

Dear AAFICS members,

Thank you everyone, for your good wishes sent me on stepping down as AAFICS president. I have so enjoyed getting to know so many of you, and of course learning more than I ever thought I would need to know about the complex workings of the UN Pension Fund! I am sure Jennifer Ashton is going to find it as interesting and rewarding as I have.

I promised I would put down on paper some thoughts about the United Nations Pension Fund and the Federation to which AAFICS belongs, which is FAFICS, the Federation of all associations of retirees like ours.

The UN Pension Fund. Based in New York, the Pension Fund is an inter-agency body. Despite its inter-agency nature and budget, in some important ways it is more tied to the UN Organisation than it is to the Specialised Agencies. For example, its recruitment and promotion procedures are carried out by the UN HR service, and the 64 billion dollar investment fund attached to the Pension Fund is under the responsibility of the Secretary General of the UN, not the CEO of the Pension Fund. The Board of the Fund is composed of General Assembly representatives (Governments), Executive Heads of the Specialised agencies, UN Secretary General's representatives who sometimes dominate the discussion, and the participants representatives (i.e. serving staff). The retirees are represented by FAFICS and can speak at the Board but do not have the right to vote because they were not included in the original constitution when the Pension Fund was set up.

A couple of years back, the CEO of the UN Pension Fund tried to take over the right to recruit and promote staff directly himself, without the slow and heavy hand of the UN HR system. He may have had the laudable ambition to ensure the inter-agency independence of the Pension Fund and to make its personnel procedures more targeted and agile. Or, according to some, he was taking dangerous steps towards partial privatisation of the Fund. Several of the staff associations took against him for that, and in the end, the negotiations he was having with the UN failed and the draft Memorandum of Understanding on these issues was withdrawn by the representative of the Secretary General.

When the CEO lost the struggle over running his own recruitment and promotion policy, in my view he also weakened his moral authority. He had no time to recover from this, because he had invested heavily in a new and very expensive pension administration system, known as IPAS, and he had to oversee its introduction.

IPAS was a massive and necessary change in the administration of the pensions, and like all such systems required extensive staff training, and threw up many glitches. While all existing pensioners were paid on time, there were substantial delays in processing the benefits of widows and widowers, and newly retired persons waited even a year before seeing their first payment. After two years, IPAS seems to be running more smoothly, but in that time the CEO has been the subject of many complaints, some personal, some managerial. None of the complaints of financial impropriety have been substantiated.

In July 2017, the Board of the Pension Fund met and renewed the CEO's contract for 3 years instead of 5. Since then the CEO has been on sick leave. His Deputy is due to retire in

August this year. It is not yet clear who will be in charge from that point on, but action is being taken to fill the Deputy CEO position. Furthermore, the Fifth Committee of the General Assembly of the United Nations, which is in charge of all budget matters at the UN, asked at its December 2017 session that the Office of Internal Oversight Services “conduct a comprehensive audit of the governance structures of the UN Joint Staff Pension Fund Board, to include a review of the checks and balances between the Board and the Pension Fund leadership.” This audit has to be done in 2018 and will not be a comfortable thing to undergo.

During the same period, the investments of the Pension Fund, which is one of the top 100 such funds, failed over several years to bring in an adequate rate of return. The Pension Fund and its investment division is like a very large ship, it takes time to turn around. Eventually, the new UN Secretary General Guterres changed the top job at the Investment Management Division and a former World Bank official has been installed this January. We trust he will pull the investments into better shape.

FAFICS. Our association, AAFICS, was founded in the early 1980s and joined the Federation in the early 90’s. We are a small member association; the big ones are New York, Geneva, Rome, Vienna, Paris and in the UK. I have learned much of what I know about the Pension Fund from attendance at FAFICS Councils and especially during the four years I was a FAFICS representative on the Board of the Pension Fund. AAFICS pays dues to FAFICS in the order of US \$1.50 per person annually and in the past received excellent advice and a good flow of information. However, the leadership of FAFICS in the last few years has not met the high benchmark of the past.

The current leadership decided not to critique the actions of the CEO of the Pension Fund. This has led to confusion in the ranks – for example, here in Australia we have had pitiful cases of widows waiting even more than a year to receive their rightful payments; we have had people put into difficulties with the ATO because their lump sums were paid well after 6 months from the date of their retirement and therefore taxable; very recently at least three AAFICS members had their benefits suddenly stop without warning, because of the introduction of a new software for the international payments transfer. We have also seen that insufficient attention is paid to requests from the most elderly among us, and that the Membership Self Service system through the Pension Fund’s website, is not easy for the most elderly to navigate. Having said that, I have always found the officials of the UN Pension Fund to be kind and helpful once they are able to pay attention to our complaints. The Operations and Client Services section, with which we have most dealings, is chronically understaffed and overworked.

FAFICS neither asked its membership for data on these problems, nor took them up in any significant way. It gave out insufficient information to its member associations, leaving the UN staff associations to fill the gap with their own views. There are strong and public criticisms of FAFICS from the Staff associations in New York. Alternative retiree associations seem to be developing. The problem arises from United Nations New York staff politics in which we should want no part.

One thing that could be done is to move the leadership of FAFICS out of New York. There is no reason why the next FAFICS president should not be elected from Vienna or Rome or

India, or from one of the larger Latin American associations. The boiling spirits of New York should be left to cool down, and everything possible done to take the heat off the Pension Fund, while its leadership is sorted out. The FAFICS leadership should be strongly reminded by its members that its task is to protect, defend and advance the rights of all UN retirees, not those of the CEO, no matter how nice a fellow he is personally.

AAFICS. We have 251 members at the moment. There are 600 UN Pension Fund beneficiaries in Australia, and I think that a new campaign to recruit members should lift AAFICS membership to at least 300. Jennifer will find new and better ways of doing things. I will help Jennifer whenever she wants and particularly to establish contacts within the Pension Fund. The social aspect of AAFICS, its lunches or coffee mornings are tremendously important to us all, and I am so grateful to the State Coordinators for having taken these on, over these many years. To Lorraine, Chris, Monina, Mike and Mike, Stephen and our Treasurer Tom, my deep gratitude for your help and friendship. To Jennifer, thank you so much for stepping up to the task!

With best wishes to all,

Mary

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Sydney, 20 February 2018