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To: Members of the Committee on
Executive Board Administrative Matters

From: The Committee Secretary

Subject: Benefits Policies - Home Leave for Families of Executive Directors
and their Alternates and Education Travel Allowance

The attached paper prepared by the staff contains proposals dealing with home leave for families of Executive Directors and their Alternates and education travel allowances. It is circulated to members of the Committee at the request of the Chairman. It will be taken up at a meeting to be held on Thursday, March 14, 1996, at 3:00 p.m. in Committee Room 12-120.

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INTERNATIONAL MONETARY FUND

Benefits Policies - Home Leave for Families of
Executive Directors and their Alternates
and Education Travel Allowance

Prepared by the Staff

March 11, 1996

1. Introduction

Several changes in the policies for home leave and education travel allowance were implemented for staff in 1993 in connection with simplification of the administration of benefits. The Committee on Executive Board Administrative Matters may wish to consider recommending that the Executive Board approve similar modifications to the policies for Executive Directors and their Alternates. Such modifications would fall within the terms of Board of Governors Resolution 34-7, which provides that the Executive Board may make available to Executive Directors and Alternates changes in levels of benefits to reflect actual costs, or other minor modifications to existing benefits that do not change the basic nature of such benefits. Any such changes for Executive Directors and Alternates would be applicable to Advisors to Executive Directors, inasmuch as Advisors are entitled to the same terms and conditions of service as Executive Directors and Alternates.

2. Home leave and education travel policies for Executive Directors

By-Law 14(f) provides for home leave for families of Executive Directors "in the third year of continuous full-time service...and in every second year of such service thereafter." The By-Law also provides that "...home leave travel every second year...shall be made on the basis of cabin- or economy-class accommodations." ^{1/} In general, the policy for Executive Directors has been based on that for staff, but over time several differences have developed. For example, for families of Executive Directors, transportation, including travel by ship, is in first-class for the first home leave beginning in the third year of service. Transportation is provided in the form of tickets with first-class or business-class travel for subsequent home leave travel under the respective two-year or three-year option. There is no requirement for a minimum stay in the home country, although Executive Directors have been guided by the rules for staff. A system for accrual of home leave travel points is in effect. The current

^{1/} The use of business class, which did not exist when the By-Law was written, has been considered to come within the intent of the provision of "cabin" or "economy" in the By-Law.

general policy on home leave for families of Directors is shown in Attachment I.

Home leave and education travel benefits are linked. Children of Executive Directors who are eligible to receive five education trips in a two-year cycle normally are not entitled to home leave. An education travel entitlement may, however, be substituted for home leave for eligible children studying outside the duty station.

3. Home leave and education travel policies for staff

The home leave policy for staff provides for home leave after each two years of service, with a cash payment for transportation equivalent to the cost of air travel in one class below first class. With the 1993 introduction of cash payments for transportation, provisions for early home leave, the three-year option with first-class air travel, delivery of home leave travel through ticket options, and the home leave travel points system (accrued when the class of travel was voluntarily downgraded) were abolished. The staff home leave policy is summarized in Attachment II.

In conjunction with the 1993 revision of the home leave policy, the coordination of home leave and education travel benefits for children studying abroad was eliminated, thereby delinking the two policies. Eligible children who study abroad are presently entitled to education travel allowance for two education trips per academic year and may be eligible for home leave benefits.

4. Home leave policy in the World Bank

The home leave policy for families of Bank Executive Directors for the first home leave is the same as in the Fund, i.e., the By-Laws of the Bank provide for a first home leave in the third year of full-time continuous service by first-class travel. For subsequent home leave travel, the modified home leave scheme for Bank staff, four options unlike the Fund staff's single system of a cash payment, is applicable. The Bank options, depending on the number of years of continuous service for which travel is elected, are as follows: (i) every year under the one-year cash option based on an APEX or excursion airfare; or (ii) every two years under the two-year cash option based on an economy class airfare; or (iii) every two years under the two-year ticket option by business class air travel; or (iv) every three years under the three-year ticket option by first class air travel. Directors have the option, beginning in the third year of service, to choose one of the modified home leave options.

The "delinkage" of education travel and home leave is applied to eligible children of Executive Directors and Alternates beginning only with the third year of their service (i.e., at the time that families enter the period of eligibility for the second home leave). During the first two years of service, education travel is based on five trips in two years. This differs from the policy for Bank staff, which is similar to the education travel policy for Fund staff.

5. Proposed changes in administration of home leave and education travel policies

It is proposed to make the policies for home leave travel and education travel benefits of Executive Directors' families available on the same basis as those benefits are provided for staff. The principal changes would make available a cash payment for transportation and greater flexibility in the use of the home leave entitlement, establish an air travel standard for home leave, abolish first-class home leave travel and accrual of home leave points, 1/ and "delink" coordination of home leave and education travel for children. The substitution of cash for home leave tickets would not involve additional cost to the Fund. Such changes, being based on the Fund staff benefit, would appear to be within the intent of the provision for home leave in By-Law 14(f) and, as noted earlier, be seen to fall within the terms of Board of Governors Resolution 34-7 concerning the authority of the Executive Board to approve minor modifications in benefits.

