



Geneva, 20 June 2012

Dear Members,

As approved by the members at the 2011 General Assembly, the Mutual Association is now audited by PricewaterhouseCoopers. In addition, it is also currently being audited by the Office of Internal Oversight Services.

Although the audits, internal and external, are still underway, recommendations have already been addressed by the auditors to the Board of Directors to improve operational processes.

The Board of Directors has therefore decided to follow these recommendations and to amend several rules in force for many years. These changes, which are important, were discussed during the last General Assembly held on 10 May.

Modifications concerning the way members use the services of the Mutual Association have also become necessary due to the growth of the activity of the Mutual Association, with the balance sheet rising from CHF 434 million to CHF 692 million in 10 years, an increase of 59%. Over the same period, the number of annual operating transactions rose from 288'000 to 372'300, an increase of 30%.

The Secretariat of the Mutual Association, composed of 14 international civil servants, is no longer in a position to handle all members' requests in a timely manner, hence the need for the latter to maximize the use of the services available to them through the secured access to the Mutual Association's website.

The Board of Directors therefore asks you to read carefully the following as some rules may significantly affect the way you manage your accounts.

1. Restriction of deposits and withdrawals:

During its audit, PricewaterhouseCoopers has emphasized the importance of verifying the source and destination of funds. The Board of Directors, the Representatives of affiliated organizations and the staff of the Mutual Association were thoroughly briefed to understand better the subject.

Although the majority of deposits received by the Mutual Association come from the members' accounts, for several years a significant part of these funds has been sent by third persons unknown to the Mutual Association. Frequently the instructions related to these deposits are incomplete and require further enquiries by the Mutual Association from third parties, to determine the name of the final beneficiary. This research generates an important surplus of work.

On the other hand, bank transfers requested by the members are, in most cases, in favor of one of their external bank accounts. However, more and more members are asking the Mutual Association to pay their personal bills to avoid, in particular, paying bank charges levied by the financial institutions to which they are affiliated. The Board of Directors wishes to reiterate that the aim of the Mutual Association is to promote mutual assistance among staff members, and that the Mutual Association cannot and does not want to be a substitute for banks by making payment transactions and paying members' personal bills.

In order to comply with PricewaterhouseCoopers's request to verify the source of funds and refocus on the Mutual Association's statutory purpose, the following changes have been adopted:

a) Limitation on deposits:

As of 1 January 2013, only members and persons benefiting from a power of attorney, previously registered by the Mutual Association, will be authorized to deposit funds in the member's account. Payments from affiliated organizations and from the pension fund of affiliated organizations will also be accepted. All other payments will be refused and the funds returned to the sender. The costs incurred will be borne by the sender.

The Board of Directors asks members to follow strictly the instructions given by the Mutual Association to deposit funds to their account. Indeed, too often, neither the name of the beneficiary nor the account/membership number are listed in the instructions received, which result in errors and delays in crediting funds. It is imperative that members mention the full name of the final beneficiary of the funds and the account/membership number. For this purpose, the instructions to follow are mentioned in the website of the Mutual Association under "How to deposit funds".

b) **Limitation on withdrawals (cash and by bank transfer):**

As of 1 July 2012, cash withdrawals and withdrawals made by bank transfers will be allowed only if the beneficiary is the member himself/herself, or persons holding a power of attorney previously registered by the Mutual Association.

The Board of Directors wishes to draw members' attention to the fact that this procedure is already in force in all other Mutual Associations of the United Nations system, and that the Mutual Association of Geneva was the only one to show flexibility about deposits and withdrawals. Unfortunately, this limitation of deposits and withdrawals has now become necessary.

The Board of Directors also informs members that they can deposit, per calendar year, up to CHF 30'000 in the CHF current account and USD 30'000 in the USD account without having to justify the source of funds. Once this limit is reached, members will have to justify first the source of funds for any additional deposit. Payments from affiliated organizations and from the pension fund of affiliated organizations are not concerned by this verification.

As the Mutual Association' accounts are in CHF and USD, external bank transfers must be made in the original currency of the accounts. If a member wants the Mutual Association to instruct the bank with which it works to convert the funds to another currency when processing the transfer, the Mutual Association will neither be able to give an indicative exchange rate to the member nor be responsible for the exchange rate applied. By his/her request, the member accepts implicitly the exchange rate to be applied. If the member questions the exchange rate applied and seeks information on the transaction, the Mutual Association will charge for this service.

The Board of Directors recommends that members who would like to transfer funds in another currency and have control of the exchange rate, do it with their usual bank.

