UNited Nations
Pre-Retirement
Programme
2005

Staff Counsellor’s Office, OHRM
UNITED NATIONS
Pre-Retirement Programme
2005

Staff Counsellor’s Office, OHRM
Room S-505
United Nations Headquarters, New York 10017
(212) 963-7044
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Foreword

Retirement preparedness is a long-term process. There are many issues involved, for example, health, pension, social security, life and health insurance, financial planning and dealing with the emotions relating to retirement.

This booklet contains a collection of presentations, factual information and practical advice that is provided during the Pre-Retirement Seminar offered to staff members by the Office of Human Resources Management. While we encourage staff members to participate in the seminar, the information in the booklet is also valuable for those who are unable to attend.

We hope that this booklet will help you make your transition to retirement as easy as possible.

Jan Beagle
Director
Division for Organizational Development
Office of Human Resources Management
United Nations Pre-Retirement Programme 2005

Tuesday, 19 April 2005
9:30 - 9:45  Welcome  
Ms. Jan Beagle  
Director, Division for Organizational Development, OHRM

9:45 - 10:45  Rules and Regulations  
Ms. Netta Avedon  
Chief, Economic, Social, Political, Legal and Information Activities  
Section, OSD, OHRM

10.45 – 11.00  BREAK

11:00 -12:00  Immigration  
Mr. Robert Gottfried  
Immigration Lawyer

12:00 - 1:00  United States Social Security  
Ms. Joan Nixon  
Social Security Administration

Tuesday, 26 April 2005
9:30 - 10:45  Your United Nations Pension  
Mr. John Dietz  
Deputy Chief Executive Officer, UNJSPF, and  
Mr. Frank De Turris  
Relation and Liaison Officer, UNJSPF

10.45 – 11.00  BREAK

11:00 - 1:00  National Taxation of United Nations Pensions  
Mr. John Dietz  
Deputy Chief Executive Officer, UNJSPF, and Mr. Jay Pozenel, Legal  
Officer, GLD/OLA

Tuesday, 3 May 2005
9:30 – 10:45  Staying Healthy  
Medical Director

10:45 – 11:45  Coping With the Transition to Retirement  
Ms. Toni Cavalenes, LCSW  
Clinical Risk Manager, South Beach Psychiatric Center

11:45-12:00  BREAK

12:00 - 1:00  United Nations After-Service Health and Life Insurance  
Mr. John Feehan  
Chief, Health and Life Insurance Section, OPPBA/DM

Tuesday, 10 May 2005
9:30 – 10:45  Retirement Issues  
Mr. Andres Castellanos del Corral  
President, AFICS

10:45 – 11:00  BREAK

11:00 – 1:00  Investing in Retirement  
Mr. Jerome Anderson  
Old Harbor Capital Management, LLC, Boston

Tuesday, 17 May 2005
9:30 - 10:45  Wills and Trusts  
Mr. Robert Wittes  
Counsellor at Law

10.45 – 11.00  BREAK

11:00 - 12:00  Repatriation Shipment  
Mr. Toshio Mikami  
Chief, TOS/OCSS/DM

CLOSING

NOTE:  Spouses are cordially invited to attend.  Time will be set aside at each of the meetings for questions and answers
Useful Information
DESIGNATED BENEFICIARIES

Staff members are reminded that they may have designated beneficiaries for three different purposes when they first joined the United Nations and may need to update this information.

➢ Have you recently updated your beneficiary designation:

1. for your final pay (under Staff Rule 112.5)?

If not, please request your official status file and check it as soon as possible;

2. for U.N. Pension fund residual payable settlements?

If not, please contact the Office of Joint Staff Pension Board (Room S-745 between 9:30 a.m. to 2 p.m.; telephone (212) 963-6931;

3. for your U.N. life insurance?

If not, please contact the Insurance Section in the FF building, FF-300, between 3p.m. to 5:30 p.m., telephone (212) 963-5806

➢ Have you ever shown proof of birth date to the U.N. Joint Staff Pension Board Office?

If not, please take your birth certificate or passport to the UNJSPB Office, Room S-745.
Get it done this year: Your Letter of Instruction

Here’s the organized way to give your family all the facts about your finances – and have a basic tool for your own money management.

A “Letter of instruction” tells someone else everything he or she needs to know in order to handle your personal affairs efficiently, if anything happens to you. Everybody who has (or needs) a will should write a Letter of instruction. But it’s not only useful to others when you die: it can also be vital to you if you should be incapacitated by serious illness or injury. And it simplifies your own continuing money management now.

This letter isn’t a will or a substitute. A will tells an executor how to dispose of property and personal effect, and has the force of the law behind it. The Letter helps that person do the best personal job. People put off writing the Letter. It is – Frankly – a big job of organizing and detail gathering. So here’s a set of worksheets to help.

Don’t try to write the Letter all at once. You won’t complete it. Tackle one section at a time. Allow a month if needed. If you get stopped because of indecision or an emotional block, put that section aside and move on. The object is to keep going, to get as much on paper as possible.

It’s best when a husband and wife do their Letter together. If your spouse won’t or can’t collaborate, go it alone. Through personal and intimate, addressed to your spouse, grown child, lawyer or other executor, the Letter should be clear to any person who may have to find and work with your papers. Be specific about locations – “in safe deposit box” or “in bottom-left drawer of my study desk” or “in red file in attic.”

This is the time to go into personal desires too intimate for a will: your thoughts about child’s education, desire that a person be given a specific piece of jewelry or other personal effect or small treasure, any preferences for your own funeral.

Once it’s done, send one copy to your lawyer or executor, clip another to your copy of your will, keep the original in the desk drawer your family will turn to first. Update annually – That’s much easier than the first Letter – and get on the business of living with a clear, and organized conscience.¹

¹ Source:  Citibank
399 park avenue
N.Y. 10043
<table>
<thead>
<tr>
<th>OVERVIEW: YOU CAN EXPECT</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>From my employer: ____________________________ (Person to contact. dept. phone)</td>
<td></td>
</tr>
<tr>
<td>(life insurance) (profit sharing)</td>
<td></td>
</tr>
<tr>
<td>(accident insurance) (person plan)</td>
<td></td>
</tr>
<tr>
<td>From social security: ____________________________ (total amount)</td>
<td></td>
</tr>
<tr>
<td>From veteran’s administration: ____________________________ (you must inform the VA)</td>
<td></td>
</tr>
<tr>
<td>From other sources: ____________________________</td>
<td></td>
</tr>
<tr>
<td>UPDATED: ____________________________ (date)</td>
<td></td>
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<table>
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<tr>
<th>FIRST THINGS TO DO</th>
<th>2</th>
</tr>
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<tr>
<td>1. Call ____________________________ to help. (relative or friend)</td>
<td></td>
</tr>
<tr>
<td>2. Notify my employer: ____________________________</td>
<td></td>
</tr>
<tr>
<td>3. Make arrangements with funeral home. See page</td>
<td></td>
</tr>
<tr>
<td>4. Request at least 10 copies of the death certificate. (Usually, the funeral director will get them)</td>
<td></td>
</tr>
<tr>
<td>5. Call your lawyer: ____________________________ (name, phone)</td>
<td></td>
</tr>
<tr>
<td>6. Contact local social security office.</td>
<td></td>
</tr>
<tr>
<td>7. Get and process my insurance policies.</td>
<td></td>
</tr>
<tr>
<td>8. Notify bank that holds our home mortgage.</td>
<td></td>
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<th>SOCIAL SECURITY</th>
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<tr>
<td>Name: ____________________________ Card number: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Location of cards: ____________________________</td>
<td></td>
</tr>
<tr>
<td>File a claim immediately to avoid possibility of losing any benefit checks. Call local security office for appointment. They will tell you what to bring ____________________________ (phone)</td>
<td></td>
</tr>
<tr>
<td>Expect a lump sum of about $_____________________, plus Continuing benefits for children under 18, or until 22 for full-time students.</td>
<td></td>
</tr>
<tr>
<td>A spouse may receive benefits until children reach 18, between ages 50-60 if disabled, or it over 60.</td>
<td></td>
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<thead>
<tr>
<th>SAFETY DEPOSIT BOX</th>
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<tbody>
<tr>
<td>Bank: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Address: ____________________________</td>
<td></td>
</tr>
<tr>
<td>In whose name: ____________________________ Number: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Location of key: ____________________________</td>
<td></td>
</tr>
<tr>
<td>List of contents: ____________________________</td>
<td></td>
</tr>
<tr>
<td>* In the event of death the bank must by law seal the owner’s box as soon as notified, even if jointly owned.</td>
<td></td>
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<td>Last will and testament: ____________________________</td>
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<td>Birth and baptismal certificates: ____________________________</td>
<td></td>
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<tr>
<td>Communion, confirmation certificates: ____________________________</td>
<td></td>
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<tr>
<td>School diplomas: ____________________________</td>
<td></td>
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<tr>
<td>Marriage certificate: ____________________________</td>
<td></td>
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<tr>
<td>Military records: ____________________________</td>
<td></td>
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<tr>
<td>Naturalization papers: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Other (adoption, etc.): ____________________________</td>
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<th>CHECKING ACCOUNTS *</th>
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<tr>
<td>Bank: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Address: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Name(s) on account: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Account number: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Kind of account: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Repeat to cover all accounts of husband and wife. Canceled checks and statement are in: ____________________________ (location)</td>
<td></td>
</tr>
<tr>
<td>* the bank must by law freeze the owner’s account as soon as notified of death even if jointly owned and will probably open a new account in your name</td>
<td></td>
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<td>Bank: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Address: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Name(s) on account: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Account number: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Kind of account: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Repeat to cover all accounts of husband and wife. Canceled checks and statement are in: ____________________________ (location)</td>
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<th>DOCTORS NAMES AND ADDRESSES</th>
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<td>Doctors: ____________________________ (name, address, phone, whose doctor)</td>
<td></td>
</tr>
<tr>
<td>Dentists: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Pediatrician: ____________________________</td>
<td></td>
</tr>
<tr>
<td>Children’s dentist: ____________________________</td>
<td></td>
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### CREDIT CARDS

| All credit cards in my name should be canceled or converted to your name. |
| Company: ____________________ Phone: ____________________ |
| Address: ____________________ Name on card: ____________________ Number: ____________________ |
| Location of card: ____________________ Repeat for each card. |

### LOANS OUTSTANDING

| LOANS OUTSTANDING (other than mortgages) |
| Bank: ____________________ Address: ____________________ |
| Name on loan: ____________________ Account number: ____________________ |
| Monthly payment: ____________________ Collateral, if any: ____________________ |
| Life insurance on loan? __ (Yes) __ (No) ____________________ Repeat for each loan. |

### CAR

| CAR |
| Year, make and model: ____________________ Body type: ____________________ |
| Cylinders: ____________________ Color: ____________________ |
| Identification number: ____________________ Location of papers: ____________________ (title, registration) |
| Repeat for each car. |

### INCOME TAX RETURNS

| INCOME TAX RETURNS |
| Location of all previous returns – federal, state, local: ____________________ |
| Our tax preparer: ____________________ (name, address, phone) |
| Check: Are estimated quarterly tax due? |

### INVESTMENTS

| INVESTMENTS |
| Repeat for each investment |
| Stocks: Company: ____________________ Name on certificate (s): ____________________ |
| Number of shares: ____________________ Certificate number (s): ____________________ |
| Purchase price and date: ____________________ Location of certificate (s): ____________________ |
| Bonds: Issuer: ____________________ Bond number: ____________________ |
| Face amount: ____________________ Maturity date: ____________________ |
| Location of certificate: ____________________ |
| Mutual Funds: Company: ____________________ Name of account: ____________________ |
| No. of shares or units: ____________________ Location statements, certificates: ____________________ |
| Other investments (US savings Bonds, etc.): For each list amount invested, to whom is issued; issuer; maturity date and other applicable data; location of certificates and other vital papers. |
| CAR |
| Year, make and model: ____________________ Body type: ____________________ |
| Cylinders: ____________________ Color: ____________________ |
| Identification number: ____________________ Location of papers: ____________________ (title, registration) |
| Repeat for each car. |

### CEMETERY AND FUNERAL

| CEMETERY AND FUNERAL |
| Cemetery plot Location: ____________________ |
| When purchased: ____________________ Deed number: ____________________ |
| Location of deed: ____________________ Other information: ____________________ (Perpetual care, etc.) |
| Facts for funeral Director (Bring this with you, and bring cemetery deed if possible) My full Name: ____________________ Phone: ____________________ |
| Residence: ____________________ Marital status: ____________________ Spouse: ____________________ |
| Date of birth: ____________________ Birthplace: ____________________ |
| Father’s name and birthplace: ____________________ Mother’s maiden name: ____________________ |
| Length of residence in state: ________ IN USA: ________ Military service: __ (Yes) __ (No) When: ____________________ |
| (Bring veteran’s discharge papers if possible.) Social Security number: ____________________ Occupation: ____________________ |
| Life Insurance: (Bring policy if proceeds will be used for funeral expenses) ____________________ (Company names and policy numbers) |

### SPECIAL WISHES

| SPECIAL WISHES |
| 1. ____________________ |
| 2. ____________________ |

### PERSONAL EFFECTS

| PERSONAL EFFECTS |
| I would like certain people to be given these personal effects. Person |
| My white jade pendant ____________________ My camera ____________________ |
| All my other books ____________________ Other items ____________________ |
| Repeat for each item. |

### FUNERAL REFERENCES

| RELATIVES, FRIENDS TO INFORM |
| My choice of funeral home (if any): ____________________ Type of funeral preferred: ____________________ |
| Other personal preferences or desires: ____________________ |

### INVESTMENTS

| INVESTMENTS |
| Repeat for each investment |
| Stocks: Company: ____________________ Name on certificate (s): ____________________ |
| Number of shares: ____________________ Certificate number (s): ____________________ |
| Purchase price and date: ____________________ Location of certificate (s): ____________________ |
| Bonds: Issuer: ____________________ Bond number: ____________________ |
| Face amount: ____________________ Maturity date: ____________________ |
| Location of certificate: ____________________ |
| Mutual Funds: Company: ____________________ Name of account: ____________________ |
| No. of shares or units: ____________________ Location statements, certificates: ____________________ |
| Other investments (US savings Bonds, etc.): For each list amount invested, to whom is issued; issuer; maturity date and other applicable data; location of certificates and other vital papers. |

---

3 Source: Citibank
399 park avenue
N.Y. 10043
**LIFE INSURANCE**

Location of all policies: _______________________________________________________

To collect benefits, a copy of the death certificate must be sent to each company.

Policy: __________________________________________ (amount)

Whose life is insured: _________________________________________________________

Insurance company: _________________________________________________________

Company address: ___________________________________________________________

Kind of policy: __________________________ Policy number: _______________________

Beneficiaries: ________________________________________________________________

Issue date: ________________ Maturity date: ________________

How paid out: ________________________________________________________________

Your other options on payout: ________________________________________________

Other special facts: ____________________________________________________________

Repeat information above for each policy.

For _________ in veteran’s insurance call local veterans Administration office: ___________

(telephone)

**OTHER INSURANCE**

Accident

Company: _________________________________________________________

Address: _________________________________________________________________

Policy number: ___________________________________________________________

Beneficiary: _______________________________________________________________

Coverage: _________________________________________________________________

Location of policy: __________________________________________________________

Agent, if any: ______________________________________________________________

Car, home and household

Give information below for each policy.

Coverage: _________________________________________________________________

Company: _________________________________________________________________

Address: _________________________________________________________________

Policy number: _____________________________________________________________

Location policy: ____________________________________________________________

Term (when to renew): _______________________________________________________

Agent, if any: ______________________________________________________________

Medical

Coverage: _________________________________________________________________

Company: _________________________________________________________________

Address: _________________________________________________________________

Policy number: _____________________________________________________________

Location policy: ____________________________________________________________

Though employer of other group: _____________________________________________

Agent, I any: ______________________________________________________________

Repeat for all medical insurance policies.

Mortgage insurance: See page ________________.

---

**HOUSE, CONDO OR CO-OP**

In whose name: _______________________________________________________________

Address: _________________________________________________________________

Lot: __________ Block: ________ On map called: _________________________________

Other descriptions needed: __________________________________________________

Our lawyers at closing: __________________________ (name) (address)

Location of statement of closing policy of title insurance, deed, land survey, etc.: _______

Mortgage:

Held by: _________________________________________________________________

Amount of original mortgage: _______________________________________________

Date taken out: _____________________________________________________________

Amount owed now: __________________________________________________________

Method of payment: _________________________________________________________

Location of payment book, if any (or payment statements): _________________________

Life insurance on mortgage? __ (yes) __ (No)

If yes, policy number: _______________________________________________________%

Location of policy: __________________________________________________________

Notify bank on my death: the unpaid amount will be paid automatically by the insurance, and the house is owned free and clear.

Veteran’s exemption claim, if any

Location of documentation papers: _____________________________________________

Annual amount: _____________________________________________________________

Contact local tax assessor for documentation needed of more information.

House taxes

Amount: _________________________________________________________________

Location of receipts: _________________________________________________________

Cost of house:

Initial buying price: _________________________________________________________

Purchase closing fee: _______________________________________________________

Other costs to buy: (real estate agent, legal taxes, etc.): __________________________

Date taken out: _____________________________________________________________

Other costs to buy: (real estate agent, legal taxes, etc.): __________________________

Improvements as of ________ come to: (date) (total so far)

Itemized House improvements

Improvement: _______ Cost: ____________ Date: ______________

Location of bills: ___________________________________________________________

If renting: Lease? __ (yes) __ (No)

Lease location: _____________________________________________________________

Expires: _______________ (date)

**IMPORTANT WARRANTIES.**

**RECEIPTS**

Item:

___________________________________________________

(warranty location) (receipt location)
If you wish to listen to the recordings of the Pre-Retirement lectures, please call Mr. Tyi Teza (Extension 3-9269) who will reserve a listening room and make the tapes which you wish to hear available. Please note that recordings are only available if the session takes place in the Dag Hammarskjold Auditorium.
Staying Healthy
Staying Healthy

1. STAYING HEALTHY

Analysis

- Health and Well Being
- Your Mental Challenge
- Your Physical Challenge
- Reference Material

2. HEALTH AND WELL-BEING

- Adjusting to the aging process
  - Aging is a fact of life
  - You can improve matters by being proactive
- Better prevention and control of diseases
  - There is still room for a healthier lifestyle
  - Time for case management
- Look after your health, your well-being

3. YOUR MENTAL CHALLENGE

Analysis

- Controlling emotions and feelings
  - You
  - Your relatives
  - Your friends
  - Your social environment
- Maintaining your intellectual capacities
  - Continue to learn and to adjust
  - Continue to deal with your own problems
  - Fight your weaknesses

4. YOUR PHYSICAL CHALLENGE

Source: presentation by
UN Medical Services
Analysis

➢ Fighting assumptions
  - The image of older people
  - The myth “the older you get, the less exercise you need”
  - The negative attitudes of older people about themselves
  - The attitude of health care professionals

5. YOUR PHYSICAL CHALLENGE 2

Analysis

➢ Balancing all the components of fitness
  - Cardiovascular Endurance
  - Muscular Endurance
  - Muscular Strength
  - Flexibility
  - Balance
  - Coordination and Agility
Exercise, Vitality and Aging

Being fit means being able to do the things that you want and need to do. Perhaps the greatest benefit of fitness is the sense of independence and self-esteem that it provides people of all ages. Recent research suggests that perhaps as much as one-half of the functional declines typically associated with aging is, in fact, the result of disuse and can be reversed largely, through an effective program of exercise. This important finding suggests that we need not think of ourselves as captives of the aging process. Instead, the opportunity exists to prevent a large portion of functional decline through lifelong programs of exercise, to maintain our abilities, and to significantly reverse incapacity by starting an effective fitness program at ages 50, 60, 70 and beyond. Aging is often defined as a decreased ability to adapt to the environment. This definition is quite different from the chronological one because it recognizes the important differences in physical capacity at different ages and among persons of the same age.

Some of the changes associated with aging are:

- Reduced muscle strength
- Reduced muscle endurance
- Loss of lean body mass and an increase in body fat
- Poor posture
- Reduced coordination and agility
- Reduced joint mobility
- Reduced balance
- Reduced cardio respiratory endurance
- Reduced tendon strength
- Reduced flexibility
- Loss of bone mass
- Hypertension
- Reduced oxygen intake
- Obesity
- Anxiety and depression
- Reduced reaction time and decreased thinking ability.

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Virtually, all of the conditions listed above can be altered with exercise, some more than others. The degree of alteration will, of course, depend upon the extent of the condition, the type of fitness program, the frequency of exercise and – most importantly – your attitude and motivation to live to your fullest capacity.

**Barriers to Action**

Attitudes toward fitness, exercise, and aging still pose barriers to the development of more fitness and exercise programs for older people and to their participation in existing programs. These barriers include:

- The negative image of older people as frail and unable to “compete” with younger people. In fact, the association of fitness with organized or competitive athletics and sports, and with younger athletes, often affects the attitudes of people as young as thirty.
- The common myth about exercise that “the older you get, the less exercise you need.” A recent publication of the National Institutes of Health, *Exercise and Your Heart*, points out the fallacy of this attitude: “In general, middle-aged and older people benefit from regular exercise just as younger people do. Age need not be a limitation. What is important, no matter your age, is tailoring the exercise program to your own fitness level.”
- The negative attitudes of older people themselves about exercise and fitness. The President’s Council on Physical Fitness and Sports has reported survey results on these negative attitudes which show that:
  - older persons believe their need for exercise diminishes and eventually disappears as they grow older;
  - older persons vastly exaggerate the risks involved in vigorous exercise after middle age;
  - older persons overrate the benefits of light, sporadic exercise; and
  - Older persons underrate their own abilities and capacities.

A 1972 survey by the president’s Council on Physical Fitness and Sports showed that fitness awareness is lowest among those who exercise the least – the less well educated women, and the elderly. In fact, even those who do not exercise believe that they get “enough exercise.”

- The attitude of physicians and other health professionals toward exercise and fitness. People over 65 see a doctor more often than any other age group in the population. Since the elderly are more likely to be involved with physicians, what happens when they ask their doctor about the importance of exercise?
When asked, physicians are among the most enthusiastic advocates of proper exercise as a form of preventive and remedial health care; yet when asked, four out of five adult Americans say they have never been advised by a physician to exercise according to a 1972 report by the President’s Council on Physical Fitness and Sports.

Who Is Exercising?

More Americans are exercising. According to a 1977 Gallup poll, 47 percent of Americans said that they take part in some form of physical exercise daily – twice the rate who reported exercising daily in 1961.

A review of the information gathered in a 1975 National Center for Health Statistics Survey shows that even self-reported exercise declines significantly with age, and that nearly 60 percent of those over 45 reported no regular exercise in this survey.

The Benefits of Exercise

In 1979, the U.S. Surgeon General prepared a report entitled Healthy People. In this report, the general benefits of exercise were described in the following way:

People who exercise regularly report that they feel better, have more energy and often require less sleep. Regular exercisers often lose excess weight as well as improve muscular strength and flexibility. Many also experience psychological benefits, including enhanced self-esteem, greater self-reliance, decreased anxiety, and relief from mild depression.

It appears that both lifelong exercise and exercise begun later in life can enhance all five major components of fitness including: cardio-vascular endurance, muscle endurance, muscle strength, flexibility, and balance – each of which helps to promote independence and vitality. In addition, as the report from the Surgeon General suggests, regular exercise may have important psychological benefits by increasing your overall feelings of well being and self-reliance and decreasing anxiety and mild depression. Discussions over several years with older persons who exercised on a regular basis showed that they are healthier, happier more energetic persons, full of life and energy – wonderful, vital opposites to the prevalent “rocking chair” image of aging.

Activities such as tennis, jogging, running in place, jumping rope, racquetball, handball, squash, bicycling, aerobic dancing, cross-country skiing, hiking, rowing, soccer, swimming, walking, and stair climbing can become dynamic aerobic exercise if performed with enough vigor over a long enough period. Exercises that improve the condition of your heart and lings have three characteristics. They must be: brisk – raising your heart and breathing rates; sustained – done at least 15 to 30 minutes without interruption; and regular-repeated at least three times per week.
Special Benefits of Exercise for Older People

Some benefits of exercise of special importance to older people are well established. Loss of the heart’s ability to contract effectively is a major cardiovascular problem for many aging persons and exercise has been shown to increase the strength and speed of contractions in the heart muscle. Improved oxygen uptake from the blood into the heart and by the skeletal muscles also has been shown to result from regular exercise.

With advancing age, good muscle strength can help protect against accidents by enabling you to better support or catch yourself in situations that otherwise might result in falls. Maintaining good joint and muscle flexibility through stretching exercises also can reduce the likelihood of sprains or muscle tears. Proper exercise may reduce disability associated with orthopedic problems, especially during old age. Of particular importance is the potential for preventing or relieving low back pain by maintaining abdominal strength and low back flexibility through exercise.

Other studies show the potential hazards of lack of physical activity in patients with heart disease. Patients who have recovered from an acute myocardial infarction and received cardiac rehabilitation (including exercise training) may have fewer repeat heart attacks than similar patients who do not exercise.

One major study presents the first strong evidence linking exercise to improve thinking processes in older people. Birren (1980) reports that older people who exercise experience quicker reaction time in processing information. He also found that the thinking ability of an older, fit person is greater than that of a 25-year-old person who is not fit.

Exercise also has been widely linked to improved working capacity, which is linked, in turn, to improved endurance and stamina. Conditioning develops greater capacity to get things done, enabling a person to do more before feeling fatigued.

Excellent exercises for some older people are brisk walking, swimming, and stationary cycling, since people can do them regardless of their fitness level. Yoga or other stretching exercises are also helpful. Once fitness improves, any desired activity is acceptable for older people to maintain and improve their fitness.

What is enough exercise? Broad consensus is developing among experts that one desirable exercise goal is one hour of brisk walking (3.5 to 4 miles per hour) every other day, combined with stretching and flexibility exercises every day. Although fitness progress can be achieved at 20 to 30 minutes per day every other day, one hour is the preferred goal, especially for walking and swimming, which are usually not as vigorous as jogging, for example. This goal should be achieved gradually over a planned time period.
A systematic program of exercise, emphasizing relaxation, stretching tight muscles, and strengthening weak muscles can dramatically improve fitness. Even older people with advanced osteoarthritic changes have been shown to greatly increase their functional potential with adequate exercise. Kraus recommends a progressive program of relaxation, gentle limbering exercises, mild exercises for weak muscles, gentle stretching of tight muscles, and finally, more vigorous stretching, with exercises never repeated more than two or three times to avoid stiffening.

The Effects of Exercise on Major Health problems

In addition to the general benefits of regular exercise, recent evidence suggests that several major health problems may be prevented or managed in part by exercise programs.

**Coronary Heart Disease** is the leading cause of disability and deaths in the U.S. Approximately one million people suffer heart attacks each year; twenty percent of these are immediately fatal. Since 1968, death rates from coronary heart disease have declined by about 25 percent. While the causes of this reduction are not fully understood, physical inactivity is one of several risk factors associated with heart disease. More important it is one that can be easily changed by beginning a regular program of physical activity. Exercising on a regular basis increases your oxygen intake, slows your heart rate, lowers your blood pressure, and increases your cardiac output and your overall work capacity. It thus directly reduces the risk of coronary heart disease. Other conditions which are risk factors for coronary heart disease include hypertension, obesity and diabetes. These conditions are also positively affected by regular exercise.

**Hypertension**, or high blood pressure, begins early in life and progresses with age. Approximately one of every six persons has hypertension which is also a prime risk factor for coronary heart disease. High blood pressure affects about one-third of all persons over age 65. While the clinical studies are not conclusive, a sufficient body of evidence indicates that regular exercise over an extended period of time may indeed reduce hypertension in older persons, particularly those with moderately elevated blood pressure and those with a serious overweight problem.

One of the most important effects of regular exercise is in addressing the problem of **overweight and obesity** which affects between 40 and 80 million persons in the U.S. Over-weight or obese people run a greater than average risk of heart disease, hypertension, diabetes and other serious ailments. Regular exercise helps to reduce body fat and to maintain appropriate weight. Exercise is generally considered to be among the most effective and low-risk methods of weight reduction at all ages.

**Arthritis** is one of the major cripplers among Americans. At least 31 million people suffer from one or more of the over 100 kinds of arthritis, and 4.4 million adults are severely disabled by these conditions. Exercise is a cornerstone of arthritis therapy. Among the best exercises for people with arthritis are swimming and other water exercises. Since water supports 90 percent of
body weight, these exercises pose no strain on weight-bearing joints or the tense muscles in which most arthritis pain and stiffness are felt. Swimming is often possible even for those with arthritis of the neck and cervical spine.

Exercise is not a cure for arthritis, but it does allow for the control of symptoms, increased range of motion, strength, and relaxation. People with arthritis need to exercise frequently, either daily or at least 5 days a week, to maintain and improve their function.

Osteoporosis, the gradual thinning and weakening of bones, occurs in most adults, but the condition is more frequent and more severe among women, particularly older white women. Osteoporosis is believed to cause over 200,000 hip fractures annually, primarily in elderly women, and is a major cause of physical disability in old age. Pain and shortened height, often accompanied by the so-called “dowager’s hump” or hunchback in older women, are the major symptoms of advanced osteoporosis.

In women, bone loss occurs at rates from 0.75 percent to 1 percent per year starting at age 30 to 35. This rate increases to 2 to 3 percent per year for the 5 years following menopause. At this rate, women may lose 30 percent of their bone mass by age 70. While men also experience a decrease in bone mass with age, the process is slower. Bone loss usually does not reach serious proportions until the eighth decade in men.

Although the direct causes of osteoporosis are unknown, important factors in the development of the condition are inadequate physical activity, inadequate intake and absorption of calcium, smoking, and the loss of estrogen at menopause. Other possible factors include high coffee and protein intakes. Treatment includes a balanced diet, supplemental calcium, exercise, cessation of smoking, and estrogen replacement for those postmenopausal women who have the greatest chance of developing osteoporosis (i.e., fair skinned white women with small bone structure.)

Calcium loss increases with physical inactivity. Prolonged bed rest produces calcium loss. In patients confined to bed, calcium loss does not stop until they are back on their feet again.

In addition to the beneficial effects on physiological conditions, regular exercise has been shown to play an important role in relieving anxiety and mild depression. People who are experiencing high levels of anxiety as a result of chronic health conditions have improved psychological as well as physically after engaging in regular exercise. Research has shown that proper exercise can produce a natural tranquilizing effect, both long-term and short-term, in persons of all ages, including the elderly.

A Guide for Exercise

Deciding to exercise is the crucial first step in a successful program of physical activity. Your current health and functional status should be carefully reviewed and you should set general and realistic goals for improvement. This will often involve a change in your attitudes about yourself, the importance of physical activity, and the future. It is important to make a heartfelt commitment to your personal wellness early on and to
repeatedly visualize the positive physical and emotional changes which increased physical activity can give you.

If you have a prior history of little or no prolonged physical activity or you have chronic illnesses, consultation with a health care provider is important for several reasons. The first and most obvious is to avoid engaging in any type of activity which is potentially hazardous. The second is to help you set realistic, achievable goals based on sound medical judgment. The third is to help you to design a specific exercise program or set of physical activities which best accommodate you and your goals for health and fitness.

Several basic principles, derived from the research in exercise for older persons, should guide you as you begin to engage in increased physical activity. These are:

- **Be realistic**: your goals should be reasonable both in terms of the physical and emotional outcomes and the time and effort required to achieve them.

- **Start slowly**: exercise programs should be started slowly and carefully based upon your past patterns of physical activity and your current health status.

- **Warm-up**: begin each day’s exercising with 15 to 20 minutes of stretching and conditioning before you begin more vigorous exercise.

- **Pace yourself**: perform all exercise, particularly vigorous exercise, in moderation.

- **Cool down**: allow 20 to 30 minutes to cool down after exercising by slowly walking and stretching. Do not abruptly stop exercising, slow down gradually.

- **Enjoy your activity**: select exercises which meet your individual goals and which you enjoy. Have fun.

After making the decision to begin a program of physical activity, it is important to understand that all physical movement and activity count as exercise. Housework is exercise and so is swimming. Brisk walking is exercise and so is bicycling. Once your individual goals are realistically set and your physical capabilities are determined, you can select specific exercise activities. These may be organized activities such as senior swims at the local YMCA or YWCA and dance, yoga or exercise classes at senior centers. Activities such as walking, jogging, golfing, hiking and calisthenics can be started individually or with friends and neighbors.

A number of excellent guides have been recently published to assist older adults in putting together and maintaining an exercise program. Several of these are listed at the end of this article. While no single program can work for everyone, these books provide important information about goal-setting, exercise options and techniques.

Different types of exercise also help to improve different components of fitness. For example, if your goal is increased cardio-vascular endurance, swimming, brisk walking, dancing, cycling and running can be particularly useful. If you want to increase your muscular strength, swimming and weight training (with supervision) are good options. If
you want to improve your flexibility, balance and agility, swimming, cycling and yoga are recommended. Improved posture can be achieved with stretching and simple calisthenics.

Beginning a program of regular exercise is an excellent time to learn more about your body, how it works and how some health problems can be prevented or managed with exercise and other healthy activities. Good exercise guides will help you understand more about how the body works and ages. This information will assist you in setting realistic goals for exercising and will allow you to ask important questions about your health.

Good health and vitality are the products of our total lifestyle. A program of regular physical activity is most effective when combined with proper nutrition, attention to prescription drug regimens, and freedom from undue stress and anxiety. Beginning to exercise should, for best results, be accompanied by an “audit” of your personal health and health-related activities to identify areas in addition to fitness where you might make improvements.

A word of caution. Exercise can involve some risk and complications which depend upon many factors including: your health status; previous exercise habits; prior health problems; and the type, intensity, frequency and duration of the planned exercise. For most people, moderate exercise poses no particular risk. However, some factors may indicate a different approach or a reduced exercise program. The National Heart, Lung and Blood Institute in its publication Exercise and Your Heart contains the following checklist. An affirmative response to any item means that you should consult your health care provider before beginning to exercise.

- Your doctor said you have heart trouble, a heart murmur, or you have had a heart attack.
- You frequently have pains or pressure—in your left or mid-chest area, left neck, shoulder, or arm—during or right after you exercise.
- You often feel faint or have spells of severe dizziness.
- You experience extreme breathlessness after mild exertion.
- Your doctor said your blood pressure was too high and is not under control, or you don’t know whether or not your blood pressure is normal.
- Your doctor said you have bone or joint problems such as arthritis.
- You are over age 60 and not accustomed to vigorous exercise.
- You have a family history of premature (before the age of 60) coronary artery disease.
You have a medical condition not mentioned here which might need special attention in an exercise program.

In addition, if you are concerned about physical activity and exercise, a telephone call or visit to your physician is advisable.

**A Concluding Note**

The clinical evidence and the personal anecdotes are compelling. They are telling us that we need not be physically or mentally victimized by aging. Rather, we have the capacity to enjoy our later years with vitality and health by adopting positive, productive attitudes about ourselves and our lives and by making the personal commitment to remain fit and active. The first step may indeed be the most difficult for an older person—emerging from the “rocking chair” stereotype—but it can represent the beginning of a renewed sense of wellbeing and fulfillment.
The Five Components of Fitness

The five essential components of fitness are: endurance, (cardiovascular and muscular), strength, flexibility, balance, and coordination agility. Many older people, as well as many younger and middle-aged people, do not exhibit any of these characteristics because they do not have enough physical activity in their daily lives. Others may be physically active and yet still not be physically fit.

Cardiovascular Endurance

Many experts now believe that cardiovascular or cardio respiratory endurance conditioning (i.e. improving the condition of the heart, the circulation, and the lings) is the most important component of fitness. Aerobic exercises, or exercises designed to improve oxygen use by the body, are the foundation of any program of cardiovascular endurance conditioning. Dynamic aerobic exercise includes any activity of the large muscles, performed repetitively and rhythmically at a level of intensity sufficient to increase the heart rate to a target range or zone appropriate to the individual’s age for 15 to 30 minutes at least three times a week, preferably not on consecutive days. Improved cardiovascular endurance can reduce fatigue, increase energy, and help reduce several cardiovascular disease risk factors.

Muscular Endurance

Muscular endurance is measured by the length of time particular muscles can sustain an activity, such as walking, holding heavy objects, or maintaining correct posture throughout the day. Muscular endurance is needed for standing or sitting at a job for several hours without undue fatigue and loss of efficiency and productivity. Carrying groceries and lifting objects are among the activities of daily living that require forearm, shoulder, and back muscle endurance. Muscular endurance is produced by aerobic activities including swimming, certain calisthenics, and jogging or aerobic walking.
Muscular Strength

Muscular strength is measured by the amount of force that can be exerted by a single contraction of a muscle. Muscular strength is needed for activities of everyday living, such as taking out garbage, lifting groceries, as well as for coping with emergencies. Shoulder and back strength are required for correct posture. Muscular strength is developed through weight training, isometrics, isokinetics, and certain calisthenics, such as pushups.

Flexibility

Range of motion at the joints is the hallmark of human flexibility, and a more problem for older people. Flexibility is needed in all the major joints of the body to help avoid muscle pulls and strains. Improved flexibility will result in fewer injuries, better performance, and more freedom of movement. Flexibility is critically important in preventing low back pain. To improve overall flexibility, each joint must be exercised separately through slow stretching exercises, repeated over a period of time.

Balance

The balance mechanism of the body is frequently neglected and can only be maintained through use. Problems with balance are a major source of falls and other accidents among the elderly. Activities that can improve balance include dancing, some calisthenics, walking a line, yoga, and standing or hopping on one foot.

Coordination and Agility

Coordination is the ability to organize physical activities involving all parts of the body in skillful movement, and to coordinate different actions with each other and with the eyes. Agility is the ability to coordinate such movements and change directions quickly and safely. Golf and record sports can develop high degrees of eye-hand-foot coordination and agility. Swimming, which also enhances breathing and arm-leg coordination, and dancing may provide the highest degree of training for coordination and agility.

For a person, young or old, who is working to develop a personal fitness plan, the goal is to seek a balance among the different components of fitness. Different activities- swimming, walking, calisthenics, cycling- will enhance different components of fitness to a greater or lesser degree. Table 1 rates different types of exercise activities according to their capacity to enhance endurance, strength, flexibility, balance, and coordination/agility.
Swimming and walking are often recommended as the best exercises for older people. But, these activities are not “best” for everyone. Almost everyone, regardless of his or her age or health status, can find an exercise or some form of physical activity that is right for him or her, that is comfortable and enjoyable, and that is within his or her limits.

### Five Components of Fitness

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<th>Flexibility</th>
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**KEY:** 3 - High Level  
2 - Moderate Level  
1 - Little Effect  
0 - No Appreciable Effect

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* Can cause dangerous increases in blood pressure  
** Varies by position
Nutritional Requirements of the Elderly

The benchmark of nutrient needs for healthy persons is the set of Recommended Dietary Allowance (RDAs) established by the Food and Nutrition Board of the National Academy of Sciences. RDAs have been issued for protein, 11 vitamins, and 7 minerals. These recommendations are for all healthy people over the age of 51.

However, when calculating the nutrient requirements of the elderly, the RDAs have several limitations:

1. They are aimed at preventing nutritional deficiency, not preventing disease. They do not cover nutritional needs that have been altered by disease, stress, chronic use of drugs, etc.
2. RDAs are recommended for healthy population groups. They do not take into account differences between individuals.
3. RDAs have not been established for all essential nutrients.
4. Diet-drug and food-nutrient interactions were not considered in setting these levels.
5. RDAs for older persons have been extrapolated from studies of a younger population.

Protein:

Protein is essential for building and maintaining body tissues. It is a source of amino acids that function in muscles, organs, hormones, the nervous system, and the immune system. If the body is not receiving enough calories it will burn protein for its energy needs. Protein needs increase when the body is stressed by injury, infection, surgery, or illness.

Protein needs: .8 – 1.0 g Pro /kg body weight for healthy elderly, about 12-14% of total calories.
**Fat:**

A small amount of fat is necessary for life. Fats are highly concentrated sources of energy. They transport fat-soluble vitamins (A, D, K, E), add flavor to food, and enhance its satiety value. Fat digestion is inhibited with aging. Saturated fats are usually solid at room temperature. They are found in butter, lard, salt pork, meat fat, coconut or palm oil, and hydrogenated margarine or shortenings. Some saturated fats are lard, coconut oil, palm oil, cream and butter. Polyunsaturated fats tend to lower blood cholesterol. These oils are liquid at room temperature. Examples of oils high in polyunsaturated fats are corn, cottonseed, safflower, sunflower, sesame, and soybean. No vegetable oil contains cholesterol.

**Fat needs:**

No more than 30% of total calories. Only 10% of calories should come from saturated fat. Dietary cholesterol should be limited to 300 mg or less per day.

**Carbohydrates:**

Carbohydrate needs: Minimum recommended daily intake is 50-100 g/day. At least 50% of total calories should come from complex carbohydrate sources. Daily recommended fiber intake is 20-35 grams.

**Calories:**

Calories come from proteins, carbohydrates, and fats. Most foods contain calories from more than one source.

- Each gram of Protein = 4 calories
- Each gram of Carbohydrate = 4 calories
- Each gram of Fat = 9 calories

Energy needs decrease with age because lean body mass (LBM) decreases and because the overall level of activity usually decreases. Calorie needs are dependent on activity level, as well as on body composition. Therefore, caloric requirements for a person who is bedridden are less than those for one who is mobile and active.

Exercise helps active older people maintain lean body mass, although lean body mass decreases somewhat even in those who exercise extensively. The higher the LBM, the
more a person can eat without gaining weight and the more likely he or she will obtain an adequate supply of all nutrients.

**Calories needs:**

The body needs about 1.5 times the basal energy expenditure (BEE). There is a 10% reduction of caloric need between ages 51-75 with an additional 10-15% reduction after age 75 depending on individual activity.

**Vitamins and Minerals:**

Although older adults need fewer total calories, they have an increase need for certain vitamins and minerals. This increased need must therefore be satisfied with a lower overall intake of food. Thus, it is especially important for the elderly to eat foods rich in nutrients: fruits, vegetables, whole grains, lean meat, fish, poultry, low-fat milk and dairy products. Nutrient-poor foods like sweets and alcohol should be limited.

**Vitamin A needs:** Decreases; avoid supplements containing vitamin A

**Vitamin D needs:** Increases; get exposure to sunlight when possible and include vitamin D-rich foods, such as fish and vitamin D fortified skim milk, in the diet.

**Vitamin B12 needs:** Increases; eat vitamin B12-rich foods, such as lean red meat, chicken, and skim milk

**Folate needs:** Decreases; no recommended changes.

**Chromium needs:** Increases; increase intake of foods high in chromium, such as brewer’s yeast and whole grain

**Zinc needs:** Increases; eat foods rich in zinc, such as lean red meat, oysters, wheat germ and whole grains

**Water:**

Water is an important nutrient that is frequently overlooked. The thirst response decreases with age so the elderly should be encouraged to make a habit of drinking water and other fluids throughout the day.

**Water needs:** At least 6 to 8 cups daily.
Preventive Health: Pyramid Scheme

If you give it only a quick look, the 1995 edition of the US government’s diet guideline for Americans, with its by-now familiar food pyramid, looks a lot like earlier editions. But don’t judge this booklet by its cover! The 1995 US Department of Agriculture’s Dietary Guidelines for Americans (4th edition) contains some noteworthy changes.

Like earlier versions, the 1995 dietary guidelines continue to emphasize the importance of diet in health. Department of health and human services (DHHS) Secretary Donna E. Shalala noted that most Americans who do not smoke or engage in substance abuse, “a good, balanced diet is the most important thing we can do for ourselves to promote health and long life.” A good diet reduces the risk of premature death from our biggest killers – heart disease, some cancers, stroke, and diabetes – which accounted for about two thirds of all deaths in the US last year.

Pyramids and Pak-Choi
The 1995 guidelines still promote balance, moderation, and variety in food choices, and continue to emphasize eating grains, fruits and vegetables (see food guideline pyramid). The new guidelines offer specific examples of foods that provide given nutrients, for the first time including foods from different cultures – for example, pak-choi, tofu, and certain kinds of tortillas are listed as good sources of calcium.

Some Food Firsts
The guidelines now say that a vegetarian diet can be a healthy diet as long as the variety and amounts of foods consumed are adequate and provide enough protein. The guidelines now suggest limiting the intake of some foods, including sausage, salami, and organ meats.

What is a drinking moderation?

Source: THE FEMALE PATIENT. Supplement
Moderation is defined as no more than one drink per day for women and no more than two drinks per day for men.
One drink equals:
12 oz. regular beer (150 calories) or
5 oz. wine (100 calories) or
1.5 oz. of 80-proof distilled spirits (10 calories)

Limiting intake if frozen convenience foods, salad dressings, and packaged mixes is also advised because these products are generally high in salt content.

For the first time the guidelines suggest that consuming some alcohol, in moderation and with meals, can be healthful. Although the guidelines do not encourage alcohol drinking and continue to remind us that too much alcohol can be harmful, they do acknowledge evidence suggesting that moderate drinking may lower the risk of heart attacks (see above). (the guidelines note, however, that there are people who should not drink alcoholic beverages at all, including women who are trying to conceive or who are pregnant.)

Alcoholic beverages have been used to enhance the enjoyment of meals by many societies throughout human history; the 1995 edition notes; the 1990 edition of the guidelines stated that drinking has no net health benefit.

Weighing in on Middle-age Spread
For the first time, the dietary guidelines recommend that adults maintain their weight in a single healthy range instead of allowing for increasing weight as they age. This change is in the line with the new weigh guidelines released by DHHS late in 1995, which no longer allow for weight gain in middle age (see chart). This change was made in response to growing evidence that adding pounds with age increases the risk of early age for heart disease, diabetes, stroke, arthritis, and other chronic diseases. Gaining over 15 to 20 pounds after age 18 – a common occurrence – increases the risk of heart attack later in life, research shows.

Are You Overweight?

Weights are shown in ranges because

people of the same height may have equal amounts of body fat but different amounts of muscle and bone. Ranges shown do not mean that it is healthy to gain weight even within the same weight ranges; higher weights in the healthy weight range apply to people with more muscle and bone. Most of us should aim for the lower and of the ranges.

