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To:           Members of the Committee on Administrative Policies  
From:         The Committee Secretary  
Subject:       **Issues Paper—Benefits for Domestic Partners**

Attached for consideration by the Committee is a paper concerning the issues surrounding the possible extension of benefits to the domestic partners of Fund employees. This subject, together with a paper on Medical Benefits Plan Administration (EB/CAP/00/3, 8/8/00), will be taken up at a meeting of the Committee which is tentatively scheduled for Tuesday, August 22, 2000. Issues for discussion appear on page 16.

Mr. K. Craig (ext. 38212) and Miss Dove (ext. 38221) are available to answer any technical or factual questions related to this paper prior to the Committee discussion.

Att. (1)

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INTERNATIONAL MONETARY FUND

**Issues Paper: Benefits for Domestic Partners**

Prepared by the Human Resources Department

Approved by Margaret R. Kelly

August 8, 2000

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## I. INTRODUCTION

1. The purpose of this paper is to provide an overview of the complex issues related to the provision of domestic partner<sup>1</sup> benefits, an area of human resource policy that has received a great deal of attention in recent years. Highly publicized legislative actions—at the national level abroad, and at state and local levels in the United States—reflect a growing acceptance of domestic partnerships and concern that the individuals who form them do not have the same legal rights and protection as married couples. In response to these developments, many employers have added domestic partner benefits to their compensation packages to enhance their ability to attract a diverse workforce, or are considering these benefits as an extension of their non-discrimination policies. In addition, a number of countries are creating legal rights for domestic partners that include some or most of the rights of “married” spouses, relationships that are called “civil unions” or similar terms.

2. In light of these developments, and the Fund’s strong commitment to diversity and non-discrimination, it is timely for the Fund to review its policies with regard to domestic partner benefits. In an accompanying paper (EB/CAP/00/3, August 8, 2000), certain changes in the Fund’s Medical Benefits Plan (MBP) are proposed, one of which is a modification of the MBP’s enrollment rules to permit coverage for qualified domestic partners of the same sex. Pending the development of a comprehensive policy regarding benefits for domestic partners, it is proposed that they be covered under the MBP as “other dependents.” This proposal stands on its own and does not preempt the Committee on Administrative Policies (CAP) on recommending the extension of other benefits to domestic partners. Providing access to medical coverage is of paramount importance in protecting the financial security of Fund employees. Medical coverage is already available to same-sex domestic partners under the World Bank’s Medical Insurance Plan,<sup>2</sup> and similar benefits are offered by many universities, financial institutions and competing employers. For these reasons, the proposal to provide “other dependent” coverage under the MBP to qualified domestic partners has been made separately and in advance of a broader review of domestic partner benefits.

3. This paper sets out the issues to be considered in determining whether the Fund should expand domestic partner benefits beyond MBP coverage and seeks the guidance of the CAP for developing a proposal regarding domestic partner benefits in the Fund, including two possible approaches.

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<sup>1</sup>In the context of this paper, domestic partners are two adults who have an exclusive, committed relationship (outside of marriage), and who reside together and are financially interdependent.

<sup>2</sup>Coverage for domestic partners under the World Bank’s Medical Insurance Plan is provided on a cost-shared basis, under the “couple” category.

## **II. DEFINITIONAL ISSUES**

4. There is no generally accepted definition of the term domestic partner. A very narrow definition of "domestic partner" is two adults of the same sex and unrelated by blood, who are residing together in an exclusive, committed, financially interdependent relationship that is intended to be permanent. A less narrow definition would also include opposite sex partners. An extremely broad definition of domestic partner might include any relative or friend residing in an individual's household on an indefinite basis.

5. The proposal contained in EB/CAP/00/3 limits MBP access to an employee's same-sex domestic partner. However, if in the context of this broader review of domestic partner benefits, the CAP recommends that benefits be extended further for domestic partners, we would suggest that unmarried couples of the opposite sex be included in the definition of domestic partnership. This would be in keeping with broad societal shifts in some areas of the world, and serve the Fund's commitment to diversity.

