

**JM 2018.1/2 - Date of Implementation of the United Nations Resolution on the
Mandatory Age of Separation
Information note 3 - 23 May 2018**

Cost savings and human capital data – further scenarios relative to 1 January 2018

1. As outlined in document JM 2018.1/2, *Date of Implementation of the United Nations Resolution on the Mandatory Age of Separation (MAS)*, an implementation date of 1 January 2021 of MAS at 65 years for staff recruited before 2014 will provide FAO with flexibility to bring in new technical capacity needed for programme priorities and ways of working, and facilitate attainment of gender balance and geographic representation goals. Two related *Information Notes* outline cost savings and provide human capital data.
2. The first Information Note on *Cost Savings*, outlines the fact that implementation of MAS as at 1 January 2021 will lead to estimated biennialized cost savings of at least USD 8.6 million for the 124 positions whose incumbents are reaching the mandatory age of separation of 62. The analysis is based on the assumption that 64 posts would remain at the same grade level, but cost savings would be incurred based on lower steps in grade for new incumbents, and 60 posts would be downgraded. Further potential cost savings are estimated related to benefits and entitlements linked to salary.
3. The second Information Note was prepared based on the request of the Joint Meeting of the Programme and Finance Committee following its deliberations on MAS on 21 May 2018. In Information Note 2, *Cost savings and human capital data – scenarios relative to 1 January 2018*, the impact on cost savings under different time frameworks for implementation of MAS relative to 1 January 2018 was presented, as was comparative data on geographic representation and gender and balance. In addition, information on general service retirees was added. The data was presented considering three distinct timeframes relative to 1 January 2018, namely 1 January 2021, 1 July 2020 and 1 January 2020.
4. This note presents the same tables as were provided in Information Note 2, but expanded with two additional timeframes, namely 1 January 2019 and 1 August 2019. The percentage change compared to 1 January 2021 has also been provided.
5. Furthermore, some additional information is provided on the potential cost impact of benefits and entitlements which are not directly linked to salary.

Additional timeframe scenarios

6. *Table 1* below presents savings under professional staff costs for the implementation of MAS at the five dates.

Table 1: Professional staff savings in USD 000

Retirement date	Savings in USD 000				
	From lower step in grade	From downgradings	From benefits/ entitlements	Total	Percentage decrease compared to 1 Jan 2021
1 January 2021	2.4	4.2	2.0	8.6	
1 July 2020	1.9	3.5	1.5	6.9	(19%)
1 January 2020	1.7	2.8	1.0	5.5	(36%)
1 August 2019	1.3	2.2	0.8	4.3	(50%)
1 January 2019	0.8	1.4	0.5	2.8	(68%)



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7. Table 2 presents the breakdown by gender for Professional retirees at the five dates.

Table 2: Breakdown by gender (professional)

Retirement date	Female	Male	Total	Percentage decrease compared to 1 Jan 2021
1 January 2021	39	85	124	
1 July 2020	35	67	102	(18%)
1 January 2020	27	58	85	(31%)
1 August 2019	23	46	69	(44%)
1 January 2019	16	29	45	(64%)

8. Table 3 presents the breakdown by nationality (grouped by region) of the professional retirees at the five dates.

Table 3: Breakdown by nationality of retiree by region (professionals)

Retirement date	Africa	Asia	Europe	Latin America	Near East	North America	Southwest Pacific	Total
1 January 2021	17	11	60	10	3	20	3	124
1 July 2020	14	10	46	10	3	17	2	102
1 January 2020	12	8	37	8	3	15	2	85
1 August 2019	9	6	32	5	3	12	2	69
1 January 2019	5	4	19	4	3	8	2	45

9. Table 4 presents an overview of general service positions whose incumbents are reaching the mandatory age of separation of 62, with detail on the *post* location. As can be seen in the table, a significant percentage of the GS retirees are located in decentralized offices. Later implementation of MAS would therefore provide additional flexibility mainly in the decentralized locations, which is one of the goals of the review of country office staffing models.

Table 4: General Service retirees by location

Retirement date	Headquarters	Decentralized offices	Total	Percentage decrease compared to 1 Jan 2021
1 January 2021	31	53	84	
1 July 2020	21	42	63	(25%)
1 January 2020	18	34	52	(38%)
1 August 2019	12	31	43	(49%)
1 January 2019	7	19	26	(69%)

Additional information on potential cost impact of benefits and entitlements

10. In the first Information Note, an estimate was provided of savings from changes in costs of benefits and entitlements for staff, in particular for those more directly linked to the salary level.¹ It was noted that further savings may also arise from other staff benefits such as education grant and home leave travel, but no estimate was included as savings related to benefits not directly linked to salary level cannot be forecast with certainty without details of the incoming staff member's personal situation (home leave station, family size and age of children, rental level, and so on).

11. While no conclusions can be drawn on the level of these costs for staff to be recruited in the future, a retroactive analysis was undertaken to gain some insights on potential trends under these types of benefits and entitlements. To do this, the average cost of benefits and entitlements for the 148 staff newly appointed in 2017 was compared to the average of these costs for the 124 staff members which are reaching the mandatory age of separation of 62 between 1 January 2018 and 1 January 2021.

12. The average monthly costs for the three types of benefits/entitlements, namely dependency allowance, education grant, and other entitlements (mainly rental subsidy, hardship allowance, mobility allowance, and home leave) was lower for the newly recruited staff members in 2017 compared to the retiring staff members. If this pattern were to repeat with the group of staff to be newly recruited against the posts vacated by the retiring staff members, the additional biennialized savings would be significant.

13. *Table 5* provides the average monthly costs in the January 2018 payroll for the 124 staff members reaching the mandatory age of separation and the 148 staff members newly appointed in 2017.

Table 5: Average monthly per capita expenditure in USD (based on January 2018 payroll)

	Salary	Post Adjustment	Dependency allowance	Education grant	Other entitlements	Total
Staff reaching retirement	8 210	3 300	590	530	840	13 470
Staff recruited in 2017	5 180	2 030	355	160	430	8 155

¹ Paragraphs 8 and 9, biennialized savings estimated at USD 2 million