



TWENTIETH ITEM ON THE AGENDA

Other personnel questions**Special Payments Fund****Updated terms of reference**

1. The Board of Trustees of the Special Payments Fund was established by the Governing Body at its 143rd Session (November 1959) to provide assistance to former ILO pensioners and their surviving spouses. Its 54th report was presented to the Governing Body in March 2009.¹ The terms of reference of the Fund have been amended from time to time by the Governing Body, upon the recommendation of the Board. At the request of the Board, the secretariat has produced an updated version of the terms of reference, which is appended for information.

**Replacement of a member of the Board
of the Special Payments Fund**

2. In accordance with the terms of reference, the Board has three members who are appointed by the Governing Body. One of the Board members, Mr Amir Ali, has resigned after many years of dedicated service. The Director-General recommends that Ms Susan Hudson be appointed to fill the position that was occupied by Mr Ali, effective 1 March 2010. Ms Hudson, who is presently a senior official in the Human Resources Development Department, is a specialist in UN common system human resource issues, salary scales and allowances. She has served in the ILO for over 35 years and will retire in February 2010.
3. *The Committee may wish to recommend to the Governing Body that it appoint Ms Susan Hudson as a member of the Board of Trustees of the Special Payments Fund, effective 1 March 2010.*

Geneva, 18 September 2009.

Point for decision: Paragraph 3.

¹ GB.304/PFA/15/2.

Appendix

ILO Board of Trustees of the Special Payments Fund

**2009
SPF/TR/Rev.6**

This version replaces that of 1979 as there are no longer any eligible beneficiaries under the prior amendments (Groups I and II). Details about the eligibility and calculation of these awards are available in the 1979 version of the terms of reference.

Terms of reference and rules for administration of the Special Payments Fund

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I. Establishment of the Fund

The Special Payments Fund was established by the Governing Body at its 143rd Session (November 1959) following consideration of the pension position of certain groups of former ILO officials and the circumstances of financial hardship in which some were reported to find themselves.

In establishing the Fund, the Governing Body decided that:

- the Fund should be administered by a Board of Trustees of three members appointed by the Governing Body who should not be members of the Governing Body or of the staff;
- the secretariat for the Board should be provided by the Pensions secretariat of the Office;
- there should be included in the ILO budget such credit as would be determined by the Governing Body and the Conference in the light of the recommendations of the Board of Trustees.

II. Terms of reference of the Board of Trustees

Terms of reference of the Board were established by the Governing Body at its 143rd Session and subsequently broadened, firstly, by interpretations suggested by the Board and approved by the Governing Body at its 144th Session (March 1960), and secondly, by an amendment adopted by the Governing Body at its 147th Session (November 1960). They were replaced with effect from 1 January 1962 by revised terms of reference adopted by the Governing Body at its 151st Session (March 1962) which extended the scope of the Fund to a further distinct group of former officials of the ILO, the League of Nations and the Registry of the Permanent Court of International Justice. The terms of reference were subsequently broadened by amendments adopted by the Governing Body in 1973, 1974, 1980, 1989, 1992 and 2005, to include ILO beneficiaries of the UN Joint Staff Pension Fund (UNJSPF).

The terms of reference provide that periodic payments may be made to applicants whose circumstances are established as justifying it within the rules developed by the Board for the administration of the Fund. Applicants must be former ILO officials¹ or their widows or widowers provided that the marriage was contracted prior to the effective date of separation from service.

Former ILO officials, or their widows or widowers, are eligible if:

- (i) they are in receipt of supplementary pensions established in US dollars under article XVIII (in effect until 1970) from the UNJSPF and reside in a country whose currency has appreciated substantially in relation to the dollar;²

¹ This includes former officials of the Turin Centre.

² 1980 amendment (effective 1 January 1980) GB.213/PFA/8/5, May–June 1980. The following texts were replaced by the amendments of 2002 and 2005:

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- (ii) they are suffering hardship by reason of the reduced purchasing power of the supplementary pension;²
 - (iii) for former ILO officials, they did not convert part of their UNJSPF pension into capital;³
 - (iv) they did not receive any payment on departure from the UNJSPF in settlement;³
 - (v) they are found by the Board of Trustees to be suffering hardship at the time they request assistance;³
 - (vi) they are widows or widowers of former ILO officials who, on retirement, converted part of their UNJSPF pension into capital;⁴
 - (vii) irrespective of age, they are UNJSPF beneficiaries, that they have had at last ten years of UN system employment and that the last five years of employment were with the ILO.⁵

III. Determination of awards

Awards are established from the records held by ILO or to be established from the applicant's own declaration of income (including dependant's income) in respect of the year preceding the year for which the award is considered.