## **III. BACKGROUND INFORMATION**

6. Although acceptance of domestic partnerships is still far from universal,<sup>3</sup> in North America, western Europe, and other countries such as Australia and New Zealand, there are substantial legal protections for domestic partners. Prevailing laws (national and/or local), societal changes in the perception of what constitutes a family unit, the increasingly global nature of the workforce, and the growing emphasis on diversity and equity in the workplace have all contributed to the expansion of domestic partner benefits. This section describes developments in the United States, in other member countries, and in other international organizations. Subsections A-C pertain to developments in the United States: the history of domestic partner benefits, the federal laws that are relevant in considering these benefits, and legislative actions that have been taken at the state or local level. Developments in other countries are outlined in subsection D, and subsection E touches briefly on the current response of other international organizations to the issue of domestic partner benefits. The relevance of these developments to the Fund is summarized in subsection F.<sup>4</sup>

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<sup>3</sup>Opposition to domestic partnerships is most often attributed either to moral or religious beliefs or to a reluctance to change the way marriage is defined, which has important consequences for legal status and benefits.

<sup>4</sup>While developments at the corporate and state and local government level in the United States have trended towards the provision of more benefits for domestic partners, U.S. federal laws have been adopted that have implications for the implementation of the CAP's recommendations on domestic partner benefits.

### **A. Evolution of Domestic Partner Benefits in the United States**

7. The composition of households in the United States has evolved over the past four decades to the point where, in 1998, only 53 percent were headed by a married couple, a decline from 76 percent in 1960.<sup>5</sup> In response to the changing makeup of a “family unit” and the increasing diversity of their employment base, a small number of colleges and universities, municipalities, and high-tech companies voluntarily began to offer domestic partner benefits in the early 1980s. By the mid-1990s, the number of U.S. employers offering these benefits began to expand appreciably. And, by the end of the decade, nearly 3,000 employers were offering some form of domestic partner benefits.<sup>6</sup>

8. Although the prevalence of domestic partner benefits has been increasing, especially in the past five years, U.S. employers that offer these benefits are still in the minority.<sup>7</sup> Nevertheless, it is likely that these benefits will steadily become more commonplace, in reaction to factors such as the following:

- A significant percentage of U.S. employers now have workplace diversity programs in place, as well as non-discrimination policies that specifically prohibit discrimination based on sexual orientation.<sup>8</sup> California, New York and Massachusetts have the largest concentrations of employers with these non-discrimination policies. A large number of employers in the District of Columbia also have such policies.<sup>9</sup>
- Increasingly, employers are becoming aware that traditional benefits programs do not meet the needs of some of the talent they are seeking to attract and

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<sup>5</sup>U.S. Bureau of the Census data.

<sup>6</sup>American Compensation Association (ACA), *Domestic Partner Benefits: Design and Implementation* (2000), p. 8.

<sup>7</sup>A 1999 survey by the Society for Human Resource Management (SHRM) indicated that only about 9 percent of employers offer domestic partner benefits, as compared with 7 percent in 1998 and 6 percent in 1997. (Source: An article in SHRM’s *HR Magazine* entitled *A Benefit Built for Two*, August 1999).

<sup>8</sup>A 1999 survey by William M. Mercer, Inc. indicated that 67 percent of large employers (i.e., those with 5,000 or more employees) and 24 percent of mid-size employers had diversity programs. The survey also found that 58 percent of those programs addressed sexual orientation. Among employers that did not have diversity programs, 41 percent were either in the process of developing one or had one in the planning stages. (ACA, *Domestic Partner Benefits*, p. 89).

<sup>9</sup>Human Rights Campaign, *The State of the Workplace Report* (September 1999), p. 17.

retain. This has become especially significant over the past several years with the tight labor market in the United States.