It is important to stress that this weight chart should not be viewed as a signal to go on a crush diet or use other dangerous approaches to losing weight if you are over the suggested weight ranges. Rather, a healthier lifestyle that includes a regular exercise program and fat intake (less than 30%) of total calories) is recommended as both sensible and easy to love with.
Your UN Pension
United Nations Pension Joint Staff pension Fund
Caisse Commune Des Pensions Du Personnel Des Nations Unies

- United Nations Joint Staff Pension Fund
  UNJSF – NEW YORK
  Unite Nations
  New York, New York – 10017
  Tel: 1-212-963-6931
  Fax: 1-212-963-3146
  Email: UNJSPF@UN.ORG
  Web: http://www.unjspf.org

- Geneva Office
  Palais des Nations – Room D110
  Tel: 41 (22) 917.32.33
  Fax: 41 (22) 917.00.04
  Email: JSPFGVA@UNOG.CH
  Web: http://www.unjspf.org

Source: Presentation for the United Nations Pre-retirement Programme
Annual Letter from the CEO

This letter, additional information and relevant forms are available on the Fund’s website:

www.unjspf.org

New York, January 2005

Dear Participant/Retiree/Beneficiary,

In keeping with the long-standing practice of the Fund, I am writing to provide you with information on pension-related matters and developments that occurred during the year 2004. Updated information is also provided on the operations of the Fund and on the recent performance of the Fund’s assets.

NOTE TO RETIREES AND BENEFICIARIES:

Adjustments to pension entitlements

on 1 April 2005

At the outset, I would like to inform retirees and beneficiaries that there will be a 5.2 per cent adjustment of the United States dollar pension entitlements on 1 April 2005, based on the movement of the United States Consumer Price Index (US-CPI) over the two-year period December 2002 to December 2004; there had been no increase in April 2004 because the required minimum 2 per cent movement to trigger an adjustment had not been reached. For those who separated in 2004 or early 2005, the adjustment will be prorated. For those receiving the first adjustment since the award of their pensions, the increase will be reduced by 1.0 percentage point due to an economy measure taken in 1985. This reduction was initially set at 1.5 percentage points; however, in the light of an improvement in the actuarial situation, as reflected in the results of the last four valuations, the Board decided to lessen the reduction with effect from 1 April 2005.

For retirees and beneficiaries on the two-track pension adjustment system, the adjustment of the local-currency track amount on 1 April 2005 will vary according to the CPI movements in their respective countries of residence, provided that the 2 per cent threshold has been met.

Retirees and beneficiaries will be advised of the changes in the amounts of their pensions, if any, on the occasion of the payment of their April 2005 benefits, due either on 1 April for those who retired before 31 December 1984 or 1 May for those who retired on or after 31 December 1984.
Certificates of Entitlement (CE)

Pursuant to previous audit findings and recommendations, we have strengthened our reviews of the CEs to verify the continuing eligibility of retirees and beneficiaries to the benefits they are receiving. In order to avoid suspension of a benefit payment, it is essential that retirees and beneficiaries complete and return on a timely basis the Certificate of Entitlement (CE) that the Fund sends out each year, usually in November. For those of you who do not return the CE by the second week of the following January, another CE will be mailed by the end of January. If the Fund receives no response by the end of April, your benefit may be suspended. Of course, once your CE is returned, your benefit will be reinstated retroactively.

Monthly pension payments; change in payment instructions

For those receiving periodic pension payments, it is very important that you monitor regularly the receipt by your bank of our monthly remittances and inform us without delay of any missing payment. If there are changes in the name of your bank, in your account or in the transit/routing number of your bank, please inform us promptly, via the signed original form PF.23, to avoid any interruption in the payment of your benefit. In order to ensure the timely implementation of changes in payment instructions, such requests should reach the Fund at least six weeks prior to the intended date of implementation. Moreover, the Fund cannot act on the basis of cable, e-mail or faxed versions of the signed instructions. PF.23 forms can be accessed through the Fund’s website on the internet (http://www.unjspf.org), or by making a request either to your former employing organization or directly to the Fund. You should also include your full name and your pension or retirement number on all correspondence.

FREQUENTLY ASKED QUESTION

How can I check on the status of my Certificate of Entitlement (CE)?

With effect from January 2005, we have made available to all retirees and beneficiaries of the Fund a tracking feature that can be accessed through our website. This system will enable retirees and beneficiaries to find out whether their Certificates of Entitlement (CE) were received by the Fund. Access to this feature will require you to register through our website, so that a Personal Identification Number (PIN) can be mailed to your home address.

FREQUENTLY ASKED QUESTION

Why is the total paid to my account less then the pension entitlement amount that the Fund cited at the time of my retirement?
In virtually all cases, where the total received is less than the pension entitlement amount cited by the Fund, the reduction is due either to bank charges levied in respect to the particular arrangements that are in place at your bank and/or a deduction relating to a premium due for your after-service health insurance coverage. Concerning the bank charges, you may wish to discuss the matter with your bank directly, to determine whether or not there is an alternative method of routing that might be more advantageous to you.

Family status, country of residence, mailing address

Retirees and beneficiaries need to apprise the Fund of any changes in their family status and country of residence (the latter, if they are on the two-track pension adjustment system and preferably via form PENS.E/11, which is available on the internet). Changes of mailing address must be reported to the Fund in writing, preferably via a completed form PF.23M, which is also available on the internet. We cannot accept requests for such a change in the form of a cable, e-mail, or fax, in lieu of an original signed letter or completed form PF.23M.

Deduction for after-service health insurance (ASHI)

As the Fund receives numerous inquiries in respect to after-service health insurance, I believe it continues to be useful to provide some general comments. Based on written authorization from retirees and beneficiaries, on standard forms prepared for this purpose by the insurance services/sections of member organizations of the Fund, the Fund, as a service to its retirees and beneficiaries, deducts from monthly pensions the premiums for after-service health insurance (ASHI). However, the Fund is not in a position to respond to questions concerning the level of premiums or the scope of insurance coverage. All questions related to insurance, including the authorizations for ASHI premium deductions, should be addressed to the insurance section of the former employing organization and not to the Fund secretariat. I would note that insurance premium deductions from pension benefits are not possible in respect of retirees and beneficiaries from some member organizations because of limitations on the processing facilities of those organizations.

UNJSPF annual statement of benefits

The Fund also issues a “Statement of Benefits” for tax purposes in respect to benefits paid during the year. These statements are provided initially upon request. It should be noted, however, that once you have requested an annual statement of benefits, you will receive a statement in each subsequent year on an automatic basis. The statements are normally transmitted within the first six weeks of each new year.

It should be noted that statements issued by the Fund for tax purposes reflect the full actual pension benefits, i.e. before any ASHI deductions.
Retiree and beneficiary associations

Retirees and their beneficiaries should be aware of the valuable information and assistance that can be obtained from the Federation of Associations of Former International Civil Servants (FAFICS) and its member associations. Established in 1975 by the then existing retiree associations in Geneva, Rome, Paris and New York, the membership of FAFICS reached thirty-two retiree associations in 2004. The Federation’s membership is constantly growing as a result of new associations in Africa, Asia, and Latin America. FAFICS represents and protects the interests of its member associations, especially in matters of pensions, health insurance and related questions.

These associations, through the experiences of their respective members, serve as knowledgeable sources of information and advice, not only on pension-related matters but also on the laws and other aspects of life in countries around the world. They continue to act as “partners” to the Pension Fund secretariat and to the member organizations, through their support and assistance. More specifically, FAFICS and its member associations provide invaluable assistance to retirees and beneficiaries in resolving problems, which may be encountered with the Fund’s Certificate of Entitlement process. FAFICS representatives participate actively and effectively in the sessions of the Pension Board and its Standing Committee.

Further information about FAFICS and its member associations can be found on the internet web site of AFICS-New York at www.un.org/other/afics/whatisfafics.

Annex I.A to this letter contains an updated list of the member associations of FAFICS and their addresses.

Please note the addresses provided in respect of three new member associations of FAFICS: AFICS-Bolivia, APUNG-Greece and AUNPP-Pakistan. The addresses of retiree associations in the Democratic Republic of the Congo (Kinshasa), Costa Rica, Cuba, Ecuador, Fiji, Ghana, Mauritius, Kenya, Namibia, the Netherlands, Nigeria, Romania, Somalia and Tanzania, which have not yet been formally admitted to FAFICS, can be found in the list of non-FAFICS associations (annex I.B). The associations in the Netherlands and Somalia are new entries to this list.

In the Geneva area, I should note that in addition to the cross-organizational, FAFICS-affiliated Association of Former International Civil Servants (AAFI-AFICS) assistance continues to be provided by associations formed by retirees from other Geneva-based associations, at the ILO, ITC, ITU, GATT/WTO and WHO. A new Association of Former WMO Staff (Amicale), established in 2004, has been added to this list. A list of these associations, along with their respective contact points, is contained in annex I.C.

Emergency Fund assistance

I would remind retirees and beneficiaries that an Emergency Fund was established to alleviate somewhat
the financial hardships due to illness, infirmities of old age or similar causes which may arise for recipients of small pensions, by providing aid in individual cases of proven emergency. Please note that the Emergency Fund is not a source for supplementing pensions, which the recipient considers inadequate, and it does not provide loans nor does it serve as a substitute for medical insurance.

It should also be recalled that the CEO’s January 1999 annual letter contained detailed information regarding the assistance available to retirees and beneficiaries from the Emergency Fund and/or other sources, to alleviate financial hardship. This information can be accessed through the Fund’s website on the Internet ([http://www.unjspf.org](http://www.unjspf.org)). If you do not have access to the Internet, a copy of the January 1999 letter can be obtained from the pension secretariat of your former employing organization. With further reference to emergency assistance, I would recall that a number of member associations of FAFICS (as listed in annex I.A) also provide special assistance. For example the Former FAO and Other UN Staff Association (FFOA) has established an “Emergency Fund” to assist its members;” the Association of Former Staff Members of UNESCO (AAFU/AFUS) also assists those of its members who find themselves in a difficult financial situation, by means of interest-free loans or grants; and AFICS (NY) has a Charities Foundation that can assist retired international civil servants, their survivors and dependants. In addition, and in response to a recommendation by the 2002 FAFICS Council, AAFI-AFICS has reaffirmed that its Solidarity Fund’s aim is to provide financial help to former international civil servants who find themselves in difficult circumstances, irrespective of whether they are members of the Association and whether they reside in the Geneva region or elsewhere in the world. The Section of Former Officials of the ILO is also administering a Solidarity Fund, to which all former staff members of the International Labour Office may apply for assistance, irrespective of whether they are members of the Section.

NOTE TO ACTIVE PARTICIPANTS, RETIREES AND BENEFICIARIES:

New booklet on Participation is now available on the website.

Benefits processing upon separation from service: online estimates and forms

In the event you plan to separate from service in the near future, you may wish to refer to annex II of this letter or to the more extensive information provided in annex I of the January 1999 annual letter. For your easy reference, previous annual letters can be accessed through the Fund’s website on the internet ([http://www.unjspf.org](http://www.unjspf.org)); online estimates of pension benefits, other pension information and forms, including the Fund’s Regulations and Rules and the various booklets on specific Fund related topics, can also be found at this site. If you do not have access to the Internet, a copy of the January 1999 letter can be obtained from the pension secretariat of your present or former employing organization. Also available on the website, under the heading “Forms”, is a list of forms used by the Fund. Some of the more frequently used forms are indicated in the box below:
### Frequently Used Forms

<table>
<thead>
<tr>
<th>Form</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PF23, PF23A, – PF23B</td>
<td>Change of Payment Instructions</td>
</tr>
<tr>
<td>PF23M –</td>
<td>Change of Mailing Address</td>
</tr>
<tr>
<td>PENS A/2 –</td>
<td>Designation of Beneficiary</td>
</tr>
<tr>
<td>PENS E/2, E/6, E/7, E/8 –</td>
<td>Instructions for Payment</td>
</tr>
<tr>
<td>PENS E/10 –</td>
<td>Request for Two Track</td>
</tr>
</tbody>
</table>

### Channels for efficient communication with the Fund

Before updating you on the current situation of the Fund, I would like to recall the appropriate contact points and channels that should be used, by all active participants, retirees and beneficiaries, when communicating with the Fund. The Fund has systems in place designed to deal with the heavy volume of correspondence received from over 137,000 active participants, retirees and beneficiaries, working and/or residing in over 190 countries worldwide. These systems include a quality review mechanism, which has been put in place to ensure a reasonable turnaround in response time, as well as expeditious handling of cases in which follow-up inquiries had to be made. It is also intended to ensure that inquiries and the related documentation are not misrouted within the Fund secretariat. In this connection, I would also note that due to the UN security policy, incoming mail may be required to go through an external screening process, which could result in delays in turnaround time. In order to ensure appropriate recording, routing and expeditious handling of your requests, it would be appreciated if you could use the following matrix when contacting the Fund:
## ACTIVE PARTICIPANTS

Active participants of the Fund should address their queries directly to the Secretary of their organization’s local Staff Pension Committee. A list of the Member Organizations is provided in article 3 of the Regulations of the Fund.

## RETIREES and BENEFICIARIES

Depending on where you reside, it might be more convenient to contact the New York or Geneva office, recalling that the complete transparency of the Fund’s systems and operations ensures that action will be taken by the appropriate personnel, irrespective of the office of receipt.

<table>
<thead>
<tr>
<th>New York</th>
<th>Geneva</th>
</tr>
</thead>
<tbody>
<tr>
<td>By telephone: 1 (212) 963-6931</td>
<td>By telephone: (41) (22) 917-1824</td>
</tr>
<tr>
<td>By fax: 1(212) 963-3146</td>
<td>By fax: (41) (22) 917-0004</td>
</tr>
<tr>
<td>By e-mail: <a href="mailto:UNJSPF@UN.ORG">UNJSPF@UN.ORG</a></td>
<td>By e-mail: <a href="mailto:JSPFGVA@UNOG.CH">JSPFGVA@UNOG.CH</a></td>
</tr>
<tr>
<td>In person: Room S-745</td>
<td>In person: Room PN D.108</td>
</tr>
</tbody>
</table>

## Operations of the Fund: continued increases

The number of member organizations of the Fund has increased to 21, following the General Assembly’s approval to admit the Inter-Parliamentary Union with effect from 1 January 2005. The total active participant population increased from 82,715 to 85,245 (3.1 per cent) during the period 1 January through 31 December 2003. The number of periodic benefits in award (including children's benefits) increased during the same period from to 51,028 to 52,496 (2.9 per cent). It is anticipated that the end-of-2004 data will reflect higher numbers for both active participants and benefits in award; however the final figures will be known only when the year-end reports of the Fund’s member organizations have been received and reconciled.

In 2004, the annual benefit payments by the Fund amounted to 1.3 billion US dollars, with payments having been made in 15 currencies in over 190 countries.
Investments of the Fund: favourable results for the year 2004

As of 31 March 2004 - the normal reporting date used in the reports of the representative of the Secretary-General to the Pension Board - the market value of the assets of the Fund stood at $26,589 million, as against $20,741 million a year earlier: an increase of 28.2 per cent. The total investment return, which takes into account timing of cash flow for the same period, was 28.7 per cent, which after adjustment for the United States consumer price index (CPI) represents a real rate of return of 26.5 per cent. It should be noted that as of 31 December 2004, the market value of the Fund's assets had increased to $29,420 million, as against $25,972 million at the end of December 2003. This represents an increase for the year of 13.3 per cent.

The graph below provides an illustration of the long-term growth of the Fund, reflecting year-end market values from 1984 to 2004.

![Market Value of the UNJSPF on 31 December 1984 to 31 December 2004 (billions of US$)](image)

It must be recalled that short-term variations in the market value of the assets of the Fund are an inevitable result of fluctuations in the financial markets and in the value of the US dollar in relation to other currencies in which the Fund is invested. Since the retirement and other related benefits of the UN pension system are secured through the assets of the Fund, the long-term investment objectives of the Fund are, firstly, to preserve the principal of the Fund in real terms and secondly, to obtain an optimal investment return over the long-term while avoiding undue risk. In this connection, I am pleased to note that the compound annual
The rate of return for the 44-year period ending 31 March 2004 was 8.6 per cent. This represents a yearly real rate of return of 4.1 per cent for the same period, after adjustment by the United States Consumer Price Index. The table below provides longer-term perspectives of the investment returns:

| Compound annual rates of return for selected periods ending 31 March 2004 |
|-------------------------------------------------|---|---|---|---|---|
|                                 | 5 years | 10 years | 15 years | 20 years | 25 years | 44 years |
| Nominal                         | 4.6     | 8.6      | 9.0      | 10.7     | 10.7     | 8.6      |
| Real (inflation-adjusted)       | 1.9     | 6.1      | 5.9      | 7.4      | 6.4      | 4.1      |

The management of the Fund’s investments continues to be based on maintaining a careful balance between risk and reward expectations over the medium to long term. In order to reduce risk and improve long-term returns, the structure of the Fund’s portfolio is widely diversified as regards (a) the distribution of the Fund's investments among stocks, bonds, real-estate related investments and cash; (b) the markets in which the funds are invested and their weightings in the portfolio; and (c) the selection of individual securities. The market value of the assets of the Fund, expressed in United States dollars, will also be affected by the strength or weakness of other currencies against the dollar.

As of 31 December 2004 the distribution of the assets by type of investment was as follows: 62.5 per cent in equities, 25.7 per cent in bonds, 5.5 per cent in real-estate related instruments and 6.3 per cent in short-term holdings. The assets were invested in 42 countries (including emerging markets), in regional institutions and international institutions, and in institutional investment trusts; as regards currencies, 48.3 per cent of the investments were in United States dollars and the remaining 51.7 per cent in 25 other currencies; 20.5 per cent of the investments were in euros.

### Actuarial position of the Fund:

**fourth consecutive surplus**

Actuarial valuations are undertaken every two years to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments.

The Regular Valuation, as at 31 December 2003, revealed a fourth consecutive surplus, amounting to 1.14 per cent of pensionable remuneration. The three previous valuations, those as of 31 December 2001, 31 December 1999 and 31 December 1997, had revealed surpluses of 2.92, 4.25 and 0.36 per cent of pensionable remuneration, respectively.

The current surplus of 1.14 per cent means that the theoretical contribution rate required to achieve balance between long-term liabilities and the Fund’s financial resources was 22.56 per cent of pensionable remuneration, as against the actual contribution rate of 23.70 per cent. The regular valuation, performed as at 31 December 2003, used the three following economic assumptions: (a) a rate of increase in
pensionable remuneration of 4.50 per cent per annum; (b) a rate of nominal investment return of 7.50 per cent per annum; (c) a rate of inflation of 4.00 per cent per annum; and a “zero participant growth assumption.” The following graph illustrates the results of the regular actuarial valuations, over the last six valuation periods:

Another analysis that is carried out in conjunction with the valuation is the determination of funding ratios. This analysis assists the Board in its assessment of the financial position of the Fund on a current rather than projected basis. The funding ratios are comparisons of the current assets of the Fund with the value of the accrued benefits (liabilities) on the given valuation date and are calculated on a “plan termination basis.” With respect to its liabilities on 31 December 2003, the Fund was found to be in a strongly funded position, as it has been for the past seven valuations. The current funded ratio is 144.5 per cent, which was obtained by dividing the actuarial value of assets (i.e. $25,237.4 million) by the actuarial value of the accrued benefits (i.e. $17,470.4 million). The ratio therefore indicates there is a 44.5 per cent security margin. The funded ratio is lower if account is taken of the current system of pension adjustments, whereby benefits are adjusted for inflation. The following table illustrates the funded ratios from 1993 to 2003, both without, as well as with, pension adjustments after award:

| Funded Ratios for Valuations as of 31 December 1993 – 2003 |
|----------------------|-------|-------|-------|-------|-------|-------|
|                     | 1993  | 1995  | 1997  | 1999  | 2001  | 2003  |
| Without pension adjustments | 136   | 132   | 141   | 180   | 161   | 145   |
| With pension adjustments   | 81    | 81    | 88    | 113   | 106   | 95    |

Based on the results of the latest actuarial valuation, the Committee of Actuaries and the Consulting Actuary were of the opinion that the present contribution rate of 23.70 per cent is sufficient to meet the benefit requirements under the Plan. The Pension Board approved their statement on the actuarial position of the Fund.

Other notable developments

Changes made in the Pension Adjustment System of the UNJSPF

During its 52nd session, which was held in Montreal from 13 to 23 July 2004, the Pension Board recommended two amendments to the Pension Adjustment System of the Fund. I am pleased to announce that as reflected in its Resolution (A/RES/59/269), the General Assembly approved, with effect from 1 April 2005: (a) a phased approach towards the elimination of the 1.5 percentage points reduction in the first consumer price index adjustments, whereby for initial adjustments after separation, an initial reduction of 1.0 percentage point will be applied instead of 1.5 percentage points and a 0.5 percentage point increase will be applied on the occasion of the next adjustment due in
respect to existing retirees and beneficiaries who already had the 1.5 per cent reduction applied to their benefits; and (b) the addition of a new provision under the two-track pension adjustment system for an adjustable minimum guarantee at 80 per cent of the United States dollar-track amount. The text of the respective changes to paragraphs 20 and 23 of the Pension Adjustment System is provided in annex III of this letter. It should be stressed that while the effective date for both amendments is 1 April 2005, programming requirements may result in minor delays in the actual implementation of the 0.5 percentage point increase due to existing retirees and beneficiaries who have already had the original 1.5 percentage points reduction applied to their benefits. The payments will be retroactive to 1 April 2005.

It should be noted that the Pension Board intends to address in 2006, subject to a favourable actuarial valuation as at 31 December 2005, the possible total elimination of the balance of the 1.5 percentage points reduction and, on an equal footing, the possible elimination of the limitation on the right to restoration based on length of prior service.

**Relocation of the Fund’s New York office**

In June 2004, the Fund signed a 16-year lease agreement for new office space at 1 Dag Hammarskjold Plaza. The new space, which is located in close proximity to the United Nations secretariat building in New York, will accommodate the Fund’s New York office, including its Investment Management Service. It should be noted that the relocation is expected to take place during the spring of 2005. You will be advised of the Fund’s new channels for communication in next year’s annual letter. In the meantime, you should continue to use the contact information provided in the earlier section of this letter.

**Revised budget estimates for the 2004-2005 biennium**

The General Assembly also approved the Pension Board’s recommendation for additional resources to cover estimated construction and renovation work and the purchase of furniture and equipment for the new office accommodations. The increase also covers the costs for implementation of the approved changes in the Pension Adjustment System.

**Transfer agreements**

The Pension Board approved, and the General Assembly concurred with, the Fund’s revised transfer agreements with the Organization for Security and Cooperation in Europe and the World Trade Organization. The Assembly also concurred with the new transfer agreements of the Fund with the Universal Postal Union and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization. All four agreements became effective on 1 January 2005 and were concluded in accordance with article 13 of the Regulations of the Fund.

**Size and Composition of the Pension Board and its Standing Committee**

A report of the Pension Board’s Working Group established to review the size and composition of the Board and its Standing Committee was also considered in 2004. On the basis of additional information that emerged
during the discussions in the Board, the Working Group will provide a progress report to the Standing Committee in 2005 and a full report to the Board in 2006. Pending final agreement on the size and composition of the Board and Standing Committee, the Board agreed to modify the current composition of the Standing Committee by the addition of one alternate member, to be drawn from the members of the United Nations Staff Pension Committee that are elected by the General Assembly.

**ICSC collaboration**

The Board also agreed on arrangements in respect to the comprehensive review of pensionable remuneration that will be carried out, in 2005 and 2006, by the International Civil Service Commission in close cooperation with the Pension Board.

**New banking arrangements**

During the latter part of 2004, the secretariat of the Pension Fund successfully completed a major project to overhaul its banking arrangements. Following extensive review of the previous arrangements, it was determined that a single payment date for the issuance of periodic benefits for all beneficiaries should be established. That date was initially fixed as the last working day of the month. In recognition of the timing issues involved in making international payments through various banking systems, namely the inevitable delays between the date of the debit to the Fund’s accounts (for the Fund, the value date is the date on which the Fund’s bank account is debited) and the timing of the actual credit to the retiree’s or beneficiary’s account, the Fund decided to advance its own value date by one day for all benefits paid outside the United States.

My January 2004 Annual Letter clearly set out the reasons for the changes in banking arrangements and also pointed out that the date of actual credit to a retiree’s or beneficiary’s account would depend upon particular arrangements and differences in processing time by correspondent banks and geographic locations. The Fund clearly cannot guarantee that 55,000 retirees and beneficiaries, with a myriad of payment instructions in 190 countries, would receive their benefit on any given day, but with the change to the date upon which its accounts are debited, the Fund has made a significant effort to ensure that most retirees and beneficiaries will receive payments within a reasonable time.

In general, the arrangements that have been secured by the Fund, after a competitive bidding process, have been beneficial for the Fund and have improved or maintained levels of service for the majority of retirees and beneficiaries. As with any major change, some difficulties have been encountered; however, please be assured that the Fund is working actively to resolve them with its bank and to ensure that you continue to receive the highest level of service we can provide.

**Enhanced website**

The Fund’s website (www.unjspf.org) continued to evolve during 2004 and now includes several new features that have been added for your convenience. Retirees and
beneficiaries accessing the site can now generate local track estimates under the two-track system of adjustment. Existing retirees and their beneficiaries may also check to ensure that the Fund has received their Certificates of Entitlement (CE). Access to these enhancements will require a Personal Identification Number (PIN), which will be mailed to your home address following registration through the Fund’s website. Active participants will also see additional features available on the enhanced site.

Active participants should recall that their annual statements are available on the website.

Those who have applied for a benefit will be able to follow the status of their case via the Status Tracking System. The process for generating and obtaining online estimates has also been simplified. Access to these enhancements will require a password, which will be transmitted via email after you register on-line. Please visit www.unjspf.org in order to obtain more details and to take full advantage of the new features which are now available.

**Major issues to be considered by the Standing Committee in 2005**

The Standing Committee will meet in July 2005 at UN Headquarters in New York. The major substantive items on its agenda will be the budget of the Fund for the biennium 2006-2007, the investments of the Fund, and the valuation methodology and assumptions for the actuarial valuation of the Fund to be carried out as at 31 December 2005.

You will be advised in the next annual letter of developments on these issues, of additional matters that may be considered by the Standing Committee, and the relevant decisions taken by the General Assembly in 2005.

You may wish to note the following dates for some of the more important meetings to be held in 2005:

<table>
<thead>
<tr>
<th>Standing Committee:</th>
<th>5-8 July (NY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee of Actuaries:</td>
<td>6-8 June (Geneva)</td>
</tr>
<tr>
<td>Investments Committee:</td>
<td>7 February</td>
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<td></td>
<td>9 May</td>
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<td></td>
<td>12 September</td>
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<td>21 November</td>
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<td>Senior Management meetings:</td>
<td>18 January</td>
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<td>5 April</td>
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<td></td>
<td>14 June</td>
</tr>
<tr>
<td></td>
<td>11 October</td>
</tr>
</tbody>
</table>

Finally, on behalf of the secretariat of the Fund, I wish to convey a special note of appreciation to the many participants, retirees and beneficiaries who sent their greetings and wishes for the holiday season. I also wish to convey to all of you, and to your families, the Fund’s best wishes for a healthy and happy New Year.

Yours sincerely,

Signed by

Bernard Cochemé
Chief Executive Officer
Annex I

A. Federation of Associations of Former International Civil Servants (FAFICS)

When you have queries about various pension matters and need to seek advice, FAFICS, or any of its member associations listed below can help you. A complete list is also published on the AFICS (New York) Website at www.un.org/other/afics. It should be noted that the Federation of Associations of Former International Civil Servants (FAFICS) represents the retirees and their beneficiaries on the United Nations Joint Staff Pension Board and on its Standing Committee.

President:

Mr. Witold Zyss  
FAFICS President, c/o AAFU/AFUS  
UNESCO, bureau 7B3.07  
1 rue Miollis  
FR-75732 PARIS Cedex 15  
France

President’s home address:  
11, Villa Croix Nivert  
FR-75015 PARIS  
France

Secretariat:

Room A-851/A-853  
Palais des Nations  
CH-1211 GENEVA 10  
Switzerland

Secretary: Mr. Anders Tholle

Assistant Secretary: Ms. Lydia Ontal  
c/o Room DC-1-580  
United Nations  
New York, NY 10017  
USA

Treasurer: Mr. Juan Mateu  
Room A-851  
Palais des Nations, Geneva  
Switzerland
# FAFICS’ MEMBER ASSOCIATIONS

## ARGENTINA
Asociación de Ex-Funcionarios de las Naciones Unidas de Argentina (AFICS Argentina)
c/o OPS/OMS
M.T. de Alvear 684, 3e Piso
AR - C1058AAH
BUENOS AIRES
Tel: [54](11) 4312 5301
Fax: [54](11) 4311 9151
afics@arg.ops-oms.org

## AUSTRALIA
Australian Association of Former International Civil Servants (AAFICS)
c/o Dr. John Hirshman
212 Old South Head Road
AU - VAUCLUSE, NSW 2030
Tel: [61] (2) 9337 5839
Fax: [61] (2) 9313 6185
j.hirshman@unsw.edu.au

## AUSTRIA
Association of Retired International Civil Servants in Austria (ARICSA)
Room C-0262
Vienna International Centre
P.O. Box 100
AT- 1400 VIENNA
Tel: [43] (1) 2600 26116
aricsa@iaea.org

## BOLIVIA
Asociación Boliviana de Ex Funcionarios de las Naciones Unidas (AFICS-Bolivia)
Casilla 972
La Paz
BOLIVIA
Tel: [591] 2 279 0559
Fax: [591] 2 279 2852
malintzin@acelerate.com

## BURKINA FASO
Association des Anciens Fonctionnaires des Nations Unies au Burkina Faso (AAFNU-BF)
c/o UNIC Ouagadougou
01 BP 135
BF-OUAGADOUGOU 01
Tel: [226] 38 49 96
Fax: [226] 36 00 87
sperado@acenatrin.bf

## CANADA
Canadian Association of Former International Civil Servants (CAFICS/ACAFI)
c/o ICAO
999 University Street
CA - MONTREAL,
Qué H3C 5H7
Tel: [1] (514) 954-8219, ext.7064
acafi.cafics@icao.int

## CHILE
Asociación de Ex-Funcionarios de Naciones Unidas en Chile (AFICS Santiago)
Edificio Naciones Unidas, Office Z-119
Avenida Dag Hammarskjold
Casilla 179 D
SANTIAGO DE CHILE
Tel: [56] (2) 210 2282
afics@eclac.cl

## CONGO
Association Congolaise des Anciens Fonctionnaires des Nations Unies (ACAFNU)
s/c du PNUD
B.P. 465
CG-BRAZZAVILLE
acafnu_president@yahoo.fr

## EGYPT
Association of Former International Civil Servants (AFICS Egypt)
c/o UNDP Resident Coordinator, UNDP Office
4th Floor World Trade Center Building
P.O. Box 982
CAIRO
Tel: [20] (2) 735 6057
Fax: [20] (2) 760 1041
aficesegypt@yahoo.com
afics@mail.unesco.org.eg

## ETHIOPIA
Association of Former International Civil Servants (AFICS Addis Ababa)
c/o Economic Commission for Africa
PO Box 3001
ADDIS ABABA
Tel: [251] (1) 443270/1
Fax: [251] (1) 514416
ttshome@uneca.org
<table>
<thead>
<tr>
<th>Country</th>
<th>Organization Name</th>
<th>Address/Location</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRANCE</td>
<td>Association des anciens fonctionnaires de l’UNESCO (AAFU/AFUS)</td>
<td>UNESCO, Bureau 7B3.07</td>
<td>Tel: <a href="1">33</a> 45 68 46 55 or <a href="1">33</a> 45 68 46 50 Fax: <a href="1">33</a> 45 68 57 79 <a href="mailto:afus@unesco.org">afus@unesco.org</a> <a href="http://www.unesco.org/afus">www.unesco.org/afus</a></td>
</tr>
<tr>
<td>INDIA - (Bangalore)</td>
<td>Association of Former United Nations Personnel in and of India (AFUNPI)</td>
<td>P.O.Box 25019 Museum Road</td>
<td>Tel: [91] (80) 229 0732 <a href="mailto:afunpi@hotmail.com">afunpi@hotmail.com</a></td>
</tr>
<tr>
<td>INDONESIA</td>
<td>Association of Former United Nations Personnel and Retirees (AFUNPR)</td>
<td>c/o UNDP Office Manera Thamrin, 7th Floor Jalan M.H. Thamrin Kav.3 P.O. Box 2338 Jakarta Pusat 10250</td>
<td>Tel: [62] (21) 314-1308 Fax: [62] (21) 314-5251 <a href="mailto:un.pension.id@undp.org">un.pension.id@undp.org</a></td>
</tr>
<tr>
<td>ITALY - (Torino)</td>
<td>Former Officials Association (FOA) International Training Centre of the ILO</td>
<td>Viale Maestri del Lavoro 10 IT - 10127 TORINO</td>
<td>Tel: [39] (11) 6936 057 Fax: [39] (11) 638 842 <a href="mailto:foa@itcilo.it">foa@itcilo.it</a></td>
</tr>
<tr>
<td>MALI</td>
<td>Association malienne des Anciens Fonctionnaires internationaux des Nations Unies (AMAFINU)</td>
<td>c/o PNUD Office B.P. 120 - Badalabougou Est BAMAKO</td>
<td>Tel: [223] 224 380 Fax: [223] 226 298 <a href="mailto:amafinu@undp.org">amafinu@undp.org</a></td>
</tr>
<tr>
<td>NEW ZEALAND</td>
<td>N.Z. Association of Former U.N. Officials (AFUNO-New Zealand)</td>
<td>c/o Mr. Ed. Dowding 16A Moore St. NZ - BIRKENHEAD, Auckland 1310</td>
<td>Tel: [64] (9) 418 4166 or 372 8337 <a href="mailto:eudowding@xtra.co.nz">eudowding@xtra.co.nz</a></td>
</tr>
<tr>
<td>PARAGUAY</td>
<td>Asociación Paraguaya de Ex Funcionarios de Organismos des Naciones Unidas (APEFUNO/AFICS Paraguay)</td>
<td>Edificio Naciones Unidas Saravi Mariscal López ASUNCION</td>
<td>Tel: [595] (21) 611 980 (ext. 141) <a href="mailto:afics.py@undp.org">afics.py@undp.org</a></td>
</tr>
<tr>
<td>INDIA - (New Delhi)</td>
<td>United Nations Pensioners' Association (UNPA)</td>
<td>B-32 (FF) Panchsheel Enclave NEW DELHI 110 017</td>
<td>Tel: [91] (11) 2649 7347 (no e-mail address available, for correspondence please use postal address)</td>
</tr>
<tr>
<td>ITALY - (Rome)</td>
<td>Former FAO and other UN Staff Association (FFOA)</td>
<td>Viale delle Terme de Caracalla IT - 00100 ROMA</td>
<td>Tel: [39] (06) 57054862 or [39] (06) 57055916 or [39] (06) 57055623 Fax: [39] (06) 57053152 <a href="mailto:ffoa@fao.org">ffoa@fao.org</a></td>
</tr>
<tr>
<td>LEBANON</td>
<td>Association of Former International Civil Servants (AFICS/Beirut)</td>
<td>c/o UNDP, UN House</td>
<td>Tel: [52] (5) 260 9646 Fax: [52] (5) 531 1151 <a href="mailto:excepal@un.org.mx">excepal@un.org.mx</a></td>
</tr>
<tr>
<td>MEXICO</td>
<td>Asociación de Ex Funcionarios de las Naciones Unidas en México (AFPNU-Mexico)</td>
<td>Presidente Masaryk 29 Apartado Postal 6-718 MEXICO D.F. 11570</td>
<td>Tel: [52] (5) 260 9646 Fax: [52] (5) 531 1151 <a href="mailto:excepal@un.org.mx">excepal@un.org.mx</a></td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>Association of UN Pensioners in Pakistan (AUNPP)</td>
<td>Bungalow No. 15, Street No. 5, F-8/3 ISLAMBAD</td>
<td>Tel : [92] 51 2254982 <a href="mailto:dransarali@yahoo.com">dransarali@yahoo.com</a></td>
</tr>
<tr>
<td>RUSSIAN FEDERATION</td>
<td>Association of Former International Civil Servants (AFICS Moscow)</td>
<td>c/o UNIC Moscow 4 Glazovsky per. RU - MOSCOW 121002</td>
<td>Tel: [7] (095) 787 2181 Fax: [7] (095) 230 2138 or [7] (095) 787 2181 <a href="mailto:aficsmoscow@undp.ru">aficsmoscow@undp.ru</a></td>
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<tr>
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<tr>
<td>SRI LANKA</td>
<td>Association of Former International Civil Servants (AFICS – Sri Lanka)</td>
<td>[94] (11) 268 4897</td>
<td><a href="mailto:adriansena@yahoo.co.uk">adriansena@yahoo.co.uk</a></td>
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<td></td>
<td>c/o Dr. Adrian Senadhira</td>
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<td></td>
<td>95, Barnes Place, COLOMBO 7</td>
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<tr>
<td>SWITZERLAND</td>
<td>Association des anciens fonctionnaires internationaux / Association of Former International Civil Servants (AAFI-AFICS)</td>
<td>[41] (22) 917 3330</td>
<td>[41] (22) 917 2626</td>
</tr>
<tr>
<td></td>
<td>Room C.542-1, Palais des Nations, CH - 1211 GENEVE 10</td>
<td></td>
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</tr>
<tr>
<td>THAILAND</td>
<td>Association of Former International Civil Servants (AFICS Thailand)</td>
<td>[66] (2) 288 1890</td>
<td>[66] (2) 674 0441</td>
</tr>
<tr>
<td></td>
<td>4th Floor Service Building, United Nations Building, BANGKOK 10200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNITED STATES OF AMERICA</td>
<td>Association of Former International Civil Servants (New York) (AFICS (NY))</td>
<td>[1] (212) 963 2943</td>
<td>[1] (212) 963 5702</td>
</tr>
<tr>
<td></td>
<td>Room DC1-0580, United Nations, New York, NY 10017, USA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNITED KINGDOM*</td>
<td>British Association of Former United Nations Civil Servants (BAFUNCS)</td>
<td>[44] (20) 7930 2931</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c/o United Nations Association, 3 Whitehall Court, UK - LONDON SW1A 2EL</td>
<td></td>
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</tr>
<tr>
<td>URUGUAY</td>
<td>Asociación de Ex-Funcionarios de las Naciones Unidas en Uruguay (AFICS Uruguay)</td>
<td>[598] (2) 412 3357 or [598] (2) 412 3359</td>
<td>[598] (2) 412 3360</td>
</tr>
<tr>
<td></td>
<td>Javier Barrios Amorín 870 P.3, Casilla de Correo 1207 - Correo Central, UY - 11200 MONTEVIDEO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- The BAFUNCs Benevolent Fund is accessible to all UN and UN Agency ex-employees (or their spouses, widows/widowers, or other dependants) who are now resident in the UK. They do not have to be in receipt of a UN pension nor do they need to be members of BAFUNCs. The Trustees of the Fund will consider any case of temporary financial embarrassment, unexpected expense of specific hardship and may offer a non-refundable cash grant or a short-term interest free loan. This Fund cannot be used to pay BAFUNCs membership fees. The Trustees must be able to verify the validity of an application and the claimant may be put in touch with a nearby member of BAFUNCs especially charged with this responsibility. All information is treated with complete confidentiality. Applications for assistance or requests for further information should be addressed to:

The Clerk/Treasurer
BAFUNCS Benevolent Fund
41 Riverine, Grosvenor Drive
Maidenhead, Berks SL6 8PF
United Kingdom
### Democratic Republic of the Congo

**Association de Retraités des Nations Unies au Congo (ARNUC)**
- c/o PNUD
- B.P. 7248
- Kinshasha, Gombe
- [arnuc@yahoo.fr](mailto:arnuc@yahoo.fr)

### Costa Rica

**Asociación Costarricense de Ex-Funcionarios de Naciones Unidas (ACEFUN)**
- c/o Luis Gerardo Cardenas Falcom
- Apartado Postal 4540
- San Jose
- [cardenas@sol.racsa.co.cr](mailto:cardenas@sol.racsa.co.cr)

### Cuba

**Association of Former International Civil Servants (AFICS-Cuba)**
- c/o Raquel Bernaza, UNDP, Havana
- [raquel.bernaza@undp.org](mailto:raquel.bernaza@undp.org)

### Ecuador

**Asociación Ecuatoriana de Ex-Funcionarios del Sistema de Naciones Unidas (AFICS-Ecuador)**
- Edificio del Programa de Naciones Unidas para el Desarrollo (PNUD)
- Reina Victoria 1539 y Av. Colon
- Oficina 1004B
- Quito
- [ceea@impsat.net.ec](mailto:ceea@impsat.net.ec)

### Fiji

**Association of Former International Civil Servants (AFICS-Fiji)**
- c/o Dr. G. Cuboni
- P.O. Box 13789
- Suva

### Ghana

**Ghana Association of Former International Civil Servants (GAFICS)**
- c/o UNDP
- P.O.Box GP 1423
- Accra
- [Tel: 233-21 773890](tel:233-21 773890)
- [Fax: 233-2 623 186](fax:233-2 623 186)

### Mauritius

**Mauritius Association of UN Civil Servants**
- Melrose, Montagne Blanche
- [mklatchia@intnet.mu](mailto:mklatchia@intnet.mu)

### Namibia

**Association of Former International Civil Servants (AFICS-Namibia)**
- c/o Jacqui Badcock
- UN Resident Coordinator
- Windhoek
- [Tel: 264-61-204-6111](tel:264-61-204-6111)
- [Fax: 264-61-204-6207](fax:264-61-204-6207)
- [juillen.woirin@undp.org](mailto:juillen.woirin@undp.org)

### Netherlands

**The Dutch Association of Former International Civil Servants (DAFICS)**
- c/o Toon Vissers
- Vivienstraat 44
- NL-2582 RV
- Den Haag
- [Tel: 31 (0) 70 362 86 56](tel:31 (0) 70 362 86 56)
- [Fax: 31 (0) 6 22 80 44 38](fax:31 (0) 6 22 80 44 38)
- [toon.vissers@planet.nl](mailto:toon.vissers@planet.nl)

### Kenya

**Association of Former International Civil Servants (AFICS-Nairobi)**
- Nairobi
- [Tel: 254-2 623 278](tel:254-2 623 278)
- [Fax: 254-2 623 186](fax:254-2 623 186)
<table>
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<tr>
<th>Country</th>
<th>Organization</th>
<th>Address</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>Association of Former U.N. Civil Servants in Nigeria (AFUNCSIN)</td>
<td>c/o UNDP P.O.Box 2078 11, Oyinkan Abayomi Drive, Ikoy Lagos</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>Association of Former International Civil Servants (AFICS-Romania)</td>
<td>c/o Mr. George Costache 54, Stefan cel Mare Street bl. 37, sc. A, Apt. 13, sect. 2 71158 Bucharest</td>
<td></td>
</tr>
<tr>
<td>Somalia</td>
<td>Somali UN Pensioners Association</td>
<td>c/o UNDP Mogadishu UNDP fax: 2521-21611 Outise UNDP telephone: 2521-215375 <a href="mailto:lammanes@hotmail.com">lammanes@hotmail.com</a></td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>United Nations Pensioners’ Association of Tanzania (UNAPATA)</td>
<td>PO Box 9182 Dar es Salaam <a href="mailto:registry.tz@undp.org">registry.tz@undp.org</a></td>
<td></td>
</tr>
</tbody>
</table>
C. Other sources of assistance

There are other sources of assistance that are not affiliated with FAFICS but which may be more conveniently located and which may also provide special assistance to retirees of certain organizations (or their spouses, widows/widowers, or other dependants). In this connection, you may wish to contact FAFICS and/or your former employing organization, which may be able to refer you to such sources. In light of the growing number of beneficiaries residing in the Geneva area, it should be noted that in addition to the cross-organizational, FAFICS affiliated Association of Former International Civil Servants (AAFI-AFICS), assistance continues to be provided by associations formed by retirees from other Geneva based associations at the ILO, ITC, ITU, GATT/WTO and WHO. A new Association of Former WMO Staff (Amicale) has been added to this list.

| Association of Former Staff Members (AFSM-WHO) | Tel: +41 (0) 22 791 31 03 |
| Room 4141 | Fax: +41 (0) 22 791 31 11 |
| WHO Headquarters | (attention AFSM) |
| Avenue Appia 20 | aoms@who.int |
| CH-1211 Geneva 27 | |

| Section of Former ITU Staff Members | Tel: +41 (0) 22 730 55 84 |
| Room V-23 | retraites@itu.int |
| International Telecommunication Union | |
| Place des Nations | |
| CH-1211 Geneva 20 | |

| Association of Former International Staff, International Trade Centre (AFIS-ITC) | Tel: +41 (0) 22 799 64 23 |
| Room 3065 | Fax: +41 (0) 22 798 86 85 |
| (via Chairman): | |
| c/o International Trade Centre (ITC) | |
| Palais des Nations | anciens@ilo.org |
| CH-1211 Geneva 21 | |

| Association of Former Staff Members of GATT and the World Trade Organization | Tel: +41 (0) 22 739 50 |
| Room 6-8 | 73 |
| ILO Headquarters | |
| Route des Morillons 4 | |
| CH-1211 Geneva 22 | |

| Association of Former WMO Staff (Amicale) | Tel: +41 (0) 22 791 31 03 |
| Room 1J95 | Fax: +41 (0) 22 791 31 11 |
| World Meteorological Organization | (via Staff Association): |
| Case postale 2300 | wmostaff@wmo.int |
| CH-1211 Geneva 2 | |

In addition, the Association of Former WHO Staff Members in South-East Asia Region was established to further the interests of its members and to keep them abreast of related developments occurring globally. Its membership extends to all former WHO staff members and surviving spouses of former WHO staff members settled in the WHO South-East Asia Region. It currently covers ten countries: Bangladesh, Bhutan, DPR Korea, India, Indonesia, Maldives, Myanmar, Nepal, Sri Lanka and Thailand. Their contact points are as follows:

| Association of Former WHO Staff Members in South-East Asia Region | Tel: (91 120) 251 1679 |
| No. 54, Sector 15-A | Fax: (91 120) 251 6875 |
| Noida 201301, U.P., India | exstaffwho@yahoo.com |
Annex II

Separation from service

When you separate from service, in order for us to begin the processing of your pension entitlement for payment, we must have received (a) from your employing organization, the separation notification(s) indicating the official date of your separation, and your pensionable remuneration and contributions since the end of the previous year, and (b) from you, completed payment instructions indicating the benefit election you have made (where options exist), the bank account into which you wish payment to be made, the currency of payment and your mailing address. When long delays occur in the payment of the initial benefit, the main contributing factors have usually been (a) late submission of the separation notification by the employing organization; (b) late submission of payment instructions; or (c) incomplete or inaccurate information on the participant, including marital status and the number and age(s) of any children. You should do everything you can to help expedite the submission of the required separation documentation by your employing organization, as well as to complete and submit promptly your payment instructions.

