Changes to pensionable remuneration and the common scale of staff assessment as of 1 January 2019

New pensionable remuneration scale effective 1 January 2019

In January 2019, staff in the Professional and higher categories will have experienced a slight reduction in their take-home pay ranging from approximately US$30 to about US$50 per month depending on their grade level. This is due to an increase in the scale of pensionable remuneration (PR) for the Professional staff as approved by the General Assembly in its resolution 73/273 of December 2018.

The PR is used to calculate pension benefits as well as pension contributions made by staff and organizations to the United Nations Joint Staff Pension Fund. An increase in PR means that both the benefits and contributions will increase. Thus, staff can expect a higher pension benefit in the future, but they will also see a higher amount deducted from their pay for their pension contribution.

Change in the underlying common scale of staff assessment

The change in PR was prompted by the revision of the "common scale of staff assessment" which provides an add-on to the pension benefit to compensate for the average estimated national taxes that staff members may have to pay on their pensions upon retirement. This revision became necessary for several reasons, primarily because of the introduction of a unified salary scale for the Professional staff and the resulting discontinuation of the dependency rates of pay on which the PR calculation used to be based. For the General Service and other related categories, the basis for the PR calculation remained unchanged.

The common scale of staff assessment is applied to all categories of staff for the purposes of pensionable remuneration. As mentioned above, the revision of the common scale produced a higher PR for the Professional category while for the GS and related categories, PR remained largely the same except for a limited number of staff at top grades at some duty stations where the calculated amounts are lower. In these cases, the current levels of PR should be protected for any staff who would otherwise have a lower PR following the revision of the common scale.

Staff assessment used to gross up net salaries

Unlike pensions, which are normally not exempt from national taxation, salaries and other emoluments received by common system staff are generally not subject to taxation by virtue of the conventions on the privileges and immunities of the United Nations and of the specialized agencies. Some member states, however, either did not accede to these conventions or did so with specific reservations regarding the exemption of UN emoluments of their citizens from national taxes. Therefore, there is a need to reimburse those taxes to the affected staff to ensure that all common system staff receive equal pay for work of equal value irrespective of their nationality. To achieve this, some organizations have direct tax reimbursement agreements with member states concerned, while other organizations have created tax equalization funds. In the latter case, resources are generated by grossing up net salaries of staff and channeling the resulting budgetary income (i.e. the difference between gross and net salaries called income from staff assessment) to the subaccounts of member states in the tax equalization fund. Under this arrangement, for those member states that do not tax their citizens' UN salaries, the amounts are credited towards their budget contributions. For those member states that do tax the incomes of UN staff, the monies are used for tax reimbursements.

For the General Service and related categories, the same common scale of staff assessment used to calculate pensionable remuneration is also used to gross up net salaries. For the Professional category, however, a different set of staff assessment rates, distinct from the common scale, is applied in conjunction with gross salaries. The need to have different rates is explained by the need to adjust the level of the tax equalization fund as necessary to address the fund's deficit or surplus. These rates are reviewed every three years in collaboration with the budget department of the United Nations.

It should be noted that the adjustment of gross salaries is only used to adjust the resources of tax equalization funds and has no impact on take home pay, while a change in pensionable remuneration does impact the pension contributions and the resulting pensions of staff.