

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**IMMEDIATE
ATTENTION**

EBAP/84/236

November 2, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Staff Retirement Plan - Supplemental Benefit Plan

There is attached a report from the Pension Committee of the Staff Retirement Plan recommending the features of a supplemental benefit plan.

In the absence of a request from a member of the Executive Board before noon on Wednesday, November 7, 1984, that this matter be taken up at a Board meeting, the proposal recommended by the Pension Committee will be deemed approved and it will be so recorded in the minutes of the next meeting of the Executive Board.

Att: (1)

Other Distribution:
Department Heads

November 1, 1984

To: Members of the Executive Board

From: The Chairman, Pension Committee
Staff Retirement Plan

Subject: Supplemental Benefit Plan

On July 16, 1984, the Executive Board approved the recommendations of the Pension Committee concerning the adoption of certain amendments to the Staff Retirement Plan and the establishment of a supplemental benefit plan in order to compensate for payments that would have been made from the Staff Retirement Plan but for the incorporation of the limitations in the amendments (EBAP/84/152, 7/13/84).

Thereupon, following a study of alternative types of supplemental benefit plans, the Pension Committee has endorsed a proposal (RP/CP/84/5, Sup. 1, 10/18/84, and Sup. 2, 10/29/84) that would contain the following features for those who become eligible for payments:

1. Payments would be made out of the administrative budget of the employer.
2. Total pension benefits (deriving from both the Staff Retirement Plan and the supplemental benefit plan) would be payable in accordance with the terms and conditions applicable to benefits payable under the Staff Retirement Plan, including cost-of-living increases and whatever optional benefit modification that may have been elected in accordance with that Plan.
3. Non-U.S. participants (and their beneficiaries who retire in the United States and are covered by the exclusion ratio method of taxation would receive benefits that are prefunded on the last day prior to their retirement, the extent of prefunding being limited in accordance with the simplified formula proposed in the consulting actuaries' report so as (i) to approximate the total federal tax liability that would have been incurred had the benefits been paid solely from the Staff Retirement Plan, but in no event (ii) to be less than, or to exceed by \$100 per annum, that tax liability.

4. Upon timely application by a non-U.S. participant who intends to retire abroad the Administration Committee shall be authorized to make appropriate recommendations concerning prefunding in such case in the event that it should determine that the national tax liability attributable to payments from the supplemental benefit plan and the Staff Retirement Plan will exceed that tax liability which would have been incurred had the benefits been paid solely from the Staff Retirement Plan.

The Pension Committee recommends this proposal to the Executive Board for adoption.