

September 11, 1984

A U.N. SUCCESS STORY : THE WORLD'S FATTEST PENSIONS

INTRODUCTION

Though most of the U.N.'s activities are controversial, there is one thing on which just about everyone agrees--the U.N. is a very generous employer. It pays its sprawling bureaucracy more than probably any government in the world pays its civil servants. It sends its bureaucrats into retirement secure with the kind of pension that would be the envy of every government and private sector worker worldwide. And it says farewell to its workers with a golden handshake retirement bonus that is unknown outside of the most generous private corporations. If there is at least one United Nations success story, it is the breeding of the world's fattest pensions. The trouble is that this U.N. generosity toward what is generally acknowledged to be an under-worked, overstaffed bureaucracy is underwritten by the world's taxpayers. And no one is paying a greater share than the American.

As such, American taxpayers and their representatives in Congress are entitled to start asking whether they are receiving fair value from the U.N. staff in return for the high salaries and lavish pensions. Should the American taxpayer, for example, be underwriting more generous salaries and pensions for United Nations bureaucrats than those received by U.S. government civil servants--or by skilled workers at U.S. plants and offices?

THE GENEROUS UNITED NATIONS

In 1982 the United Nations Joint Pension Fund spent \$250 million on payment of benefits to 6,515 beneficiaries. Contributions to the Fund by member organizations totaled \$231 million in 1982, of which the United States contributed approximately 25 percent, or \$58 million.

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American taxpayers are supporting a pension plan that is more generous to its members than that of the United States government. An accountant, for example, working for the United States government at a GS-12 grade will earn a pension of \$18,000 after 35 years of service. His counterpart in the United Nations will earn a pension of \$33,000 for the same length of service. A United States government engineer with a GS-13 grade will earn a pension of \$21,732 after 35 years of service. His equivalent in the United Nations system will earn a pension of \$40,000.

In the United Kingdom, a Deputy Secretary with 35 years of service will be entitled to a \$19,250 pension. His United Nations counterpart, an Under-Secretary-General, will earn a \$75,000 pension. General Motors blue collar workers, meanwhile, earn a maximum \$8,115 pension after 35 years of service.

In addition to their fat pensions, U.N. employees depart the U.N. with a golden handshake, a substantial cash reward for service. For example, after 30 years of service, an Under-Secretary-General will receive a lump sum of \$343,500. An accountant who has been employed with the U.N. for 30 years and holds the P-4 rank will receive a \$184,500 farewell bonus, while a P-3 rank computer specialist who has been on the payroll for 30 years will get \$153,000.

There are fourteen member organizations in the United Nations pension plan: the United Nations; International Labor Organization; Food and Agriculture Organization; U.N. Educational, Scientific, and Cultural Organization; World Health Organization; International Civil Aviation Organization; World Meteorological Organization; Interim Commission for the International Trade Organization; International Atomic Energy Agency; International Maritime Organization; International Telecommunication Union; World Intellectual Property Organization; International Fund for Agricultural Development and the International Center for the Study of the Preservation and the Restoration of Cultural Property. The European and Mediterranean Plant Protection Organization is an inactive member. Since the U.S. pays 25 percent of these agencies' budgets, it also pays 25 percent of their contributions to the Fund.

Individuals in the U.N. system also may pay into the Fund. In 1982 there were 50,966 participants who contributed \$115 million to the Fund.

The chart following lists United Nations, United States government, United Kingdom civil service, and General Motors blue collar worker pension plans. These pension figures reflect an "average case scenario." There are many individual factors to be taken into account for each person, such as amount of accrued leave, actual salary (figures here have been selected from a salary range) and any other extenuating circumstances. The chart thus cites examples only and not actual pensions.

PENSION COMPARISONS
35 Years of Service
(yearly amounts)

UNITED NATIONS PENSIONS

<u>U.S. Equiv.</u>	<u>Grade</u>	<u>Salary</u>	<u>Pension</u>
GS-18	Under-Secretary-General	\$97,000	\$75,000
GS-18	Asst.-Secretary-General	86,000	66,000
GS-16	D-2	67,000	57,000
GS-15	D-1	56,000	52,000
GS-14	P-5	49,000	47,000
GS-13	P-4	38,000	40,000
GS-12	P-3	30,000	33,000
GS-10	P-2	24,000	25,000
GS-7	P-1	18,000	19,500

The D designated posts are managerial, while the P posts are technical experts.

UNITED STATES GOVERNMENT PENSIONS

<u>Grade</u>	<u>Salary</u>	<u>Pension</u>
GS-18	\$81,000	\$53,662
GS-17	69,000	45,712
GS-16	59,000	39,087
GS-15	50,000	30,084
GS-14	43,000	25,908
GS-13	36,000	21,732
GS-12	30,000	18,156
GS-11	25,000	15,180
GS-10	23,000	13,980
GS-9	21,000	12,792
GS-7	19,000	11,604

Formula for computing U.S. government pension: $1\frac{1}{2}$ percent of the highest salary over past three years times years of service up to 5, plus $1\frac{3}{4}$ percent of the highest salary over past three years times years of service over five and under 10. If over 10 years of service, add 2 percent of the highest salary held for the past 3 years times years of service over ten.

UNITED KINGDOM CIVIL SERVICE PENSIONS

<u>U.N. Equiv.</u>	<u>Grade</u>	<u>Salary*</u>	<u>Pension</u>
Under Sec. General	Deputy Secretary	\$44,000	\$19,250
Asst. Sec. General	Under Secretary	36,500	15,960
D-2,D-1	Assistant Secretary	28,000	12,250
P-5	Principal	20,000	8,750
P-4,P-3	Senior Executive Officer	15,000	6,563
P-2,P-1	Assistant Principal	9,500	4,160

Formula for computing U.K. civil service pension: 1/80 of best salary over past three years times length of service. Subject to maximum of 40/80 at age 60, 45/80 at age 65.

*Based on 1 £ = U.S. \$1.36.

GENERAL MOTORS BLUE COLLAR WORKERS PENSIONS

<u>Grade</u>	<u>\$/hour</u>	<u>Pension</u>
"D" code	\$10.71 and over	\$8,115
"C" code	\$ 9.88 - \$10.70	8,010
"B" code	\$ 9.67 - \$ 9.87	7,905
"A" code	\$ 9.65 and less	7,800

Formula for computing GM pension: the A-D codes correspond to a dollar figure, which is multiplied by years of service (over 30). Add a \$13/month Medicare reimbursement to each person's pension.

CONCLUSION

To be sure, it difficult to compare one pension system with another. But the United Nations figures are so much higher than any others that it is inconceivable that any other public service is as well rewarded as working for the United Nations. The irony is that, according to most reports, few public services are as inefficient and wasteful as the United Nations.

The United States Congress should investigate the U.N. pension system as an area in which to cut back United States contributions to the U.N. The U.S. taxpayer should not have to subsidize U.N. civil servant pensions far in excess of those of U.S. government civil servants. The Congress should consider limiting U.S. contributions to the U.N. pension fund to a level that would provide U.N. pensions no more generous than those received by U.S. civil servants.

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