Given the Fund's adoption for staff of a single system of cash payments for transportation with home leave available after completing two years of service in each entitlement period, continuation of the present ticket options plus the introduction of a cash payment option for Executive Directors would be seen to be beyond the scope of a minor modification.

6. Draft report and recommendations to the Executive Board

The following draft report and recommendation concerning home leave for families and education travel for children of Executive Directors is proposed to make these benefits available to Executive Directors on the same basis as for staff:

The Committee on Executive Board Administrative Matters has considered proposals to modify the policies for home leave for families of Executive Directors and Alternates and education travel allowances for their children so as to provide these benefits on the same basis as for staff (EB/CAM/96/31, 3/11/96). Such changes would also be applicable to Advisors to Executive Directors inasmuch as they are, in general, entitled to the same terms and conditions of service as Executive Directors and their Alternates. Application of the revised policies governing home leave and

1/ Few Directors or Advisors have utilized the home leave points system, whereby points were accrued for subsequent travel by downgrading the class of home leave travel. At present, one person has accrued points.

education travel would fall within the terms of Board of Governors Resolution 34-7 concerning the authority of the Executive Board to make "changes in levels of benefits to reflect actual costs or other minor modifications to existing benefits..."^{1/} In view of the termination of the three-year option home leave entitlement and accrued home leave points, transitional arrangements, based on those that were made available to staff, would be made available for Directors' families.

Accordingly, the Committee on Executive Board Administrative Matters recommends that the Executive Board adopt the following decision on the policies and administrative procedures for home leave for families and education travel allowance for children of Executive Directors and their Alternates:

Home Leave

Effective April 1, 1996, Executive Directors and their Alternates will be entitled to receive home leave, transportation, and travel allowances in respect of home leave benefits for qualifying family members on the same basis as for staff, including:

1. Travel standard. An air travel standard shall be established.

^{1/} Resolution 34-7 states that, "changes in levels of benefits to reflect actual costs, or other minor modifications to existing benefits that do not change the basic nature of such benefits, may be made available to Executive Directors and their Alternates by the Executive Directors of the Fund, provided that significant changes in existing benefits as well as new benefits be considered by the Joint Committee on the Remuneration of Executive Directors and their Alternates pursuant to Section 14(e) of the By-Laws of the Fund and not be made available to Executive Directors and their Alternates until approved by the Board of Governors."

2. Transportation allowance. A transportation allowance will be paid in cash for an amount equivalent to the cost of air travel to and from the home leave destination in one class below first class. It is understood that: (a) the class of travel for determining the allowance will normally be business class, but on some routes or parts of routes where there is no business class service, the class of travel will be full-fare economy class; (b) actual travel may be undertaken in any class; and (c) the allowance will include a specified amount to cover the cost of ground transportation to a home leave destination that is located outside the metropolitan area of the nearest airport.

3. Date of payment. A single transportation allowance will be paid on or after the entitlement date for all family members who are eligible for home leave as of the entitlement date if the travel is undertaken within six months before the entitlement date, 1/ or as of the date of the application for home leave if travel is undertaken after the entitlement date.

4. Minimum time in the home country. Any trip that an Executive Director certifies as a home leave trip for an eligible family member must include, without exception, a minimum stay of seven days in the home country.

5. Transportation allowances for children under two years of age. Children under two years of age will be entitled to transportation allowances for home leave.

1/ Travel that is taken up to six months prior to the entitlement date will be counted as meeting the requirement of the benefit.

6. Certification. Before making application for home leave benefits under a subsequent qualifying period, or prior to separation from the Fund, an Executive Director will be required to submit a certification of travel with supporting documentation for all family members for whom payments were received in respect of a preceding home leave period. The transportation and home leave allowances or relevant portions of the allowances shall be repaid to the Fund for any family member or members who do not travel on home leave within the two-year home leave period or for when the required certification and documentation is not submitted.

7. Transitional arrangements

(a) Three-year option. Directors whose three-year option entitlement date is no later than April 1, 1997 (i.e., first home leave or completion of three years of service for subsequent home leave) will be permitted to apply for tickets within the cost limit for first class air travel to the home country, so long as they begin their travel no later than April 1, 1998. Otherwise, all the general provisions of the "cash for home leave" policy will apply. After April 1, 1997, the service period for home leave will become two years for all Directors.

(b) Use of accrued points. Directors who have accrued points at the time the modified home leave provisions become effective may use them under the same transitional arrangements as were provided for staff except that the transitional arrangements for Directors will apply until April 1, 1998 (Attachment III).

Education travel benefits for children studying abroad

Effective as of the first full scholastic year starting on or after April 1, 1996, children who study abroad and who qualify for education travel benefits will be entitled to an education travel allowance for one restricted and one unrestricted economy class trip per academic year.

