IMMEDIATE ATTENTION

RP/CP/09/8

May 13, 2009

To: Members of the Pension Committee
(Mr. Portugal, Acting Chairman; Mr. Alazzaz, Mr. Fayolle, Mr. Kiekens, Mr. Mojarrad, Ms. Alonso-Gamo, Mr. Ghosh)

From: Padma Gotur, Pension Committee Secretary

Subject: **Report on the Operation of the Staff Retirement Plan**

Attached for the **information** of the Pension Committee is a memorandum from the Chairman of the Administration Committee enclosing the above-mentioned report.

Att: (2)

Other Distribution:
Members of the Executive Board

Office Memorandum

To: Acting Chair, Pension Committee
Staff Retirement Plan

May 13, 2009

From: Chair, Administration Committee
Staff Retirement Plan

Subject: **Report on the Operation of the Staff Retirement Plan**

Please find attached, for your information, the Report on the Operation of the Staff Retirement Plan, for the period May 1, 2006 to April 30, 2007.

The Report on the Operation of the Staff Retirement Plan for a given financial year is typically issued during the following financial year. The FY 2007 Report was delayed past 2008 due to HRD resource constraints related to the downsizing exercise.

The Report for the period May 1, 2007 to April 30, 2008 is expected to be completed within the next six to eight weeks.

Attachment

STAFF RETIREMENT PLAN

Report on the Operation
of the Staff Retirement Plan
May 1, 2006–April 30, 2007

Contents **Page**

REPORT ON THE OPERATION OF THE STAFF RETIREMENT PLAN

MAY 1, 2006–APRIL 30, 2007

I. INTRODUCTION

This report is produced by the Administration Committee (Committee) to provide participants with a summary of the operations of the Staff Retirement Plan (SRP) and Supplemental Retirement Benefits Plan (SRBP), together, "the Plan," administered by the International Monetary Fund (IMF) for the year ended April 30, 2007.[1]

II. GENERAL OPERATION OF THE PLAN

Three Committees are charged with carrying out the functions of the Plan.

The Pension Committee has the overall responsibility for implementing the provisions of the Plan. The Pension Committee supervises the Administration Committee and the Investment Committee. **The Administration Committee** is responsible for administering the Plan and applying it to participants, former participants, and persons claiming through them. **The Investment Committee** determines and directs the management and investment of the Staff Retirement Fund. The activities of the Pension and Administration Committees during the year are summarized below. The activities of the Investment Committee are reported separately.

The members of the three Committees are listed in Appendix I.

Activities of the Pension Committee and the Administration Committee

Matters involving the Pension Committee

1. The Administration Committee reviewed and contributed views to a draft paper on the Fund's FY 2008 contribution to the Plan. The paper was subsequently endorsed by the Pension Committee and the recommended contribution was incorporated in the Executive Board's decision on the budget.[2] The paper also included two other recommendations: for a payment to complete the Fund's share of the cost for the contractual service credit program; and for continued use of the current funding framework, which provides for a normalized payment from the Administrative Budget of 14 percent of pensionable gross remuneration (PGR) and use of a reserve account.

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[1] Pensions payable from the SRP are limited to comply with U.S. laws affecting qualified plans. The SRBP pays the benefits, if any, that exceed these limitations of the SRP.

[2] *The Fund's Contribution to the Staff Retirement Plan in FY 2008* (RP/CP/07/4, 3/28/07).

2. Pursuant to SRP Section 4.3, the Administration Committee considered two disability pension applications, and recommended both to the Pension Committee for approval.

Matters not referred to the Pension Committee

3. The Administration Committee approved two new local currencies. The Secretary, under the Committee's delegated authority, approved 27 requests for the local currency option under Section 16.3.

4. The Administration Committee requested its Medical Advisor to review the status of three disability pensioners to determine whether the pensioners continued to meet the qualifications for a disability pension (periodic review of the disability pensioners is a standard procedure carried out by the Administration Committee in accordance with Section 4.3(c) and (d) of the SRP). The Medical Advisor concluded that the pensioners continued to be eligible for the disability pension and recommended no change in their status. The Administration Committee concurred with the Medical Advisor's recommendations.