- Offering a benefits package that appeals to a diverse workforce not only gives employers a competitive edge in their recruitment efforts—it also serves to demonstrate that they value the diversity of their employees.
- It is likely that more large cities and/or counties in the United States will follow the lead of San Francisco, Los Angeles, and Seattle by passing ordinances that require companies doing business with them to provide domestic partner benefits (see Section III.C below).
- The number of major companies/industries in the United States that offer domestic partner benefits is increasing—in 1999, for example, several major U.S. airlines introduced domestic partner benefits programs for their employees (see Section III.C below). The three largest automobile manufacturers in the country—Ford, General Motors, and Daimler Chrysler—recently offered medical coverage to their 450,000 U.S. employees.

9. From the beginning, the most significant benefit offered to domestic partners has been medical insurance coverage.<sup>10</sup> Other benefits include certain low-cost (or “soft”) benefits such as bereavement leave, family care leave, educational and tuition assistance, credit union membership, and other memberships or membership discounts.

## **B. U.S. Federal Laws**

### **Defense of Marriage Act (DOMA)**

10. The Defense of Marriage Act, a federal law enacted in 1996, provides that, **for purposes of any benefit under U.S. federal law, “marriage” is limited to a legal union between one man and one woman, as husband and wife, and a “spouse” is limited to a person of the opposite sex who is a husband or wife.** DOMA further provides that no state shall be required to give effect to any other state’s recognition of same-sex marriage. This law, which is the principal U.S. statute on the subject of domestic partner benefits, has greatly restricted the national effect of state and local laws requiring domestic partner

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<sup>10</sup> According to a 1995 survey by the International Society of Certified Benefits Specialists, 94 percent of employers offering benefits for domestic partners provide health coverage. (Source: An article in SHRM’s *HR Magazine* entitled *A Benefit Built for Two*, August 1999).

benefits. In particular, it was passed as a “direct Congressional response” to the short-lived Hawaii statute permitting same-sex marriages (see Section III.C below).<sup>11</sup>

11. For the Fund’s consideration of domestic partner benefits, DOMA has important implications with respect to U.S. immigration law, as well as to the treatment under the U.S. Internal Revenue Code of certain employer-provided benefits, such as medical insurance. To the extent that the Fund decides to extend the provision of benefits to domestic partners, it must accept DOMA and its implications, as described below.

### **Immigration and Nationality Act (INA)**

12. This law permits the immigration of the non-U.S. spouse of an American citizen, in recognition of the basic right of Americans to reside in this country with their spouses and other members of their immediate families. Similarly, INA permits the non-U.S. spouse of a non-U.S. Fund employee to enter and reside in the United States for the duration of Fund employment by issuing the requisite G-4 visa. However, due to the definition of “spouse” in DOMA (see paragraph 10), the non-U.S. domestic partners of Fund employees would **not** be granted G-4 visa status by the United States, even if their status is legally established under the law of their country. Thus, if the Fund decides to provide “spouse-equivalent” benefits for domestic partners, the provisions of U.S. federal law will, at this stage, prevent the Fund from assisting the non-U.S. domestic partners of Fund employees in obtaining (a) a visa to enter the United States, or (b) authorization from the Immigration and Naturalization Service to work in this country. However, this would not prevent the Fund from offering domestic partner benefits to those individuals who had obtained legal U.S. residency on their own.

### **Internal Revenue Code (IRC)**

13. The Defense of Marriage Act has also had an effect on the position of the Internal Revenue Service (IRS) with respect to the definition of a “spouse” under the Internal Revenue Code. Prior to the enactment of DOMA, the IRS had made a ruling in a private letter that the definition of spouse was a matter of state law. However, since 1996, when DOMA became law, the IRS has concluded in subsequent rulings that, under DOMA, it was required to define the word “marriage” to mean only a legal union between a man and a woman as husband and wife, and that the word “spouse” referred only to a person of the opposite sex who was a husband or wife. Therefore, a domestic partner would not be considered a spouse for tax purposes, although the domestic partner could be considered a “dependent” of the staff member for tax purposes.<sup>12</sup> This would mean that any Fund-paid

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<sup>11</sup> Adams, Joseph S. and Solomon, Todd A., *Domestic Partner Benefits: An Employer’s Guide* (2000), p. 8.

<sup>12</sup> In very general terms, under IRC provisions, a “dependent” means an individual who (a) receives more than half of his or her support from a U.S. taxpayer during a calendar

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benefits for the domestic partners of U.S. staff members would be taxable income for the staff member.