It is also in your interest to request, from your staff pension committee secretariat, an estimate of your benefit options within six months of your anticipated separation date. If you intend to reside outside the United States, you have the option of having a local-currency-track pension record established and the application of a two-track pension adjustment system. In this regard, your attention is drawn to the considerations to be weighed in deciding whether or not to opt for the two-track adjustment system, as set out in the Regulations, Rules and Pension Adjustment System of the Fund.

“Separation” booklet is now available on the website
Annex III

Changes to the pension adjustment system of the United Nations Joint Staff Pension Fund, with effect as from 1 April 2005

Section H. Subsequent adjustments of the benefit

Add the following new text at the end of paragraph 20:

“Effective 1 April 2005, the reduction in the initial adjustments due after separation shall be by 1.0 percentage point; with respect to benefits to which the 1.5 percentage point reduction was applied before 1 April 2005, there shall be a 0.5 percentage point increase in the first adjustments due on or after 1 April 2005.”

Section I. Payment of the benefit

Add the following new text at the end of paragraph 23:

“Effective 1 April 2005, the limitations described in (a) and (b) above shall not result in a benefit’s being smaller than either the United States dollar base amount determined in accordance with the Regulations of the Fund or 80 per cent of the adjusted United States dollar-track amount.”
The Pension Fund Presentation

Slide 1
Welcome To The Pension Fund Presentation
- 2005 -

Slide 2
United Nations Joint Staff Pension Fund
- UNJSPF - NEW YORK
- United Nations
- New York, New York - 10017
- Tel: 1-212-963-6931
- Fax: 1-212-963-3146
- Web: http://www.unjspf.org

Slide 3
United Nations Joint Staff Pension Fund
- GENEVA OFFICE
- Palais des Nations - Room D110
- Tel: 41 (22) 917.32.33
- Fax: 41 (22) 917.00.04
- Web: http://www.unjspf.org
United Nations Pension System

- Overview
- Who Is Covered
- Benefits And Options
- How To Calculate A Benefit
- Adjustment Of Pensions After Award

The Administration Of The Pension Fund

- The United Nations Joint Staff Pension Board
- The Standing Committee of the Board
- Staff Pension Committees
- The CEO of the Fund and Secretary of the Board
- Assets and Investments
- Investments Committee
- Committee of Actuaries
- Auditors

Overview

- United Nations Joint Staff Pension Fund
  - Established by UN General Assembly in 1949
  - Initially Served UN Staff, Currently 21 Member Organizations
  - Active Participants: 85,245 (end 2003)
  - Periodic Benefits in Award: 52,496 (end 2003)
Slide 7

Overview (continued)

- Market Value of Assets: $25.7 billion (end 2003)
- Contributions Received: $1.14 billion (in 2003)
- Administrative Expenses: $36.4 million (in 2003)
- Actuarial Situation: Surplus of 1.14 per cent of pensionable remuneration as at end 2003)

Slide 8

Who Is A Participant In The Fund

- Staff members appointed for 6 months or more, or,
- Staff members who complete six months of service on a series of appointments, without a break of more than 30 days between consecutive appointments

Slide 9

Type Of Pension Scheme

- The United Nations Joint Staff Pension system is a contributory, defined benefit plan
- The type and level of the benefit from the Fund depends on your:
  (a) pensionable remuneration;
  (b) number of years of contributory service;
  (c) rate of benefit accumulation per year; and
  (d) age at the time of separation.
Who Contributes And How Much

• Both the participant and the employing organization contribute a percentage of the participant’s pensionable remuneration.

• Past, current and future percentage rates are:

<table>
<thead>
<tr>
<th></th>
<th>Participant</th>
<th>Organization</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1984</td>
<td>7.00%</td>
<td>14.00%</td>
<td>21.00%</td>
</tr>
<tr>
<td>From 1/1/84</td>
<td>7.25%</td>
<td>14.50%</td>
<td>21.75%</td>
</tr>
<tr>
<td>From 1/7/88</td>
<td>7.40%</td>
<td>14.80%</td>
<td>22.20%</td>
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<tr>
<td>From 1/7/89</td>
<td>7.50%</td>
<td>15.00%</td>
<td>22.50%</td>
</tr>
<tr>
<td>From 1/1/90</td>
<td>7.90%</td>
<td>15.80%</td>
<td>23.70%</td>
</tr>
</tbody>
</table>

Key Factors Determining Pension Benefits

• Length of contributory service (CS);

• Age at time of separation;

• Final average remuneration (FAR): defined as the average of the highest 36 months of PR during the last five years of contributory service;

• Benefit accumulation rate for each year of CS;

Benefit Accumulation Rates

The benefit accumulation rates for each staff member depend on the date of entry into the Fund:

(a) for those whose participation began before 1 January 1983:

(i) 2% of FAR for each year CS up to 30 years;

(ii) 1% of FAR for each year of CS in excess of 30 years, but not exceeding 5 years; and

(iii) 1% of FAR for each year of CS in excess of 35 years and performed as from 1 July 1995, subject to a maximum accumulation of 70%.
Benefit Accumulation Rates (continued)

b) For those whose participation began on or after 1 January 1983

(i) 1.5% of FAR for each year of CS up to 5 years;
(ii) 1.75% of FAR for each of the next 5 years of CS;
(iii) 2% of FAR for each of the next 25 years of CS;
(iv) 1% of FAR for each year in excess of 35 years and
    performed as from 1 July 1995, subject to a maximum
    accumulation of 70% of CS.

<table>
<thead>
<tr>
<th>Years Of Contributory Service</th>
<th>Percentage Accumulating Before 1 January 1983</th>
<th>Percentage Accumulating After 1 January 1983</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
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<td>70 (max.)</td>
<td>110 (max.)</td>
</tr>
<tr>
<td>40</td>
<td>70 (max.)</td>
<td>110 (max.)</td>
</tr>
</tbody>
</table>

* Reachable only as of 1 July 2000

Benefits Provided By The Fund

- Withdrawal settlement
- Retirement benefit (at age 60 or 62)
- Early retirement benefit (as from age 55)
- Deferred retirement benefit (normally before age 55)
- Disability benefit
- Child's benefit
- Surviving spouse's and former spouse's benefit
- Secondary dependant’s benefit
- Residual settlement
Withdrawal Settlement

• If you separate from service before you have accumulated five years of contributory service, you will receive only your own contributions, with compound interest. No other option is available to you.

• Can you opt for a full withdrawal settlement?

  If you separate from service before NRA, you may opt for a withdrawal settlement which will extinguish all other entitlements from the Fund. Such an option does not exist if you separate from service on or after your NRA.

Withdrawal Settlement (continued)

• If you separate from service with five or more years of contributory service before NRA, you would receive:

  (a) Your own contributions (with compound interest), plus

  (b) 10% of this amount for every year of contributory service after your fifth completed year, up to a maximum of double your own contributions, with compound interest. (Fractions of a year count as a proportion of the additional 10% for that year.)

Retirement Benefit

• When can you retire?

  To be entitled to a retirement benefit, you must be at least age 60 (or 62, if you entered participation on or after 1 January 1990); you must also have at least 5 years of contributory service.

• The standard retirement benefit

  US dollar pension (SP) = FAR x total benefit accumulation rate
Example of Retirement Benefit

Example:
Participant separating on 31 December 2000 with 25 years of contributory service and FAR of $45,000
Total benefit accumulation rate = 2% per year times 25 years = 50%
Therefore, $P = 45,000 times .50 = $22,500

Example of Retirement Benefit (continued)

Two ways to take a standard retirement benefit

1. Full amount as periodic benefit
Example calculation:
Participant separating on 31 December 2000 with 25 years of contributory service and FAR of $45,000
Total benefit accumulation rate = 2% per year times 25 years = 50%
Therefore, $P = 45,000 times .50 = $22,500

2. Commute up to 1/3 of the periodic benefit into an actuarial equivalent lump sum, and receive the remaining 2/3 as periodic benefit. The lump sum is calculated using annuity factors which vary according to the age of the beneficiary and applicable interest rates.
Example calculation:
Periodic benefit of $15,000 (2/3 times $22,500), plus lump-sum of approximately $90,000 (1/3 times $22,500 x 12*)
There are provisions for a minimum retirement benefit. The lump-sum commutation option would not apply to minimum benefits.

* Estimated annuity factor
Early Retirement Benefit

- When can you take an early retirement benefit?
  Between the ages of 55 and the normal retirement age (60 or 62), at which time you must have at least 5 years of contributory service.
- Up to 1/3 of the early retirement benefit can be commuted into a lump-sum, leaving 2/3 payable as a periodic benefit.

Early Retirement Benefit (continued)

- The early retirement benefit would be smaller than the full retirement benefit since it would commence sooner and would be paid over a longer period.
- The extent of the reduction depends on:
  (a) the age when the periodic benefit begins, and
  (b) on the length of contributory service.

Early Retirement Benefit (continued)

- The early retirement reduction factors are:
  (a) for CS of less than 25 years, 6 per cent for each year below the normal retirement age (NRA);
  (b) for CS of 25 years or longer but less than 30 years, 2 per cent for CS performed before 1 January 1985, and 3 per cent for CS from 1 January 1985 onwards;
  (c) for CS of 30 years or longer, 1 per cent per year;
Early Retirement Benefit (continued)

Example calculation

(a) Calculate \( P \) as if participant was normal retirement age 60:
\[
P = \$45,000 \times 0.50 = \$22,500;
\]
(b) Reduction factor is 2.6% for each year, or 2.6% times 5 years = 13%.
Therefore, early retirement \( P \) = \$22,500 \times 0.87 = \$19,575.

Deferred Retirement Benefit

- When can you choose a deferred retirement benefit?
  - Have at least 3 years of CS and separate from service before reaching the normal retirement age (NRA).
  - If payment of benefit is deferred until you reach the NRA, it will be at same rate as standard retirement benefit, plus applicable cost-of-living adjustments.
- The deferred pension remains unadjusted until you reach age 55, as indicated in the later slides on the pension adjustment system.

Deferred Retirement Benefit (continued)

Example calculation of a deferred retirement benefit:

Same as for early retirement benefit (i.e., as if at NRA):
\[
P = FAIR \times total\ benefit\ accumulation\ rate.
\]
The \( P \) would remain unadjusted until you reach age 55.
Disability Benefit

• When is a disability benefit payable?
- You must have been found to be incapacitated for further service in a member organization.

• How much is a disability benefit?
- If your age is greater than or equal to NRA and you had less than 5 years of CS, the disability benefit is calculated in the same way as the standard retirement benefit.
- If your age is less than the NRA, your benefit is based on what your years of CS would have been at the NRA, but using the FAR at the time your disability benefit commences.

Disability Benefit (continued)

• Example of calculation of a disability benefit:
- Assume age 48 and 20 years CS on 1 January 2001 when your disability benefit commences.
- The notional CS would be 32 years (20 years actual plus the 12 years between age at date of disability and NRA).
- Thus, disability benefit = FAR at time your disability benefit commences times .62.

Child’s Benefit

• When is a child’s benefit payable?
- Child must be unmarried and below age 21 and you must:
  1. Have retirement benefit; or
  2. Have disability benefit; or
  3. Have early retirement; or
  4. Die while in service.
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Child's Benefit (continued)

- Child's benefit is payable beyond age 21 if child is found to be disabled.
- In the case of early retirement, the child's benefit becomes payable only when the retired participant reaches the NRA (age 60 or 62); if the child is disabled the benefit begins immediately.

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Child's Benefit (continued)

- How much is the child's benefit?
  - The benefit is 1/3 of the benefit payable to the participant, subject to minimum and maximum amounts specified in regulations.
  - The child's benefit is increased in respect to an orphan or child without a surviving parent able to support the child.

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Surviving Spouse's Benefit

- When is a surviving spouse's benefit payable?

  A benefit is payable to your spouse:
  1. If you are still in service; or
  2. If you are receiving, or after you have elected to receive, any one of the following: retirement benefit; early retirement benefit; full deferred retirement benefit; or disability benefit;
Surviving Spouse’s Benefit (continued)

The benefit is payable only if you were married to your spouse at the time you separated from service and remained so until your death, except as specified under the new measures adopted at the 1998 General Assembly.

A surviving spouse’s benefit is paid for the rest of the surviving spouse’s life. The non-continuance on re-marriage has been eliminated with effect from 1 April 1999.

Surviving Spouse’s Benefit (continued)

If there is more than one legally recognized spouse, a single surviving spouse’s standard benefit will be divided equally among them. If one or more of them subsequently die, the benefit will be divided equally among the remaining spouses.

Surviving Spouse’s Benefit (continued)

• How much is a surviving spouse’s benefit?

If you die while receiving a retirement, early retirement or disability benefit,

Your surviving spouse’s benefit will be half the benefit to which you were entitled prior to any partial commutation you may have made into a lump sum.
Surviving Spouse’s Benefit (continued)

If you die while still in service,

Your surviving spouse’s benefit will be half the standard disability benefit you would have been entitled to at the time of your death.

If you die before payment of a full deferred retirement benefit starts,

Your surviving spouse’s benefit will begin immediately and will be half the value of your benefit at the time of your death.

Surviving Spouse’s Benefit (continued)

New measures effective since 1998

• Surviving spouse’s benefit for divorced spouses

  For participant retiring or dying in service on or after 1 April 1999, a divorced spouse may request a surviving former spouse’s benefit if the following 5 conditions are met:

  • Marriage had been for at least 10 continuous years;
  • Former spouse had not remarried;
  • Participant’s death occurred within 15 years of the divorce, unless he or she had a legal obligation to pay maintenance;
  • Former spouse reached age 40; otherwise, benefit commences at age 40; and
  • Evidence provided that participant’s pension was not taken into account in a divorce settlement.
Surviving Spouse’s Benefit (continued)

- **How is the benefit determined?**
  - The benefit would be divided between the spouse and former spouse(s) in proportion to the duration of their years of marriage to the participant.

- **The divorced spouse of a former participant who separated before 1 April 1999 and received a divorce before 1 April 2003 is also now eligible.**
  - The amount of the annuity would be in accordance with article 35 bis.

- **Purchase of a surviving spouse’s benefit for spouse married after retirement**
  - As from 1 April 1999, a retired participant may purchase a surviving spouse’s annuity, through a reduction of his/her periodic benefit, subject to certain limitations to protect both the Fund and the participant.

Surviving Spouse’s Benefit (continued)

- **Payment facility for a divorced spouse**
  - A portion of a participant’s benefit might be paid to a former spouse, in conformity with a court order for paying maintenance or a divorce decree incorporating a settlement agreement.

- **Continuance of surviving spouse’s benefit for life**
  - The provision for stopping the benefit in the event of remarriage has been eliminated, effective from 1 April 1999.

Secondary Dependant Benefit

- **Who is a secondary dependant?**
  - A secondary dependant is your mother or father or an unmarried sister or brother under 21, who was financially dependent on you prior to your death.

- **When is a secondary dependant entitled to a benefit?**
  - This entitlement exists when you die while in service, while receiving a retirement, early retirement or disability benefit, and provided you leave no spouse or child who is entitled to, or has at any time received a benefit.
Secondary Dependant Benefit (continued)

- How much is a secondary dependant’s benefit?
  
  For a surviving parent, the benefit is equivalent to half the full retirement, early retirement, full deferred retirement or disability benefit being paid to you at the time of your death.
  
  For a surviving unmarried sister or brother, the amount of the benefit is the same as that for a non-orphaned child.

Residual Benefit

- When is a residual benefit payable?
  
  If you die in service or while receiving a benefit, provided there is no survivor’s benefit.
  
  This one time payment is made only if the total amount of benefits already paid to you and/or your survivors was less than your own contributions.

- How much is a residual settlement?
  
  A residual settlement is the amount of your own contributions, with interest, minus any payments which have been made to you and/or your survivors.

To whom is the residual benefit payable?

The residual settlement will be paid to any person(s) or institution(s) designated by you on the Fund’s “Designation of Recipient of a Residual Settlement” form.
Pension Adjustment System

- What is the purpose of the Pension Adjustment System?
- What is the two-track adjustment system and who qualifies for it?
- Which benefits are adjusted?
- How frequently are benefits adjusted?
- How does the two-track adjustment system operate?
- Illustration of two-track operation

Pension Adjustment System (continued)

- What is the purpose of the Pension Adjustment System?
  To protect the purchasing power of a periodic benefit from inflation and, where applicable, from currency fluctuations.
- Which benefits are adjusted?
  The Pension Adjustment System applies to all periodic benefits. However, no adjustments are made to a deferred retirement benefit until the beneficiary reaches 55 years (age 50 for those who separated before 31 December 1989).

Pension Adjustment System (continued)

- How frequently are benefits adjusted?
  Benefits are adjusted annually, on 1 April, provided the relevant consumer price index has moved by 2% since the date of the last adjustment. If the movement has been less than 2%, the amounts are not adjusted until the following 1 April provided the 2% threshold is attained by then. However, if the consumer price index has moved by 10% or more since the date of the last adjustment, benefits are adjusted semi-annually - on 1 April and 1 October. The very first adjustment will be reduced by 1.5 percentage points. This was an economy measure initially adopted in 1984 and then revised in your favour as from 1 April 2005.
What is the two-track adjustment system and who qualifies for it?

The operation of the two-track adjustment system involves the establishment of two pension amount records as follows:

(a) US dollar record:
For all beneficiaries, an amount in US dollars, which is adjusted according to cost-of-living changes as measured by the United States Consumer Price Index (US-CPI).

(b) Local currency track:
For those beneficiaries who optionally provide acceptable proof of residence in a country other than the United States, a second amount in local currency, which is adjusted according to changes in the cost of living in that country as measured by that country's consumer price index (local CPI).

How does the two-track adjustment system operate?

Determination of the local-currency base amount:
In converting the dollar amount of the periodic benefit at the time of separation, the Fund uses the average of the US operational rates of exchange for the 36 consecutive calendar months up to and including the month when separation takes place. The result is called the local-currency base amount.

For high-cost countries, a cost-of-living differential factor may be added, where applicable, when the local-currency base amount is determined.
Pension Adjustment System (continued)

Comparison Feature:

Once on the two-track system, the US dollar track amounts and the local currency track amounts are adjusted for CPI and comparisons are made on a quarterly basis to account for exchange rates. The beneficiary is then entitled to payment of the higher amount, subject to maximum of 110 per cent of the local track amount (120 per cent for those who retired before 1 July 1995).

Floor of 80 per cent of adjusted US dollar track amount introduced with effect from 1 April 2005.

Information On Steps To Be Taken By Participants And Beneficiaries To Ensure Timely Payment Of Their Benefits

Annex I of the January 1999 communication to all participants and beneficiaries (available on the Fund’s internet site: www.unjspf.org) refers to:

- Designation of beneficiary
- Review of personal information in annual statements
- Steps to be taken on separation of service by you and your employer
- Opting for the two-track pension adjustment system
- Reporting changes in mailing address and/or country of residence
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Information On Steps To Be Taken By Participants And Beneficiaries
To Ensure Timely Payment Of Their Benefits (continued)

- Change of payment instructions
- Completion and return of certificates of entitlements (CE)
- Deduction for after-service health insurance (ASHI)
- Pension statement for tax purposes
- Guidelines to facilitate payment of benefits to your survivors
- Emergency Fund

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After Separation for Service …

- Benefit Letter – providing details of your entitlements
- Quarterly statement – when there is a change in the amount of your benefit (COL adjustment)
- Annual letter informing on developments and changes in Regulations
- Pension statement for tax purposes – on request
- Deduction for after-service health insurance (ASHI) – on request

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Wish you all a happy and healthy retirement when that date arrives
National Taxation

Slide 1

United Nations
Pre-Retirement Programme
2005

National Taxation of UNJSPF
Benefits with Special Reference to
U.S. Income Taxation

Jay W. Pozenel
Senior Legal Officer
General Legal Division, OLA

Slide 2

Overview

- Based on Guide to National Taxation of UNJSPF
  Benefits (JSPB/G.11/Rev.8, as amended in April
  1997) – (Guide in process of being revised)
- Taxation generally on lump-sum distribution
  versus periodic distribution of pension benefits
- Tax reimbursement by the Organization
- US federal income taxation
- US state and local income taxation

Slide 3

Best Advice

- Seek assistance from a qualified tax
  professional, particularly for preparation of
  the first tax return in the year of retirement
- For those eligible for any tax
  reimbursement from the Organization on
  lump-sum distributions, liaise with the Tax
  Unit of OPPBA
UNJSPF a “Qualified” Plan

- Be sure to inform any tax professional that the UNJSPF is a “qualified” employees’ trust under the Employee Retirement Income Security Act of 1974 (ERISA, IRC § 401(a)).
- This means that benefits are taxed like those of any other qualified plan, with the exception that benefits are treated as “non-U.S. source income” such that “non-U.S. residents at the time of the receipt of a benefit” are not subject to U.S. taxes.

Distribution Rules for Qualified Pension Plans

- Internal Revenue Code and Title I of ERISA have rules prescribing when and how distribution are to be made from pension plans (UNJSPF Regulations govern but are consistent).
- Rules have four basic objectives: to preserve participant’s access to benefits; to discourage non-retirement use of benefits; to protect the employee’s spouse; and to protect expectations as to payment methods.
- The rules for distributions and their tax consequences are best understood if these four objectives are kept in mind.

Basic Types of Qualified Pension Plans

- Defined Benefit Plans
  - Periodic contribution varies, based on employee’s and employer’s contribution
  - Benefit is fixed on a formula (usually years of service and final remuneration)
- Defined Contribution Plans
  - Periodic contribution is fixed on a formula for employee and employer contributions
  - Benefit is contingent on investment performance of contributed amounts
Slide 7

**Taxation of UNJSPF Benefits in General**

- UNJSPF is a “defined benefit” plan
- Distributions may be either as a lump-sum, or as a partial lump-sum and periodic, annuity payments, or only as periodic, annuity payments (“periodic distributions”)
- Unlike official emoluments, periodic distributions are not exempt from national taxation
- General Assembly took this into consideration by basing pension on a “gross” basis by application of the mind-boggling concept of “pensionable remuneration”

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Slide 8

**Periodic vs. Lump-Sum**

**Periodic Distributions**
- No international agreement exempts
- National laws and bi-lateral treaties may exempt in whole or part
- Neither UN nor Specialized Agencies reimburse for tax imposed on periodic distributions

**Lump-Sum Distributions**
- UN considers terminal emoluments, exempt from taxation
- US does not exempt citizens perm. residents from taxation
- For US, lump-sum distributions may be partially taxable

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Slide 9

**UN Reimbursement of Tax on Lump-Sum Distribution**

- Lump-sum distributions: withdrawal settlement (art. 31), partial/complete commutation of retirement benefit (arts. 28(g)(h), 29(c), 30(c))
- UN will reimburse ex UN staff (even if transferred to other organizations) for tax imposed on lump-sum distributions if the staff member joined before 1 January 1980 (A/RES/34/165 Part III)
- Recipient of lump-sum must minimize taxes to be eligible for reimbursement
Slide 10

U.S. Taxation

Federal Income Taxation

Slide 11

Liability to Pay Federal Income Tax

- Whether UNJSPF distribution is subject to tax depends on status of recipient
- U.S. citizens and permanent resident aliens subject to tax on all income from whatever source derived (IRC § 61)
- Pension distributions not considered "earned income" for foreign earned income exclusion (IRC § 911)
- Non-resident aliens (for tax purposes) are not subject to tax on UNJSPF benefits – non U.S. source income

Slide 12

Resident vs. Non-Resident Alien for U.S. Tax Purposes

Non US national is a "resident alien" if:
- Permanent resident alien
- Meets "substantial presence test" (IRC § 7701(b)(3))
- Makes an election (IRC § 7701(b)(4))

Non US national is not a "resident alien" if:
- Not a U.S. citizen
- Not a "resident alien" for tax purposes under IRC § 7701(b)
Slide 13

General Rule

- Non resident aliens exempt from federal taxation, since UNJSPF distributions are non-US source income
- UNJSPF periodic distributions may become subject to tax when received after change in status to “resident alien” for income tax purposes.

Slide 14

Change of Status for Certain G-IV Visa Holders

- Certain G-IV visa holders may be eligible for a change of immigration status to that of permanent resident alien:
  - 15 years service with Organization
  - ½ of the last 7 years physically present in the US
  - Must apply within 6 mos. of separation
    see ST/IC/2001/27; see also ST/AI/2000/19

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Significant Federal Tax Law Changes

- Most significant changes to tax treatment of pension plan distributions were enactment of:
  - Taxpayer Relief Act of 1997
  - Small Business Job Protection Act of 1996
  - Unemployment Compensation Amendments Act of 1992 (significantly changed the tax-free rollover rules.)
- US Treasury Department recently issued new regulations regarding distributions after 1 January 2003; however, these basically affect defined contribution plans (e.g., "401k" plans) and IRA’s and “Roth” IRA’s.
- As a result of Enron and current tax reform proposals, expect further changes.
- Changes not all reflected in “Guide,” and this presentation will highlight most important changes.
General Principle of Federal Taxation of UNJSPF Benefits

- Generally, all distributions from qualified plans (whether defined benefit or defined contribution) that are not a single sum settlement of participant’s benefit are taxed under the US Internal Revenue Code’s annuity rules
- Portion of each distribution subject to tax depends on calculation and allocation of tax basis or “investment” in the distribution
- Either participant’s contribution was tax-exempt (tax exempt basis) or, for US citizens and permanent residents, was already subject to tax (tax payment basis)

Guides to Calculation of Taxable vs. Non-Taxable Portions of Distributions

- IRS has helpful publications that can be obtained from IRS website: (http://www.irs.ustreas.gov)
  - Pub. 575 (Cat. No. 15142B, revised annually) Pension and Annuity Income – including an explanation of the Simplified General Rule for calculating pension and annuity income (generally, qualified plans);
  - Pub. 939 (Cat. No. 10686K, revised 6/97) General Rule for Pensions and Annuities – including an explanation of the General Rule for calculating pension and annuity income (generally, non-qualified plans)

Determining the “Investment”

- Participant’s own contributions (art. 25) (ranging from 7% of pensionable remuneration (pre-1984) to 7.9% (post-1989))
- Amounts paid to validate non-contributory service (art. 23), restore prior contributory service (art. 24), restore LWOP (arts. 22(b) & 25(b))
- Contributions paid by the employing organization …
Determining the “Investment”
Contributions by ER organizations

... generally at twice the rate of participant’s own contributions, if such payments, when made, would have been exempt from US income tax if paid to participant rather than deferred in Fund during any period when participant was
- a non-resident alien (e.g., G-IV visa holders at UNHQ), whose emoluments were exempt from taxation, or
- a US citizen (but not permanent resident) whose emoluments were subject to foreign earned income exemption (now IRC § 911), and earned before 1 January 1963 while residing outside US or while present outside US for 510 days during 18 month period before then (this was with any, currently serving or retiring staff members).

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Determining the “Investment”
—Summary—

- Participant’s own contributions plus
- other amounts paid plus
- (in certain cases), the employer organization’s contributions,
- all calculated without taking into account interest earned thereon (NB: interest paid to validate non-contributory service may be counted)
- The “investment” is returned to beneficiary without being subject to taxation

---

Withdrawal Settlement
Full-Lump Sum (generally)

- Full withdrawal settlement (art. 31) or commutation of entire small pension (arts. 28(g)(ii), 28(h) and 29(c) is divided into parts:
  - own investment
  - amount attributable to contributions
  - amount attributable to interest and investment income
- Income Tax Unit provides statement, but check to ensure accuracy of personal data
Withdrawal Settlement
Full Lump-Sum

- For participants who:
  - have less than 5 years contributory service at separation, or
  - have 5+ years contributory service and are over 59.5 years old at time of distribution,
  - have 5+ years contributory service but are not 59.5 years old at time of distribution and receive distribution in post 1999 tax year

- Benefit is subject to ordinary income tax, unless “rolled over” to another qualified plan or IRA

NB: “Guide” refers to certain income averaging methods (i.e., 10-year and 5-year forward averaging) that no longer apply to lump-sum distributions, whether full or partial, made anytime after 31 December 1999.

Withdrawal Settlement
Full Lump-Sum

Early and Excess Distribution Taxes

<table>
<thead>
<tr>
<th>Early Distribution Tax</th>
<th>Excess Distribution Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal to 10% of taxable balance of lump-sum or partial commutation payable before participant is age 55</td>
<td>Equal to 15% of taxable balance of total pension payments received in any year in excess of $155,000 (adjusted annually for inflation)</td>
</tr>
<tr>
<td>Not applicable if benefit payable on account of participant’s death or disability</td>
<td>Can be offset by early distribution tax</td>
</tr>
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</table>

May be rolled over to another qualified plan or IRA

Commuted Retirement Benefit
Partial Lump-Sum

- Partial commutation of retirement benefit (art. 28(g)(i) or (h)), early retirement benefit (art. 29(c)), or deferred retirement benefit (art. 30(c)(i)) taxable as ordinary income to the extent it exceeds a certain portion of participant’s contribution
- No early distribution tax (UNJSPF doesn’t pay to retirees under age 55), but excess distribution tax formerly applied to distributions in excess of $155,000 and paid before 31 Dec. 1996 (see IRS Form 5329)
- May be rolled over to another qualified plan or IRA
Calculation of Taxable and Non Taxable Portions of Commuted Retirement Benefit

- Calculation reflects the reduction in retirement benefit (the remaining amount for annuity, periodic benefit) because of partial lump-sum withdrawal
- Tax free amount = Participant’s contribution times the result of 1 minus the ratio of the participant’s reduced benefit divided by the participant’s unreduced benefit
- Taxable portion = lump sum amount less the tax free amount

Example:
- A’s investment is $100,000, and A retires at age 60
- A’s full monthly benefit would be $1,500, but would be reduced to $1,000 if the partial lump-sum were taken.
- Tax Free Amount = $100,000 * (1-(1,000/1,500)) = $100,000 * (1/3) = $33,333.
- Taxable Amount = $100,000 - $33,333 = $66,667.

Retirement Benefit

- Taxable portion of retirement benefit (art. 28), early retirement benefit (art. 29) or deferred retirement benefit is taxed as ordinary income
- “Guide” discusses two methods for determining taxable portion:
  - General Rule: “Guide” discusses, but no longer applicable to distributions after 19 November 1996
  - Simplified General Rule: Must be used, results in faster tax relief and is easier to calculate
Simplified General Rule:
Method of Calculation
- Divide “investment” by expected months of life expectancy at retirement (see tables in IRS Pub. 575 and Guide)
- Result is tax-free portion of periodic distribution and remainder is portion taxable as ordinary income
- Example:
  - A’s investment is $100,000 and A retires at age 60
  - $100,000 ÷ 310 months (i.e., life expectancy, age 60) = $322
  - If periodic (monthly) retirement benefit is $1,000, then
    $322 is tax-free portion, and $678 is taxed as ordinary income

Illustration of Taxable Portions of Lump-Sum and Periodic Retirement Benefits

Simplified General Rule
Tracking the Investment
- Necessary to keep track of cumulative amount of tax-exempt “investment” amounts recovered as periodic or other distributions (e.g., for any partial lump-sum withdrawal settlements)
- Once investment is fully distributed, remaining benefits fully taxable as ordinary income
- If beneficiary (and any survivor) fail to exhaust investment, remainder is a deduction on the taxpayer’s final return
Taxation of Other Benefits

- **Disability Benefit:** Fully taxable as ordinary income (replaces earnings), but may qualify for certain tax credits for the elderly and disabled, before retirement age; taxed as normal retirement benefit thereafter.
- **Child’s Benefit:** Taxed as ordinary income, but on child’s tax return, not on parent’s return.
- **Survivor’s Benefit:** Calculations same as retirement benefit under Simplified General Rule.

Reporting of Benefits

- UNJSPF will, on request, provide annual statement of benefits paid.
  - Statement provides entire benefit paid (including health insurance premiums deducted).
  - Statement figures (not bank deposit figures) should be used in making tax calculations.
- Unless authorized by beneficiary, UNJSPF does not report benefits paid to tax authorities.

Payment of Taxes

- No withholding of taxes by UNJSPF.
- Beneficiary must pay quarterly estimated taxes.
- Neither UNJSPF nor OLA are equipped to provide individual tax advice or representation.
- Staff Counsellor’s Office/AFICS may be able to refer a good tax professional.
- IRS not reliable, as unfamiliar with UNJSPF practices.
State and Local Income Taxation

Rules differ from state to state

- Many states (e.g., NYS) base calculation directly on federal calculations – different tax rates
- NYS and NYC allow additional $20,000 exemption if age 59.5 or over (check)
- Biggest question is which state is beneficiary liable to pay taxes
  - Where “domiciled” when payment received (non-residents cannot be taxed by states on periodic benefits).
  - NYS will tax full withdrawal settlement (not partial) as income earned from New York sources, regardless of beneficiary’s domicile.

State and Local Income Taxation (cont’d)

- "Guide" suggests that New York State will tax full withdrawal settlement (not partial) as income earned from New York sources, regardless of beneficiary’s domicile.
- A Federal statute (see 4 U.S.C. § 114, Jan. 10, 1996) prohibits states from assessing income tax against most retirement plan distributions received by non-residents (with respect to amounts received after 31 December 1994).
- Check with qualified tax adviser to determine whether the statute applies if within the potentially affected class.
U.S. Social Security

- No UNJSPF benefit is a “wage” subject to Social Security tax or a “net earning from self-employment” subject to self-employment tax.
- No UNJSPF benefit constitutes “earned income” that will reduce Social Security payments.
- All taxable benefits received from UNJSPF must be included in calculation for determining whether or not any part of Social Security payments are themselves taxable income.

Conclusion

- Be sure to get proper advice (mere physical presence may result in treatment as resident alien for income tax purposes).
- UNJSPF is “qualified plan”
- Determine your “investment”
- Apply appropriate taxation rules to benefits
- Watch for tax changes
- Be sure to make required estimated payments
- Only thing sure …

United Nations Pre-Retirement Programme

National Taxation of UNJSPF Benefits with Special Reference to U.S. Income Taxation

Jay W. Pozenel
Senior Legal Officer
General Legal Division, OLA
Making a Will
Making a Will

Definition of a Will

The New York Estates Powers and Trusts Law defines a will as a written instrument taking effect upon death whereby a person disposes of property, appoints a fiduciary (i.e., an executor) or makes any other provisions for the administration of his estate.

A will is not effective until the death of the testator (the person making the will) and may be revoked or changed by the testator at any time.

Benefits of Having a Will

Assets belonging to an individual who dies without a will pass to the persons designated by the laws of descent and distribution of the jurisdiction in which the individual was domiciled. Many people believe that these laws are satisfactory for their purposes. However, this is not always the case.

If a New York resident dies without a will leaving a spouse and children, the spouse would be entitled to $50,000 plus one-half of the balance of the estate and the children would be entitled to one-half of the balance, divided equally among them. The decedent might have preferred to have the entire estate pass to the spouse. The situation might become even more complicated if the children are minors, since someone would have to be appointed by a court as their legal guardian. Court-supervised guardianship, which can be time-consuming and costly, may be avoided by a properly drawn will.

Where the individual leaves no parents, no spouse and no descendants, then brothers and sisters, or the descendants of deceased brothers and sisters, take everything. If no one in this group is living, grandparents or descendants of grandparents take everything. If there are no blood relatives, everything goes to the State of New York. It is certainly preferable to choose one's own beneficiaries by making a will.

In the absence of a will, the law of the decedent's domicile determines the persons who are to administer the estate. Usually, but not always, this means a spouse or children. A will would have assured the naming of persons chosen by the testator.

With no will, the decedent's administrator will usually be required to post a bond. The bond premiums are usually paid on an annual basis out of the estate. A will ordinarily provides that the executor is not required to post a bond.
A will can provide for trusts whereby the enjoyment of the money or other property may be postponed until a beneficiary reaches a certain age, or until a certain event, such as marriage or graduation from college, occurs. Without a will, all property passes outright to heirs who have reached age 18 without regard to their ability to manage money.

A will can specify the amount of compensation which the executor may receive. When a New York resident dies without a will, or has a will which is silent concerning the compensation of fiduciaries, the statutory commission payable to the executor or administrator* of the estate is 5% of the first $100,000 of commissionable assets, 4% of the next $200,000 and 3% of the next $700,000, etc.

**Preparation of a Will**

The requirements for validly executing a will differ from state to state. State laws also differ with respect to the right of a surviving spouse to "elect against the will", i.e., to take a greater share of the estate than is provided for in the will. Any individual planning to make a will should consult an attorney familiar with the laws of the individual's domicile.

A testator must be careful not to name as executors or trustees under his will persons who, for various reasons, cannot qualify in the state where he is domiciled. In New York such persons include infants, incompetents, and felons. A non-resident alien cannot serve alone as the executor of a New York estate but may be permitted to serve if a New York resident is named as a co-executor. To avoid having someone not chosen by the decedent designated by a court to administer the estate, it is advisable in these situations to name either a New York State resident or U.S. citizen as executor or as a co-executor, and also to name successors to the primary executor in case the primary executor predeceases the testator or for any other reason is unable to serve.

**Other Considerations**

Existing wills should be kept current. A change in finances or a wish to favor different beneficiaries may occur with the passage of time. A will should be reviewed periodically, possibly with an attorney, to determine whether any changes are required.

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* An executor acts under a will; an administrator acts where there is no will.
The witnesses to a will may, after the death of the testator, have to appear in court to testify to the proper execution of the will. If the will was drafted in a foreign country, or in a state other than New York, it may be advisable to have a new will executed here.

Keeping a will in one's safe deposit box is not recommended. A will should be kept in a place where it will be readily accessible to the executor.

It is of the utmost importance to maintain a current inventory of assets and to keep one's executor advised as to the location of all assets, of the will, and of any safe deposit box where valuables or important records are kept.

The attorney preparing the will should be advised of the testator's assets, including information as to whether the assets are owned individually or held jointly or in trust for someone else, and whether there is life insurance on the testator's will. Jointly held property and insurance pass to the surviving joint owner or beneficiary directly rather than under the will, but may still be considered part of the estate (along with property passing under the will) for the purpose of computing death taxes. Various techniques are used by estate planners to minimize such taxes.

Rules relating to the federal estate tax marital deduction may make it advisable to leave assets to a trust for a spouse or to make gifts to a spouse. Outright bequests to a non-U.S. citizen spouse, or use of joint or "in-trust" bank accounts passing on death to a non-citizen spouse in order to avoid probate, may give rise to unanticipated tax costs.
U.S. Social Security
Update 2005

Cost-of-Living Adjustment (COLA):

This update provides new information for 2005 for many items such as Social Security taxes and benefits. By law, these numbers change automatically each year to keep the program up to date with increases in price and wage levels. Whether you are working or you are already getting Social Security benefits, these changes are important to you.

<table>
<thead>
<tr>
<th>Information for people who are working: Social Security and Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Security Taxes</strong></td>
</tr>
<tr>
<td>Employee/employer (each)</td>
</tr>
<tr>
<td>Self-Employed</td>
</tr>
<tr>
<td>* Can be offset by income tax provisions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medicare Taxes:</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee/employer (each)</td>
<td>1.45 % on all earnings</td>
<td>1.45 % on all earnings</td>
</tr>
<tr>
<td>Self-Employed</td>
<td>2.9 % * on all earnings</td>
<td>2.9 % * on all earnings</td>
</tr>
<tr>
<td>* Can be offset by income tax provisions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Work Credits – When you work, you earn credits toward Social Security benefits.* You need a certain number of credits to be eligible for Social Security benefits. The number you need depends on your age and the type of benefit for which you are applying. You can earn a maximum of four credits each year. Most people need 40 credits to qualify for retirement benefits.

<table>
<thead>
<tr>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>$900 earn one credit</td>
<td>$920 earns one credit</td>
</tr>
</tbody>
</table>
### Information for people who receive Social Security benefits

<table>
<thead>
<tr>
<th>Social Security Disability Thresholds:</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Substantial Gainful Activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Non-Blind)</td>
<td>$ 810/mo.</td>
<td>$ 830/mo.</td>
</tr>
<tr>
<td><strong>Substantial Gainful Activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Blind)</td>
<td>$1,350/mo.</td>
<td>$1,380/mo.</td>
</tr>
<tr>
<td><strong>Trial work period month</strong></td>
<td>$580/mo.</td>
<td>$ 590/mo.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retirement Earnings Test Exempt Amounts</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Under full retirement age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOTE: One dollar in benefits will be withheld for every $2 in earnings above the limit.</td>
<td>$11,640/yr.</td>
<td>$12,000/yr.</td>
</tr>
<tr>
<td><strong>The year an individual reaches full retirement age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every $3 in earnings above the limit.</td>
<td>$31,080/yr. ($2,560/mo.)</td>
<td>$31,800/yr. ($2,590/mo.)</td>
</tr>
</tbody>
</table>

### Earnings Limits:

Under Federal Law, people who are receiving Social Security benefits who have not reached full retirement age are entitled to receive all of their benefits as long as their earnings are under the limits indicated above. Full retirement age is 65 and 6 months. The full retirement age will increase gradually each year until it reaches age 67 for people born in 1960 or later.

### Information for people who receive Supplemental Security Income (SSI)

<table>
<thead>
<tr>
<th>Monthly Maximum Federal SSI Payment</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong></td>
<td>$ 564</td>
<td>$ 579</td>
</tr>
<tr>
<td><strong>Couple</strong></td>
<td>$ 846</td>
<td>$ 869</td>
</tr>
</tbody>
</table>
Most Medicare costs are increasing this year to keep up with the rise in health care costs

<table>
<thead>
<tr>
<th>Monthly Income Limits</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual whose income is only from wages</td>
<td>$1,213</td>
<td>$1,243</td>
</tr>
<tr>
<td>Individual whose income is not from wages</td>
<td>$584</td>
<td>$599</td>
</tr>
<tr>
<td>Couple whose income is only from wages</td>
<td>$1,777</td>
<td>$1,823</td>
</tr>
<tr>
<td>Couple whose income is not from wages</td>
<td>$866</td>
<td>$889</td>
</tr>
</tbody>
</table>

Information for people on Medicare

<table>
<thead>
<tr>
<th>Most Medicare costs are increasing this year to keep up with the rise in health care costs</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Insurance (Part A)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For First 60 days in a hospital, patient pays</td>
<td>$219</td>
<td>$228</td>
</tr>
<tr>
<td>For 61st through 90th days in a hospital, patient pays</td>
<td>$438 per day</td>
<td>$456 per day</td>
</tr>
<tr>
<td>Beyond 90 days in a hospital, patient pays (for up to 60 more days)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>For first 20 days in a skilled nursing facility, patient pays</td>
<td>$109.50 per day</td>
<td>$114 per day</td>
</tr>
</tbody>
</table>

Part A Premium Buy-In: The amount of the premium you pay to buy Medicare Part A depends on the number of Social Security credits you have earned. If you have:

| 40 credits | $0 |
| 30-39 credits | $189 per month | $206 per month |
| Less than 30 credits | $343 per month | $375 per month |

Medical Insurance (Part B)

| Premium | $66.60 per month | $78.20 per month |
| Deductible | $100 per year | $110 per year |

After the patient has paid the deductible, Part B pays for 80% of covered services.
Social Security Numbers for Non Citizens

Contents

- How do you get a number?
- What can you do if you need a number for tax purposes?
- Do you need a number for other government services?
- Contacting Social Security

How do you get a number?

To apply for a Social Security number:

- Call or visit one of our local offices;
- Complete an Application For A Social Security Card (Form SS-5); and
- Provide original documents showing your age, identity and lawful non citizen status (including Department of Homeland Security (DHS) permission to work in the U.S.).

You may apply for a Social Security number if you do not have permission to work:

- If a federal law requires that you show your Social Security number to get a particular benefit or service; or
- If a state or local law requires you to show your Social Security number to get general assistance benefits.

To get a number to meet a state or local government requirement, you must provide a letter, on letterhead stationery (no form letters or photocopies), from the government agency requiring you to get a number. The letter must:

- Specifically identify you as the applicant;
- Cite the law requiring you to have a Social Security number;
- Indicate that you meet all the agency’s requirements, except having the number; and
- Contain an agency contact name and telephone number.
If you are assigned a number for non-work purposes, you cannot use it to work. If you use it to work, we may inform DHS.

You will receive your number and card as soon as we verify your immigration status with DHS. Your employer can use your immigration documents as proof of your authorization to work in the U.S.

What can you do if you need a number for tax purposes?

If you need a number for tax purposes and you are not authorized to work in the U.S., you can apply for an Individual Taxpayer Identification Number from the Internal Revenue Service (IRS).

Visit IRS in person or call the IRS toll-free number, 1-800-TAXFORM (1-800-829-3676), and request Form W-7, Application For An Individual Taxpayer Identification Number.

Do you need a number for other government services?

Lawfully admitted non citizens can get many benefits and services without having a Social Security number. You do not need a number to purchase savings bonds, conduct business with a bank, register for school or apply for educational tests, obtain private health insurance, apply for school lunch programs or apply for subsidized housing.

Contacting Social Security

For more information, visit our website at http://www.ssa.gov/ or call toll-free 1-800-772-1213 (for the deaf or hard of hearing, call our TTY number, 1-800-325-0778). We can answer specific questions and provide information by automated phone service 24 hours a day.

We treat all calls confidentially. We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.
Identity Theft and Your Social Security Number

Identity theft is one of the fastest growing crimes in America. When a dishonest person has your Social Security number, the thief can use it to get other personal information about you. Most of the time identity thieves use your number and your good credit to apply for more credit in your name. Then, they use the credit cards and do not pay the bills. You do not find out that someone is using your number until you are turned down for credit, or you begin to get calls from unknown creditors demanding payment for items you never bought.