5. The Administration Committee denied a Restoration of Service request to extend the deadline for a participant's notification of intent to restore service for a previous period because the participant had failed to meet the deadline after due notice of the deadline by the Compensation and Benefits Policy Division.

6. The Administration Committee reviewed three Qualified Domestic Relations Orders under Section 11.3. Two were found to be in order and consistent with the provisions of the SRP, while one is pending a response from the participant.

7. The Administration Committee approved a retiree's election to reduce his pension to have a survivor's pension paid to his spouse under Section 4.6(c)—Post-Retirement Marriages.

Transfer Agreement

8. The Administration Committee reviewed and endorsed a draft paper on the pension transfer agreement between the Fund and the World Bank.[3] The paper was subsequently endorsed by the Pension Committee and executed by the Managing Director of the Fund and the President of the World Bank, effective June 1, 2007.

9. The new transfer agreement replaced the agreement that was terminated by the Bank on February 29, 2000 following the adoption by the Bank of a new pension plan for staff joining after April 14, 1998. The agreement covers staff who transfer to the Fund or the Bank on and after June 1, 2007, as well as those who transferred after the termination of the earlier transfer agreement and before June 1, 2007, provided they meet certain conditions.

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[3] *Proposed Pension Transfer Arrangement Between the International Monetary Fund and the World Bank Group* (RP/CP/07/3, 3/27/07).

10. The draft proposed transfer agreement was reviewed by the Administration Committee and revised to include cost estimates prepared by the Actuary for the SRP, upon the Administration Committee's request. The primary cost of the transfer agreement for the SRP is related to SRP participants transferring from the Fund to the Bank. The reason is that, at the time of an SRP participant's retirement from the Bank, the SRP payment will be recalculated using the three-year highest average remuneration of the participant taking into account remuneration received from the Bank.

III. Plan Funding

SRP Actuarial Contributions

11. The Plan is partly funded by participant contributions of 7 percent of gross remuneration, and the Employer, pursuant to Section 6.2 of the Plan, is committed to contribute whatever amount is necessary in addition to participants' contributions to fund the benefits provided by the Plan. The level of the Employer's contribution is recommended by the Actuary each year in the actuarial valuation report.

12. The total actuarially indicated contribution rate for the Fund in FY 2008 was 4.52 percent, including 0.72 percent attributable to the cost of the contractual service credit provisions. The net contribution rate of 3.8 percent was encompassed within the Executive Board's decision to adopt the Administrative Budget for FY 2008, and the Executive Board approved a payment in early FY 2008 to complete the payment of the Fund's share of the cost of the contractual service credit provisions. The actuarially indicated contribution rate for the Fund in FY 2009 is 0 percent.

SRP budgetary framework

13. In order to better reflect the true, long-term cost of the SRP in the Administrative Budget, and to reduce year-to-year volatility in the Fund's annual payments from the Budget, management proposed, and the Executive Board approved that, beginning in 2004: (a) the Fund's annual payment from the Administrative Budget be "normalized" at 14 percent of gross remuneration for at least the next two years; and (b) the portion of the actuarially determined contributions exceeding 14 percent be funded by drawing down the reserves that were accumulated between FY 1998 and FY 2003 through voluntary Fund contributions in excess of the required amount. In a year where the Fund's contribution is less than 14 percent, the difference between the 14 percent and the actuarially determined contribution will be used to replenish the reserves.

14. Based on this approach, the Fund's total contribution for FY 2008 was allocated between: (a) a cash payment of about $23.4 million, equivalent to 3.8 percent of gross remuneration from the Administrative Budget for FY 2008, and (b) a pre-payment of about $62.8 million, equivalent to 10.2 percent of gross remuneration.

IV. Actuarial Valuation and Status of the Plan

15. The Fund's contribution and the Plan's financial status are determined by an actuarial valuation that is based on the Plan's asset value, and projected benefit liabilities using certain actuarial methods and financial and demographic assumptions about the future. The actuarial methods and assumptions, which are approved by the Pension Committee, are reviewed at five-year intervals; the last review was completed in August 2006.