A. Determination of annual gross income

The annual growth income is the sum of the following amounts:

- (a) the pension paid by the UNJSPF, by the ILO Staff Pension Fund, or paid by a government, a national social security plan or a private insurance;
- (b) revenue from investments, loans or deposits;
- (c) revenue from the rental of property, after deduction of cost of repairs, maintenance and mortgage payments;
- (d) any other revenue of the applicant or his/her spouse;
- (e) conversion of capital savings into the equivalent of an annual pension.⁶

“they served in the ILO after 1945 for at least ten years, including five after the age of 45, without receiving a pension from the UNJSPF; and they are [at least] 60 years old at the time of submitting their request”.

³ 1989 amendment (effective 1 January 1989) GB.244/PFA/10/8, November 1989.

⁴ 1992 amendment (effective 1 January 1992) GB.254/PFA/10/13, November 1992.

⁵ 2005 amendment (effective 1 April 2005) GB.292/PFA/19/2, March 2005. This amendment is subject to annual review to ensure that it will not entail any large unforeseen expenditures.

⁶ Decision of the Board, 16 March 1994, document SPF/362.

Savings equivalent to 50 per cent of the local G1/1 salary scale are excluded in order to provide a certain amount of financial security. The remaining amount is converted to the equivalent of an annual pension based upon actuarial factors and the age of the applicant.

B. Deductible expenses ⁷

The following expenses should be deducted from the annual gross income:

- (a) lodging costs;
- (b) health insurance contributions;
- (c) reasonable medical costs assumed by the applicant after deduction of amounts reimbursable by the ILO Staff Health Insurance Fund, by the UNJSPF Emergency Fund, and/or by any complimentary medical insurance plan;
- (d) reasonable costs for domestic assistance.

C. Calculation of award

The annual net income is equal to the annual gross income (see section A) less the deductible expenses (see section B). The annual gross income is divided by 12 to obtain the monthly gross income.

The annual net income is subtracted from 70 per cent of the annual net G1/6 local salary scale in the country of residence (75 per cent for applicants with dependants) to determine the annual amount of the award. These amounts are converted into their monthly equivalents by dividing by twelve.

The sum of the monthly award and the monthly gross income may not exceed 100 per cent of the monthly net G1/6 local salary scale:

- (a) If this sum is less than 100 per cent of the monthly net G1/6 local salary scale, then the entire grant is due (in this case, if the amount of the monthly award does not coincide with a multiple of 100 Swiss francs, it is rounded up to the next multiple of 100);
- (b) If this sum is greater than 100 per cent of the monthly net G1/6 local salary scale, then the amount of the grant is reduced so that the total of the monthly award and the monthly gross income are equivalent to 100 per cent of the monthly net G1/6 local salary scale;
- (c) If the amount of the net award is less than 600 Swiss francs, or the equivalent in local currency, a minimal grant of 600 Swiss francs, or the equivalent in local currency, is awarded.

⁷ Reconfirmed by the Board, 18 December 1989, document SPF/SR/49.

D. Miscellaneous provisions⁸

Date of commencement and period of grant

The grant shall commence on 1 January, during the calendar year in which the Board meets. Awards are made on an ex gratia basis establishing no contractual right; they expire on the following 31 December and are then renewable for a further year after review by the Board.

Grant for part of a year

Where an applicant becomes eligible for a grant in the course of a calendar year the amount shall be calculated pro rata from the date of eligibility.

Payment

Awards are payable in arrears on the last day of the calendar quarter.

Death of beneficiary⁹

An award which is in payment to a beneficiary at the time of his/her death shall be payable up to the last day of the calendar quarter in which he/she dies and any arrears due in consequence shall be paid to the estate or, if the beneficiary left a widow/widower, the award shall be payable through 31 December, in lieu of such award as might be payable to the widow/widower upon a separate subsequent application. If the devolution of the estate is not established within two years of the date of death the arrears shall no longer be payable.

Rates of exchange

Awards are determined in the currency of the applicant's country of residence, calculated at the average annual exchange rate. Where necessary, the conversion rate of any currency will be the ILO rate and the application of any change in these rates shall be referred to the Board.

Part-time employment¹⁰

If the ILO official had been employed on a part-time basis, then the award will be calculated on a pro rata basis.

⁸ Reconfirmed by the Board, 18 December 1989, document SPF/SR/49.

⁹ SPF/231 (Feb. 1978).

¹⁰ Decision of the Board, 29 March 1995, document SPF/363.

E. Procedure

Questionnaire

Applicants who satisfy the conditions of service enunciated in the terms of reference of the Board (see under Chapter II above) and are therefore eligible to be considered for an award are requested to complete a questionnaire; they may subsequently be asked to submit such further particulars and supporting evidence as the Board may deem essential for consideration of the application.

For the purpose of the annual review of awards, a questionnaire shall be sent at the beginning of each calendar year to each applicant who received a grant for the preceding year.

When an eligible applicant does not qualify for a grant in consideration of the level of his/her income, the letter of notification of the Board's decision shall indicate that a new application may be made at any time when that income is materially reduced and a questionnaire form shall be enclosed for this purpose.

Applications received between sessions of the Board

In all straightforward cases of applications received from eligible persons the proposed award of a grant or the rejection of the application may be submitted by the secretary to the members for approval by correspondence.