Someone illegally using your Social Security number and assuming your identity can cause a lot of problems.

Contents

- Your number is confidential
- Don’t make it easy for someone to steal your number
- Be careful with your Social Security card and number to prevent theft
- What if I think someone is using my number and creating credit problems for me?
- Getting a new Social Security number

- Your number is confidential

Your Social Security number and our records are confidential. We do not give your number to anyone, except when authorized by law. You should be careful about sharing your number with anyone who asks for it (even when you are provided with a benefit or service).

- Don’t make it easy for someone to steal your number

Identity thieves get your personal information by:

- Stealing wallets, purses and your mail (bank and credit card statements, pre-approved credit offers, telephone calling cards and tax information);
• Stealing personal information you provide to an unsecured site on the Internet, from business or personnel records at work and personal information in your home;
• Sorting through trash for personal data;
• Posing as someone who legitimately needs information about you, such as employers or landlords; or
• Buying personal information from “inside” sources. For example, an identity thief may pay a store employee for information about you that appears on an application for goods, services or credit.

**Be careful with your Social Security card and number to prevent theft**

Show your card to your employer when you start a job so your records are correct. Then, put it in a safe place. DO NOT carry your card with you.

**How Can I Report That Someone Is Using My Social Security Number?**

You should file a complaint with the Federal Trade Commission by:

- Internet— www.consumer.gov/idtheft
- Telephone— 1-877-IDTHEFT (1-877-438-4338)
- TTY— 1-866-653-4261

If you think someone is using your number for work purposes, you should contact Social Security. One way to find out whether someone is using your number in order to work is to check your Social Security Statement. The *Statement* lists earnings posted to your Social Security record. If you find an error on your *Statement*, contact Social Security right away.

**What if I think someone is using my number and creating credit problems for me?**

If someone used your Social Security number to get credit, Social Security cannot fix your credit record. To fix your credit record:

- Call the creditors who approved the credit (follow up with a letter).
- File a police report.
- Contact the fraud department of the major credit bureaus. Ask:
  - To have a flag placed on your record, requiring creditors to contact you before approving additional credit using your name and number;
  - How long your account will be flagged and how you can extend the flag, if necessary; and
  - To have a statement added to your credit report—including your name, explain the problem and provide a telephone number where someone can call you.
Request a copy of your credit report from each major credit bureau and check to see if it contains any entries you do not know about. If you are denied credit, you may be entitled to a free copy of your report.

The major credit reporting agencies are:

**Equifax**
www.equifax.com
**Report fraud:**
1-800-525-6285
**Order a credit report:**
1-800-685-1111
P.O. Box 740241
Atlanta, GA 30374-0241

**Experian**
www.experian.com
**Report fraud:**
1-888-397-3742
**Order a credit report:**
1-888-EXPERIAN

**TransUnion**
www.tuc.com
**Report fraud:**
1-800-680-7289
**Order a credit report:**
1-800-916-8800
Fraud Victim Assistance Department
P.O. Box 6790
Fullerton, CA 92834

Getting a new Social Security number

If you have done all you can to fix the problem and someone still is using your number, we may assign you a new number. We cannot guarantee that a new number will solve your problem.

You cannot get a new Social Security number if:

- You filed for bankruptcy;
- You intend to avoid the law or your legal responsibility; or

Your Social Security card is lost or stolen, but there is no evidence that someone is using your number.
How You Earn Credit

Contents
- How You Earn Credits
- Special rules for some jobs
- How long do you have to work to qualify for Social Security?
- Not every kind of work counts toward Social Security benefits
- Make sure your records are accurate

How You Earn Credits

You qualify for Social Security benefits by earning Social Security credits when you work in a job and pay Social Security taxes.

The credits are based on the amount of your earnings. We use your work history to determine your eligibility for retirement or disability benefits or your family's eligibility for survivors benefits when you die.

In 2005, you receive one credit for each $920 of earnings, up to the maximum of four credits per year.

Each year the amount of earnings needed for credits goes up slightly as average earnings levels increase. The credits you earn remain on your Social Security record even if you change jobs or have no earnings for a while.

Special rules for some jobs

Special rules for earning Social Security coverage apply to certain types of work.

If you are self-employed, you earn Social Security credits the same way employees do (one credit for each $920 in net earnings, but no more than four credits per year). Special rules apply if you have net annual earnings of less than $400. For more information, call us for a free copy of the publication, If You Are Self-Employed (Publication No. 05-10022).
If you are in the military, you earn Social Security credits the same way civilian employees do. You also may get additional earnings credits under certain conditions. For more information, call us for a free copy of the publication, *Military Service And Social Security* (Publication No. 05-10017).

We also have special rules about how you earn credits for other kinds of work. Some of these jobs are:

- Domestic work;
- Farm work; or
- Work for a church or church-controlled organization that does not pay Social Security Taxes.

Call us if you have a question about how you earn credits in your job.

**How long you have to qualify for a Social Security?**

The number of credits you need to eligible for benefits depends on your age and type of benefit.

- **Retirement benefits**
  
  Anyone born in 1929 or later needs 10 years of work (40 credits) to be eligible for retirement benefits. People born before 1929 need fewer years of work.

- **Disability benefits**

  How many credits you need for disability benefits depends on how old you are when you become disabled.

  - If you become disabled before age 24, you generally need 1 year of work (six Credits) in three years before you became disabled.
  - If you are 24 through 30, you generally need credits for half of the time between age 21 and the time you become disabled.
  - If you are disabled at age 31 or older, you generally need at least 20 credits in the 10 years immediately before you became disabled. The following table shows examples of how many credits you would need if you became disabled at various selected ages. This table does not cover all situations.
### Table: Disabled at age

<table>
<thead>
<tr>
<th>Disabled at age</th>
<th>Credits needed</th>
<th>Years of work</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 through 42</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>44</td>
<td>22</td>
<td>5</td>
</tr>
<tr>
<td>46</td>
<td>24</td>
<td>6</td>
</tr>
<tr>
<td>48</td>
<td>26</td>
<td>6</td>
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<tr>
<td>50</td>
<td>28</td>
<td>7</td>
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<tr>
<td>52</td>
<td>30</td>
<td>7</td>
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<tr>
<td>54</td>
<td>32</td>
<td>8</td>
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<tr>
<td>56</td>
<td>34</td>
<td>8</td>
</tr>
<tr>
<td>58</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>60</td>
<td>38</td>
<td>9</td>
</tr>
<tr>
<td>62 or older</td>
<td>40</td>
<td>10</td>
</tr>
</tbody>
</table>

- **Survivors benefits**

Certain family members of a deceased worker may be able to get survivors benefits, even though the deceased worker did not work long enough to qualify for retirement benefits. Dependent children may get survivors benefits if the deceased person had 1 _ years of work (6 credits) in three years before his or her death. Their benefits could continue until they reach age 18 (or age 19 if they are attending an elementary or secondary school full time).

A widow or widower may be able to get benefits.

Contact us if you need more information about your family’s situation.

- **Medicare**

The Social Security credits you earn also count toward eligibility for Medicare when you reach age 65. You may be eligible for Medicare at an earlier age if you get disability benefits for 24 months or more. Your dependents or survivors also may be eligible for Medicare at age 65 or earlier if they are disabled. People who have permanent kidney failure and need kidney dialysis or a kidney transplant may be eligible for Medicare at any age. 11

**Not every kind of work counts toward Social Security**

Not all employees work in jobs covered by Social Security. Some of these employees are:

- Most federal employees hired before 1984 (but since January 1, 1983, all federal employees have paid the Medicare hospital insurance part of the Social Security tax);

Source: Medicare (Publication No. 05-10043).
• Railroad employees with more than 10 years of service;
• Employees of some state and local governments that chose not to participate in social Security; or
• Children younger that age 21 who do household chores for a parent (except a child age 18 or older who works in the parent’s business).

**Make sure your records are accurate**

Each year your employer sends a copy of your W-2 (wage and tax Statement) to Social Security. Social Security compared your name and Social Security Number on the W-2 with your records. When we find your name and number, your earnings shown on the W-2 are recorded on your lifelong earnings record. Your lifelong earnings record is what we use to figure whether you can get the future benefits and the benefit amount.

It is critical that your name and Social Security number on your Social Security card agree with your employer’s payroll records and W-2. If they don’t agree, your employer may get a letter from Social Security. This letter does not mean that your employer should change your job, lay you off, fire you or take other actions against you. You need to correct the error. It is up to you to make sure your records are correct. If your social Security card is not correct, contact any Social Security office. Tell your employer if your name and Social Security number are incorrect on the employer’s record.

**Contacting Social Security**

For more information and to find our publication, visit our website at [www.socialsecurity.gov](http://www.socialsecurity.gov) or call toll-free, 1-800-772-1213 (for deaf or hard of hearing, call our TTY number, 1-800-325-0778).
Government Pension Offset
A Law that Affects Spouse's Or Widow(er)'s Benefits

If you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse’s or widow’s or widower’s benefits may be reduced.

Contents

- How much will my Social Security benefits be reduced?
- Why will my Social Security benefits be reduced?
- When won’t my Social Security benefits be reduced?
- What About Medicare?
- Can I still get Social Security benefits from my own work?
- Any Questions?

How much will my Social Security benefits be reduced?

Your Social Security benefits will be reduced by two-thirds of your government pension. In other words, if you get a monthly civil service pension of $600, two-thirds of that, or $400, must be deducted from your Social Security benefits. For example, if you are eligible for a $500 spouse’s widow’s or widower’s benefit from Social Security, you will receive $100 per month from Social Security ($500-$400 = $100).

If you take your government pension annuity in a lump sum, Social Security still will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits we pay wives, husbands, widows, and widowers are “dependents” benefits. These benefits were established in the 1930’s to compensate spouses who stayed home to raise a family and who were financially dependent on the working spouse. But as it has become more common for both spouses in a married couple to work, each earned his or her own Social Security retirement benefit. The law has always required that a person’s
benefits as a spouse, widow, or widower be offset dollar for dollar by the amount of his or her own retirement benefit.

In other words, if a woman worked and earned her own $800 monthly Social Security retirement benefit, but she was also due $500 wife’s benefit on her husband’s Social Security record, we could not pay that wife’s benefit because her own Social Security benefit offset it. But, before enactment of the Government Pension Offset provision if that same woman was a government pension, there was no offset and we were required to pay her a full wife’s benefit in addition to her government pension.

If this government employee’s work had instead been subject to Social Security taxes, any Social Security benefit payable as a spouse, widow or widower would have been reduced by the person’s own Social Security retirement benefit. In enacting the Government Pension Offset provision, Congress intended to ensure that when determining the amount of spousal benefit, government employees who do not pay Social Security taxes would be treated in a similar manner to those who work in the private sector and do pay Social Security taxes.

When won’t my Social Security benefits be reduced?

Generally, your Social Security benefits as a spouse, widow or widower will not be reduced if you:

- Are receiving a government pension that is not based on your earnings
- Are a state or local employee whose government pension is based on a job where you were paying Social Security taxes
  - on the last day of employment and your last day was before July 1, 2004,
  - during the last five years of employment and your last day of employment was July 1, 2004, or later (Under certain conditions, fewer than five years may be required for people who last day of employment falls between July 1, 2004 and March 2, 2009.)
- Are a federal employee, including Civil Service Offset employee, who pays Social Security taxes on your earnings (A Civil Service Offset employee is a federal employee who was rehired after December 31, 1983, following a break in service more than 365 days and had five years prior civil service retirement system coverage.)
- Are a federal employee who elected to switch from the Civil Service Retirement System to the Federal Employees’ Retirement System (FERS) on or before June 30, 1988. If you switched after that date, including during the open season from July 1, 1998, through December 31, 1998, you need five years under FERS to be exempt from the Government Pension Offset.
• Received or were eligible to receive a government pension before December 1982, and meet all the requirements for Social Security spouse’s benefits in effect in January 1977, or

• Receive or were eligible to receive a federal, state or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

• Received or were eligible to receive a federal, state or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

What About Medicare?

Even if you do not receive cash benefits on your spouse's work, you can still get Medicare at age 65 on your spouse’s record if you are not eligible for it on your own record.

Can I Still Get Benefits On My Own Work?

The offset applies only to Social Security benefits as a spouse or widower. However, your own benefits may be reduced because of another provision of the law. Contact Social Security for the fact sheet, The Windfall Elimination Provision (Publication No. 05-10045).

Any Questions?

For more information, visit our website at www.socialsecurity.gov or call toll-free at 1-800-772-1213. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778.

We treat all calls confidentially. We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing telephone calls.
Your Payments While You Are Outside The United States

Contents

- Introduction
- When Are You “Outside The U.S.”?
- What Happens To Your Right To Social Security Payments When You Are Outside The U.S.?
- Additional Residency Requirements For Dependents And Survivors
- Countries To Which We Cannot Send Payments
- What You Need To Do To Protect Your Right To Benefits
- Things That Must Be Reported
- How To Report
- If Your Check Is Lost Or Stolen
- Direct Deposit In Financial Institutions
- Taxes
- What You Need To Know About Medicare

When Are You “Outside The U.S.”?

When we say you are outside the U.S., we mean that you are not in one of the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands or American Samoa. Once you have been away from the U.S. for at least 30 days in a row, you are considered to be outside the country until you return and stay in the U.S. for at least 30 days in a row. If you are not a U.S. citizen, you may also have to establish that you were lawfully present in the U.S. for that 30-day period. For more information, you may contact the nearest U.S. Embassy or consulate or Social Security office.

What Happens To Your Right To Social Security Payments When You Are Outside The U.S.?
If you are a U.S. citizen, you may receive your Social Security payments outside the U.S. as long as you are eligible for them. Regardless of your citizenship, there are certain countries where we are not allowed to send payments—see the list of Countries to which we cannot send payments. If you are a citizen of one of the countries listed below, your Social Security payments will keep coming no matter how long you stay outside the U.S., as long as you are eligible for the payments.

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If you are a citizen of one of the countries listed below, you also may receive your payments as long as you are outside the U.S., unless you are receiving your payments as a dependent or survivor. In that case, there are additional requirements you have to meet.

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<th>Albania</th>
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<td>Burkina Faso</td>
<td>Jamaica</td>
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<td>Turkey</td>
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<td>Dominica</td>
<td>Mexico</td>
<td>Uruguay</td>
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<tr>
<td>Dominican Republic</td>
<td>Micronesia, Fed. States of</td>
<td>Venezuela</td>
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(This list is subject to change from time to time.)

If you are not a citizen of the U.S. or a citizen of one of the other countries in the two lists above, your payments will stop after you have been outside the U.S. for six full calendar months unless you meet one of the following conditions:
• you were eligible for monthly Social Security benefits for December 1956; or
• you are in the active military or naval service of the U.S.; or
• the worker on whose record your benefits are based had railroad work which was treated as covered employment by the Social Security program; or
• the worker on whose record your benefits are based died while in the U.S. military service or as a result of a service-connected disability and was not dishonorably discharged; or
• you are a resident of a country with which the U.S. has a Social Security agreement. Currently, these countries are:

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<th>Australia</th>
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<td>France</td>
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(This list of countries is subject to change from time to time.)

However, the agreements with Austria, Belgium, Germany, Sweden and Switzerland permit you to receive benefits as a dependent or survivor of a worker while you reside in the foreign country only if the worker is a U.S. citizen or a citizen of your country of residence; or

• you are a citizen of one of the countries listed below, and the worker on whose record your benefits are based lived in the U.S. for at least 10 years or earned at least 40 earnings credits under the U.S. Social Security system. If you are receiving benefits as a dependent or survivor, read the additional requirements.

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<th>Afghanistan</th>
<th>Indonesia</th>
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<td>Malawi</td>
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<td>Central African Rep.</td>
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<td>Chad</td>
<td>Mali</td>
<td>Taiwan</td>
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<td>Congo Rep.</td>
<td>Mauritius</td>
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<td>Honduras</td>
<td>St. Vincent &amp; Grenadines</td>
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If you are not a citizen of one of the countries listed above, you cannot use this exception. If you are not a U.S. citizen and none of these exceptions applies to you, your payments will stop after you have been outside the U.S. for six full months. Once this happens, they cannot be started again until you come back and stay in the U.S. for a whole calendar month.

This means you have to be in the U.S. on the first minute of the first day of a month and stay through the last minute of the last day of that month. In addition, you may be required to establish that you have been lawfully present in the U.S. for that full calendar month period. For more information, you may contact the nearest U.S. Embassy or consulate or Social Security office.

### Additional Residency Requirements for Dependents And Survivors

If you receive benefits as a dependent or survivor of the worker, special requirements may affect your right to receive Social Security payments while you are outside the U.S. If you are not a U.S. citizen, you must have lived in the U.S. for at least five years. During that five years, the family relationship on which benefits are based must have existed. For example, if you are receiving benefits as a spouse, you must have been married to the worker and living in the U.S. for at least five years. Children who cannot meet the residency requirement on their own may be considered to meet it if it is met by the worker and other parent (if any). However, children adopted outside the U.S. will not be paid outside the U.S., even if the residency requirement is met.

The residency requirement will not apply to you if you meet any of the following conditions:

- you were initially eligible for monthly benefits before January 1, 1985; or
- you are entitled on the record of a worker who died while in the U.S. military service or as a result of a service-connected disease or injury; or
- you are a citizen of:

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</tbody>
</table>
France  |  Korea (South)  |  Switzerland  
Germany  |  Luxembourg  |  United Kingdom  

(This list of countries is subject to change from time to time.)

or

• you are a resident of one of the countries with which the U.S. has a Social Security agreement. These countries are:

| Australia  | Germany  | Norway  |
| Austria  | Greece  | Portugal  |
| Belgium  | Ireland  | Spain  |
| Canada  | Italy  | Sweden  |
| Chile  | Korea (South)  | Switzerland  |
| Finland  | Luxembourg  | United Kingdom  |
| France  | Netherlands  |

(This list of countries is subject to change from time to time.)

**Countries To Which We Cannot Send Payments**

U.S. Treasury Department regulations prohibit sending payments to you if you are in Cuba or North Korea. In addition, Social Security restrictions prohibit sending payments to individuals in Cambodia, Vietnam or areas (other than Armenia, Estonia, Latvia, Lithuania and Russia) which were in the former Soviet Union. You cannot receive payments while you are in one of these countries, and we cannot send your payments to anyone for you.

If you are a U.S. citizen and are in Cuba or North Korea, you can receive all of your payments that were withheld once you leave that country and go to another country where we can send payments. Generally, if you are not a U.S. citizen, you cannot receive any payments for months in which you live in one of these countries, even though you leave that country and satisfy all other requirements.
What You Need To Do To Protect Your Right To Benefits

If you are living outside the U.S., we will send you a questionnaire periodically to fill out and return. This lets us know whether you are still eligible for benefits. You must return the questionnaire to the office that sent it to you as soon as possible; if you do not, your payments will stop.

In addition to responding to the questionnaire, it is your responsibility to notify us promptly about changes that could affect your payments. If you fail to report something or deliberately make a false statement, you could be penalized by a fine or imprisonment. You may also lose some of your payments if you do not report changes promptly.

Things That Must Be Reported

Listed below are things that must be reported. An explanation of each is is provided when you click on the subject.

- Change of address
- Work outside the U.S.
- Disabled person returns to work or disability improves
- Marriage
- Divorce or annulment
- Adoption of a child
- Child leaves the care of a wife, husband, widow or widower
- Child nearing age 18 is a full-time student or is disabled
- Death
- Inability to manage funds
- Deportation or removal from the U.S.
- Changes in parental circumstances
- Eligibility for a pension from work not covered by Social Security

How To Report

The next pages explain what you need to report. When you report, you can contact us in person, by mail or by telephone. If you live in the British Virgin Islands, Canada, or Samoa you can send your report to the nearest U.S. Social Security office. If you live in Mexico, you can send your report to the nearest U.S. Social Security office, Embassy or consulate. If you live in the Philippines, you should send your report to:
In all other countries, you can report to the nearest U.S. Embassy or consulate. If you find it easiest to contact us by mail, send your report by airmail to the following address:

Social Security Administration  
P.O. Box 17769  
Baltimore, Maryland 21235--7769  
USA

Be sure to include your Social Security claim number. When you contact us, include all of the following information:

- name of the person or persons about whom the report is being made;
- what is being reported and the date it happened; and
- the claim number that appears on the person's Social Security check or on the letters or other correspondence we send you. (This is a nine-digit number—000-00-0000—followed by a letter, or a letter and a number.)

**Change Of Address**

It is very important that you tell us if your address changes so your checks will not be lost or delayed. Even if your payments are being sent to a bank, you must report any change in your home address. When you write to the U.S. Embassy or consulate or the Social Security Administration about a change of address, please type or print your new address carefully and be sure to include the country and ZIP or postal code. Also, be sure to list the names of all your family members who will be receiving payments at the new address.

**Work Outside The U.S.**

If you work or own a business outside the U.S. and you are younger than the full retirement age, notify the nearest U.S. Embassy or consulate or Social Security office right away. You should notify us promptly. If you don't, it could result in a penalty which would cause a loss of benefits. This loss of benefits would be in addition to those benefits which might be withheld under one of the work tests explained below. For persons born in 1937 or earlier, full retirement age is 65. Beginning with people born in 1938, full retirement age increases two months per year until it becomes age 66 for individuals born in 1943 through 1954. Then it will gradually increase until it becomes age 67 for those born in 1960 or later.
You must report your work even if the job is part time or if you are self-employed. Some examples of the types of work which should be reported are work as an apprentice, farmer, sales representative, tutor, writer, etc. If you own a business, you should notify us even if you do not work in the business or receive any income from it.

If a child beneficiary (regardless of age) begins an apprenticeship, notify the nearest U.S. Embassy or consulate or the Social Security Administration. An apprenticeship may be considered work under the Social Security program.

The following work tests may affect the amount of your monthly benefit payment. Work after full retirement age does not affect the payment of benefits.

**The Foreign Work Test**

A monthly benefit is withheld for each month in which a beneficiary younger than full retirement age works more than 45 hours outside the U.S. in employment or self-employment which is not subject to U.S. Social Security taxes. It does not matter how much was earned or how many hours were worked each day.

A person is considered to be working on any day he or she:

- actually works as an employee or self-employed person; or
- has an agreement to work even if he or she does not actually work because of sickness, vacation, etc.; or
- is the owner or part owner of a trade or business even if he or she does not actually work in the trade or business or receive any income from it.

Generally, if a retired worker's benefits are withheld because of his or her work, no benefits can be paid to any other people receiving benefits on his or her record for those months. However, the work of others receiving benefits on the worker's record affects only their own benefits.

**The Annual Retirement Test**

Under certain conditions, work performed outside the U.S. by U.S. citizens or residents is covered by the U.S. Social Security program. If your work is covered by U.S. Social Security, the same annual retirement test that applies to people in the U.S. will apply to you.

**Note:** Work by some U.S. citizens and residents outside the U.S. is exempt from U.S. Social Security as a result of international Social Security agreements the U.S. has concluded with the following countries:

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If you are working in one of these countries and your earnings are exempt from U.S. Social Security taxes because of the agreement, your benefits will be subject to the Foreign Work Test. For further information on how your benefits may be affected by an agreement, contact the nearest U.S. Embassy or consulate or Social Security office.

If your work is covered by the U.S. Social Security program, you can receive all benefits due you for the year if your earnings do not exceed the annual exempt amount. This limit changes each year. If you want to know the current limit, ask at any U.S. Embassy or consulate or Social Security office or write to us at the address shown under “How To Report.”

If your earnings go over the limit, some or all of your benefits will be offset by your earnings.

• If you are younger than full retirement age, $1 in benefits will be withheld for each $2 in earnings above the limit.
• In the year you reach full retirement age, your benefits will be reduced $1 for every $3 you earn over a different, higher limit until the month you reach full retirement age.

You must count your earnings for the whole year in figuring the benefits due you. For most people, this means earnings from January through December. People who reach full retirement age can receive all of their benefits with no limit on their earnings.

The year your benefits start—In figuring your total earnings for the year in which you first become entitled to benefits, count earnings in that year for months both before and after you became entitled.

The year you reach age 18—Your benefits as a child stop at age 18 unless you are a full-time student in an elementary or secondary school or you are disabled. Your earnings for the entire year in which you reach age 18 count in figuring the amount of benefits due you for the year regardless of whether your payments continue or stop at age 18.

Disabled Person Returns To Work Or Disability Improves
If you receive payments because you are disabled, let us know right away if your condition improves or if you go back to work. You can keep receiving payments for up to nine months while you are working. This nine-month period is called a “trial work period.” The trial work period gives you a chance to test whether or not you are able to work without worrying about having your payments stopped. If, after nine months, you are able to continue working, you will get payments for three more months before they stop. If you are not able to keep working, you will continue to receive disability benefits.

Marriage
Let us know if any person receiving benefits gets married. In some cases, Social Security payments stop after marriage. In other cases, the amount of the payments changes. This
depends on the kind of benefits you receive and, sometimes, on whether the person you marry gets payments.

**Divorce or Annulment**
You should notify us if your marriage is annulled or you get a divorce. Divorce or annulment does not necessarily mean your Social Security payments will stop. If you are receiving payments based on your own work record, divorce or annulment of your marriage will not affect your payments. Also, if you are a spouse age 62 or older and you were married to the worker 10 years or more, your payments will continue even if you divorce. But you should still contact us if your name has changed as a result of the divorce so that we can show your new name on your payments.

**Adoption Of A Child**
When a child is adopted, let us know the child's new name, the date of the adoption decree and the adopting parent's name and address.

**Child Leaves The Care Of A Wife, Husband, Widow Or Widower**
If you are a wife, husband, widow or widower receiving benefits because you are caring for a child who is under age 16 or who was disabled before age 22, you should notify us right away if the child leaves your care. If you don't, it could result in a penalty which would cause an additional loss of benefits.
A temporary separation may not affect your benefits as long as you still have parental control over the child. You should tell us, though, if there is any change in where you or the child lives, or if you no longer have responsibility for the child. If the child returns to your care, you should tell us that also.

**Child Nearing Age 18 Is A Full-Time Student Or Is Disabled**
Payments to a child will stop when the child reaches age 18 unless he or she is unmarried and either disabled or a full-time student at an elementary or secondary school. If a child age 18 or over is receiving payments as a student, we should be notified immediately if the student:

- drops out of school;
- changes schools;
- changes from full-time to part-time attendance;
- is expelled or suspended;
- is paid by his or her employer for attending school;
- marries; or
- begins working.

If a child whose payments were stopped at age 18 either becomes disabled before age 22 or is unmarried and enters elementary or secondary school on a full-time basis before age 19, notify us so we can resume sending payments to the child. Also, a disabled child who recovers from a disability can have payments started again if he or she becomes disabled again within seven years.
Death
If a person who receives Social Security benefits dies, a benefit is not payable for the month of death. For example, if a beneficiary died any time in June, the payment dated July 3 (which is payment for June) should be returned to the sender.

Inability To Manage Funds
Some people who receive Social Security payments cannot manage their own funds. When this happens, the person who takes care of the beneficiary should let us know. We can arrange to send the payments to a relative or other person who can act on behalf of the beneficiary. We call this person a “representative payee.”

Deportation or Removal From The U.S.
If you are deported or removed from the U.S. for certain reasons, your Social Security benefits are stopped and cannot be started again unless you are lawfully admitted to the U.S. for permanent residence.
Even if you are deported or removed, your dependents can receive benefits if they are U.S. citizens.
If your dependents are not U.S. citizens, they can still receive benefits if they stay in the U.S. for the entire month. But they cannot receive benefits for any month if they spend any part of it outside the U.S.

Changes In Parental Circumstances
Payments to a child who is not a U.S. citizen could stop or start when certain changes occur. Let us know when the child's natural, adoptive or stepparent dies, marries or gets a divorce (or annulment), even if that person does not receive Social Security payments.

Eligibility For A Pension From Work Not Covered By Social Security
If, after 1985, you become entitled to a U.S. Social Security retirement or disability benefit and you also start to receive a monthly pension, such as a foreign social security or private pension, which is based in whole or in part on work not covered by U.S. Social Security, your U.S. Social Security benefit may be smaller. A different formula may be used to figure your U.S. Social Security benefit. For more information, ask at any U.S. Embassy or consulate or Social Security office for the fact sheet, The Windfall Elimination Provision (Publication No. 05-10045).

If Your Check Is Lost Or Stolen
It usually takes longer to deliver checks outside the U.S. because of the longer distances and extra handling needed. Delivery time varies from country to country and your check may not arrive the same day each month, so we ask you to be patient. But, if you do not receive your check after a reasonable waiting period, or if it is lost or stolen, contact the nearest U.S. Embassy or consulate or write directly to the Social Security Administration. Our address is:
We will replace your check as soon as possible. But please make every effort to keep your check safe, because it will take some time to replace a check while you are outside the country.

**Direct Deposit In Financial Institutions**
You may want your Social Security payment to be deposited directly into your account at either a financial institution in the country where you live or a U.S. financial institution. Even if you use the direct deposit service, you must still keep us informed of any change in your current residence address.

Direct deposit has several advantages. You never have to worry about your check being delayed in the mail, lost or stolen. With direct deposit, you receive your payment much faster than if you are paid by check (usually one to three weeks faster than check deliveries). When direct deposit payments are sent to a financial institution, you also avoid check cashing and currency conversion fees. Some countries where direct deposit is available include:

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(This list of countries is subject to change from time to time.)

To determine if direct deposit or other forms of electronic payment are available in the country where you live—or to sign up for direct deposit—contact the nearest U.S. Embassy or consulate or U.S. Social Security office, or write to the Social Security Administration, P.O. Box 17769, Baltimore, Maryland 21235-7769, USA.
Taxes
If you are a U.S. citizen or U.S. resident, up to 85 percent of the Social Security benefits received may be subject to the federal income tax.

If you file a federal income tax return as an “individual” and your combined income is $25,000 to $34,000, you may have to pay taxes on up to 50 percent of your Social Security benefits. “Combined income” means your adjusted gross income plus nontaxable interest plus one-half of your Social Security benefits. If your combined income is over $34,000, you may have to pay taxes on up to 85 percent of your Social Security benefits.

If you file a joint tax return, you may have to pay taxes on up to 50 percent of your Social Security benefits if you and your spouse have a combined income of $32,000 to $44,000.

If your combined income is over $44,000, you may have to pay taxes on up to 85 percent of your Social Security benefits.

If you are a member of a couple and file a separate return, you probably will pay taxes on your benefits.

If you are not a U.S. citizen or a resident, federal income taxes will be withheld from your benefits. The tax is 30 percent of 85 percent of your benefit amount. It will be withheld from the benefits of all nonresident aliens, except those who reside in countries which have tax treaties with the U.S. that do not permit taxing of U.S. Social Security benefits (or provide for a lower tax rate). The U.S. has such treaties with Canada, Egypt, Germany, Ireland, Israel, Italy, Japan, Romania, Switzerland and the United Kingdom (defined as England, Scotland, Wales and Northern Ireland). In addition, the Social Security benefits paid to individuals who are citizens and residents of India are exempt from this tax to the extent that their benefits are based on federal, state or local government employment. (This list of countries may change from time to time.) After the end of the year, you will receive a statement showing the amount of benefits you received during the year.

Many foreign governments do tax U.S. Social Security benefits. U.S. residents planning to live in another country should contact that country’s embassy in Washington, D.C., for information.

Keep in mind that Social Security benefits are calculated in U.S. dollars. The benefits are not increased or decreased because of changes in international exchange rates.

What You Need To Know About Medicare
Medicare is a health insurance program for eligible people who are age 65 or over or disabled. Medicare protection consists of two parts: hospital insurance and medical insurance. The hospital insurance part of Medicare helps pay hospital bills and certain follow-up care after you leave the hospital. Medical insurance helps pay doctor bills and other medical services.
Medicare generally does not cover health services you get outside the U.S. The hospital insurance part of Medicare is available to you if you return to the U.S. No monthly premium is withheld from your benefit payment for this protection.

If you want the medical insurance part of Medicare, you must enroll and there is a monthly premium which normally will be withheld from your payment. Since Medicare benefits are available only in the U.S., it may not be to your advantage to sign up and pay the premium for medical insurance if you will be out of the U.S. for a long period of time. But you should be aware that your premium, when you do sign up, will be 10 percent higher for each 12-month period you could have been enrolled but were not.

If you are already covered by medical insurance and wish to cancel it, you should notify us. Medical insurance—and premiums—will continue for one more month after the month you notify us that you wish to cancel it.
Medicare

What Is Medicare?

Medicare is a Health Insurance Program for:

- People 65 years of age and older.
- Some people with disabilities under age 65.
- People with End-Stage Renal Disease (permanent kidney)

Medicare has Two Parts:

- **Part A (Hospital Insurance)**
  - Most people do not have to pay for Part A.
- **Part B (Medical Insurance)**

*Part A (Hospital Insurance)*

Helps Pay For:

Care in hospitals as an inpatient, critical access hospitals (small facilities that give limited outpatient and inpatient services to people in rural areas), skilled nursing facilities, hospice care, and some home health care. Information about your coverage under Medicare Part A can be found in the Your Medicare Coverage database.

Cost:

Most people get Part A automatically when they turn age 65. They do not have to pay a monthly payment called a premium for Part A because they or a spouse paid Medicare taxes while they were working.

If you (or your spouse) did not pay Medicare taxes while you worked and you are age 65 or older, you still may be able to buy Part A. If you are not sure you have Part A, look on
your red, white, and blue Medicare card. It will show "Hospital Part A" on the lower left corner of the card. You can also call the Social Security Administration toll free at 1-800-772-1213 or call or visit your local Social Security office for more information about buying Part A. If you get benefits from the Railroad Retirement Board, call your local RRB office or 1-800-808-0772.

For More Information About Medicare Part A Coverage:

Visit the Your Medicare Coverage database.

Call your Fiscal Intermediary about Part A bills and services. The phone number for the Fiscal Intermediary in your area can be found in the Helpful Contacts section.

Part B (Medical Insurance)

Helps Pay For:

Doctors' services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary. Information about your coverage under Medicare Part B can be found in the Your Medicare Coverage database.

Cost:

You pay the Medicare Part B premium of $78.20 per month in 2005. This amount may change January 1, 2006. In some cases this amount may be higher if you did not choose Part B when you first became eligible at age 65. The cost of Part B may go up 10% for each 12-month period that you could have had Part B but did not sign up for it, except in special cases. You will have to pay this extra 10% for the rest of your life.

Enrolling in Part B is your choice. You can sign up for Part B anytime during a 7-month period that begins 3 months before you turn 65. Please call the Social Security Administration at 1-800-772-1213 or visit or call your local Social Security office to sign up. If you choose to have Part B, the premium is usually taken out of your monthly Social Security, Railroad Retirement, or Civil Service Retirement payment. If you do not get any of the above payments, Medicare sends you a bill for your Part B premium every 3 months. You should get your Medicare premium bill by the 10th of the month. If you do not get your bill by the 10th, call the Social Security Administration at 1-800-772-1213, or your local Social Security office. If you get benefits from the Railroad Retirement Board, call your local RRB office or 1-800-808-0772.
Pensions from Work Not Covered By Social Security

If you work for an employer who does not withhold Social Security taxes, such as a government agency or an employer in another country, the pension you get based on that work may reduce your Social Security benefits.

Your Social Security benefit can be reduced in one of two ways:

A. Government Pension Offset (GPO) only applies if you receive Social Security benefits as a spouse or widow/er. The Social Security benefit is not affected by receipt of a United Nations pension, whether as an employee or dependent. Refer to SSA Publication No. 05-10007.

B. Windfall Elimination Provision (WEP) affects how your retirement or disability benefits are figured if you receive a pension from work, whether in the United States or abroad, not covered by Social Security.

--- Work done for an international organization such as the United Nations is exempt from Social Security coverage if the employee is not a United States citizen. There is no provision of the law that allows a non-citizen (e.g. Lawfully Admitted Permanent Resident or work authorized visa) to make voluntary contributions to the Social Security system to avoid the windfall elimination offset. Any United Nations pension based on this non covered work will offset future Social Security benefits if the worker becomes eligible based on other covered Social Security employment. Any offset imposed on the worker’s Social Security benefit will also affect the dependent’s benefits.

---If a United Nations employee becomes a United States citizen, he is deemed to be self-employed and is required to pay Social Security self-employment tax. Only the years of work prior to attaining U.S. citizenship, which were not taxed by Social Security, will be used in computing the Windfall Elimination Provision offset of his Social Security pension.

---There are limited exceptions that may apply to the Windfall Elimination Provision. For further information regarding the provision and its exceptions, refer to SSA Publication No. 05-10045.
Investing in Retirement
Managing your investment portfolio

I. Introduction

Today my talk will concentrate on three principal topics. As a point of departure I will first draw the fundamental distinction between savings and investments. Second, I will try to provide you a primer on risk and reward in investing. Third, I will address what I call the investor’s dilemma: how do you get from point A – having a working knowledge of investing and some cash to invest – to Point B – having and managing a portfolio.

Time constraints will not permit me to give you a geography lesson on the capital markets. That is, I will not be able to give you a detailed description of stocks, bonds, mutual funds and all the other exotica that are sold to the sophisticated as well as to the unwary. For those who need that kind of education, I would suggest that you buy or borrow any of the large number of books available on this subject. I can recommend a number of titles to anyone who would like them.

Let me emphasize by way of further disclaimer that I am not going to try to give you hot tips or any breathless talk about the latest gimmicks from Wall Street. It is simply much more important to try to impart to you some broad understanding of how capital markets work – that is, the world within which the investor must operate – and how to approach the task of investing.

II. Savings v. Investments

For our savings, we all have certain fundamental goals. First is safekeeping for excess cash. That is, beyond the money we have in our wallets or maintain in a checking account, we all need to have some money available for use, but kept in a place that is free of risk from theft or fire or any other normal threat to physical safety. Second, we want our savings to be liquid – that is, to be accessible with little, if any, constraint. These days, given the ubiquitous ATM, it seems possible to get your savings 24 hours a day on virtually any street corner.
A third important goal for savings is capital preservation. Generally, it is unwise to expose one’s savings to any kind of market risk. That is one reason that money market funds have become so popular. Finally – and again a reason for money market funds’ popularity – we prefer savings media that provide us some income as opposed to the classic non-interest bearing checking account.

What about investments, by contrast? Certainly we want safekeeping for our investment assets. Whether it is a vault for stock certificates or a limited power of attorney, instead of a general or full power, conveyed to an investment adviser, it is important to make sure that the assets are protected against risk of fire, flood, theft, etc. Liquidity is also important for our investments but generally less so than in the case of savings since the latter is what we rely on in the event of an expected contingency or an actual emergency when we need the cash now.

We obviously look to our investments to provide income or some other means to enable our capital to grow. And we have to be prepared to accept some risk – properly understood – when investing. If we do not, then it is unlikely that we will achieve all our goals as investors. In particular, it will be almost impossible for our capital to grow. And by “growth” I mean to at least compensate for the erosion that both taxes and inflation inflict on the real value or purchasing power of our capital.

III. Risk and Reward

A. Introduction

I like to preface this all-important topic with a possibly apocryphal anecdote concerning a famous early-19th century economist, David Ricardo. He is said to have been approached by a widow clutching her proverbial widow’s mite, seeking investment advice, but noting that she wanted to earn a high return yet take no risk. Ricardo supposedly replied, “Madam, you can eat well or you can sleep well, but you cannot do both.”

I suppose that to most of you this is a fairly self-evident proposition, and it is true that among investors traditionally much of what formed the professional’s as well as the amateur’s expertise was based on this practical kind of insight – a matter of art, one might say. Yet it is important to emphasize that investing today has become much more the province of science as opposed to the art represented by Ricardo’s homespun observation. For more than three decades now academics and others have studied the behavior of the capital markets with highly precise and sophisticated tools. The paradox is that the results are really beneficial to everyone, regardless of how sophisticated. The central reason is that they make it much easier to understand and to apply the basic relationship of risk and reward in investing. And there is nothing more important to successful investing than this bedrock relationship.

Before moving further into this catechism of risk and reward, let me first say that we will deal here with a relatively restricted universe of possible investments. That is, we will confine the discussion to stocks and bonds (or equities and fixed-income investments) plus the residual category of “cash”, or very liquid, short-term fixed-income investments such as T-bills and money market funds. This will not only simplify the task, but as a
practical matter this is most of the relevant universe of investments for most people. Collectibles, real estate, currencies, commodities and that popular bugaboo, derivatives, are really not pertinent to most people as investors.

B. A Conceptual Framework of Risk and Reward

In order to give you some feel for risk and reward in investing, first let me remind you of the relative position of stockholders and bondholders where investments in corporations are concerned. The stockholder is a residual claimant on the assets or earnings of the corporation whose stock he or she owns. When all other claims are paid – including whatever is owed to the bondholders – stockholders get the rest except to the extent that the corporation’s board decides to retain its earnings for internal use. To put it simple: bondholders get paid first, stockholders last.

There is another, more subtle difference – one of expectations. A bondholder generally is assured that the payments he or she receives in terms of interest or principal will be fixed – hence the term “fixed-income.” They will not rise or fall, in other words, as a result of the company’s success or failure or any other circumstance affecting the economy or capital markets. Only if the company fails financially and then defaults on it obligations to bondholders will interest and principal payments be threatened.

Shareholders, by contrast, face considerable uncertainty in the income stream they enjoy from dividends, as described above, although most, of course, are hoping dividends will grow over time. Further, if they want to get back the capital they have invested, they cannot look to the company whose shares they own. Their only recourse typically is the stock market, where share prices fluctuate all the time but, as we shall see, over time are likely to grow on average. There is a bond market, too, but for most bondholders the important thing is that they will get their money back when their bonds mature. And remember that this amount, and interest payments before then, will be neither less nor more than what was originally promised. In other words, the stockholder is accepting a lot of uncertainty, the bondholder only the small chance of default assuming he does not need or want to sell his holding before its maturity.

When measuring the risk and return trade-off faced by stockholder and bondholders, professionals and sophisticated amateurs use a concept for measuring reward that deserves to be introduced here. This is called “total return.” As background, let me say that most people tend to think about stocks in terms of their market prices – in other words, do they have gains or losses in the stocks they hold. Dividends are important, especially to people who rely on them for spending, but the nightly news, after all, does not tell you whether dividends went up or down today, only whether the market or maybe individual stocks did. By contrast, holders of fixed-income securities tend to focus almost obsessively on “yield” and generally, as mentioned already, ignore what the bond market is doing to the prices of the bonds they hold.

The concept of total return redresses this imbalance. It says, “Let’s compare apples with apples in order to judge how stocks and bonds perform over a given period by taking into account both (i) current items of income – dividends as well as interest payments – and
(ii) market appreciation and depreciation, regardless of whether the securities have been sold.” The concept then simply compares the sum of (i) and (ii) to the beginning value of a given investment or portfolio of investments, expressing the result in percentage terms. Typically an annual time period is used.

For many of you that will be old news, especially for those who have invested in mutual funds, where “performance” is almost always measured in terms of total return. As a result, the media is filled with ads and articles touting or quoting performance in these terms.

Measuring reward in investing is relatively easy and straightforward compared to measuring risk, but even that is not so difficult. Unfortunately, most people are uninformed about the nature of risk in investing and tend to focus on peripheral types of risk. The essence of investment risk – to get right to the point – is volatility or the variability of total returns over time. For stocks, volatility is much less a matter of a given company’s financial performance as filtered through shifts in the demand for and supply of its stock than it is of general market trends. For bonds, volatility is overwhelmingly a function of changes in general levels of interest rates. In a very mechanical way, when interest rates rise, the market value of existing bonds falls and vice versa. Yes, other factors can intervene, such as changes in creditworthiness of a given bond issuer, but falling and rising interest rates are the driving force.

That said, there is still the question of measuring volatility. Here there are several means that professionals use, the most common of which is a statistical concept called standard deviation. It is a complex concept that I will not pause to explain further. For stocks another statistical device is called beta, which measures the relative volatility of individual stocks or groups of them against that of the overall market as represented by the S&P 500 Stock Index.

C. A History of Risk and Reward

After this brief foray into the concepts of risk and reward, let’s look at a little history in order to give you a more concrete understanding. Where reward is concerned, most professionals use as a benchmark a set of data going back to 1926 (when, it happens, the S&P 500 was inaugurated). The data show that over this lengthy period of time, which includes the Great Depression, World War II and the post-War boom, on average stocks produced 10%+ in annual total returns, bonds (in the form of Treasury bonds) 5%- and “cash” (as represented by T-bills) 4%- and inflation over this period averaged 3% annually. It should be noted that in the late 1990s, during a stock market “bubble” not seen in this country since the 1920s, stocks produced much higher returns than the long-term average. However, as I had warned would happen, a bear market followed, and before it ended early in 2003, the bear market had erased any impact these anomalous returns had had on the long-term average in a classic “reversion to the mean.” Markets, after all, are more cyclical than linear.

Now let’s look at these numbers a little more closely. First, it is important to remember that inflation represents a kind of tax on the so-called nominal returns cited for the post-1926 era. Thus, when it is subtracted, so-to-speak, from the nominal returns for stocks
and bonds, their real returns become about 7% and 2%, respectively, and the difference, to be exact, turns out to be 5.6% per year of superior performance for stocks versus bonds. To you that probably sounds respectable, but not astounding. However, what if we look at the impact of time on that difference or spread? The results now, I think you will agree, become more dramatic. Thus, if someone had hypothetically invested $1 in Treasury bonds in 1926, today it would be worth about $5 while the same $1 invested in stocks would be worth more than $183. This demonstrates the power of compounding over time on that spread of 5.6%, what one wise observer has called the Archimedes lever of investing. And this point ties in neatly with our initial discussion about the difference between savings and investing, for it turns out that had one invested that hypothetical dollar in T-bills (our analytical substitute for cash) in 1926, today it would be worth a paltry $10 pre-tax. In other words, the opportunity cost absorbed by someone who was only a saver as opposed to an investor in stocks over roughly a lifetime would be some 50 times pre-tax or 10 times after taxes.

Admittedly, none of us sitting in this room has a time horizon as long as the 77 years since 1926, yet virtually every one of us has a future that should take us well into this millennium. Besides, our children and our grandchildren, for whom many of us want to build some wealth, do have horizons that stretch as far as the one going back to 1926.