16. Starting with the April 30, 1987 valuation, the assets in the Staff Retirement Fund have been valued on a five-year averaging method, the purpose of which is to smooth out year-to-year fluctuations in the value of the assets for funding valuation purposes. This method, in turn, tends to have a smoothing effect on the Employer's contribution from year to year. As a result of the five-year review of actuarial methods and assumptions, the asset valuation method was modified in 2006 to limit the asset value to no less than 90 percent and no more than 110 percent of the market value. The assets in the April 30, 2007 valuation amounted to \$6,039.8 million; before applying the 10 percent "corridor," the actuarial value would have been \$5,781.2. The market value of the assets as of April 30, 2007 was \$6,710.9 million, as shown in the **Financial Statements of the Staff Retirement Plans** (see Appendix IV).

17. The salient features of the Actuary's report as of April 30, 2007 and certain additional information are set out below.[4]

18. Changes in plan participation during the year included:

- the number of active participants decreased by 39 to 2,911 at the end of FY 2007;
- the number of retirees and beneficiaries receiving benefits increased by 93 to 1,757;
- the number of deferred pensioners increased by 12 to 278;
- pension payments increased to \$116.2 million from \$106.0 million;
- 97 pensions became effective;
- 32 retirees died during the year; and
- 108 participants left the Fund before being eligible to draw a pension.

19. The membership statistics are shown in Appendix II; statistical characteristics of active and retired participants as of April 30, 2007 are set out in Appendix III.

20. The actuarial valuation as of April 30, 2007 showed an overall experience gain. The individual gains and losses for each experience item are set out in Table 1.[5] The most significant loss was \$44.1 million due to a combination of factors that are difficult to isolate, such as differences resulting from assumptions about the dates during the year when

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[4] The data in this report is collected for the Actuary as of January 31, 2007 and adjusted to April 30, 2007. This procedure is used in order to produce results for the Fund's fiscal accounting requirements. The approach has a minimal impact on the overall results of the funding valuation.

[5] An experience gain (loss) arises when actual experience is more (less) favorable than the particular actuarial assumption.

employees retire, separate or die, beneficiaries' ages being different than assumed, the ages at which deferred vested retirees will start receiving benefits, and other factors.

21. The most significant gains were from the Plan's investment return during the prior year, and salary increases being lower than assumed.

Table 1. Experience Gains (Losses) in Year Ended April 30, 2007
(in millions of U.S. dollars)

a.	Early retirement	19.2
b.	Disability retirement	(0.6)
c.	Death before retirement	(3.5)
d.	Other terminations	4.3
e.	Post-retirement mortality	(3.5)
f.	Salary increases	110.3
g.	Cost of living allowance on pensions less than expected	10.9
h.	New participants during year 1/	(36.5)
i.	Contributions greater than expected in 2006–2007	18.7
j.	Other 2/	(44.1)
Subtotal		**75.2**
k.	Investment return	349.8
l.	Contributions greater than normal paid in 2005–2006	42.6
m.	Interest on deferral of contributions by one year	36.2
Total experience gain (loss)		**503.8**

1/ Since the Plan is valued on a closed group basis (i.e., assuming no new participants after the valuation date), the pension liabilities for participants who joined the Plan during the prior year generate an experience loss.

2/ The category 'Other' includes such things as timing differences when staff actually retire, terminate or die during the year, beneficiaries' ages different than assumed, and currency adjustments. These are losses due to events that are not easily attributable to a particular category and which would be difficult to isolate without significant effort.

22. The actuarial balance sheets for funding purposes for FY 2009 (balance sheet as of April 30, 2007) and FY 2008 (balance sheet as of April 30, 2006), and the individual items making up the actuarial assets and liabilities are set out in Table 2 below.

Table 2. Actuarial Balance Sheet as of April 30, 2007 and April 30, 2006
(in U.S. dollars)

	As of April 30th		
Actuarial valuation of present assets	2007		2006
Present assets	6,039,830,472		5,261,734,380
Present value of prospective contributions of participants at 7 percent of gross remuneration	415,929,397		412,156,655
Present value of prospective contributions required of Employer	(215,758,356)	1/	328,431,993
Total actuarial assets	6,240,001,513		6,002,323,028
Actuarial Liabilities			
Present value of benefits payable to pensioners and other beneficiaries	1,813,159,522		1,702,979,857
Present value of prospective benefits for active participants	4,426,841,991		4,299,343,171
Total actuarial liabilities	**6,240,001,513**		**6,002,323,028**

1/ For FY2009 (balance sheet as of April 30, 2007), the present value of prospective contributions required of Employer is negative, due to a surplus of Plan assets and participant contributions over participant benefit liabilities.

