categories throughout the Secretariat. In order to achieve these reductions and to meet the vacancy rate, a modified early separation programme is being introduced so as to have as little adverse impact as possible on individual staff members.

2. The new feature of this programme, as compared to a similar programme in 1995, 1/ is the possibility offered to staff members for continued contribution to the United Nations Joint Staff Pension Fund (the "Pension Fund"). Staff members who are within two years of reaching age 55 and/or completing 25 years of contributory service in the Pension Fund will have the option to use, for a period of up to two years, part of their termination indemnity as determined in accordance with the Staff Regulations for the purpose of continued full contribution to the Pension Fund. Such an arrangement will enable them to qualify for the lower rate of reduction of pension benefit set out in article 29 of the Pension Fund regulations which requires participants to be at least 55 and to have 25 years or longer of contributory service in the Pension Fund.

Eligibility to apply

3. The programme is open to all levels of staff, including those in the Professional and higher categories, Field Service, General Service and related categories, who hold permanent appointments and have, as of 1 April 1996, at

least two years to serve before reaching the normal retirement age. Exceptionally, however, staff members on permanent appointments having less than two years to serve until the normal retirement age may request to be considered for early separation, on the understanding that the termination indemnity and any amount paid in lieu of notice may not exceed the total amount of the salary and all emoluments they would have received had they remained in service until their normal retirement age. Subject to that maximum, the termination indemnity will be computed on the basis of the number of months remaining until the staff member reaches retirement age if this number is lower than the number of months normally provided for under the Staff Regulations.

Termination indemnity

4. Three options are available to staff as regards the manner in which the termination indemnity may be paid. These options are different methods of paying the termination indemnity. Staff will be considered to have separated, except for pension purposes, as of the date on which they cease to perform official duties. As of that date, they will not be entitled to the visa status of a United Nations official. Staff will sign an acknowledgement that they understand these conditions. The three options are:

(a) A lump sum in accordance with annex III to the Staff Regulations and, consistent with the authority of the Secretary-General, an additional amount equal to 50 per cent of that indemnity, in accordance with staff regulation 9.3 (b);

or

(b) A period of special leave with full pay (SLWFP), inclusive of all entitlements, provided that the cost to the United Nations of such leave is no greater than the total lump-sum amount in subparagraph (a) above. A period of special leave without pay (SLWOP) for a maximum duration of two years, during which no entitlements or service credits would accrue, may be substituted or added at the request of the staff member;

or

(c) For the purposes of this programme, staff members who are in 1996 within two years of reaching age 55 and/or completing 25 years of contributory service in the Pension Fund may, upon their written request, be placed for a maximum period of two years on special leave for pension purposes to enable them to reach age 55 and to complete 25 years of service. 2/ The entire cost of the full pension contribution of both the staff member and the Organization for the period in question will be deducted from the termination indemnity and remitted in advance to the Pension Fund by the Organization to cover the period of special leave for pension purposes, which will be treated as leave without pay. Upon being placed on special leave for pension purposes, the staff member will be paid the balance of the termination indemnity, provided however that an amount equivalent to 10 per cent of the total pension contributions will be withheld against the possibility of an increase in pension contributions during the period of leave for pension purposes. Should such an increase occur, the Organization would pay to the Pension Fund the increased contribution, the increase being deducted from the amount withheld. Any unused amount will be paid at the end of the period to the separated staff member, who will receive an accounting of all payments made for pension contributions. An explanatory note and examples of this option are provided in the annex to the present instruction.

5. Staff will also be paid such other entitlements as repatriation grant and commutation of accrued leave of up to 60 days in accordance with the applicable staff regulations and rules.

Notice

6. Staff members whose permanent appointments are terminated are entitled to a three-month notice period which shall start from the date on which they are informed that their agreed separation has been approved by the Secretary-General.

7. Staff who elect to receive their termination indemnity as a lump sum and those who elect to be placed on special leave for pension purposes may either serve the notice period or be separated immediately (within five working days) and receive compensation in lieu of notice. The special leave for pension purposes referred to in paragraph 4 (c) above shall begin as of the date on which the separation would otherwise have taken place.

8. Staff who elect special leave with full pay or a combination of special leave with full pay and special leave without pay under paragraph 4 (b) above will not be entitled to payment in lieu of notice as they will be separated after a period well in excess of the notice period.