14. Even now, the U.S. federal laws mentioned in the preceding paragraphs have important implications for some Fund employees who have formed domestic partnerships. For example, if an individual is recruited abroad, his or her domestic partner is not able to obtain a G-4 visa, and the Fund cannot assist the partner in obtaining (a) another type of visa to enter the United States, or (b) a work authorization. Even if the non-U.S. domestic partner manages to obtain a visa and come to the United States to join a Fund employee's household, the partner may have difficulty obtaining medical coverage. Access to employer-sponsored plans requires that the partner have a job. It is possible to obtain private health insurance in the United States, but is extremely difficult and costly if the person has a serious health problem.

### **C. State and Local Laws in the United States**

15. Within the United States, legislation concerning same-sex domestic partnerships has been passed at state and local levels since the early 1990s, although there has been no uniformity in the direction of these laws. Several important state and local government actions pertaining to domestic partner benefits are outlined in the following paragraphs. A number of other laws bar discrimination in employment based on sexual orientation or provide for health insurance for the domestic partners of state and local government employees.

#### **Vermont's Civil Union Law for same-sex couples**

16. This landmark state legislation, which was signed into law on April 26, 2000 and became effective on July 1, 2000, establishes a system of "civil unions" for same-sex couples. Couples entering into a civil union in Vermont will now have the same state-guaranteed rights, privileges, and obligations as married couples, even though they will **not** be considered married under state law. Vermont's law, which is the first of its kind in the United States, does **not** sanction same-sex marriage—instead, it creates a "parallel civil union" for same-sex couples.<sup>13</sup> As noted earlier, because of DOMA, Vermont civil unions need not be recognized by other states.

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(i.e., tax) year; (b) resides in the home of the taxpayer (and said home is the dependent's primary place of abode); and (c) is a member of the taxpayer's household.

<sup>13</sup>Employee Benefits Research Institute, *Domestic Partner Benefits: Facts and Background*, updated June 2000, available at <http://www.ebri.org/facts>.



### **The San Francisco Equal Benefits Ordinance**

17. In May 1997, the city and county of San Francisco passed an ordinance requiring all vendors and other businesses contracting with them to offer benefits to same-sex partners if they offered them to married couples. This ordinance, which has been challenged unsuccessfully in the courts, has had "a profound impact on the spread of domestic partner benefits," accounting for 76 percent of all employers that offer domestic partner benefits in the United States.<sup>14</sup>

18. Although many of the employers affected by the San Francisco ordinance are small California firms, in 1999 several major U.S. airlines (United Airlines, American Airlines, and US Airways) offered domestic partner benefits to their employees worldwide, after losing a protracted legal battle against the San Francisco ordinance. In November 1999, both Los Angeles and Seattle joined San Francisco in enacting ordinances requiring private employers contracting with them to offer benefits to their own employees who had domestic partners. The effect of these ordinances will undoubtedly contribute to the spread of domestic partner benefits among private U.S. employers.

19. An unrelated, but noteworthy, development at the state level in California illustrates that legislation regarding domestic partnerships is not entirely predictable. In a referendum in November 1999, California voters defeated a proposal to legalize same-sex civil unions.

### **Hawaiian referendum and other developments**

20. The Vermont statute establishing same-sex civil unions was prompted by a December 1999 Vermont Supreme Court decision that found that there was no basis under the Vermont State Constitution for denying the legal benefits of marriage to same-sex couples, including access to spousal employment benefits such as health insurance. In similar fashion, the Supreme Court of Hawaii had, in 1993, ruled that, absent a compelling state interest, Hawaii could not bar same-sex couples from applying for marriage licenses. After a state law was enacted to establish this rule, however, a 1998 state referendum amended the Hawaii State Constitution to restrict marriage to opposite-sex couples. In December 1999, the Hawaii Supreme Court found that its prior decision had effectively been nullified by the constitutional amendment. A state constitutional amendment similar to Hawaii's, i.e., restricting marriage to opposite-sex couples, was also passed in 1998, in Alaska. Several other states have also enacted laws to restrict marriage to opposite-sex couples in the same manner as the federal DOMA statute.