23. The present value of prospective contributions of participants at 7 percent of gross remuneration represents the value, on the valuation date, of the contributions that participants are expected to make during their enrollment in the Plan.

24. The present value of prospective contributions of Employer is the balancing item and represents the Employer's commitment to pay all costs and expenses of the Plan in excess of those provided by the participants' contributions and Plan assets.

25. The present value of benefits payable to pensioners and other beneficiaries represents the amount needed on the valuation date, based on the actuarial assumptions used, to pay all expected future benefits to pensioners and their beneficiaries.

26. The present value of prospective benefits for active participants represents the amount needed on the valuation date, based on the actuarial assumptions used, to pay all expected

future benefits (withdrawal, disability, death, and retirement benefits) to active participants and their beneficiaries.

V. Cost of Living Adjustments (COLA) on Pensions

27. Section 4.11 of the Plan provides that pensions payable in U.S. dollars will be augmented on May 1 of each year based on the yearly increase in the United States Consumer Price Index (CPI) for All Urban Consumers. This approach is consistent with that used for pensions payable in currencies other than U.S. dollars since those are augmented based on the yearly increase in the appropriate price index of the country of the currency of payment. Under Section 4.11 of the Plan, the Employer has the authority to reduce, for good cause, prospectively, the additional supplement to not less than 3 percent. Any additional supplement to pensions paid in other currencies can be reduced under uniform rules adopted by the Employer upon recommendation of the Administration Committee. Pensions paid in U.S. dollars have been increased in the past five years as follows:

May 1st	COLA on U.S. Dollar Pension (in percent)
2003	3.0
2004	1.7
2005	3.1
2006	3.4
2007	2.8

VI. Amendments to the Plan

28. There were no amendments made to the Plan during the Plan year ending April 30, 2007.

VII. Financial Statements of the Staff Retirement Plan

29. The Financial Statements as of April 30, 2007 of both the SRP and the SRBP are set out in Appendix IV. The statements are published semiannually and are available on HR Connect. The audited Financial Statements of the Plan also appear on the IMF's external Website.

30. The Financial Statements of the Plan as of April 30, 2007 show the financial status of the Plan, comparing the net assets with the value of the benefit obligation accumulated to the same date. The Plan had a net surplus (current assets exceeding the value of benefits earned)

of $2,494.8 million, as of April 30, 2007, of which the SRP accounted for $2,864.2 million (as compared to $2,175.8 million in 2006).[6]

31. For financial accounting purposes, assets of the Plan are compared only to benefits earned to date. However, for funding the Plan, both benefits earned to date and projected future benefits (i.e., benefits not yet earned) for current staff are taken into account.

32. The purpose of the financial statements, therefore, is to provide a picture of the Plan from year to year that shows how well the earned benefits are funded. In contrast, the primary purpose of the annual actuarial valuation, which is discussed earlier in this report, is to determine the level of the contributions necessary to fund present and future benefits payable under the Plan.

VIII. Supplemental Retirement Benefit Plan

33. Benefits are paid from the SRBP to compensate for the benefits that cannot be paid from the Staff Retirement Plan; pensions payable from the Staff Retirement Plan are limited to comply with the relevant U.S. laws (the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and subsequent legislation affecting qualified plans).

34. The Financial Statements of the SRBP are published with those of the SRP. The Statements as of April 30, 2006 show that the value of the assets available for SRBP benefits increased from $19.2 million in April 2006 to $34.4 million in April 2007. However, as the SRBP is funded only partially to avoid tax disadvantages to participants, a deficit is to be expected. The SRBP is considered to be part of the Staff Retirement Plan for funding and operational purposes.

[6] These assets, together with future contributions, are needed to meet benefits already accrued and those accruing in the future. The SRBP has a deficiency for the reasons described in Section VIII.