The sly among you will be asking the question, “That is all to the good, but what about risk? Weren’t stocks a lot riskier than bonds and cash?” The answer, of course, is clearly “Yes,” for the superior rewards of stocks were purchased with the hard currency of greater risk in terms of volatility. To give you a sense of the proportion of the difference, as measured by the statistic known as standard deviation, which was mentioned earlier, stocks over the post-1926 period were five times more volatile than cash and two-and-a-half times more volatile than bonds. Still, that looks like a pretty good bargain for anyone who has had a long-term horizon (say, more than 10 years): 10 times better after-tax performance for stocks versus bonds for two-and-a-half times the risk. As mentioned previously, we recently emerged from a three-year bear market. While painful, at least it taught investors the useful lesson that in the short run stocks can be risky.

D. A Short Digression on Bonds

Let’s take another historical view of the matter. From the end of WWII until the early 1980s, bonds provided very cold comfort for investors. From the ‘50s through the ‘70s inflation rose and so therefore did interest rates, first a little and then a lot. The result, of course, was steadily falling bond prices (and total returns). Then, beginning in the early ‘80s, disinflation led to falling interest rates and therefore higher bond prices (and total returns) but also greatly increased volatility for bond investors. The culprit in the whole post-WWII episode has been inflation – not so much the level of inflation, but the fact that it has ebbed and flowed. As a result, the comfort and the peace of mind that bonds with their lower volatility were thought to provide relative to stocks were lost.

Having appeared to trash bonds as a useful investment medium, let me hasten to say that bonds have a significant role to play in the portfolios of virtually all investors. First, they can be used to hedge a known future liability. This is why, for example, so-called zero-
Coupon bonds are popular for parents who are preparing for their children’s college education: they can buy a bond that, at maturity, will produce a fixed amount of principal and interest to match all or some of the anticipated cost of tuition, etc.

Second, bonds can provide in theory an important element of balance to an investor’s portfolio, especially one whose horizon does not stretch to the vanishing point. To be specific, retirees generally should have a greater proportion of their portfolio invested in bonds than those who are still working and especially those whose retirement is decades away. In fact, for the latter – perhaps those like your children in their ‘20s or ‘30s – there is little need for any bonds. They should be trying to capture that 5.6% spread and letting it compound until they approach retirement age.

Many among you will assume that there is a third important role for bonds to play in your portfolios: to produce income. This notion, alas, is more delusion than reality. For one thing, even with the relatively short horizon of the retiree, the focus must be on preserving the real value of your capital by keeping a large portion of your portfolio invested in stocks. There are better ways of mechanically assuring a steady cash flow from your investment portfolio to meet living expenses. The easiest is using the automatic distribution or systemic withdrawal program that mutual funds routinely provide.

**E. Anderson’s Law**

Against this background, I hope, of greater understand of the opportunities for risk and reward found in the capital markets for the informed investor, let me turn now to a set of what I call first principles. These are the fundamental ideas that my thirty years in the world of money management have taught me. They are derived not only from my own experience but also from the contributions that the science of so-called Portfolio Theory has produced over roughly the same time span.

The first among them – the true holy of holies – is the supreme importance of diversification. That means that any investor should diversify his or her portfolio not only among what professionals call asset classes – stocks and bonds principally – but also among so-called sectors within each asset class. Moreover, within each class one should own many, not a few individual securities – say, 20 stocks instead of five. Again, the value of diversification was ignored by many during the bubble years of the late 1990s, and they paid a heavy price. To achieve this kind of diversification, as well as to assure professional management and low cost, there is almost no better way for most people than to use mutual funds.

Second, the investor should always primarily focus on what we call asset allocation instead of individual security selection, a proposition that, I know, is counterintuitive to most people. Yet the truth is that a number of studies have shown that asset allocation accounts for more than 90% of success or failure in investing over time. Other, more recent studies have disputed these results, but there can be no doubt that the intelligent way for you to invest is to focus first and foremost on the “top down” – on asset allocation. Alas, there are no perfect, scientifically proven prescriptions for any given investor’s asset allocation at a given point in time, but I will venture to say that the
typical retiree, as you will soon be, should generally have no less than 50% of his or her portfolio invested in diversified equities. As mentioned earlier, that proportion should be much higher for younger people who are saving and trying to put aside enough for retirement or other long-term financial objectives.

My third investor imperative is to embrace liquidity and to shun leverage. Do not tie your money up in investments that cannot be liquidated readily and without penalty; any extra goody you may be promised for doing so almost assuredly ain’t worth it. And invest only the money you have, not what you can borrow, whether from a broker through the use of margin credit, or from your bank or brother-in-law. If you do use leverage, you are only increasing your total portfolio risk.

IV. The Investor’s Dilemma

A. Profile of an Investor

Now let’s turn to the practical problem that presumably soon will face a number of you. With a pile of cash in your hand, how do you go about fashioning an investment strategy and executing it? Part of the answer lies in acknowledging the pre-requisites that any successful investor must bring to the task. They are: (i) expertise (a combination of experience, judgment and knowledge), (ii) information (relating the available investment alternatives and the current conditions in the capital markets), (iii) time (a commodity that post-retirement people have in abundance) and (iv) discipline (the ability to apply the time available and, most importantly, to avoid the temptations of panic and greed that so often lead investors astray).

B. Going It Alone

What strategies then are available to the well-prepared investor? If he or she in fact has these pre-requisites, one approach is DIY – do it yourself. Certainly, many retirees (just like those who have successfully invested before retirement) do an admirable job of managing their investment portfolio. If this is your choice, remember to focus first and foremost on asset allocation – determine how much of your portfolio you want to keep in equities and how much in fixed income securities over the long-term and within each class how much within the relevant sectors. For example, with bonds, how much in high quality (say, Treasury’s) versus lower quality (say, “high yield” corporate) and how much in short-term versus intermediate- to long-term bonds. With equities, how much in domestic versus foreign stocks, how much in large-company versus small-company stocks and so on.

If you decide to invest in individual stocks and bonds (as opposed to mutual funds), where stocks are I concerned I would urge you (i) to focus on those with low price-earnings multiples and high dividend yields, (ii) to avoid IPOs (initial public offerings), (iii) to buy round lots and (iv) to use a discount broker. To the extent that you want to keep a part of your portfolio in very short-term, stable value fixed-income securities (that is, cash), generally avoid bank CDs, consider buying T-bills directly from the government and otherwise use high-quality money market funds.
Alternatively, you may wish to use mutual funds in a so-called multi-fund strategy. That is, after making your asset allocation decisions, you should be ready to find high-quality mutual funds whose investment objectives and style fit the respective categories well. If you do take this tack, you may want to use so-called passive or index funds for at least some of the asset classes and sector categories. In any event, I would urge you to avoid load funds (those sold by brokers or by some fund families for a commission). In general, I would also caution against the use of funds sponsored by brokers or banks.

As mentioned earlier, for the retiree who must rely on an investment portfolio to help meet current expenses, mutual funds also offer the advantage of permitting systematic withdrawals. In other words, if you want to receive $500 a month, the fund sponsor will assure that income form the fund together with periodic partial liquidations, if necessary, will automatically provide you with that or any other sum. For this purpose, you can ignore the labels that are found on many funds that proclaim them suitable to produce “income” or “high yield.” Those funds may be useful for certain purposes but not necessarily to permit regular withdrawals. By the same token, you must make sure that whatever withdrawal rate you choose does not jeopardize your capital by overspending. A handy rule of thumb is that over the long run, withdrawals limited to 5% of your capital a year will not deplete it even after inflation is taken into account. That does not mean that you cannot prudently spend more, but if you do, the odds that your capital will dwindle over your lifetime increase.

C. Looking to Others

Aside from the DIY strategic approach there is the alternative of relying on third-parties to help you manage your portfolio. Especially for those who cannot convince themselves that they have the pre-requisites for self-management catalogued above, there is much to be said to looking to others even though there is bound to be some cost. Indeed, there should be some cost in the sense that you should rely on compensated professionals and not on friends and relatives who may be eager to provide advice without charge but whose advice is likely to be worth what it cost.

Among professionals, there are really three types to consider. One are brokers who provide so-called full service (unlike discount brokers, who generally do not give investment advice). If you take this route, do not convey full discretion to your broker, be sensitive to any conflicts of interest that may taint his recommendations and avoid so-called “wrap accounts,” which have become very popular lately.

The second type of third-party adviser is the financial planner. Planners have proliferated in recent years and generally provide a useful service to their clients. Where investment advice is concerned, however, they tend to suffer from two disadvantages. One is that the overall level of investment competence is not necessarily very high. The other, which they share with brokers, is that the vast majority are compensated by taking commissions on the investments they sell to their clients, which tends to create conflicts of interest.
The third type is the fee-based investment adviser. These are distinguished from planners in that they do not provide as broad a menu of services as planners, and they do not take commissions but instead earn an annual fee based on the value of the assets they manage (usually around 1% per annum). While relatively free of conflicts of interest and generally of high caliber professionally, investment advisers typically suffer from the disadvantage that most tend to have high account minimums, often in the $500,000 to $1 million range.

However, if you can surmount that problem, for your protection just make sure that your assets are held by a recognized custodian – a bank or brokerage house – and not by the investment adviser. Most investment advisers will require you to convey discretion to them, but as long as you are satisfied with their competence and professionalism, that need not be resisted. On the other hand, make sure that you sign an advisory agreement with your adviser that prohibits the commingling of your account with those of other clients, that allows you to terminate the agreement upon notice and without penalty and that requires the adviser to report to you on the status and results of the account (including performance) quarterly or no less frequently than twice a year.
Inflation: A Drain on Retirement Funds

And they lived happily ever after adjusting for inflation.

Once you retire, you want lots of income from your portfolio. But you also want income to increase over time, so that your standard living isn’t crimped by rising consumer prices.

What is the best strategy for achieving this within goals? There are two approaches you can adopt. But the second approach, I believe, makes a lot more sense than the first.

➢ Clipping Coupons

Many retirees, anxious to pull in more income, instinctively look for investments that pay fat yields. After all, there is nothing more comforting than a steady stream of dividend checks and interest payments arriving in the mail.

The problem is, if you invest for yield, you leave yourself vulnerable for inflation. The highest yields are typically offered by conservative investments, like bonds and money market funds. This investments offer little or no opportunity for capital gains and hence provide scant protection against inflation.

“If you position your portfolio to live off the yield, I’d be worried that you’re investing so conservatively that you’ll run out of money.” Says Jonathan Pond, a financial planner in Watertown, Mass.

Suppose you buy a bond and use the interest payments to keep yourself in groceries. As inflation takes its toll, the real value of both the interest payments and the bond’s principal value will gradually shrivel. Even at a modest 2% inflation rate, the amount of groceries you can afford will be down 18% after a decade and off 33% after 20 years.

The yield approach is especially problematic right now. Stocks, with yields below 2%, offer little attraction for income-hungry investors, who instead will heavily favor bonds, where payouts still approach 6%.

Investors may even be tempted to buy risky emerging-market debt funds and high-yield junk-bund funds, where yields are close to 8%. With these funds, there is a risk that the fat dividend checks will come at the expense of

Source: Getting Going/ By Jonathan Clements
sinking fund share prices – thus putting you even further behind inflation.

What is the solution? To combat inflation, retirees really need to keep at least part of their portfolio in stocks, so that they earn more capital gains.

Let us say you put half your money in stocks and half in bonds. With that mix, you should be able to withdraw an amount equal to 6% of your portfolio’s value in the first year of retirement. Thereafter, even if you increase your annual withdrawals along with inflation, history suggests that your money should last long enough to see you through a 25 year retirement.

But there is the catch. While a 6% withdrawal rate might be reasonable for a 50% stock 50% bond mix, that portfolio won’t kick off 6% yield. Instead, the yield is likely to be below 4%.

“I tell clients they should ignore the concept of yield, says Kenneth Klegon, a financial planner in Lansing, Mich. “Otherwise, they’re drawn to the investments that are most likely to hurt them in the long run.”

➢ Taking comfort from Cash

It is easy enough to solve this problem. Instead of fretting about your portfolio’s yield, focus on generating descent overall portfolio performance through a mix of income and capital gains and then sell investments occasionally to supplement your dividend and interest income. Simple, right? There are two drawbacks with this second approach. But both can be overcome.

The first problem has to do with investor psychology. Investors are often happy to spend their dividends and interest payments, but dislike selling securities to raise cash. Selling investments seems wrong, because it smacks of “dipping into capital, which mother said we shouldn’t do.”

“I’ve had many clients say they don’t want to spend principal.” Mr. Klegon says. “I point out that they saved all this money for the future. The future has now arrived.”

The second problem is somewhat trickier. In most years, most part of your portfolio will do well, so it’s easy to cash out securities without selling investments at depressed prices.

Occasionally, however, both the stocks and the bonds in your portfolio will get hit hard at the same time, leaving you with the prospect of selling securities at fire sale prices.

Source: Getting Going/ By Jonathan Clements
What to do? Consider putting enough in a money-market fund and other conservative investments to cover your spending needs for, say, the next three years. Also arrange for your brokerage firm or mutual-fund company to direct all your dividends and interest payments into the money fund.

Once a year, look to replenish your cash reserve by selling some of your stocks and bonds. What if your stocks and bonds are underwater? Don’t do any selling. Instead, delay all sales until your investments bounce back.

With three years of spending money in conservative investments – plus the interest and dividend payments that will continue to roll in – you should be able to wait out a bear market.

“That’s your safety net,” Mr. Pond says. “Arguably, that gives you the leeway to take more risk with the rest of your portfolio.”
After Scrimping to Build a Nest Egg. Brace Yourself for withdrawal Angst

How golden will your golden years be?

Figuring out how much to withdraw each year from your retirement portfolio is probably the trickiest financial choice you will ever face. And today’s lofty stock market makes the decision doubly difficult.

Sure, the calculation seems straightforward. You start with some assumptions about investment returns and your life expectancy in retirement.

Let’s say you expect stocks to gain 10% a year and bonds 6%. Also assume annual inflation of 3% and a 25 year retirement. If you hold 50 stocks, 50 bonds, you ought to be able to withdraw 6.7% of your portfolio’s value in the first year of retirement. This withdrawal would come partly from dividends and interest and partly from selling securities.

Thereafter, even if you bust the sum you withdraw each year along with inflation, your money should last through a 25 year retirement.

Easy right? Unfortunately not. “The vagaries of the market can wreak havoc with the best- laid investment plans,” says Steven Norwitz, a vice president with T. Rowe Price Associates, the Baltimore fund Company.

What to do? Here are five strategies for coping with Wall Street turbulence.

Source: Getting Going/ By Jonathan Clements
The Wall Street Journal, June 2, 1998
Don’t expect history to repeat itself.

If you want to see how fickle markets can be, consider the past 25 years. According to Chicago researchers Ibbotson Associates, annual returns were fairly generous, with Standard & Poor’s 500-stock index gaining 13.1%, intermediate-term government bonds returning 8.9% and inflation climbing at 5.5%.

But those who retired at the start of this 25-year stretch, it was a nightmare, because it began with the brutal 1973-74 bear market. If you had begun the period with 50% in the S&P 500 and 50% in intermediate bonds, pulled out 6.7% in the first year and then stepped up your withdrawals with inflation, you would have been penniless within 13 years, T. Rowe Price calculates.

“If you start your retirement with a bear market, you wipe out a lot of capital before you really start withdrawing” says William Bengen, a financial Planner in el Cajon, Calif. “The bear market is telling you that you’re basing your withdrawals on inflated market values and you really need to reduce them.

Spread your bets.

Would a more broadly diversified portfolio have fared better? Let us say you sill had a 50-50 mix of stocks and conservative investments but it was divvied up as 30% S&P 500, 10% small stocks, 10% foreign stocks, 35% intermediate bonds and 15% Treasury bills

T. Rowe Price calculate that, with a 6.7% withdrawal rate, this better-diversified portfolio would have left you broke within 15 years, a tad longer than the less-diversified portfolio.

“What kills the portfolio is when inflation starts roaring,” says Minneapolis financial planner Ross Levin. “You might substitute inflation-indexed bonds for some of the intermediate-government bonds. You might also put a small amount in some sort of hedge, like real-estate investment trusts.”

Leave room for error

One solution is to spend less right from the start of your retirement. T.Rowe Price figures that the more-diversified stock portfolio would have seen you through the last 25 years if you had used 5.1% withdrawal rate.

A good idea? Keep in mind that you pay a steep price for this margin of safety, If you cut your withdrawal rate to 5.1% from 6.7%, that means an almost 24% hit in your standard of living.

Don’t feed the bear

As a compromise, you might start with a withdrawal rate closer than 6%, but be ready to slash your withdrawals if the market turns sour. Curtailing your spending, or taking on part-time work to earn extra money, is especially important.

Source: Getting Going/ By Jonathan Clements
The Wall Street Journal, June 2, 1998
to get hit with a bear market early in retirement.

“That’s the worse case scenario,” Mr. Bengen says. “You want to be conservative and cut back. It’s the same thing any business does. If profits drop. They cut back on costs. You should do the same thing.”

Mr. Bengen suggests you may want to trim your spending by as much as 20% until the rout is over and you have a better sense of the damage done to your portfolio. What if you don’t scale back immediately? You will severely deplete your portfolio and will likely face more drastic cuts later.

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➢ **Adopt a Five – Year plan.**

Suppose you expect a 25-year retirement and you own an equal mix of stocks and bonds. To give yourself some margin for error, you opt for a 6% withdrawal rate.

Even if returns are neither surprisingly good nor surprisingly bad over the next five years, go back and review your spending strategy to make sure you’re on track. Five years into your retirement, and with 20 years still to go, your withdrawal rate should equal about 7% of your retirement assets at that time; if you are spending more than, look to cut back.

Another five years have passed? With a 15-year life expectancy, a withdrawal rate of 8.5% should be OK. “You’ve got to reassess periodically,” Mr. Norwitz says, “or you risk running out of money.”

Source: Getting Going/ By Jonathan Clements
The Wall Street Journal, June 2, 1998
Riskphobes Are Taking Two Big Gambles

Investing is plagued by uncertainty. Get used to it.

That, of course, is the last thing most investors want to do.

They find the market’s daily turmoil unnerving, and they do everything possible to escape it.

The cure, however, is often worse than the disease. To avoid investment uncertainty, many folks cower in super conservative investments or hitch their fortunes to supposedly surefire strategies that promise reward without risk. Both tactics can prove disastrous.

“You’re trying to pretend that you are avoiding risk, but you are not” says Meir Statman, a finance professor in Santa Clara University in California. “Any Strategy you adopt is risky.”

He continues: “Even buying treasury bills is risky. If you are saving for retirement and you buy T-bills money when you retire in 30 years. At least stocks give you a fighting chance.”

Part of the problem is that investor’s aren’t very good at assessing probabilities, Mr. Statman says. If you own a well-diversified portfolio of stocks and you hang on for the long haul, the chances of losing money are slim indeed.

Yet, like the person who is so scared of a fire that he repeatedly checks that the iron is unplugged, some investors find the tiny risk of stock-market Armageddon looms unbearably large, and they can’t bring themselves to abandon the safety of savings accounts and certificates of deposit.

Others do venture into stocks, but the seek ways to bring some certainty to the endeavor. For instance, they might choose only familiar investments, like blue-chip stocks, local companies and their employers’ shares.

Source: Getting Going/ By Jonathan Clements
The Wall Street Journal, December 1, 1998
Alternatively, they latch onto experts who seem to possess some special insight into Wall Street. Like star mutual-fund managers, financial-newsletter writers and market strategists. Similarly, they might adopt investment strategies that appear to be slam-dunk winners. Like buying the highest-yielding stocks in the Dow Jones Industrial average of purchasing last year’s hottest mutual funds.

A big reason investors are so willing to hitch their fortunes to these strategies and gurus is so called hindsight bias. “Hindsight bias is the sense that you knew it all along,” Mr. Statman says.

We look back and it seems obvious that the Dow Industrials would come roaring back from their Aug. 31 low, that Warren Buffett would make billions for Berkshire Hathaway’s shareholders and that emerging markets weren’t road riches. At the time, however, these things weren’t clear at all. That is why most of us didn’t buy stocks like crazy in late August, purchase Berkshire years ago or steer clear of emerging markets.

The craving for investment certainty, combined with the false confidence provided by hindsight bias, can be the enemy of both diversification and low-cost investing. As investors shift loyalties from one failed guru to the latest hot strategy. They trade too much and make big investments bets.

So what should you do? You could compromise, by seeking certainty with one part of your portfolio and accepting uncertainty with the rest.

You might, for instance, anchor your portfolio with a dollop of money-market funds, which shouldn’t ever lose money, and then plunk the rest in a diversified portfolio of U.S. and foreign stocks, where you realize that short-term returns are entirely uncertain.

Can’t accept that much uncertainty? “People who certainty shouldn’t be pushed too hard,” Mr. Statman says. “If you can’t bring yourself to invest in foreign stocks, at least invest in U.S. stocks. That’s better than staying with treasury bills. The perfect is the enemy of the good.”

He also advises trying to hold your hindsight bias in check by keeping a diary of the market bets you were tempted to make and the investments you thought about buying.

Write down in permanent ink, nor pencil,” Mr. Statman says. “What people will find, if they do it right, is that their hit ratio is about what the monkeys would get if they were throwing darts.”

Mean while, fret less about the markets and individual investments and focus your efforts elsewhere. When you buy a stock fund, you can’t be sure you have yourself a winner. But you can definitely help your portfolio by saving more, keeping yourself on an even emotional keel, controlling your portfolio’s risk level and holding down investment costs taxes.

Source: Getting Going/ By Jonathan Clements
The Wall Street Journal, December 1, 1998
How many mutual funds do you really need?

Ideally, you might own just two funds—one for long-term goals and the other for short-term needs. But most folks can’t keep their finances that simple, and their portfolios may run to a dozen or more funds. Here’s my thinking on combining different funds—and how you can use it in your portfolio:

➤ One fund for everyone

In case of emergency, every investor should have easy access to at least some cash. After all, you don’t want to sell stocks and bonds every time your finance dies. The best place to park this cash is a money-market fund held in a taxable account. You can get to the cash easily, there are no tax hassles when you sell, and you should earn a better yield than with savings account.

➤ Taking stock

In addition to a money-market fund, every investor should own at least one fund that’s largely invested in stocks. This is where you stash money earmarked for long-term goals.

If you want simplicity, plunk the money in a life cycle fund. These funds provide one stop shopping, with a broadly diversified stock portfolio and a mix of more conservative investments wrapped up in a single fund. Many major fund companies offer three or four life-cycle funds, each of which takes a different amount of risk.

Beyond simplicity, life-cycle funds also reduce investment stress. Because the funds combine a whole slew of market sectors, they perform less erratically than stock funds with a more specialized focus.

➤ Spreading It Around

Even if your goal is a simple two-fund portfolio, your finances will almost inevitably be more complicated. If you have a family, you, your spouse and your kids may all own separate funds. In addition, you might have, say, a taxable account, an individual retirement account and a 401 (k) plan at work, each of which holds at least one fund. Many investors, in fact, see virtue in owning multiple funds. Partly, I suspect, it’s a misguided notion that owning numerous funds is both more sophisticated and also

Getting Going/ By Jonathan Clements

The Wall Street Journal, January 26, 1999
somehow more rewarding, because it gives you more “iron in the fire.”

But there are some real benefits. You can better control your portfolio’s diversification, including how much is invested in large, small and foreign stocks. You can tap into fund managers who focus on a single market and thus, one hopes, are more adept at mining that sector for superior stocks.

Finally, if you own a bunch of funds, there is a greater chance than at least one fund will hold up well in a declining market. That will give you a something to sell if you need money in a hurry. By owning specialized – and hence, more volatile – funds in your taxable account, you also can take a tax write-off should any of them fall out of bed.

If you want to dabble in specialized managers, consider six funds for the stock portion of your portfolio, consisting of a large company value fund, a large company growth fund, a small-company value fund, a small-company growth fund, a foreign, a foreign fund that invests in developed markets and an emerging-markets fund. Growth funds look for companies with rapidly expanding sales or profits, while value funds favor stocks that are cheap compared with assets or earnings.

Setting for average.

If one life-cycle fund seems like too little and six seems like too many, consider indexing. An index fund buys the stocks that constitute a market index, in an effort to replicate the index’s performance.

You can build a global stock portfolio with just two funds, a U.S. index fund and a foreign stock index fund. Preferably, the U.S. index fund will track a broad market index like the Wilshire 5000, rather than just the blue-ship stocks index. Many folks combine index funds with actively managed funds. They might use index funds to lock in market returns with part of their portfolio, while shooting for market-beating performance by stuffing the remaining money in actively managed funds.

Alternatively, some investors buy an index fund to track the S&P 500, which many consider to be a particularly tough benchmark to beat. Meanwhile, they stick with actively managed funds in these two sectors.

Gunning for income.

If you are a conservative investor or you want more income from your portfolio, you could combine a money fund with a life-cycle fund that’s heavier on bonds. But many investor want a separate bond portfolio. For these folks, a high-quality taxable or tax-free short-term bond fund would probably suffice.

But if you have a hefty bond portfolio or you are light on stocks, you might combine your short-term fund with a foreign-bond fund and a junk-bond, or “high yield,” fund. Because these three sectors- high quality, junk and foreign don’t always move in sync, you get smoother portfolio performance by owning all three funds.
Repatriation

Shipment
Repatriation Shipment

Timing

A retiring staff member should contact his/her Executive Office for the issuance of a Travel Authorization at least 3 months before the intended date of shipment. Once the travel authorization is issued, the staff member should contact the Transportation Operations Unit at Ext. 3-9388 so that appointments can be made for the UN’s contracted moving company's estimator to make an estimate of the goods to be shipped, schedule the dates for packing and book the shipment. No guarantee can be made as to the arrival time of the shipment at the final place of delivery. The staff member should be at the destination prior to the arrival of the shipment to produce certain official documents required for import customs clearance (such as, but not limited to, a certificate of residence issued by the municipal authorities) and to attend the delivery of the shipment to residence.

Entitlement

Staff Rule 107.21 (c) defines personal effects and household goods as "effects and goods normally required for personal or household use, excluding animals and power assisted vehicles". Flammable and hazardous materials shall in no case be considered as such effects and goods and shall in no case be shipped at the expense of the Organization or be included in any shipment that it has arranged. In addition, there are international and national laws and regulations that may affect items that a staff member may wish to include in their shipments.

The personal effects and household goods to be removed must be in the staff member's possession at the time of separation and must be intended for his or her personal use. Reasonable costs of packing, crating, cartage at origin and unpacking and uncrating at destination of such shipments will be paid by the United Nations but the United Nations will not pay for servicing or special packing of personal effects or household goods.

Shipping entitlements are established on net weight and volume basis. The shipment will be considered to be within the entitlement if it does not exceed either the weight or volume allowable under the rules. In the event the shipment exceeds both weight and volume allowable, the over-entitlement charge will be based on the lesser amount calculated on the actual weight or volume shipped. The calculated charges for the excess amount will be collected prior to staff member's departure.
The entitlement to full removal shipment under Staff Rule 107.27 ceases if the removal has not commenced within two year after the date of separation from the Organization.

Shipping entitlements of staff members differ according to their respective contractual status and the length of appointment. Hence, individual entitlement, should be clarified with the staff member's Executive Office or Administrative office.

For illustration purposes, staff members with contracts of more than two years under the 100 series of the United Nations Staff Rules are entitled to full removal of household goods under Staff Rule 107.27(d)(i) as follows:

- 4,890 kg (10,800 lbs.) or 30.58 cubic meters (1,080 cu.ft.) via surface for a staff member without a spouse or dependent children residing at the duty station;
- 8,150 kg (18,000 lbs.) or 50.97 cubic meters (1,800 cu.ft.) via surface for a staff member with a spouse or dependent children residing at the duty station.

In the above cases, Staff Rule 107.21(j) permits an advance surface shipment as follows:

- 450 kg. (990 lbs.) or 2.80 cubic meters (99 cu.ft.) for the staff member;
- 300 kg. (660 lbs.) or 1.87 cubic meters (66 cu.ft.) for the first family member;
- 150 kg. (330 lbs.) or .93 cubic meters (33 cu.ft.) for each additional family member;

All above advance shipment entitlements are via surface, or half via air.

The actual weight and volume shipped by surface will be deducted from the overall removal entitlement under staff rule 107.27. An advance shipment may be made by air freight on the basis of the "one-half" rule.

To facilitate repatriating staff members, split shipments are allowed under ST/Al/1999/15 Section 11 as follows:

On separation, surface shipment entitlement may be split into two shipments:

A. One of the shipments must be from the duty station and the other may be from anywhere. One of the shipments must be to the place of repatriation; the other may be to a location designated by the staff member, other than within the duty station area.

B. The weight or volume of the entitlement alone may be split. Any excess above the entitled weight / volume will be the staff member’s responsibility.
C. The combined cost of the two shipments - which must be within the weight or volume of the entitlement - must not exceed the combined cost of two shipments between the duty station to place of repatriation. For more information, please refer to ST/AI/1999/15 Section 11.

**Export License for Computer Equipment**

The United States authorities might require an export license for computer equipment included in shipments of household goods exported out of the United States.

It is incumbent upon the staff member who contemplates the export of computers to inquire from the Transportation Operations Unit.

An export license may be required depending on the type of equipment and country of final destination.

It should be noted that this procedure may take up to four weeks, longer if a license is required, and should therefore be done on a timely basis prior to the household goods being picked up from the staff member's residence. Any storage charges incurred due to delays in obtaining such licenses will be the responsibility of the staff member.

The commodity classification form or the license should be presented to the Transportation Operations Unit upon receipt.

Failure to obtain the necessary license may result in the shipment being delayed, equipment being confiscated or a penalty being levied. Resultant storage and related charges will be borne by the staff member.

**Endangered species**

Wildlife species of fauna and flora or the products of such species that are considered threatened or endangered by the Convention on International Trade in Endangered Species (CITES) are considered prohibited or restricted for trade between countries which have signed the convention and are subject to licensing, confiscation and/or fines. Any charges, fines or penalties due to such items being included in the shipments and subsequent delays, if applicable, will be the responsibility of the staff member.

Staffs who are doubtful as to whether or not an item would be affected by this convention or other restrictions should consult the embassy or consulate of the country of destination of the shipment. Information regarding restrictions on the export from the United States of such items may be obtained from the United States Department of the Interior, Fish and Wildlife Service.
Moving Preparations

Certain moving preparations are the responsibility of the staff member and should be made before the movers arrive. Major appliances such as refrigerators and washing machines require disconnecting and may require special services to protect them during shipment. Other items that are attached to walls or floors such as draperies, or tacked-down carpets should be removed and prepared for shipment. Currencies, jewelry, important papers or other valuable personal items should never be packed with the shipment. Please make certain that travel documents are in a safe place to avoid their being packed or otherwise misplaced during packing.

Prior to the arrival of the moving company, a decision must be made as to which goods are to be packed and shipped.

Estimates and packing

Moving companies send an estimator to look at the goods being shipped to estimate the weight and volume of the shipment and to decide what kind and what amount of packing material will be necessary. Moving companies usually impose a charge for last minute cancellation of an appointment scheduled for packing. Any changes should therefore be made at least two working days prior to the scheduled packing date in order to avoid these charges.

It is the staff member’s responsibility to make arrangements with your building management regarding the scheduling of elevators. Many buildings also have parking restrictions. It is the responsibility of the staff member to advise the moving company of any changes, problems or restrictions prior to packing date.

If as a consequence of inaction on the part of the staff member, the moving company's crew is required to wait, the staff member would be charged the prevailing hourly rate for labour per person. If the job has to be cancelled due to this, the staff member will also be charged a cancellation fee for the day in addition to the waiting time for the crew.

It is important that the staff member is present during packing to make sure that all the goods for shipment are packed. The crew from the moving company produces a packing list and describe the condition of the goods on it, usually in an abbreviated form. If the condition of the goods is not described accurately, a statement to this effect should be written by the staff member on the packing list before it is signed by the staff member and a copy of the signed packing list should be retained.
**In-Transit Insurance / Itemized Valued Inventory**

The United Nations will arrange and pay for an in-transit insurance when the staff member submits a fully completed itemized valued inventory (PT.78) to the Transportation Operations Unit. The insurance coverage is up to a maximum of US $80,000 for a staff member without a spouse or dependent child and US $130,000 for a staff member with a spouse or dependent child residing at the official duty station.

If an insurance coverage is not requested by the staff member for the total value shown on the inventory, the insurance company's liability is reduced and any resulting insurance claim will be settled on a reduced pro-rata basis.

**Arrival of goods at destination**

Staff members should be aware of possible customs and other restrictions or limitations at the destination. In this respect, the staff member must contact his/her respective Consulates in New York, before departure, to ascertain if there are any particular fees, documentary procedures or restrictions that affect the importation of their goods into destination countries. Any delays, fees or charges relating to the importation of the shipment due to negligence on the part of the staff member will be for the staff member's account.

**Delivery of Shipments / In case of Loss or Damage**

Upon delivery of the shipment to residence, the staff member should check the goods against the packing list for any loss or damage. If loss or damage is noted, the staff member should make a notation on the delivery receipt before signing it. If no exceptions are observed, the delivery receipt should be annotated as "SUBJECT TO FURTHER INSPECTION." A copy of the delivery receipt should be retained.

Please adhere to the following to avoid prejudicing your cargo claim with underwriters:

(a) Make notations on delivery receipt describing nature and extent of loss / damage in a quantifiable manner.

(b) Do whatever is necessary to prevent further loss or damage.

(c) Do not dispose of damaged property or packing material until survey has been made.

(d) Do not accept offers of settlement from carriers without the underwriter's approval.
(e) Immediately contact the Transportation Operations Unit for further instruction.

Insurance Claims

Arrangements should be made to have the shipment unpacked and examined immediately upon delivery. If damage or loss is noted, immediately contact the Transportation Operations Unit for further instruction.

If the claim is estimated to be at/or above US$2,500 and concerns damage rather than physical loss, a survey from the insurance company’s agent should be requested. The staff member should pay for the survey and include the charges as part of the insurance claim. Claims for physical loss of shipment are substantiated by short landing or non-delivery certificates.

If the claim is less than US$2,500, a survey is not required but repair estimates for damaged items should be obtained from a certified repairer.

For additional information, please read:

(a) Chapter VII of the Staff Rules (100 series and 200 series)

(b) Administrative Instruction ST/Al/1999/15

(c) Information Circular ST/IC/1999/99
Rules & Regulations
Governing Separation
Slide 1

Rules & Regulations Governing Separation

OHRM

Slide 2

Separation from Service

- Retirement Date: Normally the last day of the month in which staff member reaches 60 (for those who joined the UN prior to 1 January 1990) or 62 (for those who were appointed on or after 1 January 1990).

Slide 3

Role of Executive Office (1)

1-2 months before date of anticipated separation, Executive Office:
- Alerts OHRM of s/m’s separation
- Advise s/m in writing of entitlements upon separation and administrative formalities to be completed
- Reminds s/m and supervisor to complete his/her own and staff’s PAS.
Role of Executive Office (2)

During the last month, EO reviews and determines:

- Attendance
- Commutation/restitution of annual leave
- Outstanding claims (travel settlement etc)
- Outstanding obligation (telephone bills, loans from Credit Union or UN benevolent Fund, etc)

Role of Executive Office (3)

- VISAS & Laissez-Passer: EO advises s/m to cancel G-4 visa for him/her and family as well as G-5 visa for household employee (a copy of cancelled visa must accompany Exit Interview)
- S/M must leave US within 30 days unless he/she changes Visa status to B-2 (visitor’s) or apply for green card.

Role of Executive Office (4)

- ASHI: advises S/M to contact the Insurance Section.
- Exit Interview (Form P.18): For receiving the final pay statement to a new address, a mailing address in IMIS must be changed.
- Pension Fund: Requests s/m to complete, sign, date and return “instruction for Payment of Benefits” form (PENS.E.6 or PENS. E.7)

Role of Executive Office (5)

- UN property/documents: Reminds S/M to return UN property (uniforms, weapons, computers, Library books), UN Ground pass and laissez-passes
- Retiree Pass: requests Pass Office to issue temporary retiree pass for three months (which can be converted to a long-term pass once a pension number is issued)
Slide 8

Role of Executive Office (6)

- International Entitlements: Confirms s/m’s entitlement to repatriation travel, shipment of personal effects/removal, insurance of personal effects, and repatriation grant.
- Payment Instruction: Requests s/m to provide separation pay instruction (F.250) to be submitted to the Cashier’s office.

Slide 9

Role of Executive Office (7)

- Separation PA: Prepares separation PA for OHRM’s approval
- Time and Attendance: Approves time and attendance in IMIS

Slide 10

Role of Executive Office (8)

- Letter of Appreciation: Prepares letter of appreciation for signature of the S -G (for those serving 20 years or longer) or of the Head of Department (for those serving 20 years or less).

Slide 11

Clearance from OHRM (1)

- Dependency Benefits: reviews status regarding
  - Spouse: S/M’s letter stating spouse has no income, or an earning statement from the employer to the date of retirement
  - Child: If the child is between 18 and 21, certificate of full-time attendance from school to the date of retirement
Slide 12

Clearance with OHRM (2)

- Education Grant
  - Settle education grant to the date of separation.
  - Certificate of Attendance Form (P.41) to the date of separation should be submitted
- Rental Subsidy
  - Proof of payment to the date of separation should be submitted to OHRM

Slide 13

Role of OHRM

- Repatriation Grant: calculate the years and months of repatriation grant accrued for separation PA
- Approves separation PA
- Certificate of service: upon request, issues certificate of service for retired staff

Slide 14

Pension Matters

- PF 4 Form: Once Separation PA and Time and Attendance is approved, the payroll section releases PF 4 form to the Pension Fund, which triggers the Pension Fund to start processing pension benefits.
- Payment Instruction: The Pension Fund needs to receive your payment instruction form to pay the benefits.

Slide 15

Relocation Certificate for Repatriation Grant

- For service credits accrued before 1 July 1979, no relocation certificate is required.
- For service credits accrued after 1 July 1979, a relocation certificate showing that the former s/m has been permanently relocated away from the country of the last duty station should be submitted to the Executive Office.
Slide 16

Relocation Certificate (2)

• A sworn statement made before a Notary Public, Commission of Oaths or similar official in the country of relocation
• UNDP/UNICEF Res. Rep. or UNIC Director’s certificate
• Official residency registration made after the date of separation

Slide 17

Final Payment

The final payment will normally be released within one month after the following are approved:
• PA for Separation
• Time and Attendance Record

Slide 18

Loss of Entitlements

• Entitlement to repatriation grant, unaccompanied shipment or removal will cease if s/m has not used the entitlement within two years after the date of separation.
• Exception can be approved by OHRM when there is a compelling reason and the request was made within the time limit of two years.
Immigration
Staff Members Options on Retirement

Staff members have many decisions to make as they contemplate retirement. A key decision is, “Where do I want to spend my retirement years?” This decision may be made more difficult when there are dependants in the United States who may not have a clear path to obtain residency. It is important for staff members to obtain competent legal advice prior to retirement, in order to avoid potential serious problems.

Once a decision is made to pursue permanent residency in the United States, the staff member needs to decide when, where and how to pursue this goal. Due to recent changes in the processing times for various applications, and the staff member’s desire to travel outside the United States shortly after retirement, it is important to review all options before making this important decision.

UN retirees who have spent a minimum of fifteen (15) years in the United States in G-4 status, including at least 3 _ of the seven years prior to retirement, can file for permanent residence as special immigrants. The statute requires that the petition and application be filed within six (6) months of retirement. It is strongly recommended that staff members file as soon after retirement as possible, since their legal status ends thirty (30) days after retirement. The petition, application and supporting documents must be filed by mail at the Nebraska Service Center, regardless of where the staff member is residing. The processing time for special immigrant applicants for permanent residence is approximately two years.

Staff members are eligible to file applications for employment authorization documents and advance parole (travel) documents with their applications for residence. The processing times for these applications are 2-3 months. Once the staff member files an application for permanent residence he will abandon his application for residence if he travels outside the United States without an advance parole document. An employment authorization document is required by both U.S. private sector companies and U.N. agencies before retirees can accept employment offers.

If the staff member has not made a firm decision on whether or not she wants to apply for permanent residence, she can return home, and still file a special immigrant petition with the Nebraska Service Center. Under those circumstances, the staff member will be interviewed at the American Consulate in the country of her residence. It may be difficult for the staff member to enter the United States of America before the immigrant visa is granted. The processing time for the petition and consular interview is between 12-18 months.

The spouses of retiring staff members can apply for permanent residence at the same time as the staff member. However, their dependant children, parents, or household domestics are not eligible to apply with them. Staff members who are married to US citizens or who are the parents of adult (over 21 years of age) US citizens may elect to file their applications for permanent residence based on a petition by a spouse or adult son or daughter. Recently, the New York office of the United States Citizenship and Immigration Services (the successor to the INS)
has instituted a pilot program for the expeditious interview of spouses of US citizens. Interviews, and in 75% of the cases, the grant of permanent residence, takes place in 3-4 months. However, in the remaining 25% of the cases that are not approved on the date of interview, both the advance parole and employment authorization document will not be issued until 1-2 months after the interview.

I have recently joined Hodgson Russ’s Immigration Practice Group as a partner in the firm’s New York City office. I have represented clients in a variety of industries, such areas as biotech, cultural, transportation, professional athletics, and health care for over 27 years. I am a member of the American Immigration Lawyers Association and I am listed in the Best Lawyers in America.

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UN After-Service
Health and Life
Insurance
After-Service Health Insurance
(ASHI)

1) Participation in the United Nations After-Service Health Insurance programme is governed by administrative instruction ST/AI/394, dated 19 May 1994. A copy of the AI is attached with this presentation.

2) ASHI is available to staff members retiring from the United Nations and their eligible family members, provided that the following requirements are met:

   i) the retiring staff member must be at least 55 years of age at the time of separation from the organization and a participant in a recognized contributory plan or combination of plans for at least FIVE years and be eligible to receive a periodic retirement benefit, an early retirement benefit or a deferred retirement benefit from the UNJSPF;

   ii) subsidy in respect of participation on an after-service basis in one of the United Nations health insurance plans requires TEN years of participation. A staff member with less than TEN years of participation, but more than FIVE years of participation will be required to contribute full premium until TEN years of participation have been reached after which subsidy will be granted. Participation accumulates for service with contracts under the 100 and 200 Series of the Staff Rules. Service under "ALD" contracts does not count toward ASHI eligibility.

   iii) dependents must meet the following requirements in order to enroll in ASHI:
       • eligible dependents include only a spouse and dependent children
       • eligible dependents must be enrolled with the staff member at the time of the staff member's retirement, to be eligible for ASHI.
       • retirees who marry or re-marry after retirement may not enroll their new spouse.
       • dependent children may remain in ASHI up to the end of the calendar year in which they reach the age of 25.
       • a child born within 300 days of a staff member’s retirement may be included in ASHI.

   iv) prior active coverage in a health insurance programme of a specialized agency will count with respect to the length of time required to participate in the United Nations After-Service Health Insurance (ASHI) programme. Periods of participation in a United Nations or specialized agency’s health insurance programme does not have to be continuous. However, entrance into the after-service programme is predicated on the staff member having been a participant on an active basis at the time of retirement;

   v) all retiring staff members must agree to have their health insurance contributions deducted on a monthly basis from their periodic pension benefit by signing an authorization form for this purpose;

Source: by John M. Feehan
Chief, Health & Life Insurance Section
304 East 45 St., 3rd Floor
New York, NY 10017
vi) the surviving spouse and dependent children of a retired staff member who dies while enrolled in the ASHI programme may continue to receive insurance benefits so long as they were enrolled at the time of the former staff member’s retirement. Continuance of insurance benefits requires re-application by the spouse, and by the orphaned children. Note: Orphaned children may continue coverage until they reach the age of 21;

vii) Enrolment in ASHI is NOT automatic. Retiring staff members must formally apply for after-service coverage by submitting an application to the Insurance Section within 31 days from the date of separation. UNDP and UNICEF retirees must submit their ASHI applications to their respective administrative offices.

viii) Retired staff members who are re-employed by a United Nations organization and have their pension discontinued must re-apply for health insurance coverage as active staff members. Continuance of health insurance coverage between retired and active service, and returning to retired status is not automatic.

ix) Former staff members on deferred pension must ensure that a Retirement Number is assigned to them and they also need to request a pension estimate for the Insurance Section so that their ASHI deduction can be determined.

x) It is possible to waive ASHI insurance. To do so requires a written statement. Once entitlement for ASHI is waived, it can never be restored. Similarly, if eligibility for ASHI ceases for any reason (for example, for non-payment of a required contribution) it is not possible to be re-enrolled.

3) Additional After-Service Health Insurance Topics

i. Death in service:

ii. Staff members entitled to receive a periodic disability benefit from the UNJSPF or a periodic compensation benefit under Appendix D to the Staff Rules).

iii. Dependent children over 25 years of age who are certified disabled by the Medical Services Department must also be certified by the United Nations Joint Staff Pension Fund in order to remain eligible for ASHI.
After-Service Life Insurance
(ASLI)

1. Participation in the United Nations After-Service Life Insurance programme is governed by administrative instruction, ST/AI/2002/6 and information circular, ST/AI/2002/63 both dated 27 September 2002. Copies of these two Administrative Instructions are attached to this presentation.

2. After-service coverage in the Aetna Group Life Insurance plan is determined by the New York Headquarters office of the United Nations Insurance Service, and requires the staff member satisfy all of the following requirements
   • Have at least TEN years participation as an active staff member in the life insurance programme,
   • Have attained at least 55 years of age and
   • Is participating in the life insurance plan at the time of retirement.

3. After-service coverage in the Aetna Group Life Insurance plan is free and requires no application.
   • Coverage is progressively reduced from the moment a staff member retires based on attained age. Details are set out in ST/IC/2002/63.
   • The amount by which in-service coverage is reduced at retirement may be converted into an individual life insurance policy.
   • Details with respect to obtaining a conversion policy may be obtained from the Insurance office.