Conditions

9. Staff separated in accordance with the provisions of this instruction will be precluded from employment with the United Nations, its subsidiary organs and programmes for a period of four years following separation. Staff who opt for special leave for pension purposes will be requested to sign an agreement acknowledging that they have severed all ties with the Organization except for the status of special leave for pension purposes, and that all their entitlements from the Organization, with the exception of refund of amounts retained for pension contribution, will be fixed and finally settled on the basis of their status as of the date they commence special leave.

United Nations Joint Staff Pension Fund

10. The amounts payable described in paragraph 4 above are over and above any pension benefits due to a staff member after cessation of participation in the Pension Fund in accordance with its regulations.

Staff member’s application

11. Staff members who fulfil the eligibility criteria and who wish to be considered for the early separation programme are invited to submit a request to that effect to their executive officer or chief of administration at overseas

/...

duty stations no later than 12 April 1996, indicating the proposed date of separation and the option they would prefer under paragraph 4 above. If the request is endorsed by the head of department or office, a mutually acceptable separation date shall be established. Staff members may also wish to request the Pension Fund to ascertain their entitlements based on the proposed separation date.

Role of the department or office

12. The head of department or office shall consider the request and make a recommendation to the Assistant Secretary-General for Human Resources Management 3/ based on the priorities and needs of the department or office consistent with the programme budget. Particular attention should be given to the need to achieve the reductions called for by the General Assembly in its resolutions 50/214 and 50/215. The recommendation shall include the following information, preferably in tabular form:

(a) Name of staff member;

(b) Index number;

(c) Category/Level;

(d) Date of birth;

(e) Date of entry on duty;

(f) Post number encumbered by the staff member and source of funding;

(g) Payment option for termination indemnity selected by the staff member;

(h) Estimated cost of termination package;

(i) Estimated cost of staff assessment.

A written undertaking from the staff member seeking agreed separation not to contest either the separation from service requested or the terms of the separation package proposed must be attached to the recommendation of the head of department or office. 4/

Review process

13. Following a review by the Assistant Secretary-General for Human Resources Management, and drawing on the priority order set by the heads of department or office, the Under-Secretary-General for Administration and Management will make the final decision on behalf of the Secretary-General on the basis, *inter alia*, of available financial resources. In all cases, consistent with the best interests of the Organization, the Secretary-General reserves his right to reject or defer a staff member’s application for an agreed separation.

Inquiries

14. Staff members should address any questions regarding the agreed separation programme to their executive officer at Headquarters, or their chief of administration at overseas duty stations. Inquiries pertaining to pension benefits should be made directly to the Secretary of the United Nations Joint Staff Pension Committee.

Timing

15. Recommendations from heads of department or office, pursuant to paragraph 12 above, should be received by the Assistant Secretary-General for Human Resources Management no later than 20 April 1996. The decision of the Secretary-General will be conveyed to the heads of department or office by 30 April 1996.

General

16. This agreed separation programme in no way prejudices the right of the Secretary-General to pursue the termination of appointments in cases where the basis for separation is unsatisfactory performance or any other reason consistent with the Staff Regulations and Rules.

Notes

1/ See ST/AI/403.

2/ Amendments to the Staff Rules for this purpose will be promulgated shortly.

3/ For Geneva, Vienna and Nairobi, the recommendations should be addressed to the Director of Administration who will review them and transmit a consolidated list to the Assistant Secretary-General for Human Resources Management.

4/ Appropriate forms will be distributed to all departments and offices.

Annex

Special leave for pension purposes

Explanatory note and examples

1. The purpose of this annex is to amplify the option described in paragraphs 2 and 4 (c) of the administrative instruction and to provide practical examples of how these arrangements would be implemented.

2. The aim of this option is to allow staff members to reach both the minimum age to take early retirement (age 55) and, in the context of early retirement, to benefit from the substantially lower reduction rate specified under article 29 (b) (i) of the Pension Fund regulations which is available to staff members age 55 or over having completed at least 25 years of contributory service in the Fund.

3. While both thresholds (age and years of contributory service) have to be reached to qualify for the application of the lower reduction rate contained in article 29 (b) (i) of the Pension Fund regulations, a number of scenarios can be envisaged because, in some cases, one of these thresholds has already been reached, i.e. staff member age 54 with 26 years of service, or staff member age 56 with 24 years of service, while in other cases, neither have yet been attained, i.e. staff member age 54 with 23½ years of service.