Staff Retirement Plan
Membership of Committees
(as of April 30, 2007)

PENSION COMMITTEE 1/			
Members	(Term Ending)	**Alternates**	(Term Ending)
The Managing Director, **Chairman**	(ex-officio)	Mr. Portugal	– –
Mr. Gakunu	(12/1/2008)	Mr. Kamara	(12/1/2008)
Mr. Ge	(12/1/2008)	Mr. He	(12/1/2008)
Mr. Kiekens	(12/1/2008)	Mr. Prader	(12/1/2008)
Mr. Duquesne	(12/1/2008)	Mr. Dumont	(12/1/2008)
Ms. Alonso-Gamo (appointed)	– –	Vacant	
Mr. Ghosh (elected)	(11/1/2008)	Ms. Cheasty	(11/1/2008)
Ms. Gotur, **Secretary**			

1/ Mr. Duquesne, Mr. Dumont, and Mr. Kamara left the Fund during 2007.

ADMINISTRATION COMMITTEE 2/			
Members	(Term Ending)	**Alternates**	(Term Ending)
Liam P. Ebrill, **Chairperson**	(05/16/2009)	Maureen Brookbank	(04/18/2009)
(Vacant), **Vice Chairperson**		Gemina Archer-Davies	(05/16/2009)
Jennifer Lester	(01/16/2010)	Brian Patterson	(1/16/2010)
Paul Mathieu	(01/16/2010)	Paula Winchester	(09/22/2009)
David Ordoobadi	(05/16/2009)	Michelle Marie Nilssen	(04/18/2009)
Ken Miranda, **Advisor**			
John P. Nicoson, **Secretary**			

2/ Mr. Ebrill, Mr. Ordoobadi and Ms. Brookbank left the Fund during 2008 and 2009.

INVESTMENT COMMITTEE 3/	
Members	(Term ending)
David Burton, **Chairman**	(08/02/2007)
Siddharth Tiwari, Vice Chairman	(01/24/2009)
Benedicte Christensen	(11/03/2007)
Michael Kuhn	(11/03/2007)
Michael C. Deppler	(06/28/2009)
Sean Hagan	(01/24/2009)
Richard Hemming	(01/24/2009)
Laura Kodres	(06/28/2009)
Ranjit Teja	(01/24/2009)
Liam P. Ebrill, **Advisor**	
Kenneth Miranda, **Secretary**	

3/ Mr. Kuhn, Mr. Deppler, and Mr. Hemming left the Fund during 2008.

Membership Statistics Used for Valuation Purposes
As of April 30, 2007 and April 30, 2006

	2007	2006
Active participants	2,911	2,950
Participants receiving benefits		
Pensioners (normal and early retirement)	1,481	1,397
Pensioners retired for disability	36	35
Surviving spouses and other beneficiaries	201	191
Children	39	41
Subtotal	1,757	1,664
Participants eligible for a deferred pension	278	266
Total participants receiving benefits and deferred pensioners	2,035	1,930
Participants	4,946	4,880

STAFF RETIREMENT PLAN

Number of Active Participants by Age Group
As of April 30, 2007

Age	Male	Female	Total
Under 25	0	0	0
25–29	16	23	39
30–34	127	138	265
35–39	272	199	471
40–44	289	228	517
45–49	314	262	576
50–54	278	217	495
55–59	187	174	361
60–61	71	44	115
62–65	40	32	72
Total	1,594	1,317	2,911
Average age 1/	46.1	45.7	45.9

1/ Average is an approximation.

Number of Active Participants by Years of Service
As of April 30, 2007

Years of Service	Male	Female	Total
0–4	438	271	709
5–9	448	392	840
10–14	233	201	434
15–19	228	220	448
20–24	132	113	245
25–29	79	79	158
30–34	31	27	58
35+	5	14	19
Total	1,594	1,317	2,911
Average service 1/	10.5	11.5	11.1

1/ Average is an approximation.

Number of Normal and Early Retired Participants by Age Group
As of April 30, 2007

Age	Male	Female	Total
50–54	1	3	4
55–59	96	88	184
60–64	179	159	338
65–69	188	162	350
70–74	142	82	224
75–79	98	51	149
80–84	71	52	123
85–89	31	39	70
90–94	12	18	30
95–99	5	3	8
100 and over	0	1	1
Total	823	658	1,481
Average age 1/	69.4	69.0	69.2

1/ Does not consider the 100 and over age category.