Source: by John M. Feehan
Chief, Health & Life Insurance Section
304 East 45 St., 3rd Floor
New York, NY 10017
ST/Al/394

19 May 1994

ADMINISTRATIVE INSTRUCTION

To: Members of the staff

From: The Controller

Subject: AFTER-SERVICE HEALTH INSURANCE

1. The present administrative instruction sets out the established policy in regard to the provision of after-service health insurance coverage under specified conditions as well as the related administrative procedures. Administrative instruction ST/Al/172 of 27 March 1967 and the related addendum and amendments are hereby superseded.

Persons eligible for after-service health insurance coverage

2. After-service health insurance coverage is optional. It is available only as a continuation of previous coverage without interruption in a contributory health insurance plan of the United Nations. In this context, a contributory health insurance plan of the United Nations is defined to include a contributory health insurance plan of another organization in the common system under which staff members may be covered by special arrangement between the United Nations and that organization. In order to be

1 Personnel Manual index No. 6200.
94-22138 (E) 020694
enrolled in the after-service health insurance programme, the former staff member and his or her spouse and eligible dependent children, or the surviving spouse and eligible dependent children of the former staff member, must all have been covered under such an insurance scheme at the time of the staff member's separation from service or death. A child born within 300 days of the staff member's separation from service or death is eligible for coverage, provided that the other eligibility requirements are met.

3. Coverage under the after-service health insurance programme is available to persons in the following categories:

(a) A staff member who, while enrolled in a United Nations contributory health insurance plan, as defined in paragraph 2 above, was separated from service, other than by summary dismissal:

(i) With a disability benefit under the Regulations of the United Nations Joint Staff Pension Fund (UNJSPF) or with compensation for disability under appendix D to the Staff Rules; or

(ii) At 55 years of age or later, provided that he or she had been a participant in a contributory health insurance plan of the United Nations or a specialized agency or the International Atomic Energy Agency (IAEA) for a minimum of five years and is eligible to receive a retirement, early retirement or deferred retirement benefit under the Regulations of UNJSPF. Except in cases of extension of appointment beyond the normal age of retirement, only participation in a United Nations health insurance plan prior to the attainment of the normal age of retirement shall count towards meeting the five-year participation requirement;

(b) The spouse and eligible dependent children of a former staff member, as defined in subparagraph 3 (a) above, who were enrolled in the same contributory health insurance plan as the former staff member at the time of the former staff member's separation from service, provided they are eligible for a periodic benefit awarded under the Regulations of UNJSPF or appendix D to the Staff Rules, or both;

(c) The surviving spouse and eligible dependent children of:

(i) A staff member who died in service while participating in a United Nations contributory health insurance plan; or

(ii) A former staff member who died while participating in the after-service health insurance programme;
(d) Joint contributions by the United Nations and the after-service health insurance participants, as indicated in subparagraphs 5 (a), 5 (b) and 5 (c) above, shall be computed in accordance with the established contribution and subsidy scales for the particular health insurance plan concerned. The participants' contributions shall be calculated on the basis of the higher of the following two rates:

(i) One third of the remuneration used for calculating the health insurance subsidy of the staff member concerned at the date of separation; or

(ii) The total of the periodic benefits payable on the staff member's account under the Regulations of UNJSPF or under appendix D to the Staff Rules, or both, whether or not part of such benefits has been commuted to a lump sum or reduced by the exercise of any other permissible option, including early retirement;

(e) The cost of participation in an after-service health insurance plan for those individuals eligible under subparagraphs 3 (b) and 3 (c) (ii) will be determined on the same basis as would have been used for participation by the former staff member concerned, taking into account the length of his or her participation in a United Nations health insurance plan as a staff member and as a participant in an after-service health insurance plan.

Payment of contributions to the cost of after-service health insurance coverage

6. Participants in the after-service health insurance programme are required to pay their contributions in advance of the period of coverage under the applicable health insurance plan. Contributions must be made in a currency acceptable to the Organization for the purposes of the insurance plan chosen. In the case of health insurance plans administered at Headquarters, the only currency acceptable is the United States dollar. In addition, staff members and their surviving spouses and/or eligible dependent children who enrol in a health insurance plan administered at Headquarters shall have their contributions deducted on a monthly basis from their periodic pension benefit. An authorization form permitting UNJSPF to effect such monthly deduction from the periodic pension benefit is an integral component of application for after-service coverage under any of the health insurance plans administered at Headquarters; this form must be executed as part of the application process for the after-service health insurance benefit (see also para. 15).
7. In some instances, there may be a delay in the process of completing the after-service health insurance enrolment requirements, as the separated staff member must be recorded in the Pension Fund, and the final pay statement must be furnished, before enrolment in the after-service health insurance programme can be completed. Where such a delay occurs, participation in the after-service health insurance programme shall commence retroactively on the first day of the month following cessation of coverage on an in-service basis. In such cases, the after-service health insurance participant will be billed for the required contribution amount for the initial period of coverage.

8. There may be instances in which the monthly pension benefit paid to the retiree may be insufficient to meet the full monthly cost of the health insurance coverage. This may arise, principally, in cases in which the after-service health insurance applicant has not met the 10-year requirement and is, therefore, not yet eligible to benefit from the organizational subsidy towards the cost of after-service health insurance. In such cases, payment of the requisite contribution must be made in advance, in amounts up to six months' premium.

9. After-service health insurance participants whose premium contributions are payable on the basis of an invoice, rather than through the automatic pension deduction mechanism, must remit full payment of the amount billed by the due date indicated on the invoice. Failure to remit the premium in full by the date indicated will result in suspension of insurance coverage, without further notice. Insurance benefits may be reinstated provided that the full required premium payment is remitted within three months of the date of suspension of coverage. Failure to reinstate coverage by the latter date will result in termination of eligibility to participate in the after-service health insurance programme.

Cessation of coverage

10. Eligibility for after-service health insurance coverage shall cease when:

(a) Enrolment is terminated under the conditions set out in paragraph 9 above;

(b) The periodic disability or compensation benefits awarded to a former staff member are stopped;

(c) Upon the remarriage of a surviving spouse who is otherwise eligible for after-service health insurance coverage;
(d) When a covered child no longer qualifies as a result of marriage, full-time employment or cessation of a pension or compensation benefit, whichever comes first.

11. After-service health insurance participants are responsible for promptly informing the office administering their insurance plan whenever a covered family member ceases to be eligible for participation in the after-service health insurance programme by virtue of divorce in the case of a spouse, or the marriage, full-time employment or attainment of 25 years of age in the case of a dependent child. No retroactive adjustments in the insurance contribution amount will be made as a result of failure to provide timely notification of any change in the status of covered family members to the administering office concerned.

12. A participant in the after-service health insurance programme who chooses to cancel his or her coverage, for reasons of alternative insurance arrangements or otherwise, must provide written notice of the intention to cancel coverage to the office administering his or her United Nations health insurance plan. Cancellation of coverage will be made effective on the first day of the month following receipt of the written notification. Notwithstanding such notification of cancellation of coverage, the after-service health insurance participant will be responsible to remit promptly to the United Nations any contribution amounts which may be unpaid at the time of cancellation of coverage. If the contribution account of the after-service health insurance participant has a credit balance, the United Nations will refund such credit to the individual concerned. It should be noted that coverage, once cancelled, cannot later be reinstated.

Staff member married to another staff member

13. In the case of a staff member married to another staff member, the insurance coverage, whether at the two-person or family level, must be carried by the higher salaried staff member while both are in service. In the event of divorce or the death of the spouse who pays the insurance contributions, a staff member who was enrolled as a spouse under the coverage of the other spouse maintains individual participation status for the purpose of any subsequent after-service health insurance benefits.

14. If one spouse retires from service with the Organization before the other spouse, the spouse remaining in active service must become the subscriber. This applies even if the retired spouse had been the subscriber up to the date of retirement and is otherwise eligible for after-service health insurance benefits following separation from service. If both staff members have separated from service and if each individually is eligible for after-service health insurance benefits, the cost of the contribution towards the after-
service health insurance coverage must be borne by the former staff member with the higher pension.

Application for after-service health insurance benefits

15. The application documents relating to enrolment in the after-service health insurance programme must be submitted to the office administering the after-service health insurance plan within 31 days following the date of separation. Application forms may be submitted before the date of separation, but not more than 31 days before that date. In cases in which eligibility for after-service health insurance benefits accrues as a result of the death of a staff member, the surviving spouse and/or eligible dependent children must normally apply for after-service health insurance benefits within three months of the date of death of the staff member. Application forms will be receivable only if they are completed accurately and in full. In the case of an application for a plan administered at Headquarters, the forms must also be accompanied by an executed pension deduction authorization form.

16. Staff members separating from service at Headquarters may submit the relevant application forms directly to the Insurance Section, Office of Programme Planning, Budget and Finance, room S-2765. Staff members at other duty stations who apply for after-service health insurance coverage under a plan administered at Headquarters must submit the relevant application forms through their administrative office, not directly to the Insurance Section at Headquarters.

17. Staff members who are close to retirement or early retirement should ensure that they are provided with all relevant information concerning the after-service health insurance programme. Such information is available from the office administering their in-service health insurance coverage.

Transfer from one health insurance plan to another

18. At the time of retirement, a staff member may switch from the insurance plan which he or she had on an in-service basis to a health insurance plan which is more appropriate to the location of residence following separation from service, under certain conditions. Thus, a staff member who, while in active service, participated in a Headquarters health insurance plan, may switch to a non-United States-based plan if he or she will reside outside the United States following separation from service, provided that covered dependants will also not reside in the United States.
19. After-service health insurance participants who change their country of residence may also transfer from one insurance plan to another if a different plan is more appropriate to the new country of residence. In such cases, the change in plan will become effective on the first day of the month following receipt of written notification regarding the change in country of residence. A transfer from one health insurance plan to another in this case will normally be permissible only after one year's coverage under any one of such health insurance plans. With respect to health insurance plans available to after-service participants who reside in the United States, transfer from one plan to another may be made subject to the condition that there must normally be two years' coverage under any such plan before a change can be made.
Administrative instruction

Life insurance

The Under-Secretary-General for Management, pursuant to section 4.2 of Secretary-General’s bulletin ST/SGB/1997/1 and for the purpose of defining the conditions governing the provision of life insurance coverage under staff regulation 6.2, promulgates the following:

Section 1

General

1.1 A group life insurance plan (“plan”) is offered as a part of the scheme of social security for the staff which the Secretary-General is required to establish under staff regulation 6.2. The underwriter of the plan is the Aetna Life Insurance Company of Hartford, Connecticut, United States of America (“insurance company”). The policyholder is the United Nations.

1.2 The plan is financed solely from the contributions of participating staff members. No subsidy is paid by the Organization.

1.3 Participation in the plan is voluntary for all eligible staff. A staff member may withdraw from the plan at any time. The plan provides term insurance coverage only, and has no cash value at the time of withdrawal.
Section 2
Eligibility and enrolment in the plan

2.1 All staff members who receive a letter of appointment for six months or more and who have received medical clearance upon appointment will be eligible to participate in the plan.

2.2 Enrolment in the plan is automatic for eligible staff members who apply for life insurance coverage under the plan, on the appropriate form, within 60 days of signing the qualifying letter of appointment. They will be covered from the effective date of the letter of appointment.

2.3 Enrolment in the plan for eligible staff members who apply more than 60 days after signing the qualifying letter of appointment is conditional on the provision by the staff member at the time of application, on a special form for the purpose, of evidence of insurability satisfactory to the insurance company.

2.4 The insurance company, which reserves the right to reject any application by a staff member who applies after 60 days, may require the applicant to undergo a medical examination at the applicant’s own expense. Such staff members, whose applications are accepted, will be covered from the date on which the insurance company gives its written consent.

Section 3
Benefits and premiums

3.1 The insurance coverage for eligible staff members consists of:

(a) A principal sum, payable in the event of death from any cause at any time or place; and

(b) An additional sum, payable in the event of accidental death or dismemberment, subject to certain conditions.

3.2 The benefits and principal provisions of the policy are described more fully in an information circular.

3.3 Monthly premiums are expressed as a percentage of pensionable remuneration and benefits are expressed as a multiple of pensionable remuneration.

3.4 The premiums and benefits are receivable and payable by the insurance company in United States dollars.

3.5 The premiums for the plan shall be paid in full by the staff member participating in the plan. The premiums shall be paid by monthly payroll deduction.

3.6 The premium rate is determined by the insurance company, in consultation with the Organization, and will be announced periodically in an information circular.
Section 4
Level of coverage and premiums

Staff under 62 years of age who enrol in the plan

4.1 The level of coverage, and the corresponding premium, for staff members under 62 years of age who enrol in the plan is based on the staff member’s pensionable remuneration, subject to a maximum.

4.2 The maximum coverage is reduced for all such participants who continue in service after the month in which they reach age 62.

Staff enrolling at 62 years of age or older

4.3 The level of coverage, and the corresponding premium, for staff members enrolling at 62 years of age or older is limited to a fixed sum.

Staff paid in currencies other than United States dollars

4.4 The level of coverage, and the corresponding premium, for staff members at duty stations away from Headquarters who are paid in currencies other than the United States dollar is based on their pensionable remuneration in the local currency.

4.5 The premiums payable by such staff members are remitted to the insurance company in United States dollars, using the United Nations official rate of exchange.

4.6 Benefits payable by the insurance company will be the equivalent in United States dollars of the entitlement of the participant in local currency converted at the United Nations official rate of exchange, in effect on the date of the event giving rise to the claim.

Section 5
Adjustment of coverage level

5.1 The level of coverage and the corresponding premium for each participating staff member will be automatically adjusted to take into account changes in the pensionable remuneration of the staff member, unless:

(a) The pensionable remuneration of the staff member already entitles him or her to the maximum coverage available; or

(b) The staff member has executed a waiver of automatic increase prior to 1 January 2001.

5.2 A participant not wishing to have the increased life insurance coverage afforded by the requisite increase in pensionable remuneration must cancel his or her coverage under the plan.
Section 6
Reapplication after cancellation of coverage

6.1 A staff member who has cancelled coverage may reapply at a later date for coverage based on his or her pensionable remuneration at that time. Enrolment in the plan at that level is conditional on the provision by the staff member at the time of application, on a special form for the purpose, of evidence of insurability satisfactory to the insurance company.

6.2 The insurance company, which reserves the right to reject any such application, may require the applicant to undergo a medical examination at the applicant’s own expense. Staff members whose applications are accepted shall be covered, at the level warranted by their pensionable remuneration, from the date on which the insurance company gives its written consent.

Section 7
Designation of beneficiaries

7.1 Since life insurance benefits are payable to the participant’s beneficiary or beneficiaries, it is most important for each participant in the plan to designate the person or persons to whom the participant wishes the benefit to be paid. Special forms are available for the designation of beneficiaries.

7.2 Only the most recent, properly executed form for the designation of beneficiaries is recognized by the insurance company for the payment of benefits. It is the responsibility of the staff member or former staff member to make sure that the proper person or persons are designated, particularly after death, divorce or other change in the relationship between the person or persons previously designated and the staff member or former staff member.

7.3 Changes in the designation of beneficiaries may be made at any time.

Section 8
Special leave

Staff members who are granted special leave on partial pay or without pay may continue to participate in the plan by paying the premium in advance. Staff members who choose not to retain coverage during a period of special leave without pay of more than two months.
Section 9
Free life insurance coverage after separation from service

9.1 Participants in the plan at the time of separation from service who have participated in the plan for at least 10 years continue to receive life insurance coverage under certain conditions, which are set out below, without further payment of premiums. The additional coverage for accidental death or dismemberment, however, ceases after separation from service.

Staff under 55 years of age who separate from service

9.2 Participants who separate from service prior to the age of 55 receive one year’s free life insurance coverage, at the level of their coverage on the date of separation, for each completed 10-year period of contributory participation.

9.3 At the end of this period of free coverage, the life insurance coverage ceases unless the participant:

(a) Again becomes a staff member and renews his or her participation in the plan, if eligible; or

(b) Makes arrangements with the insurance company to continue coverage under the conversion privilege (see sect. 10 below).

Staff who separate from service at 55 years of age or older

9.4 Participants who separate from service at the age of 55 or older receive free life insurance coverage equal to a percentage of their coverage on the date of separation. The percentage is reduced as the participant grows older, subject to a minimum and a maximum.

Staff whose appointments are terminated for reasons of health

9.5 Participants in the plan whose appointments are terminated for reasons of health in accordance with staff regulation 9.1 (a) continue to receive life insurance coverage equal to their coverage on the date of separation up to age 61, and reduced amounts thereafter, without further payment of premiums. The additional coverage for accidental death or dismemberment, however, ceases at that time.

Free life insurance coverage for those who have signed a waiver

9.6 In the case of a participant, who, having signed a waiver of automatic increase in coverage prior to 1 January 2001, was not insured for the full amount to which he or she was otherwise entitled, the free life insurance coverage will be based on the level of coverage on the date of separation from service.
Section 10
Conversion privilege

10.1 All staff members who, at the time of their separation from service, are participating in the plan may make arrangements with the insurance company to convert to an individual policy under conditions established by the insurance company, without having to produce further evidence of insurability.

10.2 The participant is then solely responsible for paying and remitting the premiums to the insurance company.

Section 11
Final provisions

11.1 The present instruction shall enter into force on 1 October 2002.


(Signed) Joseph E. Connor
Under-Secretary-General for Management
Information circular

To:  Members of the staff at Headquarters

From:  The Controller

Subject:  United Nations group life insurance plan

General information

1. A revised administrative instruction (ST/AI/2002/6) has been issued governing the policies and procedures for the United Nations group life insurance plan made available to staff and former staff, with effect from 1 October 2002. The present circular should be read in conjunction with that administrative instruction.

2. This circular announces several key changes in the group life insurance programme which will come into effect on 1 October 2002, as follows:

   (a) The schedule of life insurance brackets which heretofore has been the basis for determining the level of life insurance benefit to which a participant is entitled, as well as the related monthly premium, will be replaced by a more streamlined system without brackets, as described in detail in paragraphs 7 and 8 below;

   (b) The life insurance multiplier, i.e. the factor by which pensionable remuneration is multiplied to determine the coverage level, will increase from 2.5 to 3.0. At the same time the maximum coverage amount will increase from $250,000 to $300,000 (see para. 9);

   (c) The levels of coverage for participants reaching age 62 and staff entering the plan at age 62 are increased (see paras. 10 and 11);

   (d) The age thresholds applicable to the after-service life insurance programme are increased by five years at each level (see para. 13 (b));

   (e) A new Accelerated Death Benefit is introduced whereby a participant may opt to receive a proportion of his or her life insurance coverage at a discount, under certain specific conditions relating to terminal illness (see paras. 16-20);

   (f) The monthly group life insurance premium rate will remain at $0.30 per $1,000 of coverage, notwithstanding the increased level of benefits.

* The present circular will be in effect until further notice.
3. The present circular also includes a summary of benefits under the United Nations group life insurance plan (annex I), information about the responsibility for maintaining life insurance records (annex II), guidance regarding the steps for making a life insurance claim (annex III), additional information from Aetna about the new Accelerated Death Benefit (annex IV), sample policy conversion premium rates (annex V), and copies of the various life insurance forms (annex VI).

Eligibility criteria

4. Participation in the plan is voluntary for all eligible staff. No subsidy is paid by the Organization.

5. The eligibility criteria and enrolment rules pertaining to the group life insurance are set out in section 2 of ST/AI/2002/6 and, for convenience, are summarized below. Coverage under the plan is available to all staff members who receive a letter of appointment of six months or more and who have received medical clearance upon appointment. Enrolment in the plan is automatic if such staff members apply for coverage within 60 days of signing the qualifying letter of appointment. Eligible staff members who apply for coverage after the 60-day opportunity must do so using a special “evidence of insurability” form. The insurance company (Aetna Life Insurance Company) reserves the right to reject any application by a staff member who applies after 60 days and may require the applicant to undergo a medical examination at the applicant’s own expense. Those staff members whose applications are accepted will be covered from the date on which Aetna gives its written consent. It should be noted that the insurer does not accept “evidence of insurability” statements that have been signed more than six months prior to their receipt by Aetna.

Coverage and premiums

6. Subject to the terms and conditions of the policy, the insurance coverage for eligible staff members consists of: (a) the amount of life insurance payable in the event of death from any cause at any time or place; and (b) an additional sum payable in the event of accidental death and dismemberment (see annex I). It should be noted that the plan provides term insurance only. Should a staff member elect to withdraw from the plan before a claim is paid, there is no cash value at the time of coverage termination.

7. Heretofore, life insurance levels have been set out in a schedule that related coverage amounts to ranges of pensionable remuneration, denominated in United States dollars. The coverage amount corresponded to 2.5 times the pensionable remuneration figure at the top of each bracket. For example, a participant whose pensionable remuneration was $35,789 fell in the pensionable remuneration bracket [$35,001-$37,500], and had a coverage amount of $93,750 (equivalent to 2.5 times $37,500). Only when that participant’s pensionable remuneration rose above the top of that bracket (i.e., above $37,500) would the amount of life insurance increase to the next highest level. In effect, the system in place until now has meant that life insurance coverage could only be increased in discrete amounts at such times as the participant’s pensionable remuneration jumped to the next bracket. Moreover, under this system, the monthly premium payment of staff members whose pensionable remuneration is denominated in a currency other than the United States dollar varied
from month to month, depending on the rate of exchange between the local currency and the United States dollar.

8. **Under the new system coming into effect on 1 October 2002, a staff member's life insurance entitlement will be directly linked to his or her pensionable remuneration and will be defined in terms of the related currency.** Under the new system, whenever pensionable remuneration increases, the life insurance amount will increase proportionately also, without regard to any fixed schedule of pensionable remuneration brackets. As a result, it now becomes possible to state the required premium contribution as a percentage of pensionable remuneration, comparable to the percentage contribution rates found in the health insurance plans.

9. With effect from 1 October 2002, the normal level of coverage for staff enrolled in the plan will be that amount which is equal to three (3) times the participant's pensionable remuneration, subject to a maximum amount of $300,000. The current premium rate of $0.30 per $1,000 of coverage is equivalent to .09 per cent of pensionable remuneration.¹ Thus, for example, if the level of pensionable remuneration of a participant is $35,789, the corresponding level of life insurance would be three times that figure, $107,367. The corresponding monthly premium payment, based on .09 per cent of pensionable remuneration, would be $32.21. In the case of the maximum coverage amount of $300,000, the maximum monthly premium payment will be $90.

**Other coverage provisions**

10. The coverage of staff members entering the plan at age 62 is limited to $20,000 (increased from $14,000). The same limit applies to accidental death and dismemberment insurance coverage.

11. The maximum coverage for all staff members still in service at age 62 is $150,000 (increased from $125,000). The same limit applies to accidental death and dismemberment insurance coverage. If the staff member’s coverage is higher than $150,000, it will automatically be reduced to that level with effect from the first of the month following attainment of age 62.

12. Staff members whose appointments are terminated for reasons of health in accordance with staff regulation 9.1 (a) are eligible to receive life insurance coverage equal to their coverage on the date of separation, without payment of further premiums, up to age 62. Upon attainment of age 62, the percentage factors set out in paragraph 13 below apply.

**Coverage following separation from service**

13. Staff members who upon separation from service are participants in the group life insurance plan and who have at least 10 years contributory participation upon leaving the employment of the Organization shall receive continuing coverage, without payment of premium, as follows:

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¹ For example, if pensionable remuneration were $50,000, the life insurance amount would be $150,000. At a premium rate of $0.30/$1,000, the premium would be $150 x 0.3 = $45, which is .09 per cent of the $50,000 pensionable remuneration.
(a) **Prior to the age of 55**

One year’s coverage at the level in effect at the time of separation for each completed 10-year period of contributory participation;

(b) **From the age of 55**

(i) Between the ages of 55 and 69, coverage on separation from service is 50 per cent of the level of coverage in effect at the time of separation;

(ii) Between the ages of 70 and 74, coverage is 25 per cent of the level of coverage in effect at the time of separation;

(iii) From the age of 75, coverage is 10 per cent of the level of coverage in effect at the time of separation, subject to the following conditions: the minimum benefit after age 75 is the lesser of $5,000 or the amount to which the after-service participant would be entitled before reaching age 75, and the maximum benefit after age 75 is $10,000;

(iv) The reduction to $150,000 at age 62, while still in service, will be ignored in these calculations.

**Adjustment of coverage level**

14. As indicated in paragraph 8 above, the level of coverage and the corresponding premium will automatically be adjusted whenever an increase in pensionable remuneration occurs. **A participant who does not wish to have the increased life insurance coverage afforded by the requisite increase in pensionable remuneration must cancel his or her coverage under the plan.** If, at a later date, the staff member wishes to reinstate life insurance participation at the level to which he or she would then be entitled, a new application must be made through the “evidence of insurability” process.

15. The life insurance level of a staff member who, prior to 1 January 2001 when the option was eliminated, executed a waiver of automatic increase and thereby froze the coverage level, will be maintained at that level.

**Accelerated Death Benefit**

16. A new benefit called the Accelerated Death Benefit (ADB) is added to the group life insurance programme effective 1 October 2002. In essence, this optional benefit provides for the payment to the participant of a portion of his or her life insurance after he or she has been diagnosed as terminally ill, leaving the balance of the life insurance for the benefit of designated beneficiaries after the death of the insured. The addition of this benefit is cost-free to participants at large as the ADB programme will be administered by Aetna on a case-by-case basis using a “discount option”. Under this arrangement, the cost of the benefit acceleration is recovered by discounting the ADB payment to the insured applicant.

17. When a participant elects the ADB option, the arrangement will work as follows. First, a gross ADB payment is determined. This amount will be based on a benefit of 50 per cent of the amount of life insurance in force on the election date, taking into account any age reduction due to occur during the terminal illness qualifying period. The appropriate discount will then be deducted from the gross
ADB payment to arrive at the net amount actually payable to the insured. Discounts will reflect the interest rate structure described in paragraph 19 below.

18. The remaining amount of life insurance carried in force, after the ADB payment is made, will be the original amount less the gross (before interest discount) ADB payment.

19. The interest rate used to calculate discounts will be the current yield on the 90-day United States Treasury bill on the date the ADB payment is issued. The period used to calculate this charge will begin on the date the ADB is paid and will always be equal to the 12 months terminal illness qualifying period regardless of the actual or expected date of death.

20. Applicants for an Accelerated Death Benefit should contact the Health and Life Insurance Section in the first instance. They will then be provided with a package comprising an application form, a request-for-medical-documentation letter, authorizations for the release of medical information and an ADB disclosure statement. Additional information (sample contract language) from Aetna on the Accelerated Death Benefit is set out in annex IV.

Conversion privilege

21. Staff members who are enrolled in the group life insurance plan at the time of their separation from the Organization may arrange directly with Aetna to convert to an individual policy at a cost determined by the insurer, without having to produce further evidence of insurability. The premium rate schedule pertaining to the conversion life insurance policy established by the insurer is age-based and bears no relationship to the premium structure of the United Nations group life insurance plan (see annex V for sample conversion premium rates). The participant is then solely responsible for remitting the related payments directly to the insurance company.

22. Inquiries as to contract terms and premium payment instructions, as well as completed applications, should be directed to:

Aetna Conversion Unit
151 Farmington Avenue
Hartford, CT 06156-1992
Tel: inside USA 800-523-5065
outside USA 860-273-7150

23. The amount of life insurance which may be converted is based on the level of coverage at the time of separation:

(a) Staff members who are under the age of 55 or who have less than 10 years of contributory participation in the plan may convert up to the full amount of their life insurance at separation;

(b) Staff members who separate before age 55 and who qualify for a year of free coverage for each 10 years of contributory participation may convert up to that amount at the end of the period of free coverage;

(c) Staff members age 55 or older who qualify for after-service life insurance (ASLI) may convert to an individual policy with Aetna the amount of the decrease in coverage at separation or, as after-service life insurance participants, at ages 70 and 75. For example, if a staff member has $100,000 of coverage at separation, the
web site. In addition, the same information may be accessed via the Internet at the following URL: http://www.un.org/insurance.

**Supersession of prior circular**


It is suggested that participants in the group life insurance programme keep copies of their life insurance documents (application(s), designation of beneficiary forms) and a copy of the present circular in a secure location together with other valuable personal documents.
Annex I

Summary of benefits under the United Nations group life insurance plan

Life insurance benefits

1. The plan will pay a life insurance benefit in the amount for which the participant was insured at the time of death.

2. Subject to the terms and conditions of the Aetna Life Insurance Company policy, the benefit will be payable to the designated beneficiary or beneficiaries upon satisfactory proof of death from any cause, at any place and at any time while the participant was insured.

Accidental death and dismemberment benefits

3. The plan will pay the benefits determined from the table of benefits below for loss of life, loss of hand or foot (by severance through or above the wrist or ankle joint) or permanent and complete loss of sight of either eye.

4. Benefits are payable if the loss:
   
   (a) Occurs within 90 days after an accident that causes an injury to the participant while insured;
   
   (b) Results directly and solely from an injury caused by the accident and not excluded in the limitations section below.

Table of benefits

5. The full amount for which the participant was insured will be paid for the accidental loss of:
   
   (a) Life;
   
   (b) Both hands;
   
   (c) Both feet;
   
   (d) One hand and one foot;
   
   (e) One hand and the sight of one eye;
   
   (f) One foot and the sight of one eye; or
   
   (g) The sight of both eyes.

6. One half of the amount for which the participant was insured will be paid for the accidental loss of one hand, one foot or the sight of one eye.

Limitations

7. Accidental death and dismemberment coverage is only for losses due to accidents.

8. Benefits will be payable, however, for a loss which is:

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*a* The full provisions of the plan are contained in the contract between the life insurance company and the United Nations.
(a) Caused by a pus-forming infection resulting directly and solely from an injury that is covered under the plan; or
(b) Caused by a surgical operation, which is:
   (i) Needed solely because of an injury that is covered under the plan;
   (ii) Performed within 90 days after the injury occurs.

9. This plan does not provide a benefit for any loss, other than those mentioned in the preceding sentence, which in any way is caused by any of the following:
   (a) Bodily or mental infirmity;
   (b) Disease, ptomaine or bacterial infections, of any kind;
   (c) Medical or surgical treatment;
   (d) Suicide or attempted suicide (sane or insane);
   (e) Intentionally self-inflicted injury;
   (f) War or any act of war (whether war is declared or not).\(^b\)

**After-service benefit**\(^c\)

10. Staff members who qualify for enrolment upon retirement in the after-service life insurance (ASLI) programme are reminded that their coverage is free and requires no application. The benefits for former staff members who die will be reduced, depending on the age of the participant at death, as follows:

   (a) From the age of 55 through 69, 50 per cent of their coverage on the date of separation from service, unless it had already been reduced at age 62 while in service (see para. 13 (b) (iv) of the present circular). For appointments terminated for reasons of health, this reduction will occur at age 62;

   (b) From the age of 70 through 74, 25 per cent of their coverage on the date of separation from service;

   (c) From the age of 75 onwards, 10 per cent of their coverage on the date of separation from service, subject to a maximum of $10,000 and a minimum of $5,000, or the amount to which the former staff member had been entitled before age 70, whichever is less.

\(^b\) Aetna has consistently interpreted the war exclusion as applying to actions by a sovereign State or Government against another. Terrorism is characterized as premeditated violence for a political purpose by a person or group other than a Government or State. Aetna, therefore, does NOT exclude terrorist acts from coverage.

\(^c\) Under the after-service health insurance programme (ASHI), if, as a result of a new post-retirement appointment, a former staff member again becomes a participant in the Pension Fund, the monthly pension benefit is suspended and, for the duration of this suspension, eligibility for the after-service health insurance programme is also suspended. In the case of the after-service life insurance programme (ASLI), however, there is no link with Pension Fund status and, therefore, a post-retirement appointment with the United Nations of any duration does not lead to a suspension of benefits under ASLI. Suspension of ASLI will occur only if a former staff member is eligible and elects to re-enrol in the life insurance programme for the period of re-employment. Assessment should be made as to whether the level of coverage as a premium-paying staff member (see para. 10 of this circular) or the after-service life insurance benefit is more advantageous. Except for periods of optional re-enrolment, the after-service life insurance entitlement remains in effect.
Annex II

Responsibility for life insurance records

1. Staff members should be aware that all group life insurance forms and records are to be maintained at the duty station where the staff member is payrolled. Staff members away from Headquarters must submit their life insurance applications, together with proof of eligibility attesting to the type and duration of their appointment, to the relevant administrative office at their duty station. The only exceptions pertain to the following four forms, which must be processed through the Health and Life Insurance Section:

1. Evidence of Insurability Statement (see para. 5 of the present circular and annex VI)
2. Creditor Designation of Beneficiary (see annex VI)
3. Irrevocable Designation of Beneficiary (see annex VI)
4. Assignment of Group Coverage (see annex VI)

Only if a staff member is transferred to Headquarters, separates from service (see para. 2 below) or upon the death of an insured staff member (see annex III), should the life insurance file containing the originals of all related forms and premium payment records be transmitted to the Health and Life Insurance Section. Staff who move between duty stations should be sure that their life insurance records are transferred accordingly. Staff members whose career paths involve a high degree of mobility are advised to maintain a personal file with copies of the records of their participation in the group life insurance programme.

2. Administrative officers at offices where the group life insurance programme is administered should be mindful that the payment of a claim or the establishment of the entitlement to after-service life insurance benefits requires that the following records and certifications be furnished to the Health and Life Insurance Section upon the death of the insured staff member, or whenever an insured staff member retires from service with the Organization:

(a) All group life insurance documents:
   (i) Every application form (initial, in connection with a change of duty station, and/or relating to re-enrolment following termination for any reason) with proof of qualifying contracts;
   (ii) Where applicable, Evidence of Insurability approval;
   (iii) Aetna forms changing the beneficiary designation;
   (iv) Payroll records documenting the deduction of group life insurance premiums or the direct payment by staff members during periods of special leave without pay;
   (v) Record(s) of termination of life insurance, where applicable, together with effective date(s);
(b) Certification by the final administrative duty station of:
(i) Last date on which staff member reported for work;
(ii) Close of business separation date;
(iii) Date of the last premium deduction and, in the base currency, amount of
premium and level of pensionable remuneration for the last full month of
service.
Annex III

Making a life insurance claim

1. All life insurance claims must be processed through the Health and Life Insurance Section at Headquarters. Claims or notification of claims should not be transmitted to the Aetna Life Insurance Company directly.

2. The claim process is initiated when the Health and Life Insurance Section is informed about the death of a participant in the group life insurance programme or when all applicable claim documents, as set out in paragraph 3 below, are received along with notification of death. In the former case, in order to permit the insurer, Aetna, to pay the requisite benefits, the Section will provide the beneficiary with clear instructions (if so requested) regarding the documents that must be completed and submitted. In the latter case, the Section will forward the properly furnished set of claim documents to Aetna for processing.

3. The claim package, with translations into English as necessary, consists of:

   (a) Records of life insurance participation as listed in annex II, paragraph 2, if not previously submitted to the Health and Life Insurance Section to establish an ASLI entitlement. These records are maintained by the Organization and are not the responsibility of the claimant to furnish;

   (b) The original or a legally certified copy of the insured’s death certificate (a death certificate furnished to the United Nations Joint Staff Pension Fund will not suffice for life insurance purposes);

   (c) Official medical certification as to the cause of death when not stated on the death certificate;

   (d) Completed United Nations group life insurance programme beneficiary certification forms. As the Aetna group life insurance plan is United States-based and subject to its federal and state regulations, either form 1 or form 2, whichever is applicable, is to be completed by each beneficiary. These forms are reproduced in annex VI and may be photocopied for use in this regard;

   (e) Additional documentation will be required in the following circumstances:

      (i) Where a beneficiary is deceased, a copy of the beneficiary’s death certificate. If all beneficiaries are deceased, evidence of the legally recognized appointment of the person designated to administer the assets/property (“estate” under United States law) of the insured. Or, should any beneficiary die after the insured but before a claim is paid, court papers appointing a person to administer the “estate” of that beneficiary. Should there be no corresponding legal concept under applicable national laws, proceeds will be paid to the ESTATE of the insured (or of the beneficiary) and those closest to the deceased may seek documents under their national law governing the line of legal succession, permitting a bank to accept a deposit of a benefit cheque. In this regard, beneficiary instructions in paragraphs 25 to 27 of the current circular should be noted;

      (ii) Where beneficiaries have not reached the age of majority, the legally recognized appointment of the guardian of the “estate” (assets/property) of the
minor child. Where such guardian is a surviving parent living outside the United States, a copy of the national law governing minor children, stating that the surviving parent automatically becomes the guardian of the property of a minor child and setting out the age of majority, along with a copy of the child’s birth certificate establishing the names of the father and the mother, may be submitted in lieu of court papers. Oaths sworn before a notary do not satisfy the requirements of Aetna’s legal department;

(iii) Where death may be considered accidental, the official police report, setting out the circumstances that resulted in the death of the insured (inter alia, the time of day, weather conditions, testimony of eyewitnesses, diagrams) and any autopsy statement/medical report;

(iv) Where death occurs within two years of the approval date indicated on an evidence of insurability statement, all medical records for the previous five years.

4. Staff members should be aware that the life insurance principal (the full amount of coverage regardless of how it is distributed among beneficiaries) is exempt from all United States taxes. The tax exemption may not apply if life insurance proceeds are paid to an estate that is subject to United States taxes.

5. Life insurance benefits, upon the death of the insured, earn interest at a rate determined by Aetna until the date on which proceeds are paid to beneficiaries. Unlike the life insurance proceeds, interest earned may be subject to taxation.

6. Beneficiaries should be aware that, as the United Nations group life insurance plan is a global programme administered on a highly decentralized basis, gathering together all the documentation and records required to process a claim can take some time. Once the Health and Life Insurance Section receives all necessary documentation, properly executed, and submits the claim package to Aetna, it normally takes three to four weeks before the beneficiary is in receipt of the life insurance proceeds. Each beneficiary will receive an individual cheque (principal amount plus interest earned) by a secure mode of delivery. Aetna benefit cheques have no expiry date. It should be noted that Aetna does not deposit benefit proceeds directly into bank accounts.

7. Group life insurance participants may wish to note that there is no prescribed time frame for submitting claims.
Annex IV

Accelerated Death Benefit

If, while covered under the group life insurance plan, a participant becomes terminally ill, he or she may apply to Aetna for an Accelerated Death Benefit (ADB). Upon Aetna’s approval of such a request, Aetna will pay the amount of the ADB, subject to the following terms.

To be considered terminally ill, the applicant must:

(a) Be diagnosed as suffering from an incurable, progressive, and medically recognized disease or condition;

(b) To a reasonable medical probability and on the basis of generally accepted medical protocols, have a life expectancy of no more than 12 months beyond the date of the application for an ADB.

Aetna cannot furnish legal or tax advice to the applicant or to the Organization. Legal counsel and/or a tax adviser should be consulted before a request for an ADB is made.

An ADB may be requested at any time by completing an Aetna Request-For-Accelerated-Death-Benefit and submitting it to Aetna (see para. 20). The request must include the statement of a currently licensed physician certifying the terminal illness.

The physician’s statement must include:

(a) All medical test results;

(b) Laboratory reports;

(c) Any other information on which the statement is based, including the generally accepted prognostic protocol used by the physician to determine the expected remaining life span.

The ADB benefit is available to all group life insurance participants (active staff, retirees and those separated for medical reasons). The calculation of the ADB benefit will be based on 50 per cent of the amount of life insurance in force on the date of application, subject to the following provisions:

(a) The request for an ADB must state the amount of the benefit requested. The minimum amount that may be requested is $5,000;

(b) The amount of ADB payable will be reduced by an interest charge equal to the sum of the daily interest that would have accrued on such amount during the 12-month ADB period. The rate used to calculate the interest charge will not exceed the current yield on 90-day United States Treasury bills as of the date the ADB payment is issued;

(c) If, during the 12-month ADB period following the date of application for an ADB, the amount of life insurance will be reduced owing to the attainment of a specified age or retirement, the ADB amount will be based on 50 per cent of the amount of life insurance that would remain in effect after any reduction, subject to a minimum of $5,000;
(d) When an ADB has been approved, the amount of life insurance remaining in force will be reduced by the amount of ADB that would have been payable in the absence of any interest charge;

(e) If the amount of life insurance remaining has been so reduced, there will be no entitlement to convert the amount of life insurance that ceases as a result of the ADB payment;

(f) In considering a request for an ADB, Aetna may require the participant to submit, at Aetna’s expense, to an independent medical examination initiated by a physician chosen by Aetna. Review of a request for an ADB will be suspended until the examination has been completed and the results submitted to Aetna;

(g) If, by assignment or otherwise, someone other than the insured is the owner of the life insurance coverage, an ADB will not be available under this plan;

(h) An ADB may be requested only once under this plan;

(i) Upon approval by Aetna, the amount of the ADB will be paid in a lump sum.

Additional provisos

To the extent allowed by law:

(a) An ADB payment is exempt from any legal or equitable process for the debts of the insured;

(b) There can be no requirement to request an ADB in order to satisfy claims of creditors.
Annex V

Aetna's conversion premium rates*

PREMIUM RATES FOR THE NONPARTICIPATING WHOLE LIFE PLAN

**Description:** Premium rates are based upon your age (nearest birthday) when the policy takes effect and do not change thereafter.

The rates included in the tables below were appropriate for the plans at the time they were prepared. The rates are subject to change without notice. You may confirm that the rates shown are the current rates by calling 1-800-523-5065.

If your policy will be at least $10,000, Tables 1 & 3 are used.

If your policy will be less than $10,000, Tables 1, 2 & 3 are used.

* See paragraph 21 of the present circular.
Annex VI

Group life insurance forms

All forms in this annex may be photocopied

Basic forms (see paras. 5, 25-27; 1 and 2 (a) of annex II; and 3 (a) of annex III of the present circular)

Application for Group Life Insurance (GLI)
Evidence of Insurability Statement
Designation of Beneficiary (initial designation is made on the GLI application)

Forms relating to other legal agreements, apart from those with the Organization or Aetna, that may be entered into by a GLI participant:

May be used:

Creditor Designation of Beneficiary to secure a loan
Irrevocable Designation of Beneficiary in divorce or related proceedings
Assignment of Group Coverage for tax purposes, in consultation with a legal adviser (not the Organization or Aetna)

Forms in connection with GLI claims (see para. 3 (d) of annex III to the present circular)

To be completed by

Beneficiary Certification Form 1 Beneficiaries residing outside the United States, who do not have a United States social security number

Beneficiary Certification Form 2 All beneficiaries residing in the United States and those living elsewhere who have a United States social security number
Retirement Issues
3: Information for AFICS(NY)
List of Members (optional)
Please give a short description of your international career:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
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</table>

Information on your present occupation:

Special Skills

<table>
<thead>
<tr>
<th>Interest</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td></td>
</tr>
<tr>
<td>Education</td>
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<tr>
<td>Work</td>
<td></td>
</tr>
<tr>
<td>Volunteer Activities</td>
<td></td>
</tr>
<tr>
<td>UN Activities</td>
<td></td>
</tr>
<tr>
<td>Other (add below)</td>
<td></td>
</tr>
</tbody>
</table>

AFICS-New York has sister organizations in Argentina, Australia, Austria, Brazil, Canada, Chile, Colombia, Ecuador, Egypt, Ethiopia, France, India, Italy, Lebanon, Mali, Mexico, New Zealand, Paraguay, Russia, Sri Lanka, Switzerland, Thailand, United Kingdom and Uruguay. Together they form the Federation of Associations of Former International Civil Servants (FAFICS).

FAFICS is represented on the UN Joint Staff Pension Board, sends observers to the International Civil Service Commission and has consultative status as a non-governmental organization with the UN Economic and Social Council. AFICS(NY) members participate in these bodies through FAFICS.

A wider reach

A Community of Interests

We are sure your interest in the international community does not end when your service with the United Nations Family of Organizations comes to an end.

As an international civil servant, you have shared in a common effort to build a better world. With this special experience, you no doubt will continue to be interested in global issues and in supporting the UN Family and its varied activities.

Though you may no longer be active as a staff member, you may still want to keep a personal interest in the UN Family. AFICS(NY) keeps you informed about changes in services, entitlements and other important questions that affect you. It can also be a useful source of advice when problems arise.

This community of interests—both personal and global—is why thousands of people who have served in United Nations organizations are members of AFICS(NY).

4: Volunteers needed:
Please list AFICS(NY) activities in which you would be willing to participate. If possible, indicate any specific area of knowledge or skill you would like to offer. (for example)

<table>
<thead>
<tr>
<th>Initiative</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Speakers</td>
<td></td>
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<tr>
<td>Elder Care</td>
<td></td>
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<tr>
<td>Assistance</td>
<td></td>
</tr>
<tr>
<td>AFICS Committees</td>
<td></td>
</tr>
<tr>
<td>Social Activities</td>
<td></td>
</tr>
<tr>
<td>Other (add below)</td>
<td></td>
</tr>
</tbody>
</table>

Join AFICS(NY) or a sister organization. Membership is open to all present or former staff members of the UN System at every level and to their surviving spouses.

Become a volunteer in AFICS(NY) activities. Help is needed in all aspects of our activities.

To join AFICS(NY), complete the attached Application Form and send it to us with your cheque (on a US or Canadian Bank) or money order.

Location: Room DC1-0580, One UN Plaza (First Avenue and 44/45th St.)
Hours: Monday-Friday 10 a.m. to 4 p.m.
Phone: (212) 963-2943
Fax: (212) 963-5702
E-mail: afics@un.org
Visit our web page: www.un.org/other/afics
Mail: AFICS(NY), Room DC1-0580 United Nations New York, NY 10017, USA
AFICS(NY) MISSION STATEMENT

"The mission of AFICS(NY) is to support and promote the purposes, principles and programmes of the UN System; to advise and assist former international civil servants and those about to separate from service; to represent the interests of its members within the System; to foster social and personal relationships among members, to promote their well-being and to encourage mutual support of individual members."