Home Leave Policy for Executive Directors' Families

The following is an excerpt from Part IV of the Handbook on Executive Board Administrative Matters:

1. Regulation: Section 14(f), By-Laws

" . . . Executive Directors and Alternates shall, in the third year of continuous full-time service in either capacity and in every second year of such service thereafter, be entitled to reimbursement for the cost of transportation expenses for their families in travelling once to and from the country of which they or their spouses are nationals, provided that in cases where the spouse is a national of a country other than that of the Executive Director or the Alternate the reimbursement for transportation expenses to and from the country of the spouse does not exceed transportation expenses to and from the country of which the Executive Director or Alternate is a national. For home leave travel every second year, reimbursement shall be made on the basis of cabin or economy-class accommodations."

2. Reimbursable Expenses

In the absence of explicit regulations governing "cost of transportation expenses" as used above, the policies which apply to home leave for staff members shall normally apply also to home leave for families of Executive Directors and Alternates except that families of Executive Directors and Alternates may travel by ship under the terms of By-Law 14(f). Reimbursement under these policies normally includes:

- (a) Actual cost of transportation based on a standard of "normal fare" determined in accordance with Fund travel guidelines;
- (b) Allowance for travel by auto;
- (c) When travelling by air a lump-sum per night allowance is paid for authorized stopovers at the rates applicable to families of Executive Directors and Alternates on removal travel;
- (d) Porterage, taxis, buses, etc., in connection with direct travel to the home leave destination and return may be covered by an amount included in the lump-sum per night allowance equal to the standard in-and-out allowance for official travel or alternatively, by reimbursement for actual expenses with a provision that such expenses be within a reasonable maximum;
- (e) Payment of reasonable excess baggage costs for air travel by the most reasonable direct route for children under two years of age for whom a seat has not been purchased and who are not entitled to a free baggage allowance by the airlines; family members travelling by economy class by air in order to earn travel points

Accumulated points may be used at any time by the spouse, dependent children, and by any other dependents of Directors who have lived in the Director's household for at least one year.

Except for the issuance of an airline ticket to the airport nearest to the home leave destination, no other benefits, i.e., travel time, home leave allowance, in-and-out and per night allowance, will be paid by the Fund.

[Report of the Joint Committee on the Remuneration of Executive Directors and their Alternates, EBAP/85/154, Sup. 1 (6/26/85), approved by the Board of Governors by resolution adopted effective 8/2/85, and EBAP/85/213 (8/13/85).]

Home Leave Policy for Fund Staff

Effective May 1, 1993, home leave policy for Fund staff is as follows:

(i) Entitlement. After completing each two-year period of qualifying service, an eligible staff member will be entitled to receive home leave, transportation, and travel allowances in respect of home leave benefits for himself and for other qualifying family members. Staff are permitted to travel at their own expense within six months of their entitlement date and to have such travel qualify as home leave travel.

(ii) Payment of transportation allowance. The transportation allowance will be paid in cash for the amount equivalent to the cost of travel to and from the home leave destination in one class below first class. It is understood that: (a) this class of travel will normally be business class, but on some routes or parts of routes where there is no business class service, it will be full-fare economy class; (b) actual travel may be undertaken in any class; and (c) the allowance will include a specified amount to cover the cost of ground transportation to a home leave destination that is located outside the metropolitan area of the nearest airport.

(iii) Date of payments. Allowances will be paid on or after the entitlement date for all family members who are eligible for home leave as of the entitlement date, if the travel is undertaken before the entitlement date; or as of the date of the application for home leave, if travel is undertaken after the entitlement date.

(iv) Minimum time in the home country. Any trip that a staff member wishes to certify as a home leave trip must include, without exception, a minimum stay of seven days in the home country.

(v) Transportation allowances for children under two years of age. Children under two years of age will be entitled to transportation allowances for home leave and for all other benefit travel approved by the Fund.

(vi) Certification. Before making application for home leave benefits under a subsequent qualifying period, staff members will be required to submit a certification of travel for all family members for whom payments were received in respect of the preceding period.

Transitional Arrangements for Use of Accrued Points

Transitional arrangements for use of accrued points, as provided for staff, are, except for the day by which points must be used, as follows:

1. Directors may continue to use accrued points up to April 1, 1998. At that date, the Fund will "buy back" up to a total of 150 points of a Director's balance at a rate of 1/300th of a restricted economy class ticket cost to and from the home leave destination for each point; any points in excess of 150 will be forfeited.

2. The points may be used by the spouse, the eligible children of the Director or the spouse, or a parent or parent-in-law residing with the Director.

3. Under the present policy, Directors applying for a points trip must have accrued at least one-half of the required points for the class of travel chosen (200 points for an unrestricted economy class travel, and 150 points for a restricted economy class travel). So as to provide greater flexibility for Directors to use their accrued points, the minimum points needed for a ticket (i.e., with the Director paying the balance) will be reduced to 1/3 of the required points (i.e., 133 points for unrestricted economy travel and 100 points for restricted economy class travel).