2. Sending the correspondence to retired members:

As you know, international civil servants must comply with tax laws in their country of residence. A reminder of this rule has been included for several years in the information brochure and in the annual report, and recently on the biannual statements.

As per its obligation to exert due diligence, and from 1 January 2013, the Mutual Association will now send correspondence to all retired members, either by postal mail or by email and secured access to its website. Retired members will no longer have the possibility to leave their correspondence with the Mutual Association.

Retired members who do not currently receive their correspondence are requested to update their file by 21 December 2012 at the latest. Without any news from them their account will be closed automatically after 1 January 2013.

Members who do not wish to receive their correspondence by postal mail or by email and secured access must close their account before 21 December 2012.

Members who choose to receive correspondence by email and secured access to the website must provide a valid email address, otherwise the mail will be sent directly by post to their home address.

Members who choose to receive their correspondence by postal mail must provide a valid mailing address. If this is not the case, enquiries will be undertaken to locate the member and fees applied accordingly. If the member cannot be located, the account will be closed.

Tax attestations are available from 16 January through the Association's website or, for retired members who do not have secured access, upon written request to the Mutual Association.

3. Sending the correspondence to active members through the secured access:

As part of its efforts to promote sustainable development and reduce the use of paper, and in accordance with United Nations' policies in this regard, the Mutual Association launched its website in 2007 to enable members to download their biannual statements and annual reports through a secured access. This has significantly reduced the utilization of paper as only 2'032 account statements were sent in January 2012 against 8'201 in January 2007. In addition, the number of printed annual reports decreased from 6'000 units in 2007 to 1'500 in 2012, representing annual savings of about 150'000 sheets of paper.

As has been reiterated on several occasions since 2007, active members no longer receive the biannual statements or annual reports by mail. As all members should check their accounts and verify the accuracy of balances, active members who still do not have a secured access to the website are requested to apply for one.

4. Utilization of the Mutual Association's website to download biannual statements, tax attestations, annual reports and to effect external transfers:

Many members, although benefiting from a secured access, continue to submit requests for biannual statements, tax certificates and bank transfers to the Secretariat of the Mutual Association. Due to the increasing number of requests, the Mutual Association is no longer able to process these requests manually. Active and retired members who benefit from a secured access to the website, are kindly requested to use it to download these documents and perform external transfers themselves.

As of 1 January 2013, members will have the possibility to register, through the website, two external bank accounts instead of only one currently possible. The availability of this second account should further facilitate the use of transfers through the website.

For your information, the manual processing of a single bank transfer takes about 15 minutes. The processing of all bank transfers, generated by the website of the Mutual Association, takes only about 10 minutes, regardless of the number of transfers requested. As the average daily number of transfers to be processed is 20, if these are processed manually it would take 5 hours versus 10 minutes if they are generated via the website. The time saved by automatic processing would allow the staff to respond more quickly to other requests from members, including loan applications, the processing of which has slowed considerably due to increased administrative demands.

It should be noted that if members do not use the website for these requests, the Mutual Association could be compelled to charge fees for manual processing in future.

5. Modification of the date of credit of the interest in the CHF deposit accounts:

The interest rate on the CHF deposit account is determined by the results of the financial year. It is agreed, upon proposal of the Board of Directors, during the General Assembly that is held within 6 months after the end of each financial year. Upon approval of the interest rate, interest is credited to members' accounts.

Until fiscal year 2010, interest was credited to the members' accounts at the value date of 31 December of the year concerned. This procedure generated two different statements of account at 31 December : the statement, generated in January, has a balance that does not include the interest credited, whereas the statement of account generated in July after the General Assembly, includes the interest.

In order to have a single statement of account as at 31 December, and as recommended by PricewaterhouseCoopers, the interest on the CHF deposit accounts will now be credited to the members' accounts one day later, value date on 1 January following the financial year in question. This procedure will also facilitate the preparation of tax attestations since these will be available from 16 January.

Due to the implementation of this procedure, there will exceptionally be no interest paid for the fiscal year 2011, as interest for the fiscal year 2011 was credited on 1 January 2012.

6. Salary deduction for savings purpose:

Members from UNOG, ITU, WMO, HCR and IPU can request a monthly deduction from their salary for savings purpose to be credited to the CHF deposit account. However, some members who have requested such deduction systematically collect this amount once it is deposited in their account. The Mutual Association reserves the right to cancel the deduction as the reason for this deduction (savings) is no longer respected.

Members of the Board of Directors and Representatives of affiliated organizations thank you for your understanding and cooperation. The Secretariat of the Mutual Association remains at your disposal for any further information or clarification which you may require.

The Members of the Board of Directors
and the Representatives of affiliated organizations