An active agent
AFICS has its offices in New York and has members in more than 95 countries. Its standing committees look after the interests of its members and organize activities for their benefit in the following areas:

COMMITTEE: AFICS ACTION
Pension: Follows, and keeps members informed of, issues relating to pensions that might affect pensioners and their families and, through FAPICS, participates in meetings of the UN Joint Staff Pension Board.
Insurance: Monitors the UN After-Service Health and Life Insurance schemes, seeks to improve benefits where possible and keeps members informed of related matters such as Long-Term Care insurance.
Social events: Organizes luncheons and other gatherings, often with expert speakers on topics of current interest.
Aging: Provides information on services and issues of interest to older persons; arranges dialogues with experts at seminars and workshops.
Outreach: Provides urgent temporary help to AFICS(NY) members who, directly or indirectly, request support for medical or other emergencies, when no relatives or close friends are readily available.
Legal: Alerts members to legal issues which may affect them.
Membership: Prepares the biennial List of Members and invites retirees, and staff about to retire, to join AFICS(NY) and participate in its activities.
NGO/Information: Encourages members to support and participate in the substantive activities of the UN Family System by their writing, public speaking, NGO involvement, etc.

SERVICES AVAILABLE TO MEMBERS
Advice: Members are invited to raise problems with the President or the office, whether of an individual or general nature, for informal advice based on the experience of other members.
Meetings: The Assembly of the Association’s members meets each May in New York to review activities, set priorities, approve the financial report and elect members of the Governing Board. The Board and each committee usually meet once a month. Luncheons are organized three times each year in New York.
Publications: Members receive four AFICS (NY) Bulletins and all issues of the Secretariat News each year and a List of Members and their addresses every other year.
Discounts: In UN Bookshop and Gift Centre in a number of restaurants, and, through UNFCU, in legal and accounting services for preparation of wills, income taxes, and in estate planning.
Health services: Free flu shot immunization and pneumonia vaccine by UN Medical Service.

Application Form
I wish to become a member of AFICS(NY)
1: Basic data
Name (Last, First) and title (Mr., Mrs., Ms., etc.):________

☐ Staff member ☐ Former Staff ☐ Spouse
Spouse’s name:________
Mailing address:________
Tel:________ Fax:________
E-mail:________
In an emergency contact (name):________
Tel:________
Last position held:________ Organization:
Service began:________ Ended:________
Nationality:________ Year of birth:________
Languages:________

2: Type of Membership (Check one):
Full member:
Associate member:
I am a Life/Annual* Member of (Name of Sister Organization):________
and wish to become an Associate Member of AFICS (NY) on the same basis:
*Delete whichever is not applicable

Please make cheque payable to Treasurer AFICS(NY) in US dollars drawn on an American bank.

24 Nov. 2004 See over
AFICS
Association of Former International Civil Servants (NEW YORK)
Room DC1-580, One United Nations Plaza, New York, NY 10017
Telephone No. 212-963-2943  FAX No. 212-963-5702
E-mail: afics@un.org  www.un.org/other/afics
President: Mr. Andres Castellanos del Corral
Telephone No. 212-963-8150

The Association of Former International Civil Servants in New York(AFICS(NY) was established at United Nations Headquarters in the City of New York, USA under the laws of the State of New York on 17 September 1970.

The Association keeps its members informed of actions and developments affecting their interest; renders advice and assistance, within the means available, to retiring and retired international civil servants in matters of residence, health care, taxation, social security and other important concerns; supports and promotes the purposes and principles of the United Nations System within the limits of its resources and competence, and keeps members informed periodically of developments of interest in the United Nations Organization; promotes the welfare of individual members; and represents its members' interests and, as needed, those of their next of kin, before administrations and bodies of the United Nations System.

On the proposal of the Governing Board, honorary membership may be granted to individuals who have rendered meritorious service to the Association or to the United Nations System.

A member may resign from the Association effective at the end of a calendar year by submitting a written communication to that effect.

How to join AFICS (NY)

Membership

Membership in the Association is open to all former staff members and officials of the United Nations and its subsidiary organs, the specialized agencies, the International Atomic Energy Agency, and other organs or former organizations of the United Nations System; and to former experts and consultants in the United Nations System. Present staff members and officials of any of these organizations who wish to join in anticipation of retirement shall also be eligible for membership.

Life membership is open to anyone who meets the criteria set out above and who pays the life membership fee of $250.00.

Annual membership is also available to anyone who meets the criteria set out above and who pays the annual membership fee of $25.00.
An associate membership is available, subject to payment of annual dues of one half of the rates established for full members and shall be open to members of any other association participating in FAFICS.

The surviving spouse of a member or associate member of the Association is entitled to membership or associate membership of the Association, for as long as he or she continues to pay the annual dues or, in the case of the surviving spouse of a life member, for the duration of his or her life, if they so elect.

To join the Association, request a membership application by calling 212-963-2943 or sending a FAX to 212-963-5702 or E mail: afics@un.org.

Dues
The Association is financed by the dues paid by its members at the rates established from time to time by the Assembly, and by grants and gifts accepted by the Governing Board. All members except life and honorary members shall thereafter be exempt from the payment of annual dues.

The dues established by the Assembly are due and payable in January of each year. Members who fail to pay dues for two consecutive years shall have their rights and privileges suspended until full payment is effected.

Dues are $250.00 for lifetime membership and $25.00 for an annual membership.
THE FAFICS DIRECTORY
2004-2005

CONTENTS

➢ Federation Officers and Emeriti
➢ Member Associations
➢ E-mail Addresses

Any changes and/or corrections to this Directory may be communicated to the FAFICS Secretary in writing or by e-mail.

Postal address:
Anders Tholle
FAFICS Secretariat
Room A-851/A-853
United Nations Office at Geneva
Palais des Nations
CH-1211 Geneva 10
Switzerland

e-mail address: fafics@unog.ch, with duplicate copy to: tholle@cytanet.com.cy
FEDERATION OF ASSOCIATIONS OF FORMER INTERNATIONAL CIVIL SERVANTS (FAFICS)

FEDERATION DES ASSOCIATIONS D’ANCIENS FONCTIONNAIRES INTERNATIONAUX (FAAFI)

President:

Mr Witold Zyss
FAFICS President, c/o AAFU/AFUS
UNESCO, bureau 7B3.07
1 rue Miollis
FR-75732 PARIS Cedex 15
France

Tel: [33] (1) 45 68 46 55
Fax [33] (1) 45 68 57 79
afus@unesco.org (for Zyss)

President's home address:

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FR-75015 PARIS
France

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Fax. [33] (1) 40 61 07 46
wzyss@wanadoo.fr

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Room A-851/A-853
Palais des Nations
CH-1211 GENEVA 10
Switzerland

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Fax: [41] (22) 917 0075 (for FAFICS)
fafics@un.org

Secretary: Mr Anders Tholle
Room A-853, Palais des Nations, GENEVA

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Home tel. [41] (24) 477 35 51
atholle@unog.ch and
tholle@cytanet.com.cy

Assistant Secretary: Ms Lydia Ontal
c/o Room DC-1-580
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USA

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ontall@un.org

Treasurer: Mr. Juan Mateu
Room A-851, Palais des Nations, GENEVA

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Home tel. [33] (4) 50 953 107
juanmateu@aol.com

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castellanosa@un.org
(212) 963-2945

Mr Jean-Jacques Chevron
cheyron@bluewin.ch
Tel.[41] 22 776 23 85
Fax. [41] 22 776 23 85

Mr Aurelio Marcucci
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Tel./Fax. [39] (06) 39 37 92 87

Mr Tedla Teshome
trtshome@uneca.org
Tel. [251] (1) 65 57 08
Fax. [251] (1) 52 16 40

Emiriti

President emeritus: Mr Aamir Ali
gamirali@bluewin.ch
Tel. [41] 22 798 83 3
President emeritus : Mr George Saddler  
gfsadder@mindspring.com  
Tel. & Fax. [1] (718) 884 1291

Vice-President emeritus: Mr André Chakkour  
Tel. [33] (1) 46 05 33 66

FEDERATION OF ASSOCIATIONS OF FORMER INTERNATIONAL CIVIL SERVANTS (FAFICS)

FAFICS’ MEMBER ASSOCIATIONS

(In the attached list of member associations, please note that where times are given these are local and account should be taken of international time zone differences.)

ARGENTINA

Asociación de Ex-Funcionarios de las Naciones Unidas de Argentina (AFICS Argentina)  
Tel: [54](11) 4312 5301 x238  
Fax: [54](11) 4311 9151  
afics@arg.ops-oms.org

c/o OPS/OMS  
M.T. de Alvear 684, 3e Piso  
AR - C1058AAH BUENOS AIRES

President: Ms Leda Rosso  
ledarosso@hotmail.com

Committee on Pension Matters:  
President: Dr. Oscar P. Larghi  
oplarghi@drwebsa.com.ar

Permanence Tuesdays 2-4 p.m.

AUSTRALIA

Australian Association of Former International Civil Servants (AAFICS)  
Tel: [61] (2) 9337 5839  
Fax: [61] (2) 9313 6185  
"University of New South Wales For Hirshman"

c/o Dr. John Hirshman  
212 Old South Head Road  
AU - VAUCLUSE,NSW 2030  
j.hirshman@unsw.edu.au

President: Dr John Hirshman  

Treasurer: Mr Stephen Parker  
amsteveparker@bigpond.com  
PO Box 221  
MOSMAN NSW 2088

AUSTRIA

Association of Retired International Civil Servants in Austria (ARICSA)  
Tel: [43] (1) 2600 26116  
aricsa@iaea.org

Room C-0262  
Vienna International Centre  
P.O. Box 100  
AT-1400 VIENNA

President: Ms Josephine Andorfer  
FAFICS contact: Mr Peter Lillie

Office hours: Monday to Friday 10-12 a.m. and 2-5 p.m.

BOLIVIA
Asociación Boliviana de Ex Funcionarios de las Naciones Unidas
(AFICS-Bolivia)
Casilla 972
La Paz

President: Ms Marciana Vivado de Kahl
La Colina #5, Calle 25,
Calacoto, LA PAZ
Tel. [591] 2 279 0559
Fax. [591] 2 279 2852
malintzin@acelerate.com

Key Association Official: Ms Ana Maria Ampuero
Edificio Verdi,
Departamento 9B, Calle 9 #7914
Calacoto, LA PAZ
Tel. [591] 2 279 7852
mampuero@ceibo.entelnet.bo

BRAZIL

Associação de Antigos Funcionários Internacionais no Brasil
(AAFIB)
Centro de Informações da ONU
Palácio Itamaraty
Av. Marechal Floriano 196
BR - 20080 RIO DE JANEIRO

President: Mr Carlos A. Goulart

Director of Pensions and External Relations (President emergitus):
Mr Eduardo Albertal

BURKINA FASO

Association des Anciens Fonctionnaires des Nations Unies au
Burkina Faso (AAFNU-BF)
c/o UNIC Ouagadougou
01 BP 135
BF-OUAGADOUGOU 01

Président: Mr Stanislas Spéro Adoveti
06 BP 9233
BF-OUAGADOUGOU 06

Secrétaire Générale
Ms Chiquita Angelia Toé
01 BP 1237
BF-OUAGADOUGOU 01

CANADA

Canadian Association of Former International Civil Servants
(CAFICS/ACAIFI)
c/o ICAO
999 University Street
CA - MONTREAL, Qué H3C 5H7

President: Mr Arthur A. De Smit
Tel: [1] (514) 954-8219, ext.7064
Fax: [1] (514) 697 7401
arthur.desmit@sympatico.ca

Office hours: Tuesdays 13.00-16.30

CHILE
Asociación de Ex-Funcionarios de Naciones Unidas en Chile
(AFICS Santiago)
Edificio Naciones Unidas, Office Z-119
Avenida Dag Hammarskjold
Casilla 179 D
SANTIAGO DE CHILE

President: Mr Mario La Fuente
Office hours: Mondays, Wednesdays and Fridays 10.30-12.30

COLOMBIA

Asociación de Pensionados de Naciones Unidas en Colombia
(ASOPENUC)
Apartado Aéreo 90423
Calle 98 No 8-56
SANTAFE DE BOGOTA

President: Mr Tomás de J. Lopez Ramirez
c/o UNDP Resident Coordinator, UNDP Office
4th Floor World Trade Center Building
P.O. Box 982
CAIRO

President: Ms Soheir Kansouh-Habib
9 El Kamel Mohamed Street, Zamalek
Apt. 12B, 2nd Floor
CAIRO
Egypt

EGYPT

FRANCE
Association des anciens fonctionnaires de l'UNESCO (AAFU/AFUS)
UNESCO, Bureau 7B3.07
1 rue Miollis
FR-75732 PARIS Cedex 15
Permanence daily 3-5 p.m.
(July/August Tuesdays only)

President: Ms Yolaine Nouguier
ynouguier@club-internet.fr

President’s home address:
17 Grande Rue de Montreau
FR-91660 MÉRÉVILLE
Tel. [33] (1) 64 95 11 26

Vice-Presidents:
Mr Etienne Brunswic
etienne.brunswic@wanadoo.fr

Ms Merete Gerlach-Nielsen
19, rue Saint-Saens
FR-75015 PARIS
Tel. [33] (1) 45 79 95 34

GREECE

Association of Personnel of the United Nations (APUNG)
Solomou 25
ATHENS 10682

President:
Mr Elias Cacouris
ecacouris@hol.gr
8 Markou Botsari
ALIMOS GR-17455
Tel. [30] 210 984 2950
Fax. [30] 210 988 0265

General Secretary:
Ms Helen Argyriades
dirmastakas@ger.gr
26 Skoufa St
ATHENS GR-10673
Tel/Fax. [30] 210 692 7658

Treasurer:
Mr Petros Mastakas
dirmastakas@ger.gr

Note please: APUNG’s official address is as given above. But it is preferable to use, in practice, the postal and e-mail address and telephone numbers of its President and/or of its General Secretary.

INDIA - (Bangalore)

Association of Former United Nations Personnel in and of India (AFUNPI)
P.O.Box 25019
Museum Road
BANGALORE 560 025

Chairman: Mr S. Janakiram
jani_unesco@hotmail.com
Mulberry Lane
1, Rajaram Mohanroy Road
Richmond Circle
Tel. [91] (80) 229 0732
afunpi@hotmail.com
Tel. [91] (80) 2222 7747
jani_unesco@hotmail.com
BANGALORE 560 025
Secretary: Mr D.V.S. Narasimhan Tel. [91] (80) 2354 7755
Treasurer: Mr N. Narayana Tel. [91] (80) 2349 2335

INDIA - (New Delhi)_
United Nations Pensioners' Association (UNPA) Tel: [91] (11) 2649 7347
B-32 (FF) Panchsheel Enclave
NEW DELHI 110 017
President: Shri Krishnan Sobti
Secretary: Mr S.K. Seth Tel. [91] (11) 649 1114

Note please: the UNPA, New Delhi, has no e-mail facility. All correspondence must be mailed to its President at the postal address given above.

INDONESIA
Association of Former United Nations Personnel and Retirees (AFUNPR) Tel: [62] (21) 314-1308 and
Jalan M.H. Thanrin 14 314-0066
P.O. Box 2338 Fax: [62] (21) 314-5251
ID - JAKARTA un.pension.id@undp.org
Chairman: Mr Nuryo Martokusumo
Secretary: Ms Pretty Karsono

ITALY - (Rome)
Former FAO and other UN Staff Association (FFOA) Tel: [39] (06) 57054862 or [39]
c/o FAO (06) 57055916 / [39] (06)
Viale delle Terme de Caracalla 57055623
IT-00100 ROMA Fax: [39] (06) 57053152
ffoa@fao.org
Chairman, Executive Committee: Mr. Anton Doeve
Via Chiana, 112 Palazzo B
I-00198 ROMA Tel/Fax [39] (06) 8848221
Secretariat: Monday-Friday 9.30-13.00 & Wednesday 14.30-16.30
Official languages English-Italian

ITALY - (Torino)
Former Officials Association (FOA) Tel: [39] (11) 6936 057
International Training Centre of the ILO Fax: [39] (11) 638 842
Viale Maestri del Lavoro 10 foa@itcilo.it
IT-10127 TORINO
President: Mr Armando Siletto
Executive Secretary:
Ms Luisa De Benedetti
Pension & Health Insurance:
Messrs. Mario Farinetti & Alberto Sola
FAFICS: PR and information:
Ms Barbara Brown Cardone

LEBANON

Association of Former International Civil Servants (AFICS)
c/o UNDP, UN House
P.O. Box 11-3216
LB - BEIRUT

President: Mr Farouk Mawlawi

MALI

Association malienne des Anciens Fonctionnaires internationaux des Nations Unies (AMAFINU)
c/o PNUD
B.P. 120 - Badalabougou Est
BAMAKO

President: Mr Mamadou Bagayoko

MEXICO

Asociación de Ex Funcionarios de las Naciones Unidas en México (AFPNU-Mexico)
Presidente Masaryk 29
Apartado Postal 6-718
MEXICO D.F. 11570

President: Mr Jamal Shemirani

NEW ZEALAND

N.Z. Association of Former U.N. Officials (AFUNO-New Zealand)
c/o Mr. Ed. Dowding
16A Moore St.
NZ - BIRKENHEAD, Auckland 1310

President: Mr Ed. Dowding

PAKISTAN

Association of UN Pensioners in Pakistan (AUNPP)
Bungalow No.15, Street No. 5, F-8/3
ISLAMABAD

President: Dr Ansar Ali Khan
Vice-President: Mr S. Jamal Ahmad
General Secretary: Mr M.S. Rajput
Finance Secretary: Mr M. Faiyaz Alam

Tel: [92] 51 2254982
Tel: [92] 51 2251799
Tel: [92] 51 2271475
Tel: [92] 51 2294525

Email: dransarali@yahoo.com
Email: syedahmad5@hotmail.com
Email: Tel: [92] 51 2271475
Email: Tel: [92] 51 2294525
PARAGUAY
Asociación Paraguaya de Ex Funcionarios de Organismos des Naciones Unidas (APEFUNO/AFICS Paraguay)
Edificio Naciones Unidas
Saravi Mariscal López
ASUNCION

President: Mr Eduardo Aquino del Puerto

RUSSIAN FEDERATION
Association of Former International Civil Servants (AFICS Moscow)
c/o UNIC Moscow
4 Glazovsky per.
RU - MOSCOW 121002

President: Mr Roman Issinski

SRI LANKA
Association of Former International Civil Servants (AFICS-Sri Lanka)
c/o Dr Adrian Senadhira
Barnes Place,
COLOMBO 7

President: Dr Nihal Abeysundere
16/1/7 Falcon Court Apartments
Amerasekera Mawatha
COLOMBO 5

Secretary-General: Dr Adrian Senadhira
(see above address information of AFICS-Sri Lanka)

Treasurer: Mr V. Kumarapelie
269D Shikaranie
Hokandara Road
TALAWATUGODA

SWITZERLAND
Association des anciens fonctionnaires internationaux / Association of Former International Civil Servants (AAFI-AFICS)
Room C.542-1
Palais des Nations
CH - 1211 GENEVE 10

Chairman: Mr Jean-Jacques Chevron
7 chemin des Pralies
CH-1279 BOGIS-BOSSEY

Tel: [41] (22) 776 11 69
Fax: [41] (22) 776 23 85
Mobile: [41] (79) 611 79 53
chevron@bluewin.ch

THAILAND
Association of Former International Civil Servants (AFICS Thailand)
4th Floor Service Building
United Nations Building
BANGKOK 10200

Tel: [66] (2) 288 1890
Fax: [66] (2) 674 0441
Mobile: [66] (1) 869 4008
escap_un_retirees.unescap@un.org
President and FAFICS Representative: Mr Vudhithep Tanghongse

Treasurer: Ms Soythong Collaco soythongc@hormail.com

UNITED KINGDOM

British Association of Former United Nations Civil Servants (BAFUNCS) Tel: [44] (20) 7930 2931 bafuns@globalnet.co.uk
3 Whitehall Court
UK - LONDON SW1A 2EL

Chairman, Executive Committee:
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4 Pemberton Place
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Vice-Chairman, Executive Committee: Dr Brian Dando waidad@btinternet.com

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UNITED STATES OF AMERICA

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castellanosadun.org

1st Vice President: Ms. Edna Christie
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(where the Association has no e-mail address of its own, the President’s or a contact point’s e-mail address is given in lieu)*

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<thead>
<tr>
<th>Country</th>
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<td></td>
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<td>President John Hirshman</td>
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Indonesia

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Frequently Asked Questions (FAQs)

Notes by O. Richard Nottidge, AFICS(NY)
Insurance Committee Chairperson

These notes attempt to answer some frequently asked questions that retirees and their survivors often do not wish to ask, but which face us all in time.

The following is written as if the retiree is a former United Nations staff member. It may be equally relevant to retirees of other United Nations family organizations, e.g., FAO, ILO or UNESCO, but in those cases the survivor should turn to the retiree’s former organization for advice and precise information. In all cases it is necessary to inform the relevant organization as soon as possible of the retiree’s death in order to assure the survivor’s continued benefits.

AS A RETIREE, WHAT SHOULD I DO TO MAKE IT EASIER FOR MY SPOUSE (OR OTHER SURVIVOR) WHEN I DIE?

Keep your records up to date

If you are entitled to After-Service Life Insurance (ASLI), make sure that your designated beneficiary is the person you want to benefit. If you want your spouse to benefit but your spouse is not the designated beneficiary, ask the Insurance Service, Room S-2755, United Nations Headquarters for a new Designation of Beneficiary form.

If you are receiving a periodic United Nations pension benefit, make sure the United Nations Joint Staff Pension Fund secretariat has your spouse’s name and address.

Make an arrangement with a relative, friend or former colleague, whom your spouse knows and trusts, to help with arrangements

When someone dies, the survivor is often too upset and distressed to take care of the necessary practical arrangements, such as the funeral, death certificates, notification of those who need to be informed and ensuring that the survivor’s benefits are not lost.

Make sure you have an up-to-date will, as well as a living will or a health care proxy, if appropriate

A will ensures that your estate goes to the person or persons you wish it to go to. In some countries it is indispensable. A living will sets out how you wish to be treated medically if you are not in a position to express yourself when you are ill. A health care proxy gives authority to your spouse, or someone else you specify, to give such instructions on your behalf when you cannot do so.
It may be useful to select in advance a lawyer who will assist your spouse on your death. This may be the executor of your will or another lawyer whom you and your spouse both trust. If it is not the executor of your will, it would be a courtesy to inform both lawyers of the arrangement.

**Keep your spouse informed**

Make sure that your spouse is familiar with the claims procedures of the After-Service Health Insurance (ASHI) plan in which you are enrolled and the procedures necessary for the spouse to continue to be covered by the plan.

Make sure your spouse knows where you keep all your personal documents, share certificates, life insurance policies, powers of attorney, safe deposit boxes, etc. and that your spouse can access them. A list of your important documents will help.

**AS THE SPOUSE (OR SURVIVOR) OF A RETIREE, WHAT SHOULD I DO WHEN THE RETIREE DIES?**

**Obtain a death certificate with the date and cause of death**

The certificate must be registered in the appropriate public office. Depending on the country this may be a Registry Office, Civil Registry, State, Province or Municipal Office. Make sure you obtain at least ten original certificates. Copies are not always accepted. An original certificate is often necessary to obtain benefits as the surviving spouse.

**See to the funeral arrangements**

This is normally taken care of by a Funeral Director or Funeral Home. Burial arrangements may have to be taken care of separately. Burial plots can be purchased at any time if you know where you wish to be buried. Cremation may be a less costly alternative.

**See to your pension benefits**

If the retiree was in receipt of a pension, inform the institution paying the pension of the retiree’s death. If you are entitled to a survivor’s benefit make sure you make a claim for the benefit within any time limit that may be applicable.

If the retiree was in receipt of a periodic benefit from the United Nations Joint Staff Pension Fund (UNJSPF), inform the Chief Executive Officer, UNJSPF, United Nations, New York, NY 10017, USA, in writing, as soon as possible, of the Name, Retirement Number, if available, and Last Address of the deceased person and the exact
date of death. If this is not done, the deceased’s full pension may continue to be paid and the overpayments will have to be recovered later by the Pension Fund. As soon as you have original death certificates, send an original death certificate to the Chief Executive Officer of the Pension Fund. A survivor’s benefit may be payable to a widow, widower or unmarried child under 21 and, in some cases, to the mother or father.

Under the UNJSPF Regulations and Rules, a survivor’s benefit is considered a new benefit. The survivor’s pension is first calculated as a “dollar amount.” If you complete the Pension Fund Form PENS.E/10 and provide proof of your residence outside the USA, you will be placed on the two-track adjustment system and under the “local track.” Your pension will then be paid in the local currency and adjusted for cost-of-living changes in your country of residence. You must inform yourself whether it is to your advantage to receive your pension payment on the two-track system. Once on the two-track system, you can not switch back. Please note that you do not have to be on the two-track system to receive your UNJSPF benefit in a local currency. If you are not on the two-track system, you can request your pension to be paid in a local currency. The monthly entitlement in US dollars will be converted into local currency during each quarter at the official UN rate of exchange for the previous month.

See to your insurance benefits

Life Insurance

If the retiree had contributed to the United Nations Group Life Insurance scheme for ten years or more during his or her active service, write to the Insurance Service at United Nations Headquarters to request payment of the death benefit. This benefit is paid to the person whom the retiree designated. It may not be the surviving spouse.

Health Insurance

If at the date of death, the retiree was enrolled in a United Nations After-Service Health Insurance (ASHI) plan and you were covered as a dependant spouse, you are entitled to continued coverage for yourself (and your children too, if they were still covered at the time of the retiree’s death and are still eligible). Full details on the eligibility of survivors is given in ST/Al/394 (See the text under the section on UN After-Service Health Insurance above - page 151).

To ensure that coverage continues, inform the office which administers your plan as quickly as possible. If you do not apply within three months of the date of death of the retiree you may be refused eligibility for continued coverage. The reduction in premium to take into account that the retiree is no longer insured is not made retroactive to the date of death but is implemented with effect from the first of the month following notification. If the office is not informed quickly, you may be paying more than you ought for your Health Insurance coverage.

At the same time you may wish to switch from one plan to another. Information on the different plans administered by the United Nations administers is given below.
WHAT HEALTH INSURANCE PLANS ARE AVAILABLE TO THE SPOUSE OR OTHER SURVIVOR OF A RETIREE?

Plans administered by the Insurance Service, United Nations Headquarters:

Aetna “Open Choice” plan. This is a Preferred Provider Organization (PPO) plan which is intended for those who expect to receive medical services primarily in the United States. It offers world-wide coverage for hospitalization and surgical, medical and prescription drug expenses. Under the plan, medically necessary treatment for a covered illness or injury may be obtained at a hospital or from a physician of one’s own choosing, whether or not the provider is in the PPO network. When the treatment is by a network provider, the participant pays a $10 fee and the rest is paid by Aetna without the participant having to make any claim for reimbursement. If the treatment is by a non-network provider, the patient has to pay the bill and claim in the usual way for reimbursement from Aetna. There are limits on various services, such as mental health and alcohol/drug abuse.

Blue Cross EmpireDeLuxe plan: This is also a PPO plan intended for those expecting to receive medical treatment in the United States. It provides in-network benefits, including an extensive national network of participating providers covering most specialties, as well as out of network benefits. Network providers accept the fee schedule agreed with Blue Cross and the participant has to pay a small fee, usually $10 (this “Co-Pay” may vary between $0 and $35 for certain services). Medical services by non-network providers are reimbursed, when covered, at 80 per cent of the reasonable and customary rate, subject to a deductible and annual limits on the 20 per cent payable by the participant. There are limits on various services, such as mental health and alcohol/drug abuse.

Health Insurance Plan of Greater New York/Health Maintenance Organization (HIP/HMO): This plan follows the concept of total pre-paid group practice hospital and medical care for covered services at numerous participating medical groups in the Greater New York area and certain areas in Florida. There is no out-of-pocket expense to the participant who uses the participating groups. Treatment outside the covered area is only covered for emergency services. There are limits on various services, such as mental health and alcohol/drug abuse.

Cigna Dental Insurance plan: The plans mentioned above do not cover dental expenses. The Cigna plan is intended to do so and is in addition to them. It can be combined with each of them. It has two coverage options. Option A provides coverage for most dental procedures without any deductible or co-pay if the treatment is provided by a dentist participating in the Cigna national PPO network. If treatment is given by a dentist who is not in the Cigna network, the participant is reimbursed the network fee for
the procedure and any amount above that is at the expense of the participant. Option B is intended for those who wish to utilize non-network dentists. Out-of-network dental treatment is reimbursed at certain percentage levels after an annual deductible of $50 per person and $150 per family. If a network dentist is used, there is no deductible and the percentage of the network fee reimbursed is ten per cent higher.

Van Breda medical, hospital and dental insurance plan: This plan is for participants who expect to receive medical services primarily outside the United States. It is not available to participants if they or their covered dependents are resident in the United States. There are limitations on treatment in the United States and daily hospital room rate maxima are established for North America ($600), Europe ($600), Israel ($700) and everywhere else ($300). The plan has two components. Under the basic component, reimbursement of medical treatment by qualified doctors is limited to 80 per cent of the costs involved, including doctor’s fees. Under the major medical component, 80 per cent of the remaining costs is paid, subject to an annual deductible of $200 per participant and $600 per family. Dental and mental health treatment are subject to conditions.

For full details on these plans, consult the Insurance Service above or the latest circulars on the plans.

N.B. When you have been in any of these United Nations ASHI plans for two years, you can change to another one at any time. You can also change plans if you change your country of residence.

Other United Nations plans

The United Nations Mutual Insurance against Sickness and Accident: This is administered by the United Nations Office at Geneva, Palais des Nations, 1211 Geneva 10, Switzerland.

The Van Breda Health Insurance Plan for UNOV and UNIDO: This is jointly administered by the Social Security Units of the United Nations Office in Vienna and the United Nations Industrial Development Organization, P.O. Box 300, Vienna International Center, 1400 Vienna, Austria.

The Medical Insurance Plan: This plan is for locally-recruited staff at designated duty stations away from Headquarters, Geneva and Vienna. It is based on the costs of medical expenses at each duty station and is administered by the local office under the direction of the United Nations and related organizations, e.g., UNDP, UNICEF and UNHCR. Further information is contained in Administrative Instruction ST/Al/343 of 31 July 1987 or may be obtained from the local office of each Organization.

Please make sure that your spouse is familiar with the above information.
Information on
United States Income Taxes
For United Nations Retirees

Prepared by Robert L. Smith
Honorary Member of the Governing Board
Association of Former International Civil Servants (New York)

AFICS(NY)

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Annexes

I. Effective date of income tax liability for former G-4 visa holders
II. Examples:
   a) U.S. citizen/resident alien
   b) Non-resident alien, G-4 visa
   c) U.S. citizen/resident alien and non-resident alien, G-4 visa
III. Frequently Asked Questions
V. Form W-7
VI. Form W-8

Disclaimer: This document has been prepared to assist UN System retirees determine their U.S. income taxes liabilities because U.S. income tax laws are very complicated. Robert L. Smith and AFICS (NY) cannot take any legal or other responsibilities for the materials presented or the interpretations made in the document which is intended solely to be helpful to UN System retirees cope with U.S. income tax issues of special relevance to them.
I - Introduction

1. The purpose of this document is to provide guidance and assistance to UN retired staff members who may be liable for payment of United States income taxes. This document is a revision of a previous document prepared by Robert L. Smith and issued in December 2002. While references are made to UN retirees, this information normally may be read as applicable to retirees from other International Organizations.

2. It may be noted that a Guide to National Taxation of United Nation’s Joint Staff Pension Fund Benefits, with Special Reference to United States Taxes (JSPF/G.11/Rev.8) was issued by the UNJSPF in 1994. However, that document has become out-of-date in certain respects, particularly as to examples of solutions to selected tax situations. The UNJSPF document, which was prepared under the direction of the late Mr. Paul Szasz, UN Office of Legal Affairs, contains important interpretations of current U.S. tax laws and directives applicable to UN officials. Care has been taken to ensure that such interpretations or positions are reflected in the present document.

3. It has been found that whatever document may be prepared on these matters, additional personal assistance and guidance is often required. As the United Nations is unable to provide such assistance on income tax matters, certain members of AFICS(NY) who are retired have undertaken to provide such help as a service to UN retirees. Phone AFICS for further information at 212-963-2943 or enquire at the AFICS(NY) office, DC1-0580.

II - Non-Resident Alien or Resident Alien

4. Problems frequently arise in determining the status of a G-4 visa holder who retires in the United States and remains there after retirement, usually seeking a Permanent Resident Visa. There are two tests for determining that a former non-resident alien has become a resident alien. Each operates independently and each has equal weight. These tests are the Substantial Presence test and the Permanent Residence Visa test. More information is given in Annex I. The first test, which is least understood, has 183 days physical presence as the trigger point for being treated as a resident alien. Days are counted as follows (excluding any time in the U.S. on a G-4 visa):

<table>
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<td>First preceding year</td>
<td>1/3</td>
</tr>
<tr>
<td>Second preceding year</td>
<td>1/6</td>
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Example - resident alien test for current year -

- Current year-------------------126 days x 1 = 126 days
- First preceding year---------126 days x 1/3 = 42 days
- Second preceding year-------126 days x 1/6 = 21 days
  Total-----189 days
Under the Substantial Presence test, the individual is deemed to be physically present 189 days in respect of the current year and qualified as a resident alien for that year (For further details see IRS Publication 519, U.S. Tax Guide for Aliens). The date on which the status of resident alien begins may or may not be 1 January. It depends on the date in the current year on which physical presence began (for a minimum of 31 days) or the effective date of the Permanent Resident Visa.

5. An individual holding a G-4 Visa who retired before 1 July of the year and then remained in the U.S. for the balance of the year would normally qualify under the Substantial Presence test as a resident alien from the date of retirement. However, an individual who retired after 2 July holding a G-4 visa up to the date of retirement could not reach 183 days physical presence in the year of retirement and would be a non-resident alien for the retirement year unless a Permanent Resident Visa was acquired effective some date in the second half of the year. The effective date of the Permanent Resident Visa would fix the effective date of changing to resident alien status in this example. However, assuming no Permanent Resident Visa was acquired during the year of retirement and the individual stayed in the U.S. continuously during the following year, the effective date of resident alien status would be 1 January of the following year under the Substantial Presence test.

6. During the period when a retired UN staff member is a non-resident alien, form 1040NR is normally the proper tax return to file. A non-resident alien would not pay income taxes on a lump sum payment nor on the monthly UN pension as it is income from non-U.S. sources. A non-resident alien is also exempt from tax on bank interest, which includes interest or dividends from a Credit Union. Taxes are payable on U.S. source income, such as dividends, earned income and rental income. However, there may be a tax treaty between the U.S. and the country of nationality that affects the taxes of a non-resident alien. It should be noted that a non-resident alien filing form 1040NR may not file a joint income tax return.

7. A resident alien is taxed on essentially the same basis as a U.S. citizen and uses the tax form 1040. In cases where an individual was a non-resident alien for part of the year and a resident alien for the other part, it may be necessary to file form 1040NR for part of the year and form 1040 for the other part.

III. Non-taxable Amount of Monthly Pension

8. Two methods of calculating the non-taxable amount of monthly UN pension have been used in the past: the General Rule and the Simplified Method. However, for pensions starting after 18 November 1996, if all three of the following conditions apply (which will be the usual situation with UN pensions) the Simplified Method must be used:

1) The payments are 1) for your life, or 2) your life and that of a beneficiary;
2) The payments are from a “qualified” pension plan; and
3) At the time the pension payments began, you were under age 75.

9. The fixed monthly tax-exempt amount is determined under the Simplified Method by dividing the contribution to the pension by the divisors established for this purpose. The contribution to the pension varies according to your status while serving as a UN staff member, as follows:
UN Staff Member Status  

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<th>Contribution to the Pension</th>
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<td>a) U.S. Citizen or resident alien for whole career</td>
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<tr>
<td>b) Non-resident alien, G-4 or exempt status for whole career</td>
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<tr>
<td>c) Part of career as non-resident alien and part as U.S. citizen or resident alien</td>
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10. The divisors according to a pension starting date are as follows:

<table>
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<th>Age*</th>
<th>Single or Married 1/1/86 to 18/11/96</th>
<th>Single or Married 19/11/96 to 12/31/97</th>
<th>Single only 1/1/98 to present</th>
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<td>55 or under</td>
<td>300</td>
<td>360</td>
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<td>56 to 60</td>
<td>260</td>
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</tr>
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<td>61 to 65</td>
<td>240</td>
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</tr>
<tr>
<td>66 to 70</td>
<td>170</td>
<td>210</td>
<td>210</td>
</tr>
<tr>
<td>71 &amp; over</td>
<td>120</td>
<td>160</td>
<td>160</td>
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</tbody>
</table>

*) age reached at retirement.

The following revised divisor figures were introduced effective 1/1/98 for cases when pension payments are for your life and that of your beneficiary (usually a surviving spouse):

<table>
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<th>Combined Ages at Pension Starting Date - Retiree and Spouse</th>
<th>Divisor 1/1/98 to present</th>
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</thead>
<tbody>
<tr>
<td>110 or under</td>
<td>410</td>
</tr>
<tr>
<td>111 to 120</td>
<td>360</td>
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<tr>
<td>121 to 130</td>
<td>310</td>
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<tr>
<td>131 to 140</td>
<td>260</td>
</tr>
<tr>
<td>141 and over</td>
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11. The figures given represent the number of months that the fixed non-taxable monthly amounts is available if no partial lump sum were taken at retirement. If you received up to a one-third lump sum payment, you in effect received up to one-third of your pension entitlement and used up to one-third of your non-taxable months of credit. For example, if on retirement at age 62, you received a one-third
lump sum, you would have used one-third of 260 months or 86\_\_ months, leaving 173 \_\_ months or 14.44 years, from the date of retirement. Thereafter the monthly UN pension payable to a UN retiree or a survivor would be fully taxable i.e., after 14.44 years.

12. The non-taxable amount of monthly pension payable to a retiree applies equally to an eligible survivor, without change in the non-taxable amount, until all the months of eligibility have been used. Any unused amount of the contribution credit remaining after the death of the retiree and any beneficiary may be claimed on the final U.S. income tax return, in schedule A. of U.S. tax form 1040

13. Monthly UN pension payments of present UN retirees are paid in arrears, i.e., at the beginning of the second month of retirement. Thus, for a pension payment effective on 1 January, the first monthly pension payment would be made at the beginning of February. Such a UN retiree would have 11 months of monthly pension income to report for the first year. Similarly, a UN retiree with a pension beginning on 1 July will have only 5 months of pension payments the first year and 5 months of the non-taxable amount to be deducted. The first month of payment of a cost-of-living pension adjustment effective 1 April would be received with the May pension payment.

IV - Withdrawal Settlement (full lump sum)

14. This subject will not be covered in detail in this document. Such a withdrawal settlement is a full lump sum withdrawal for persons leaving the Organization before retirement age with 5 years of pensionable service or more. Some of the tax problems of normal UN retirees do not arise. However, this election should be considered very carefully. The better alternative may well be to leave the funds in the UN Pension Fund and take a deferred benefit. You will receive cost of living adjustments on your benefits at age 55 and over and will be awarded a regular UN pension at your normal age of retirement. Whether the full lump sum is or is not taxable may also be a factor to consider.

15. It appears that the usual taxable lump sum withdrawal case at this time would be a U.S. citizen or resident alien with at least 5 years of UN service who was separated at a relatively young age. In such a case, the lump sum payment, less the contribution credit, calculated as for any other participant, would be subject to regular U.S. income taxes. Advantage might be taken of the provisions for rollover to an IRA. It should be noted that if an individual were not a U.S. citizen or resident alien at the time of retirement, any lump sum payment would be tax exempt.

V - Examples of taxation of monthly pension benefits

16. Annex II of this document provides examples of the taxation of monthly UN pensions received by U.S. citizens, resident aliens and non-resident aliens, using the Simplified Method. You should normally find that your case is covered by one of these examples.

17. In all cases, the resulting tax-free monthly pension is the amount to be taken into account in determining the monthly taxable pension, reported on the annual tax form 1040, line 16b. The percentage of pension elected to be taken as a lump sum, one-third for example, decreases the number of months the non-taxable amount is available.
18. An important point was developed in the note under one of the examples in the Guide issued by the UNJSPF. It pertained to a UN staff member who was not a resident or citizen of the U.S. at retirement, who remained outside the U.S. for a period of time after retirement, before entering or reentering the U.S. The view, as expressed in the Guide, was that all the calculations of the U.S. monthly non-taxable amounts should be made the same as for an individual retiring in the U.S. The total non-taxable credit on the monthly pension would be deemed to have been used from the date of retirement, including the time the retiree was outside the U.S.

19. It is important to note that the normal disability pension benefit paid by the UN Pension Fund is fully taxable, like any other U.S. taxable income. However, when the individual reaches the normal retirement age (60 or 62 in the UN) the payments to the individual do not change in amount but are thereafter treated as a retirement pension for tax purposes. The monthly tax-exempt amount would be calculated by dividing the contribution to the pension (as per Para. 8 above) by the factor according to the age at retirement. For example, if age 60 and single, divide by 310.

VI – U.S. Social Security/Self-employment tax

Staff members of the United Nations

20. Staff members of the UN who are liable to pay U.S. income tax are treated as self-employed for U.S. income tax purposes and may be subject to the Self-Employment tax. For all practical purposes this is the same as the Social Security tax. The term Social Security is often used in referring to the Self-Employment tax; any eventual benefits are payable by the U.S. Social Security Administration.

21. In the early years of the UN, earnings of staff members liable to pay U.S. income tax were not subject to U.S. Social Security taxes. However, U.S. legislation effective 1 January 1960 brought within the Social Security system certain earnings of U.S. citizens, along with some employees of Embassies, Consulates and Missions, which were not previously covered by the system. Under provisions of the new legislation, all non-U.S. citizens, regardless of visa status, were excluded from Social Security coverage. Earnings of U.S. citizens for services performed outside the U.S. were also excluded from U.S. Social Security coverage.

22. U.S. employers withhold the employee's share of the Social Security tax on payroll earnings while paying a matching amount to the Social Security fund. Self-employed U.S. taxpayers, on the other hand, report and pay the combined total of these two amounts on their tax return.

23. For a period after 1 January 1960 staff members eligible for U.S. Social Security coverage were responsible for paying the total employer/employee taxes. However, following a review of the matter within the Secretariat, it was decided that the U.S. income tax reimbursement would include the normal employer's share. The rationale was that this would be equivalent to the treatment of employees in the U.S. outside the United Nations. It is interesting to note that for the first six years after 1 January 1960, the U.S. Social Security/Self-Employment taxes were payable on earnings up to $4,800, while for 1999 this figure was $72,600. In addition, a 2.9% tax for Medicare was payable on 1999 earnings above that amount.
24. When UN retirees, who are U.S. citizens, receive short-term UN appointments with the status of staff members, their earnings, if $400 or more, for service in the U.S. are subject to Social Security taxes, as well as income tax reimbursement, the same as for regular staff members.

25. Some retirees are given Special Service or Consultant contracts, which constitute a form of self-employment without staff member status. Such persons are subject to the normal U.S. income tax rules on such UN earnings. When subject to U.S. Social Security taxes they pay the normal self-employment taxes.

26. It should be noted that a non-resident alien is never subject to self-employment taxes. Resident aliens who are not staff members must pay the Social Security tax under the same conditions that apply to U.S. citizens. Unlike the case of a U.S. citizen who is a UN staff member, a U.S. citizen who is not a UN staff member pays the applicable self-employment tax for services outside the United States. According to IRS Publication 54, "If you are a self-employed U.S. citizen or resident abroad you generally are subject to the Social Security/Self-Employment tax" (c). This is so even though your earnings may be subject to the Foreign Income Exclusion.

27. If you are employed by a non-UN employer (i.e. by a private employer) outside the United States, the rules are different but your private employer should determine the applicability of Social Security taxes (See IRS publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, page 9, 1998).

28. Some retirees are now finding that the amount of U.S. Social Security benefit they receive when they apply for it is less than was anticipated. This is happening for UN retirees more recently as the U.S. Social Security Administration has been applying a law that was adopted some 20 years ago for U.S. civil servants and is deemed applicable to UN retirees. Therefore, the U.S. Social Security benefit is calculated under a formula that normally allows a higher percentage benefit for early years of service than for later years. The rationale is to improve the benefit otherwise granted for those with shorter service and in greater need. The revised U.S. Social Security law provides that if a staff member was building up pension benefits during a period when there was no contribution to U.S. Social Security (such as a U.S. citizen serving the UN outside the United States), then the increased normal U.S. Social Security credit for the early years would be reduced. Some credit is given for the early years but not at the augmented rate.
ANNEX I

EFFECTIVE DATE OF INCOME TAX LIABILITY
FOR FORMER G-4 VISA HOLDER

1. The effective date of income tax liability for a former G-4 Visa holder is determined in accordance with the Substantial Presence test, described in Para. 4 of the main document and/or the effective date of the Permanent Resident Visa. These two rules are applicable independently and either may govern, standing alone.

2. **Substantial Presence Rule.** For a UN staff member retiring during the first half of the year and remaining in the United States, after retirement, for 183 days or more, U.S. income taxes would apply as from the beginning of the first 31 continuous days of presence. The 183 days total figure could not be met when the first day of presence as a UN retiree was 3 July or later; hence, the rule could not apply for the year of retirement. The retiree would continue as a non-resident alien for the retirement year, provided no Permanent Resident Visa had been issued.

3. **Effective Date of Permanent Resident Visa.** In normal circumstances, all income is taxed like that of a U.S. citizen as of the effective date of the Permanent Resident Visa. Cases have arisen when the Waiver of UN Privileges and Immunities had not been signed with the U.S. Immigration Service when the Permanent Resident Visa was obtained. In such cases, for the UN earnings as a short-term staff member, the UN would not agree to reimburse any income taxes. Earnings on a UN Special Service Agreement are taxed as an independent contractor’s outside income, not as UN earnings and are not affected by the signing of the waiver.
ANNEX II

EXAMPLES

U.S. Citizen or Resident Alien

1. Taxpayer was a U.S. citizen or resident alien on a Permanent Resident Visa, or a combination of the two, who had served as a staff member in a UN International Organization and retired on 1 July 2000 at age 60, with a spouse age 58. The total contribution to the UN Pension Fund made by the staff member was $75,000.

2. The tax-exempt portion of the monthly pension calculated according to the Simplified Method was as follows:

   UN Staff member's contribution $75,000
   Divisor (combined age 118) = 360
   $75,000 = $208.33 per month
   (see para. 10)

   (Divisor 360)

3. The UN staff member elected to take one-third of the pension as a lump sum, which had the following effect:
   (a) One-third of the $75,000 credit or $25,000 was available as a reduction in the income tax on the lump sum, and
   (b) The number of months of tax credit available was reduced by one-third from 360 to 240 months.