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<sup>14</sup>Human Rights Campaign, *The State of the Workplace Report*, p. 19.

#### **D. Legislation in Countries Other Than the United States**

21. A number of countries around the world, as well as many provincial, state and municipal governments, have enacted laws or taken other steps to recognize "common law" heterosexual marriages or to protect homosexuals from discrimination. However, while legislative measures have been introduced to this effect, no country has yet made it possible for same-sex couples to marry. It has not been possible to do a comprehensive survey, but among the countries reportedly with *laws protecting homosexuals from discrimination* in employment, housing, access to services and other areas of public life are: Australia, Canada, Costa Rica, Denmark, Ecuador, Fiji, Finland, France, Iceland, Ireland, Israel, Luxembourg, the Netherlands, New Zealand, Norway, Slovenia, South Africa, Spain and Sweden. Seven European nations have gone further, by passing *laws that recognize domestic partnerships* and provide some, but not all of the benefits of marriage: Denmark, France, Hungary, Iceland, Norway, the Netherlands and Sweden. At least seven other European countries are *considering similar laws*: Belgium, Finland, Germany, Luxembourg, Portugal, Spain and Switzerland.<sup>15</sup> In addition, Canada is reportedly close to providing the same legal status to same-sex domestic partners as to opposite-sex common law marriages, with other legal challenges to the exclusion of same-sex couples from marriage under way.

22. It should be added that, even in countries that do not have partnership laws, benefits may be available to domestic partners that are not available to them through the Fund (e.g., medical insurance under a national health scheme).

#### **E. Other International Organizations**

23. At this point, a number of other international organizations (IOs) are grappling with the issue of domestic partner benefits, although they are not generally provided and there is no uniformity of approach among the IOs. If the Fund were to provide spouse-equivalent benefits for domestic partners, we would be ahead of most of the other IOs. Only the European Central Bank currently provides the full range of spousal-equivalent benefits for domestic partners. Many organizations do not need to provide medical coverage for domestic partners as they are located in countries with national health care. As mentioned earlier, the World Bank provides medical insurance coverage for the *same-sex* domestic partners of eligible staff members. In addition, the Bank provides other limited benefits for both same-sex and opposite-sex domestic partners.<sup>16</sup>

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<sup>15</sup>Source: *Registered Partnership, Domestic Partnership, and Marriage*, a worldwide summary compiled by the International Gay and Lesbian Human Rights Campaign, or IGLHRC, in November 1998, available at <http://www.IGLHRC.org>.

<sup>16</sup>A one-year cohabitation requirement must be met in order for a domestic partnership to be registered by the World Bank. Benefits, services, and memberships available to individuals who have formed either same-sex or opposite-sex domestic partnerships include short-term

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## **F. Relevance for the Fund**

24. The changes described above are important for the Fund to recognize and act on because they represent fundamental changes in the global environment in which the Fund operates and draws its staff. If the Fund wishes to remain an employer-of-choice and live up to its commitment to diversity, it needs to provide competitive benefits. The changing nature of the family has resulted in an increasing number of candidates for staff positions inquiring about benefits for their partners, as opposed to spouses. The Fund's current eligibility rules may well be responsible for some candidates dropping their interest in the Fund as an employer. A change in the Fund's approach to providing benefits for staff with partners other than spouses would likely have a positive effect on recruitment, not only among candidates with partners, but in the general population of candidates, who might see the Fund as a more open working environment espousing equality of treatment for its employees. In a similar way, provision of benefits for domestic partners is likely to have a positive impact on staff retention.

25. By continuing to exclude domestic partners from Fund benefits (apart from the proposed MBP change), the Fund cannot be assured that it is, in fact, hiring the most qualified staff members from its member countries. In order to meet this objective and also to ensure a diverse staff—both objectives being incorporated in the Fund's Articles of Agreement—the Fund should consider making changes to its rules governing the availability of spousal benefits. No country currently provides domestic partners the same legal standing as married couples, though changes that are nearly as far-reaching are under way in Canada and some western European countries.