4. The option is offered in the context of the 1996 early separation programme. The maximum allowable duration of the special leave for pension purposes to reach **either** or **both** thresholds is two years.

5. Three examples are provided below to explain the arrangement. They all relate to a P-5, step IX staff member, paid at the dependency rate, for which current basic annual amounts of base net salary (which is the amount used to calculate the termination indemnity) and pensionable remuneration (PR) are $66,501 and $119,303, respectively.

(a) **Staff member with 25 years of contributory service in the Pension Fund as of 31 December 1995, who reached age 53 in September 1995 and who agrees to separate on 31 August 1996, and requests to be placed on special leave for pension purposes immediately thereafter.**

In this case, one of the thresholds has already been reached (years of contributory service); the aim is to reach the second one (age 55); this will occur in September 1997, i.e. 13 months after his/her separation date:

(i) Termination benefit (+ 50 per cent rate):

$66,501 + 50 per cent of 66,501: $99,752 (rounded)

(ii) Full Pension contribution (13 months) for the period 1 September 1996 through 30 September 1997:

23.7 per cent of $119,303 x $\frac{13}{12}$ = $30,631 (rounded)

(iii) 10 per cent of (ii) to cover potential increases in PR above:

$3,063 (rounded)

(iv) Benefit payable upon departure (31 August 1996):

$99,752 - ($30,631 + $3,063) = $66,058

(v) Amount payable in October 1997 (on the assumption that the PR did not increase between 1 September 1996 and 30 September 1997): $3,063 (refund of unused 10 per cent share)

<u>Note</u>: On the assumption that approval has been given on behalf of the Secretary-General in April 1996 and that the staff member will leave on 31 August 1996, no compensation in lieu of notice is paid as notice period will have been served.

(b) **Staff member who reached age 55 in September 1995 and will have 23 years of contributory service in the Pension Fund at the end of July 1996.**

In this case, one of the thresholds has already been reached but the staff member still needs two years of contributory service as of 31 July 1996 to reach the 25-year threshold. He/She will be placed on special leave for pension purposes as of 1 August 1996 for a two-year period:

(i) Termination benefit (+ 50 per cent rate): $99,752 (rounded)

(ii) Full Pension contribution (2 years):

2 x 23.7 per cent of $119,303 = $56,550 (rounded)

(iii) 10 per cent of (ii) to cover potential increases in pensionable remuneration above:

$5,655 (rounded)

(iv) Benefit payable upon departure (31 July 1996):

$99,752 - ($56,550 + $5,655) = $37,547

(v) Amount payable in August 1998 (on the assumption that the pensionable remuneration did not increase between 1 August 1996 and 31 July 1998: $5,655 (refund of unused 10 per cent share)

Note: On the assumption that approval has been given on behalf of the Secretary-General in April 1996 and that the staff member will leave on 31 July 1996, no compensation in lieu of notice is paid as notice period will have been served.

(c) **Staff member who reached age 54 in December 1995, has 23 years and 9 months of contributory service as of 30 April 1996 and is placed on special leave for pension purposes as of 1 May 1996.**

In this case, the staff member will reach age 55 in December 1996 but will, at that date, not have had 25 years of contributory service. He/She would reach the latter threshold on 31 July 1997 and, consequently, would need to contribute to the Pension Fund until the end of July 1997:

(i) Termination benefit (+ 50 per cent rate): $99,752 (rounded)

(ii) Pension contribution (15 months) for the period 1 May 1996 through 31 July 1997:

$$23.7 \text{ per cent of } \$119{,}303 \times \frac{15}{12} = \$35{,}344 \text{ (rounded)}$$

(iii) 10 per cent of (ii) to cover potential increases in PR above:

$3,534 (rounded)

(iv) 5 per cent increase in pensionable remuneration as of 1 January 1997: New pensionable remuneration for P-5/IX: $125,268

Increased pension contribution (1 January-31 July 1997):

$$23.7 \text{ per cent of } (\$125{,}268 - \$119{,}303) \times \frac{7}{12} = \$825 \text{ (rounded)}$$

(v) Benefit payable upon departure (1 May 1996):

$99,752 - ($35,344 + $3,534) = $60,874

(vi) Amount payable in August 1997: $3,534 - $825 = $2,709 (refund of 10 per cent share less amount used to cover increase in pensionable remuneration)

Note: In addition, a staff member departing immediately after approval is given to his/her early separation would receive three months' compensation in lieu of notice.