4. If the UN staff member had been single on the date of retirement, the divisor under the Simplified Method would have been 310 (see para. 10)

Non-resident Aliens/G-4 Visa

5. Taxpayer was a non-U.S. citizen who had served, in exempt status, as a staff member in a UN International Organization on a G-4 visa or on an International Organization post (in another country) where a G-4 visa was not applicable. The staff member retired on 1 August 2000 at age 62, with a spouse age 63, and received a one-third lump sum payment which would not be taxable. The total contribution made to the UN Pension Fund by the UN staff member was $70,000. In addition, the UN staff member received credit for the Organization's contribution of $140,000 under the provision of Internal Revenue Code 72(F)(2), which provides that if the Organization's contribution would not have been subject to income taxation if paid directly to the staff member rather than to the UN Pension Fund, then it would be treated as a credit.

6. The tax-exempt portion of the monthly pension, calculated according to the Simplified Method, would be as follows:

   UN Staff Member's contribution $70,000
   Organization's contribution $140,000
   Total contribution credit $210,000
   Total credit $210,000 = $677.42 per month ($8,129.03 per annum)
   Divisor (combined ages) 310 (see para. 10)
Taxpayer Mary Jones entered service in a UN International Organization as a Resident Alien in the General Service category. After a period of some 15 years, she was promoted to the Professional category, at which time she gave up her U.S. Permanent Resident Visa and was granted a G-4 Visa in exempt status. Mary was single and retired on 1 September 2000 at age 62, after having served for 17 years in the Professional category. During the period she served in the General Service category as a Resident Alien, she contributed $30,000 to the UN Pension Fund. While serving on a G-4 Visa as a Professional, she contributed $50,000 to the UN Pension Fund and the Organization contributed $100,000, for which she would have received credit under the terms of Internal Revenue Code 72(F)(2), as described in the previous example. Thus, Mary's total credit towards tax-exempt pension was $30,000 + $50,000 + $100,000, or $180,000. The tax-exempt portion of the monthly pension calculated according to the Simplified Method was as follows:

\[
\text{Total credit} = 180,000 \quad \text{Divisor (age 62)} = 260
\]

\[
\frac{180,000}{260} = 692.31 \text{ per month}
\]

\[
\frac{180,000}{260} = 8,307.68 \text{ per annum}
\]

Mary did not elect to take a lump sum and thus would receive this credit for 260 months, in retirement.

In the event that the situation had been reversed, in that Mary had first served for a period of time in exempt status, eligible to receive credit for the Organization's contribution to the UN Pension Fund, followed by a period of service on a U.S. Permanent Resident Visa, a similar calculation would be made of the tax exempt pension under the Simplified Method, taking account of the credit while in exempt status plus the credit as a resident alien.

The main purpose of this example is to show that it cannot be assumed that the visa status at retirement prevailed for the whole career. In such cases of two-part service, it would be necessary for the UN retiree to determine the contribution while a UN staff member during each period of service. It would not be enough to know the total contribution during the full career. The UN Pension Fund Secretariat has advised that as it is very time consuming for them to obtain this information from the Archives, UN retirees concerned should first make a serious effort to obtain the information from their own records, as provided to them by the UN Pension Fund during their career.
ANNEX III

FREQUENTLY ASKED QUESTIONS

1. **Is the pension of a UN retiree taxable in the United States?** UN monthly pensions received by all U.S. citizens or resident aliens are always taxable wherever the UN retiree is living, in the U.S. or elsewhere. Such UN pensions are also taxable for non-resident aliens who qualify as resident aliens, for tax purposes, under the Substantial Presence test (see paragraph 4-7). Otherwise, a non-resident alien is not taxed on the UN monthly pension.

2. **Do UN retirees who pay U.S. taxes have to pay quarterly estimated taxes?** All U.S. taxpayers have to pay estimated taxes four times a year – April 15, June 15, September 15, and January 15. Many taxpayers simply forget or do not know about this requirement and as a result may face penalties when they file their tax return. In order to avoid penalties, the payments must be spread evenly over the tax year and must in total equal 90% of the current year’s actual taxes or 100% of the previous year’s taxes paid.

3. **Should I place my lump sum in a rollover to an Individual Retirement Account (IRA)?** Some UN retirees have gotten into trouble when mistakenly placing their lump sum into a rollover (IRA) as the IRA is taxable only when the funds are withdrawn. You should not elect a rollover IRA if (a) you are a U.S. non-resident alien whose lump sum is tax exempt or (b) if the tax on the lump sum will be reimbursed by the Organization. Only consider a rollover of the PART OF THE IRA that is taxable and the tax on that part is your responsibility.

4. **Will the UN reimburse the tax on my lump sum?** If you were a UN staff member before 1980, the UN will reimburse any income taxes on your lump sum withdrawal. If you joined the UN on or after 1 January 1980, you are responsible for any income taxes on the lump sum that you received.

5. **Do UN retirees who are U.S. taxpayers have to pay tax on special service agreements?** UN retirees must pay taxes on their special service agreements (as consultants or contractors) with the UN, including the estimated taxes. Many UN retirees either do not think about it or because the payment was not reported to the IRS they believe that the income is not taxable. However, as they are no longer in the status of UN officials, they are normally taxable regardless of visa status. In addition, they are required to pay social security taxes, if such income exceeds $400 a year (See para. 25).

6. **What taxes are payable on outside income by a U.S. non-resident alien who has not qualified as a resident alien under the Substantial Presence test?** Bank interest, including Credit Union dividends, is never taxable in that case nor is the monthly UN pension. However, stock dividends, capital gains and rental income from sources within the U.S. are taxable using form 1040NR. A tax treaty between the home country and the U.S. may affect the amount of such taxes.
7. **What is the effect of not having signed the Waiver of UN Privileges and Immunities?** UN staff members who are non-resident aliens have been granted certain privileges and immunities under U.S. law such that they are exempt from U.S. income taxes on their UN earnings as UN staff members. When such staff retire and receive a Permanent Resident Visa, they normally are required to sign a waiver of their tax exemption rights. However, although they have retired and received a Permanent Resident Visa, if they have not signed the Waiver of their Privileges and Immunities, they still remain in tax-exempt status on UN earnings. If they should then receive a short-term appointment with the UN with status as a staff member, the immunity from income taxes stands and the UN will not reimburse such taxes if levied. Such retirees should, of course, make arrangements to sign the waiver as soon as it becomes known that they have not signed.

8. **Does the calculated amount of monthly tax-free pension ever exceed the actual UN pension?** It has been found in the case of a retiree who had served the entire career as an Assistant Secretary-General that the tax-free monthly pension amount was greater than the actual pension. The excess would be carried over to extend the period during which the pension was tax-free.

9. **How long will a person be eligible to receive a monthly tax exemption on his or her UN pension?** It differs according to the date of retirement as follows:

1. **Prior to 1 July 1986:** those who retired prior to 1 July 1986 who took the one-third lump sum used up all of their credit for tax-free pension under the Three-Year Rule, which applied up to 1 July 1986. However, those retiring prior to that date that did not take a lump sum would have been eligible for an annual tax-free amount of pension under the General Rule with no time limit. Those who want to establish this credit at this late date could only submit amended tax returns for the past three years.

2. **From 1 July 1986 to 31 December 1986:** those who retired during this period were eligible for a tax-free pension credit calculated under the General Rule or the newly established Simplified Method without a time limit.

3. **From 1 January 1987:** the General Rule continued to be available for a considerable time after 1 January 1987 but has now been abolished except for limited special circumstances. The Simplified Method, which was established effective 1 July 1986, was considered to be more favorable and is the method normally used during this period and at present. When the tax-free credit established at retirement has been used or deemed to have been totally used for retirements from 1 January 1986 and onwards, the exempt pension credit ends. Some retirees in this time period category have now reached that point, e.g., with a UN pension effective 1 May 1987 and taking a one third lump sum, the retiree’s tax credit was exhausted by November 2001.
Additional information to supplement the above information provided as an answer to Question 9 above on how long a UN retiree will be eligible to receive a monthly amount of tax-free pension (calculated according to the Simplified Method) is required for UN staff who worked on a U.S. G-4 Visa.

a) The total tax-free credit upon retirement for G-4 Visa holders is based upon the total of the contribution that you made to the UN Pension Fund, plus the Organization’s contribution to the UN Pension Fund on your account if you worked on a U.S. G-4 Visa or the equivalent. The monthly credit for income tax purposes as a UN retiree is a flat amount established on the basis of the Simplified Method as at the date of retirement. The total months of credit is the divisor used in the Simplified Method.

b) Example, U.S. G-4 Visa holder, retired 1 January 1989, age 60

<table>
<thead>
<tr>
<th>Amount of tax-free credit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff member’s contribution to the UN Pension Fund</td>
<td>$100,000</td>
</tr>
<tr>
<td>Organization’s contribution to the UN Pension Fund</td>
<td>$200,000</td>
</tr>
<tr>
<td>Total contribution to the UN Pension fund</td>
<td>$300,000</td>
</tr>
</tbody>
</table>

Monthly income tax credit, Simplified Method

\[
\frac{300,000}{260} = 1153.84 \text{ per month}
\]

The figure of 260 months is taken from the U.S. IRS table explaining the Simplified Method. Instructions for applying the Simplified Method are contained in the IRS Instruction Booklet for Form 1040, page 26 for the year 2003.

c) Therefore, if you did not receive a lump sum pension payment at the time of retirement you will receive the credit for 260 months. However, if you took a one third lump sum payment at the time of balance of 173.3 months. If you had retired on 1 January 1998 at age 60 with a spouse at age 58 the divisor would be 360 months from the IRS table.

Monthly credit, Simplified Method

\[
\frac{300,000}{360} = 4833.33 \text{ per month}
\]

The effect of taking or not taking a lump sum pension payment would be the same as is explained above. It should be noted that the monthly amount of tax-free pension payment excluded from U.S. income tax never changes, whether being used by your or subsequently by your spouse.
10. I understand that there is a rule under U.S. tax law which provides that on the sale of a residence, up to $250,000 of the gain, if single, or $500,000 if married, may be excluded, under certain conditions from the capital gains tax. Does this same rule apply to someone selling a residence who is a foreign national?

Yes, it does apply to a foreign national just the same as for a U.S. citizen. However, the buyer of the residence from a foreign national must withhold 10% of the sales price of the residence, if more than $300,000, and forward the 10% amount withheld to the U.S. IRS along Form 8288 and Form 8288 A (Statement of Withholding on Disposition by a foreign Person of a Real Property Interest). To obtain credit for the withholding the foreign national seller must attach an IRS receipted copy of Form 8288A to a U.S. income tax return (1040NR) or application for early refund filed with the IRS, e.g. when no tax is payable on the sale.

11. Why was my actual U.S Social Security benefit lower than the estimated amount prior to my retirement?

The formula for calculating Social Security benefits provides a higher percentage benefit in respect of the early years of service than for later years, e.g., starting with 95% of the Social Security base income. This procedure is designed to benefit those persons with relatively short working periods at a low income. However, the Social Security rules also provide that if a retiree had periods of service when not contributing to Social Security but building up pension benefits in another plan such as a U.S. national on a UN mission, the higher rate of Social Security benefit will be reduced.

12. What income must I declare on my tax return?

If you are a U.S. citizen or resident alien, you must declare not only income from U.S. sources but also any income from non-U.S. sources. If you are a non-resident alien, you are only required to report income from U.S. sources.

13. Am I entitled to any exclusion from taxation on my UN pension from New York State (NYS)?

If you were 59 years old before 1 January of any given year, you can deduct the pension income included in your federal Adjusted Gross Income, not to exceed $20,000. If you became 59 during the year, you can deduct only the amount received after you became 59 but not more than $20,000. In addition, any pension received from NYS, a local government or the U.S. government is exempt from NYS income tax without a dollar limit and regardless of your age.

14. I understand that benefits received from the UN Pension Fund are considered to be a non-U.S. source of income. What are the implications of this consideration with respect to filing U.S. income taxes.

Non-resident aliens are taxed only on U.S. source income (Unless they waive such limitation, as in 15 below). Thus, since their UN pension payments are considered to have derived from non-U.S. sources, such incomes from UN pension payments would be tax exempt. U.S. citizens and resident aliens are taxed on their worldwide income. Thus, all of their pension payments would be taxable, including those received from an International Organization.
I am a non-resident alien in the U.S. serving as an official of an International Organization on a G-4 Visa. My spouse is a U.S. citizen (or resident alien). May we file a joint U.S. income tax return?

Yes, you may. However, you should attach a statement to the U.S income tax return along the following lines:

“I, John J. Jones, am a non-resident alien working on a g-4 Visa as an official of an International Organization. My spouse, Anna A. Jones, is a US citizen. We elect to file a joint U.S. income tax return, reporting our worldwide income, except for earnings that I receive from an International Organization, which are exempt from U.S. income tax. See IRS Code Sec. 983 (a); IRS Rev. ruling 79-246; IRS Code Sec. 247 (a & b); and IRS Code Sec.6013 (g)”.

In anticipation of filing a joint U.S. income tax return, it is recommended that the non-resident alien spouse al file IRS Form W-7; “Application for Individual Taxpayer Identification Number” to be used in place of a Social Security number.

14. **What are the purposes of the U.S. Income Tax Forms W-7 and W-8?**

Every individual in the United States who is required to file an income tax return, such as 1040 or 1040NR is required to have a taxpayer identification number. A U.S. Social Security number can be used for that purpose but if one does not have one and is not eligible to obtain a U.S Social Security number, the Form W-7 can be used to apply for an IRS Individual Taxpayer Identification Number. U.S. Income Tax Form W-8 is used to certify to the payer to certain interest, dividends and brokerage amounts that you are a non-resident alien or an exempt foreign person, not subject to U.S. withholding tax by the payer of such items. This action only relieves the payer of these items from with holding an amount from the payments of interests, dividends or brokerage mounts. It does not alter the liability of the non-resident alien individual to submit and pay U.S. income taxes on such income on the basis of Form 1040NR.
Consumer’s Guide to Long-Term Care Insurance

- What is long-term care?
- Are you likely to need long-term care?
- What does long-term care cost?
- Who pays the bills?
- What kind of insurance is available?
- What do policies cost?
- What do long-term care insurance policies cover?
- What is not covered?
- What else should I know before I buy?
- What about switching policies?
- A summary of features
- Before you buy
- Long-term care policy checklist
- HIPAA’s impact on long-term care insurance
- Tax clarification
- Consumer protection standards
- If you need help
What is long-term care?

Most Americans know about the kind of health insurance that pays doctor and hospital bills. But the kind that pays for long-term care in a nursing home or at home is not as familiar.

Long-term care goes beyond medical care and nursing care to include all the assistance you could need if you ever have a chronic illness or disability that leaves you unable to care for yourself for an extended period of time. You can receive long-term care in a nursing home, or in your own home, in the form of help with such activities as bathing or dressing. Long-term care can be of help to a young or middle-aged person who has been in an accident or suffered a debilitating illness. But most long-term care services are used by older people.

Beyond nursing homes, there is a range of services available in the community to help meet long-term care needs. Care given by family members can be supplemented by visiting nurses, home health aides, friendly visitor programs, home-delivered meals, chore services, adult daycare centers, and respite services for caregivers who need a break from daily responsibilities.

These services are becoming more widely available. Some or all of them may be found in your community. Your local Area Agency on Aging or Office on Aging can help you locate the services you need. Call the Eldercare Locator at 800-677-1116 to identify your local office.

Are you likely to need long-term care?

This year about seven million men and women over the age of 65 will need long-term care. By the year 2005, the number will increase to nine million. By the year 2020, 12 million older Americans will need long-term care. Most will be cared for at home; family members and friends are the sole caregivers for 70 percent of elderly people. But a study by the U.S. Department of Health and Human Services indicates that people of age 65 face at least a 40 percent lifetime risk of entering a nursing home. About 10 percent will stay there five years or longer.

The American population is growing older, and the group over age 65 is now the fastest-growing segment of the population. The odds of entering a nursing home, and staying for longer periods, increase with age. In fact, statistics show that at any given time, 22 percent of those age 85 and older are in a nursing home. Because women generally outlive men by several years, they face a 50 percent greater likelihood than men of entering a nursing home after age 65.

You may never need a nursing home. But the longer you live, the greater the chance that you will need some form of long-term care.

What does long-term care cost?

Long-term care can be very expensive. As a national average, a year in a nursing home is estimated to cost more than $50,000. In some regions, it can easily cost twice that amount.

Home care is less expensive but it still adds up. Bringing an aide into your home just three times a week (two to three hours per visit) to help with dressing, bathing, preparing meals, and similar household chores—can easily cost $1,000 each month, or $12,000 a year. Add in the cost of skilled help, such as physical therapists, and these costs can be much greater.
Who pays the bills?

For the most part, the people who need the care pay the bills. Generally, neither Medicare nor private Medicare supplement insurance nor the health insurance you may have either on your own or through your employer will pay for long-term care.

Medicare supplement insurance (often called Medigap or MedSupp) is private insurance that helps cover some of the gaps in Medicare coverage. Those gaps are hospital deductibles, doctors' deductibles, and coinsurance payments or what Medicare considers excess physician charges—but they are not long-term care.

About one-third of all nursing home costs are paid out-of-pocket by individuals and their families. Only about 12 percent is paid by Medicare, for short-term skilled nursing home care following hospitalization. Medicare also pays for some skilled at-home care but only for short-term, unstable medical conditions and not for the ongoing assistance that many elderly people need. Most of the balance of the nation's long-term care bill—almost half of all nursing home costs—is picked up by Medicaid, either immediately, for people meeting federal poverty guidelines, or after nursing home residents “spend down” their own savings and become eligible. Many people who begin paying for nursing home care find that their savings are not enough to cover lengthy confinements. If they become impoverished after entering a nursing home, they turn to Medicaid to pay the bills. Turning to Medicaid once meant impoverishing the spouse who remained at home as well as the spouse confined to a nursing home. Recent changes in the law, however, permit the at-home spouse to retain specified levels of assets and income.

You cannot predict what kind of care you might need in the future, or know exactly what the costs will be. But since you may have long-term care expenses, you need to know if long-term care insurance is appropriate for you.

What kind of insurance is available?

Long-term care insurance is similar to other insurance in that it allows people to pay a known and affordable premium that offsets the risk of much larger out-of-pocket expenses. Although long-term care insurance is relatively new, more than 100 companies now offer coverage.

Several types of policies are available, but most are indemnity policies. This means that they pay a fixed dollar amount for each day you receive specified care either in a nursing home or at home.

Today, many companies also offer “integrated policies” or policies with “pooled benefits.” This type of policy provides a total dollar amount that may be used for different types of long-term care services. There is usually a daily, weekly, or monthly dollar limit for your covered long-term care expenses. For example, you purchase a policy with $200,000 of “pooled benefits.” Under this policy, you may be allowed to use up to $150 a day towards your covered nursing home, assisted living, or home care expenses. No policy is guaranteed to cover all expenses fully.

Policyholders usually have a choice of daily benefit amounts ranging from $50 to more than $300 per day for nursing home coverage. The daily benefit for at-home care may be less than the benefit for nursing home care. Note, though, that you are responsible for your actual nursing home or home care costs that exceed the daily benefit amount you purchased.

Because the per-day benefit you buy today may be inadequate to cover higher costs after a number of years, most policies offer an inflation adjustment feature. In many policies, for example, the initial benefit amount will increase automatically each year at a specified rate (such as 5 percent) compounded over the life of the policy.
Some life insurance policies offer long-term care benefits. Under these accelerated or living benefits provisions, a portion of the life insurance benefit is paid to the policyholder if long-term care is needed instead of to the beneficiary at the policyholder’s death. Some companies make these benefits available to all policyholders; others offer them only to people buying new policies.

**What do policies cost?**

The cost of long-term care insurance varies widely. Inflation adjustments can add 40 percent to over 100 percent to your premium, depending on the option you select, but can keep benefits in line with rising costs.

The actual premium you will pay depends on many factors, including your age, the level of benefits, and the length of time you are willing to wait until benefits begin. Here are details:

**Age**

In 1999, a policy offering a $100 per day long-term care benefit for four years, with a 20-day deductible, cost a 50-year-old about $409 per year. For someone who was 65 years old, the same policy cost about $1,002, and for a 79-year-old, the cost was $4,166. The same policy with an inflation feature may cost $881 at age 50, $1,802 at age 65, and $5,895 at age 79.

Premiums generally don’t increase with age but remain the same each year (unless they are increased for an entire class of policyholders at once). The younger you are when you first buy a policy, therefore, the lower your annual premium will be.

**Benefits**

The premium is also directly affected by the size of the daily benefit and the length of time for which benefits will be paid. For example, a policy that pays $100 a day for up to five years of nursing home care costs more than a policy that pays $50 a day for three years.

**Elimination or deductible periods**

So-called elimination or deductible periods refer to the number of days you must be in residence at a nursing home or the number of home care visits you must receive before policy benefits begin. Most policies offer a choice of deductible ranging from zero to 100 days. A 20-day elimination period, for example, means that your policy will begin paying benefits on the 21st day. The longer the elimination or deductible period, the lower the premium.

You can lower your own costs for long-term care coverage, therefore, by buying a policy at an early age and by selecting carefully both the level of benefits and the deductible period. In making your selection, bear in mind that while 45 percent of nursing home stays last three months or less, more than one-third last one year or longer. It is the costly longer stay that may be the devastating financial blow that you may want to insure against.

**What do long-term care insurance policies cover?**

Most long-term care policies will pay benefits either when need is demonstrated by the inability to perform a specific number of personal functions or activities of daily living, such as bathing, dressing, or eating, or when care is needed due to cognitive impairment.

Today’s policies cover skilled, intermediate, and custodial care in state-licensed nursing homes. Long-term care policies usually also cover home care services such as skilled or nonskilled nursing care, physical therapy, homemakers, and home health aides provided by state-licensed and/or Medicare-certified home health agencies.

Many policies also cover assisted living, adult daycare, and other care in the community, alternate care, and respite care for the caregiver.
Alternate care refers to non-conventional care and services developed by a licensed health care practitioner that can serve as an alternative to more costly nursing home care.

Benefits may be available for special medical care and treatments, different sites of care, or medically necessary modifications to the insured's home, like building ramps for wheelchairs or modifications to a kitchen or bathroom. A health care professional develops the alternate plan of care, the insured or insurer may initiate the plan, and the insurer approves it. It is important to note that the benefit amount will reduce the maximum or lifetime benefit available for later confinement in a long-term care facility and that policies may limit the expenses covered under this benefit (i.e., 60 percent of the lifetime maximum limit).

Alzheimer's disease and other organic cognitive disabilities, leading causes for nursing home admissions (and a leading cause of worry for many older Americans), are generally covered under long-term care policies.

What is not covered?

All policies contain limitations and exclusions. Otherwise premiums would become unaffordable. But the specific limitations and exclusions are likely to differ from policy to policy.

Consider:

Preexisting conditions

Insurance companies may require that a period of time pass before the policy pays for care related to a health problem you had when you became insured. Such health problems are called preexisting conditions. Some companies exclude coverage of preexisting conditions for six months. If you need long-term care within six months of the policy's issue date for a condition for which treatment was either underway or had been recommended before you took the policy, you may be denied benefits.

Specific exclusions

Before you buy, be sure you understand exactly what is and is not covered under a particular policy. Some mental and nervous disorders are often not covered.

Alcoholism and drug abuse are usually not covered, along with care necessitated by an intentionally self-inflicted injury.

What else should I know before I buy?

Virtually all policies now cover Alzheimer's disease and no longer require a hospital stay before paying nursing home benefits. Despite some move to uniformity, there are different options available under different policies. These are some of the things to consider:

Eligibility

If you are in reasonably good health and can take care of yourself, and if you are between the ages of 18 and 84, you can probably buy long-term care insurance. Most companies do not sell individual policies to people under age 18 or over age 84.

Note that these age limitations apply only to your age at the time of purchase, not at the time you use the benefits.

Duration or dollar limitations of benefits

Long-term care policies generally limit benefits to a maximum dollar amount or a maximum number of days and may have separate benefit limits for nursing home, assisted living facility, and home health care within the same policy. For example, a policy may offer $100 per day up to five years of nursing home coverage (many policies now offer lifetime nursing home coverage) and only up to $80 per day up to five years of home assisted living and health care coverage.
Generally, there are two ways in which companies define a policy’s maximum benefit period. Under one definition, a policy may offer a one-time maximum benefit period. A policy with five years of nursing home coverage, issued by a company using this definition, would pay just up to five years in a policyholder’s lifetime. Other policies offer a maximum benefit period for each “period of disability.” Under this second definition, a policy with a five-year maximum benefit period would cover more than one nursing home stay lasting up to five years each if the periods of disability were separated by six months or more.

**Renewability**

Virtually all long-term care policies sold to individuals are guaranteed renewable; they cannot be canceled as long as you pay your premiums on time and as long as you have told the truth about your health on the application. Premiums can be increased, however, if they are increased for an entire group of policyholders.

The renewability provision, normally found on the first page of the policy, specifies under what conditions the policy can be canceled and when premiums may increase.

**Nonforfeiture benefits**

This benefit returns to policyholders some of their benefits if they drop their coverage. Most companies now offer this benefit as an option. The most common types of nonforfeiture benefits offered today are “return of premium or a shortened benefit period.”

With a “return of premium” benefit, the policyholder receives cash, usually a percent of the sum of premiums paid to date after lapse or death. With a “shortened benefit period,” the long-term care coverage continues but the benefit period or duration amount is reduced as specified in the policy. A nonforfeiture benefit can add from 20 to 100 percent to a policy’s cost.

Some policies may offer “contingent nonforfeiture benefits upon lapse,” a feature that gives policyholders additional options in the face of a significant increase in policy premiums. If you do not purchase the optional nonforfeiture benefit, then a contingent nonforfeiture benefit is triggered if policy premiums rise by a specified percentage. For example, if, at age 70, your premium rises to 40 percent above the original premium, you have the option of either decreasing the amount your policy pays per day of care or of converting to a policy with a shorter duration of benefits.

**Waiver of premium**

This provision allows you to stop paying premiums during the time you are receiving benefits. Read the policy carefully to see if there are any restrictions on this provision, such as a requirement to be in a nursing home for any length of time (90 days is a typical requirement) before premiums are waived.

**Disclosure**

Your medical history is very important because the information you provide on your application is used by the insurance company in assessing your eligibility for coverage. The application must be accurate and complete. If it is not, the insurance company may be within its rights to deny coverage when you file a claim. In fact, many companies now waive the preexisting condition requirement if you fully disclose your medical history and are issued a policy.

**What about switching policies?**

New long-term care insurance policies may have more favorable provisions than older policies. Newer policies, as noted above, generally do not have requirements for prior hospital stays or for prior levels of care. But, if you do switch, provisions excluding preexisting conditions for specified periods of time will have to begin again. In addition, your new premiums may be higher because they will be based on your current age. So you should never switch policies before making sure the new policy is better than the one you already have. And you should never drop an old policy before making sure the new one is in force.
A summary of features

The National Association of Insurance Commissioners has developed standards that protect consumers. Look for a policy including:

- At least one year of nursing home or home health care coverage, including intermediate and custodial care. Nursing home or home health care benefits should not be limited primarily to skilled care.
- Coverage for Alzheimer's disease, should the policyholder develop it after purchasing the policy.
- An inflation protection option. The policy should offer a choice among:
  - automatically increasing the initial benefit level on an annual basis,
  - a guaranteed right to increase benefit levels periodically without providing evidence of insurability,
  - or covering a specific percentage of actual or reasonable charges.
- An "outline of coverage" that systematically describes the policy's benefits, limitations, and exclusions, and also allows you to compare it with others. A long-term care insurance shopper's guide that helps you decide whether long-term care insurance is appropriate for you.
- A guarantee that the policy cannot be canceled, non-renewed, or otherwise terminated because you get older or suffer deterioration in physical or mental health.
- The right to return the policy within 30 days after you have purchased the policy (if for any reason you do not want it) and to receive a premium refund.
- No requirement that policyholders:
  - first receive skilled nursing home care before receiving intermediate or custodial nursing home care,
  - first receive nursing home care before receiving benefits for home health care.

Before you buy

Insurance policies are legal contracts. Read and compare the policies you are considering before you buy one, and make sure you understand all of the provisions. Marketing or sales literature is no substitute for the actual policy. Read the policy itself before you buy. Discuss the policies you are considering with people whose opinions you respect—perhaps your doctor, financial advisor, your children, or an informed friend or relative.

Ask for the insurance company's financial rating and for a summary of each policy's benefits or an outline of coverage. (Ratings result from analyses of a company's financial records.) Good agents and good insurance companies want you to know what you are buying.

And bear in mind: Even after you buy a policy, if you find that it does not meet your needs you generally have 30 days to return the policy and get your money back. This is called the "free look."

Do not give in to high-pressure sales tactics. Do not be afraid to ask your insurance agent to explain anything that is unclear. If you are not satisfied with an agent's answers, ask for someone to contact in the company itself. Call your state insurance department if you are not satisfied with the answers you get from the agent or from company representatives.
Long-term care policy checklist

The following checklist will help you compare policies you may be considering:

1. What services are covered?
   - Nursing home care
   - Home health care
   - Assisted living facility
   - Adult daycare
   - Alternate care
   - Respite care
   - Other

2. How much does the policy pay per day for nursing home care? For home health care? For an assisted living facility? For adult daycare? For alternate care? For respite care? Other?

3. How long will benefits last in a nursing home? At home? In an assisted living facility? Other?

4. Does the policy have a maximum lifetime benefit? If so, what is it for nursing home care? For home health care? For an assisted living facility? Other?

5. Does the policy have a maximum length of coverage for each period of confinement? If so, what is it for nursing home care? For home health care? For an assisted living facility?

6. How long must I wait before preexisting conditions are covered?

7. How many days must I wait before benefits begin for nursing home care? For home health care? For an assisted living facility? Other?

8. Are Alzheimer’s disease and other organic mental and nervous disorders covered?


10. Is the policy guaranteed renewable?

11. What is the age range for enrollment?

12. Is there a waiver-of-premium provision for nursing home care? For home health care?

13. How long must I be confined before premiums are waived?

14. Does the policy have a nonforfeiture benefit?

15. Does the policy offer an inflation adjustment feature? If so, what is the rate of increase? How often is it applied? For how long? Is there an additional cost?

16. What does the policy cost?
   - Per year?
   - With inflation feature
   - Without inflation feature
   - With nonforfeiture feature
   - Without nonforfeiture feature
   - Per month?
   - With inflation feature
   - Without inflation feature
   - With nonforfeiture feature
   - Without nonforfeiture feature

17. Is there a 30-day free look?

HIPAA’s impact on long-term care insurance

The Health Insurance Portability and Accountability Act of 1996 (HIPAA), affects long-term care insurance. The following are answers to commonly asked questions about the law's tax clarification provisions and consumer protection standards.
Tax clarification

Q. What is tax clarification for private long-term care insurance, and why is it necessary?
A. The tax clarification provisions for long-term care insurance are contained in HIPAA. The clarifications assure that the tax treatment for qualified long-term care insurance is the same as for major medical coverage.

Q. Will benefits received by consumers under a long-term care policy be taxed?
A. With the clarifications, benefits from qualified long-term care coverage, generally, are not taxable. Without the clarifications, benefits from long-term care insurance might be considered taxable income.

Q. Will consumers be able to take a tax deduction for the cost of tax-qualified long-term care insurance? Can consumers deduct from their taxes costs associated with receiving long-term care?
A. The answer to both questions is "yes." Since qualified long-term care insurance will now receive the same tax treatment as accident and health insurance, premiums for long-term care insurance, as well as consumers' out-of-pocket expenses for long-term care, can be applied toward meeting the 7.5 percent floor for medical expense deductions contained in the federal tax code. However, there are limits, based upon one's age, for the total amount of premiums paid for long-term care insurance that can be applied toward the 7.5 percent floor. (Check with your accountant to see if you are eligible to take this deduction.)

Q. Will employers be able to deduct anything for the cost of providing or paying for qualified long-term care insurance for their employees?
A. Generally, employers will be able to deduct, as a business expense, both the cost of setting up a long-term care insurance plan for their employees, and the contributions that they may make toward paying for the cost of premiums.

Q. Will employer contributions be excluded from the taxable income of employees?
A. Yes.

Q. Can Individual Retirement Accounts (IRAs) and 401k funds be used to purchase private long-term care insurance?
A. No. However, under a demonstration project, tax-free funds deposited in Medical Savings Accounts can be used to pay long-term care insurance premiums.

Consumer protection standards

Q. Is there a connection between the long-term care consumer protection standards in HIPAA and the tax clarification of long-term care?
A. Yes. To qualify for favorable tax treatment, a long-term care policy sold after 1996 must contain the consumer protection standards in HIPAA. Also, insurance companies must follow certain administrative and marketing practices or face significant fines. Generally speaking, policies sold prior to January 1, 1997, automatically will be eligible for favorable tax treatment. Lastly, nothing in the new law prevents states from imposing more stringent consumer protection standards.

Q. What kinds of procedures must insurance companies comply with to protect consumers?
A. There are several. Here are some of the more important ones. Consumers must receive a "Shopper's Guide" and a description of the policy's benefits and limitations (i.e., Outline of Coverage) early in the sales process. The Outline of Coverage allows consumers to compare policies from differ-
ent companies. Companies must report annually the number of claims denied and information on policy replacement sales and policy terminations. Sales practices such as “twisting”—knowingly making misleading or incomplete comparisons of policies—are prohibited, as are high-pressure sales tactics.

Q. How do the HIPAA standards address limitations on benefits and exclusions from coverage?
A: No policy can be sold as a long-term care insurance policy if it limits or excludes coverage by type of treatment, medical condition or accident. However, several exceptions to this rule exist. For example, policies may limit or exclude coverage for preexisting conditions or diseases, mental or nervous disorders (but not Alzheimer’s), or alcoholism or drug addiction. A policy cannot, however, exclude coverage for preexisting conditions for more than six months after the effective date of coverage.

Q: What will prevent a company from canceling my policy when I need it?
A: The law prohibits a company from canceling a policy except for nonpayment of premiums. Policies cannot be canceled because of age or deterioriation of mental or physical health. In fact, if a policyholder is late paying a premium, the policy can be reinstated up to five months later if the reason for nonpayment is shown to be cognitive impairment.

Q. Will these standards help people who, for whatever reason, lose their group coverage?
A: They will. People covered by a group policy will be allowed to continue their coverage when they leave their employer, so long as they pay their premiums in a timely fashion. Further, an individual who has been covered under a group plan for at least six months may convert to an individual policy if and when the group plan is discontinued. The individual may do so without providing evidence of insurability.

If you need help

Every state has a department of insurance that regulates insurers and assists consumers. If you need more information, or if you want to register a complaint, check the government listings in your local phone book for your state’s department of insurance.

Additional information about health care coverage and long-term care is available from the Area Agency on Aging. For your local office, call 1-800-677-1116. Other sources include:

American Health Care Association
1201 L Street, N.W.
Washington, D.C. 20005
(202) 842-4444
www.ahca.org

National Association of Insurance Commissioners
Suite 1100
120 W. 12th Street
Kansas City, MO 64105
(816) 842-3600
www.naic.org

United Seniors Health Council
(A program of the National Council on the Aging)
409 3rd Street, SW
Suite 200
Washington, DC 20024
(202) 479-6973
www.ncoa.org
Health Insurance
Association of
America

HIAA is the voice of America's health insurers, who protect consumers from the financial risks of illness and injury by providing flexible and affordable products and services that embody freedom of choice.

HIAA is a member-driven trade association that shapes and influences state and federal public policy through advocacy, research, and the timely accumulation, analysis, and dissemination of critical information to its members.

For more information

- You can find HIAA online at www.hiaa.org.
- HIAA's Insurance Education Program can be reached at (202) 824-1675, or 1852.
- To order the Source Book of Health Insurance Data and other materials, call toll-free 1-800-828-0111.
- To order HIAA's free Guide to Long-Term Care Insurance, call toll-free 1-877-582-4872.
Coping With the Transition to Retirement
Coping With the Transition to Retirement

Slide 1

Coping with the Transition to Retirement

Introduction

- Most of us look forward to retirement from full-time work
- The reality of retirement can be very different
- Relationships with family and friends change
- Unexpected challenges present themselves
Slide 3

The Wall Street Journal Reports

- 23% of retirees surveyed missed their jobs and are concerned about loneliness and being cut off from groups.
- 19% are worried about poor health.
- 10% are concerned about finances.
- 7% are worried about boredom.
- Although many see this as a period of a time to enjoy family and friends, they worry about being “has beens”.

Slide 4

The Transition Process

Takes time, six months to even a few years
- Role Exit
- Letting Go
- Moving Through
- Moving In
- Looking Inward

Slide 5

How Can I Still “Matter”?

- Who Am I
- Living Without Applause
- What Gives Meaning To My Life
- Socializing
- What To Do With My Time
Slide 6

Convoy of Supports

- Relationships
- Social Integration
- Sense of Reliable Alliance
- Obtaining Guidance

Slide 7

Visualizing your Supports

- Most Intimate Friends and Family
- Family, Friends and Neighbors
- Institutional Relationships

Slide 8

Diagram showing self and layers of support networks.
Slide 9

Learning Retirement Lessons

Slide 10

Lesson 1
Prepare for Adventure and Surprise

Slide 11

Lesson 2
Learn Optimism
Lesson 3
Get Involved,
Stay Involved

Lesson 4
Keep Dreaming
or
"My Time"

Lesson 5
Balance Your
Psychological Portfolio
Lesson 6
Seize Opportunities

Lesson 7
Acknowledge Your Emotions

Lesson 8
Go with the Flow,
Don’t Fight the Undertow
Lesson 9
Plan A
Always Have a Plan B

Lesson 10
A Plan B for Everyone

Final Thoughts
• The process of dealing with the questions of what to do next in life is similar whether a person is contemplating retirement or figuring out what to do after high school or college.
• If you feel overwhelmed about the future, remember you have dealt with transitions all through your life.
Slide 21

- As a retiree your life long search is grounded in wisdom and experience. You already have ways of dealing with uncertainty.
- You cannot always control what happens, but you can control your reactions thereby influencing the outcome.

Slide 22

Think Creatively

- YOU still have many opportunities for vital involvement
- YOU can still make a difference
- YOU can still matter

Slide 23

Retirement is a time to explore yourself and your world:
- to rediscover or uncover your passions,
- to create options, and
- to make this time of your life the best it can be.
Services & Opportunities
Volunteer Opportunities

You can help in any of the following:

- Hotlines
- Museums and Libraries
- Financial counselling
- Hospitals
- Crime prevention
- Services for the blind
- Gift and thrift shops
- Animal care
- Environmental programmes
- After-school programmes
- Health care
- Day care
- Criminal Rehabilitation
- Public Schools
- Service to senior citizens
- Crafts
- Tutorial services
- English for foreigners
- Office work

Examples of volunteer referral services:

Volunteer Referral Center
161 Madison Ave., 5th Floor
New York, N.Y. 10016
Tel. (212) 745-8249
Interviews by appointments only

Retired Senior Volunteer Program (RSVP)
105 East 22nd Street
New York, N.Y. 10010
Te. (212) 674-7787
Phone-in applications accepted
Call for Borough addresses
Continued Participation in Services available at Headquarters

UN Bookshop and UN Gift Centre
Retired Staff members may continue to receive a discount on their purchases, provided they have a valid ground pass.

UN Clubs
UN clubs welcomes the continued membership of retired staff members and their spouses. Since each club is responsible for its membership, it is best to contact the president of the respective club.

UN Federal Credit Union
UN retirees may retain their membership with the UN Federal Credit Union and continue to utilize all services offered by the Credit Union. Lump sum pension deposits as well as direct deposit of monthly pension payments are accepted.

UN Language Classes
Because of budgetary restrictions, any staff member who, at the time of retirement, is registered in one of the language course, will have to find out from the head of the Language training programme whether or not he/she may be permitted to continue his/her studies.

UN Medical Service
The UN Medical Service will inoculate retired staff member but is not in a position to provide annual check-ups.

UN Secretariat News
A.F.I.C.S. (Association of former International Civil Servants, New York) mails the Secretariat News to all its members.

Chase Manhattan Bank- UN Branch
Retired staff members may continue to bank at the UN branch of Chase Bank, provided they have their monthly UN pension benefits deposited to their account at Chase. Otherwise, the account may be transferred to any one of the Chase Bank Offices, including the branch office in the DC-1 building (First avenue and 44th street. In addition, Chase Bank provides counselling on world wide investment of pensions and other monies.
1991 marked the 35th anniversary of the New York City School Volunteer Program, the first of its kind in the country. Since 1956, we have served one million children.

Over the past three and a half decades, the New York City School Volunteer Program Inc. has been a national leader in using trained volunteers to help meet the educational needs of public school students. The SVP’s goal is to help New York City public school youngsters gain the educational skills and self-esteem they need to become successful learners and productive community members.

The SVP is seeking to achieve 30% growth between 1990-91 and 1994-95 – to engage a record 7,500 volunteers to serve up to 100,000 students annually. To this end, we have launched a $4 million campaign for the future, spearheaded by a committee of leaders in the corporate, foundation and volunteer community. The campaign will enable the SVP to serve more students more effectively, to launch new initiatives and to ensure the stability of our services in a period of economic uncertainty and school cutbacks.

In 1992-93, 6,676 School Volunteers provided over 590,000 hours of individualized instructional support to 83,163 students of all ages in 597 schools throughout the city. Volunteers tutor students needing extra help in reading, math and English as a second language. In the upper grades, they offer tutorial help in school subjects and prepare students for critical examinations. Volunteers assist in the classroom, introduce students to music and art and share a love of books. School volunteers work primarily with young children and those with the greatest need for individual support. Through one-to-one relationships, they help youngsters experience success and develop confidence in their own abilities.

School volunteers are New Yorkers at their best. They include parents determined to make their child’s education as strong as it can be; business people helping to prepare a capable labor force; retirees with a lifetime of experience to share; college students exploring career paths; young adults seeking pre-work experience; and other concerned community members. They bring to the schools a diversity of backgrounds and talents, while sharing a common commitment to help young people learn.

Source: New York City School Volunteer Program Inc.
Tel. (212) 213-3370
School volunteers give at least two hours of service per week at an elementary, intermediate and high school near their home or work. All volunteers placed by the School Volunteer Program complete a screening and orientation process. They are trained by the program’s professional staff for the service they have chosen, either at the program’s central office or at a conveniently located school. The program’s professional staff of field-based coordinators provides ongoing support to the volunteers. The program supplies books, learning games and other materials to help volunteers. The program supplies books, learning games and other materials to help volunteers and children work together.

In addition to the core program, the School Volunteer Program seeks to introduce new projects designed to meet special needs or interests. Projects for 1993-94 include:

Project Home Stretch: Empowering Teens at Risk to finish High School – This project furnishes trained school Volunteers to help meet the multiple educational needs of at-risk older students. Volunteers help students master the high school curriculum, provide role models from the professional world of work and assist with college decision-making and financial aid applications.

Service learning Collaborative Project – Using its successful project, Teens as School Volunteer Tutors, as a “working laboratory,” the SVP is launching a new three year project in partnership with the San Francisco School Volunteers, Inc. and the National Center for Service Learning in Early adolescence. This new undertaking incorporates at risk of dropping out assume leadership roles as tutors to elementary school students. Teens improve in basic skills, job readiness an self-esteem. The new collaboration will facilitate the development, testing and dissemination of replicable models that use volunteers to help promote and sustain service learning programs locally and nationwide.

Cultural resources – Volunteers introduce students to our city’s major museums and provide preparatory and follow-up experiences in the classroom for each museum trip. Traveling “Egyptian Suitcases” and Folk Art Kits bring the excitement of a museum exhibit to students at their schools.

Authors read Aloud – Through repeated classroom visits, children’s authors introduce elementary school students to the creative writing process and turn young minds onto the excitement of reading.

Literary Readers – Students and volunteers read and discuss contemporary, multi-cultural stories as well as more traditional, classic children’s literature. Students learn how to read critically, think independently and express themselves clearly. Parent volunteers develop teaching skills they can use with their own children and apply to future employment.
Early identification and Intervention – Volunteers help identify potential reading problems among kindergarten children and give preventive tutorial help during the first and second grades to bolster success.

Evaluation of tutorial program – This formal study, conducted by the SVP and the Educational Testing Service, will examine program effectiveness and identify ways of improving volunteer instructional services. The evaluation will also produce an assessment model and instruments that can be used nationwide.

The New York City School for Volunteer Program has been helping the city’s public schools children since 1956. Early funding came from the Ford Foundation. The program was incorporated as a not-for-profit organization in 1970. Approximately $1.7 million is raised annually from corporations, foundations ad individuals to support the work of the program. Additional support – largely in the form of in-kind donations – is provided by the New York City board of Education. More than ever, the SVP is a highly valued resource for children served by the Board of Education. In the face of massive budget cuts, our tutorial program and special projects are especially needed and appreciated by superintendents, principals, teachers and students alike.
Your Personal Pre-retirement Checklist

Six months before…

Review designation of beneficiaries
Update letter of instruction
Identify a family doctor in the location where you will retire
Discuss new tax and succession implications with an expert
Give UN tax information brochure to your tax consultant
Update your will and ensure validity for your location of retirement
Update your Social Security record and check it for accuracy
Review the management of your assets and, if necessary, identify and expert for assistance.

Three months before…

Executive Office to establish entitlement
Contact Traffic Unit concerning repatriation shipment (interview)

One month before…

Read and follow guidelines under separation from Service
Read and follow guidelines in ST/AI/155?Rev.2 (Personnel Payroll Clearance Action)
Complete retirement planning worksheet
Read and follow guidelines in ST/AI/238 (Repatriation Shipments)
If considering permanent residence status read guidelines and take appropriate action

Immediately upon retirement…

Decide on lump sum payment of pension benefits
Instruct on address and bank deposit information
Choose pension track
Complete forms for ASHI (see ST/AI/394)
Review and adjust immigration status for self, family, household staff
Review needs for long-term care insurance for self and older members of household
Apply for AFICS membership