### **Marriage and domestic partnership under GAO No. 28**

26. Currently, GAO No. 28, Rev. 6, Spouse and Child Allowances, Section 4.01 defines marriages that are recognized by the Fund for the purpose of spouse allowance and other spousal benefits. These definitions, based on the law and customs of the employee's country, include (a) formal marriage under marital law; (b) formal marriage under tradition or custom; and (c) non-formal marriage supported by legal opinion. This latter definition includes civil marriages where it is demonstrated to the satisfaction of the Director, Human Resources Department that the non-formal marriage is recognized as a valid and legal form of marriage in the jurisdiction in which it was formed. In addition, Section 4.02 specifically states that "other personal living arrangements between two parties, such as cohabitation or other domestic partnerships", that do not meet the descriptions and requirements of recognized marriages set forth in Section 4.01 are not recognized by the Fund for spouse allowance or

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family leave to care for a domestic partner, emergency leave, issuance of Bank identification cards, fitness center membership, and membership in the World Bank Volunteer Services group.

any other spousal benefit. Under these provisions, some opposite-sex couples receive spousal benefits, while others that do not meet the marriage criteria, do not receive benefits.

**Civil Unions: domestic partnerships “substantially equivalent to marriage”**

27. It should be emphasized that, if the laws of any member country were changed to legally recognize a same-sex domestic partnership as a formal, civil marriage, then Fund employees who had such status would gain access to spousal benefits for their partners under the present wording of GAO No. 28. However, we are on the threshold, particularly in Canada and western Europe, of the establishment of “civil unions,” or domestic partnerships substantially equivalent to marriage, that provide legal status and rights beyond mere “registration” by the parties with the civil authorities and such limited legal rights as joint property ownership. For example, in Canada, legislation has been adopted to give such domestic partnerships status similar to common law marriages. In France, such partners have or will soon have substantially all the legal rights of spouses, except, for example, the right to adopt children. Similar legislation is being actively considered in other European Union countries. While the Netherlands is reportedly considering the possibility of legalizing same-sex marriages, it seems clear that few countries will follow suit. Instead, as in the U.S. State of Vermont, the emerging pattern in many countries is to permit the establishment of civil unions, primarily, but not only for same-sex partnerships, with largely or substantially equivalent status to marriage. If the Fund would be forced to recognize a same-sex marriage, for example, in the Netherlands, under GAO No. 28 for all spouse benefits, then it should consider recognizing civil unions, or domestic partnership substantially equivalent to marriage under the laws of the employee’s country, for Fund benefits substantially equivalent to spouse benefits.

**IV. SPOUSAL BENEFITS IN THE FUND**

28. In moving forward, the principal options for the Fund include: (i) extending MBP coverage further to include opposite-sex domestic partners; (ii) offering full spouse-equivalent benefits to domestic partners, regardless of the gender of the partners, based on a definition of domestic partnership to be used by the Fund in extending MBP benefits; or (iii) recognizing the laws of the staff member’s country for the purpose of establishing domestic partnerships and extending substantially equivalent benefits.

29. The Fund-provided benefits and services that may be paid on behalf of, or made available to, the spouses of eligible employees are listed below under four categories: (a) financial and work/life benefits; (b) insurance benefits; (c) expatriate benefits; and (d) miscellaneous services and memberships. If the Fund decided to offer full “spouse-equivalent” benefits for domestic partners, most of the benefits listed would be applicable. Benefits for which an exception, limitation, or special consideration vis-à-vis applicability to domestic partners might be required are noted below. The cost to the Fund would depend on the extent of the benefits package offered and the rate of participation.

## **Financial and work/life benefits**

30. **Appointment and repatriation benefits.** If the Fund were to offer spouse-equivalent benefits for domestic partners, appointment and repatriation benefits would be covered for the domestic partner of an eligible employee, provided the partner had a U.S. visa permitting residency, i.e., not a visitor's visa. However, appointment and repatriation benefits would be payable for the partner's child **only** if the Fund employee eligible for these benefits had legally adopted that child.

