

14 November, 2016

Greetings!

In my first article as the newly elected President of AFICS (*Notes* of 26 September 2016) I indicated that in order to ensure that our voice is heard and that the interests and concerns of United Nations retirees are fully taken into account before any actions are taken, AFICS/NY would need to work in a constructive way with the senior management of the UN and the UNJSPF.

To that end, during the month of October Debbie Landey and Jay Karia, my two Vice Presidents, and I had a series of meetings with top UNJSPF and UN officials. At the Pension Fund we met with the CEO, Sergio Arvizu, and the RSG for Investments, Carol Boykin. On the UN side we met with the Chef de Cabinet (Edmond Mulet), high officials in the Department of Management (Christian Saunders, Pedro Guazo, Christophe Monier) and OHRM (Victor Kisob). In addition, we had a meeting with a high official of UNDP (Jens Wandel) and hope to do the same at UNICEF and UNFPA.

On 15 November we are scheduled to meet with the Secretary General designate's Transition Team to discuss all the issues that we have already raised with the senior officials responsible for managing our pensions and health care.

Below is a brief summary of the main subjects discussed and concerns raised in the course of these meetings:

#### **PENSION FUND:**

**Operations.** We expressed our serious concern with the severe backlog in the processing of new pension cases over the past year and discussed the Fund's significant efforts to deal with the issue (including the creation of an Ad Hoc Task Force to increase processing capacity; working with the UN Administration to resolve pending technical issues between IPAS and UMOJA; launching an end-to-end review with the UN of the entire pension processing system; setting up a working group with Peacekeeping).

We stressed the need for the Pension Fund to become more proactive in obtaining missing documentation, working closely with the administrations of the employing organizations. Strengthened client servicing and better communication with new retirees and existing beneficiaries should be a priority. We asked that improvements to the Fund's website should continue to be made, with clear and understandable monthly workload, processing and other pertinent information posted there and forwarded to AFICS/NY for dissemination to its membership.

**Investments.** At the meeting with the RSG, we stressed the absolute necessity that the Pension Fund's long-term investment returns meet or even exceed the actuarially required rate of 3.5 % in real terms. That target has not been met in recent years, and even more

worrisome, during the past quarters the investment returns were below the benchmarks for the Fund's various asset classes. AFICS/NY has consistently advocated a conservative approach to investments, continued in-house investment and operations, and strict limits on alternative investments. At the meeting it was confirmed that the Fund's sole hedge fund holding has been sold. We emphasized the need for an effective and well-functioning Investment Committee, to advise the RSG on investment policy, asset allocation and investment decisions.

We stressed that relations must improve between the operational and investment sides, in the overall interest of the entire Pension Fund. It was noted that, in accordance with the current Memorandum of Understanding, the Pension Fund's CEO needed to be consulted when senior posts were being filled in the Investment Management Division (IMD). We added that the significant number of vacant Professional posts in IMD must be filled in order to avoid negative implications and risks for the Pension Fund.

**Governance.** We emphasized to the CEO, RSG, and all the UN officials with whom we met, that continued effective governance of the Pension Fund was essential, with full and responsible participation of the Pension Board and its key Committees: ALM, Actuaries, Audit and Investments. In that connection we noted the need for a new world-wide election of the UN Participants' Representatives on the UNSPC and Pension Board.

#### **UN and UNDP ADMINISTRATION:**

**Operations.** Since the need for new retirees to receive their pension payments expeditiously is our greatest concern, we stressed the shared responsibility of the employing organizations and the separating staff members to ensure that all the documentation required by the Pension Fund was completed and provided to the Pension Fund in a timely manner. Data from the Pension Fund indicates that in about two-third of the actionable cases received by the Pension Fund in September 2016 for UN Secretariat staff, it had taken the UN over 60 days to submit complete files. Therefore we emphasized that it was imperative that this time line be shortened significantly, especially as an expected 2000 peace keeping staff will be separating in the coming months. We also noted the joint efforts of the UN Administration and the Pension Fund to improve pension processing, including the formation of an Ad Hoc UNJSPF Working Group, an ongoing end-to-end-review of the entire pension processing system, focus on resolving IPAS and UMOJA issues, and creating a working group with Peacekeeping.

**Investments.** With regard to investment management of the Fund's assets, we highlighted the need to ensure that outsourcing of investment management operations to external investment enterprises be kept to a minimum and that continued reliance rest with internal management for the bulk of investments. We also reiterated our concern that there be no, or highly limited alternative investments, in particular private equity placement; that all vacancies be filled expeditiously. Finally, we stressed the importance

and urgency that the Investment Committee have its full membership and periodicity of its meetings fully restored.

**Governance.** We cited the importance of undertaking the timely review of the need for, and functions of, the full-time RSG position, including the reporting relationship, as requested by the Pension Board's ALM Committee. At the same time, we asked for completion of the performance review for the current RSG. We also noted with concern the apparently diminished effectiveness of the Fund's Investments Committee to advise the RSG on investment policy and decisions.

**ASHI:**

We emphasized the urgent need to have dedicated resources in the Insurance Section to provide support to retirees who are now participating in Medicare Part B and proposed that at least 2 GS staff be dedicated for this task. As a related matter, we also requested that the UN pay directly the Medicare Part B premium for those ASHI participants who are not receiving monthly benefits from USA Social Security. We also asked that AFICS/NY be made a full member of the Health and Life Insurance Committee (HLIC), instead of its present observer status.

In closing, I am happy to report that at the repeated urging of AFICS/NY, the UN has now reinstated the pre-retirement seminars. The second round of seminars will be held at the end of November and AFICS/NY will be actively participating.

These meeting have reinforced my firm belief that working constructively with UN officials at all levels is the best way to advance, safeguard and protect the interests of the UNJSPF retirees and beneficiaries whom AFICS/NY represents.

John Dietz  
President AFICS/NY