31. **Grant in the event of death.** No change in this benefit is needed with respect to domestic partners. Provided a staff member who dies in active service has designated his or her domestic partner as the beneficiary of any "accrued pay and allowances" payable upon separation from the Fund, the partner would automatically receive this grant.

32. **Emergency travel.** The Fund pays for a round-trip ticket for a staff member (or spouse) to travel to the place of death or burial of his or her spouse, child, parent, or parent-in-law. Extension of this benefit to qualified domestic partners would be an appropriate way of supporting the family unit concerned at a time of loss.

### **33. Salary advances**

- *Salary advance for purchase of a first home at the duty station*—No change is required. The salary of a domestic partner may be taken into account, if necessary, in determining whether a staff member qualifies for the housing advance.
- *Education advances for the education of a staff member's (a) spouse and (b) children*—If spouse-equivalent benefits were to be offered, eligible staff members would be able to receive a salary advance to assist in paying for university or vocational training for their domestic partners, provided such training was directed at obtaining a marketable skill. The provision of domestic partner benefits would **not** require a change in the policy governing salary advances for the post-secondary education of a staff member's natural or adopted children.

### **34. Spouse and child allowance**

- *Spouse allowance*—This allowance is paid as an approximation of the favorable treatment accorded married persons under the tax laws of the United States, France, and Germany (the comparator countries for the Fund's compensation system). Until couples who have formed domestic partnerships are accorded similar treatment under the taxation systems of these countries, it would not appear appropriate to pay a spouse allowance on behalf of the domestic partner of an eligible Fund employee.

- *Child allowance*—This allowance is payable only with respect to a Fund employee's natural or legally adopted children. Therefore, if the Fund were to provide spouse-equivalent benefits for domestic partners, the only caveat would be that the natural or adopted child (or children) of an employee's domestic partner would have to have been legally adopted by the Fund employee in order to qualify for the child allowance.

35. **Spouse travel on points.** The policy on spouse points travel currently limits (a) the accrual of points to married staff members, and (b) the use of the accrued points to spouses. There has been considerable pressure from the staff to expand the policy to permit children as well as "significant others" to travel on spouse points. Widening the eligibility criteria for use of spouse points to include children and "significant others" would necessarily include domestic partners.

36. **Staff Retirement Plan (SRP)**

- *Surviving spouse's pension*—The SRP would require amendment in order to provide domestic partner benefits equivalent to the surviving spouses' pension benefits. We would need to consider whether this has implications regarding the Plan's qualification under the U.S. Internal Revenue Code.
- *Lump-sum death benefit*—No change in this provision of the SRP is needed with regard to domestic partners. A participant in the Plan already has the right to name any person, including his or her domestic partner, as beneficiary of the lump-sum death benefit payable under the SRP. However, it should be noted that a surviving spouse's pension could yield a greater benefit, depending on the age and health status of the recipient.

37. **Tax allowances.** As mentioned in Section III.B of this paper, it is important to note that extending spouse-equivalent benefits to domestic partners would have an effect on the calculation of gross income for employees subject to U.S. income taxes. This would result in a relatively small increase in the cost to the Fund of tax allowances for the U.S. staff members concerned.

**Insurance benefits**

38. **Group Life Insurance Plan (GLI)**

- *Coverage for eligible employees*—No change is needed vis-à-vis domestic partners. An insured person already has the right to designate a domestic partner or any other person as beneficiary of all, or a portion, of his or her GLI proceeds.
- *Spouse insurance*—At this time, an employee enrolled in GLI may elect \$5,000 of life insurance for his or her spouse. Including domestic partners in

this benefit would require the approval of the Plan's underwriter (John Hancock Life Insurance Company). The GLI Plan is currently under review, and it is expected that improvements will be made to various Plan provisions by the end of the current financial year. At the time the Plan is modified, consideration could be given to including domestic partners in the provision for spouse insurance.

39. **Medical Benefits Plan (MBP)**

- *Coverage for a spouse*—MBP coverage for a spouse is available at a subsidized contribution rate under the couple or two-parent family enrollment categories, as appropriate.
- *"Other dependent" coverage*—In EB/CAP/00/3, it is proposed that qualified domestic partners be permitted to enroll in the MBP as "other dependents," at an unsubsidized contribution rate.<sup>17</sup> However, the rationale for this type of coverage would change if spouse-equivalent benefits were to be made available to domestic partners. In that event, consideration would need to be given to including domestic partners in "couple" or "two-parent family" coverage, as appropriate.

40. **Travel accident insurance and personal effects insurance.** Under the Fund's travel accident insurance policy, domestic partners may be designated by insured employees as beneficiaries, but they cannot be covered as insured persons. In the event that domestic partners were permitted to travel at Fund expense (i.e., on appointment or resettlement travel, emergency travel, or home leave), this policy would need to be amended to include staff members' domestic partners as insured persons. Similarly, the Fund's personal effects insurance policy would require amendment to automatically cover the belongings of domestic partners who would be traveling at Fund expense.

41. **Workers' compensation.** If the Fund were to provide a spouse-equivalent benefit to domestic partners under workers' compensation, this "self-insured" policy would need to be revised to permit the payment of an annuity to the surviving domestic partner of a Fund employee who dies as a result of a work-related illness or injury.

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<sup>17</sup>Currently, the "other dependent" category is limited to the parents or parents-in-law of an enrollee who meet specific eligibility criteria. "Other dependent" coverage provides the full range of MBP benefits, but requires a separate, unsubsidized contribution for each person so covered.

## **Expatriate benefits**

42. **Education allowance.** Education allowance is currently provided for the natural and legally adopted children of eligible staff members. This policy would **not** need to be modified to accommodate the addition of domestic partner benefits.

43. **Home leave travel and allowance.** If qualified domestic partners were to become eligible to travel at Fund expense under the home leave policy, the policy would require revision to include domestic partners. The natural or adopted children of a staff member's domestic partner would be eligible for home leave benefits **only** if they were legally adopted by the staff member.

## **Miscellaneous services and memberships**

44. Spouses of eligible employees may avail themselves of the services and memberships listed below. As noted, Credit Union membership is already available to the domestic partners of Fund and Bank employees. HRD could make the necessary administrative arrangements to offer each of the other services or memberships to domestic partners, with the exception of the final item listed (i.e., assistance in obtaining a work authorization).

- *Bank/Fund Staff Federal Credit Union membership.* According to the BFSFCU website, domestic partners of Bank and Fund staff are already eligible to open Credit Union accounts.
- *BWRC membership.*
- *Fitness Center membership.*
- *Issuance of a Fund identification card* to permit access to the Fund building.
- *Membership in the IMF Spouse Organization and participation in InFFO activities.*
- *Career counseling services.*
- *Visa assistance and assistance in obtaining work authorizations.* Although some limited visa assistance could be made available to non-U.S. domestic partners, the Fund would not be able to assist them in obtaining work authorizations, because they are not eligible to obtain G-4 visas under U.S. immigration law.



### **Special benefit programs for employees in overseas offices or in the field**

45. In considering the Fund's position on domestic partner benefits, it is important to note that the provisions of the following special programs would need to be made consistent with any changes:

- benefits for resident representatives (e.g., appointment benefits, medical evacuation, security evacuation, and the non-relocation allowance);
- the benefits package for staff in the Fund's overseas offices, on external assignment, or on secondment; and
- the benefits package for long-term technical assistance experts.

### **V. ISSUES FOR DISCUSSION**

46. The broad range of issues that are relevant in determining the Fund's position on domestic partner benefits has been outlined in the previous sections of this paper. HRD would welcome the views of the CAP members on the following questions:

- Given the social and legal developments described, would members of the CAP support development of a proposal to extend all applicable Fund benefits on a "spouse-equivalent" basis to all domestic partners meeting the relevant criteria?
- If members of the CAP do not support full spouse-equivalent benefits for domestic partners, what would members view as the appropriate scope of benefits for domestic partners and how should eligibility for such benefits be determined?