STAFF RETIREMENT PLAN

Financial Statements of the Staff Retirement Plans

April 30, 2007, and 2006

International Monetary Fund

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I. Financial Statements
of the
Staff Retirement Plan

Deloitte.

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying statements of accumulated plan benefits and net assets available for benefits of the International Monetary Fund Staff Retirement Plan (the "Plan") as of April 30, 2007 and 2006, and the related statements of changes in accumulated plan benefits and changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial status of the International Monetary Fund Staff Retirement Plan at April 30, 2007 and 2006, and the changes in its financial status for the years then ended in conformity with International Financial Reporting Standards.

As discussed in Note 3 to the financial statements, the 2007 and 2006 financial statements include securities valued at $2,944 million (47 percent of net assets) and $2,447 million (45 percent of net assets), respectively, whose values have been estimated by the Plan's management in the absence of readily ascertainable market values. We have examined the procedures used by the management in arriving at its estimate of the value of such securities and have inspected underlying documentation, and in the circumstances, we believe that such procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Deloitte & Touche LLP

June 25, 2007

Staff Retirement Plan

Statements of accumulated Plan benefits and net assets available for benefits as at April 30, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Accumulated Plan benefits		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants	1,593,095	1,503,707
Active participants	1,121,757	1,078,729
Nonvested benefits	1,097,332	1,068,779
Total actuarial present value of accumulated Plan benefits	3,812,184	3,651,215
Assets available for benefits		
Cash and cash equivalents	386,213	397,318
Investments, at fair value (Note 3)	6,312,012	5,477,641
	6,698,225	5,874,959
Receivables		
Accrued interest and dividends	24,279	22,931
Contributions	5,146	6,974
Other	505	369
	29,930	30,274
Total assets	6,728,155	5,905,233
Liabilities		
Accounts and benefits payable	14,412	8,735
Advance employer contributions (Note 4)	37,265	69,416
Total liabilities	51,677	78,151
Net assets available for benefits	6,676,478	5,827,082
Excess of net assets available for benefits over actuarial present value of accumulated Plan benefits (Note 4)	2,864,294	2,175,867

The accompanying notes are an integral part of these financial statements.

/s/ Michael G. Kuhn
Director, Finance Department

/s/ Rodrigo de Rato
Managing Director

Staff Retirement Plan

Statements of changes in accumulated Plan benefits for the years ended April 30, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Actuarial present value of accumulated		
Plan benefits, beginning of the year	3,651,215	3,338,834
Increase (decrease) during the year attributable to		
Benefits accumulated	24,761	95,388
Interest accrued	268,953	245,812
Benefits paid	(132,745)	(124,924)
Change in actuarial assumptions	--	96,105
Net increase	160,969	312,381
Actuarial present value of accumulated		
Plan benefits, end of the year	3,812,184	3,651,215

The accompanying notes are an integral part of these financial statements.

Staff Retirement Plan

Statements of changes in net assets available for benefits for the years ended April 30, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Net investment income (Note 3)	831,236	1,137,764
Contributions (Note 4)		
Employer	110,082	93,375
Participants	38,856	38,402
Participants restored to service	559	543
Net transfers from retirement plans of other international organizations	1,199	25
Total contributions	150,696	132,345
Total increase	981,932	1,270,109
Benefits		
Pension	113,246	102,495
Commutation	12,994	18,052
Withdrawal	5,901	4,010
Death	395	705
Total payments	132,536	125,262
Net increase	849,396	1,144,847
Net assets available for benefits		
Beginning of the year	5,827,082	4,682,235
End of the year	6,676,478	5,827,082

The accompanying notes are an integral part of these financial statements.

Staff Retirement Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

1. Description of the Plan

The following brief description of the Staff Retirement Plan (the Plan) is provided for general information only. Participants should refer to the Plan document for more complete information.

General

The Plan is a defined benefit pension plan covering most staff members of the IMF (the Employer). All assets and income of the Plan are the property of the Employer and are held and administered by it separately from all its other property and assets and are to be used solely for the benefit of participants, retired participants, and their beneficiaries. At April 30, 2007, there were 1,763 retired participants receiving benefits, 2,917 active participants contributing to the Plan, and 279 inactive participants eligible to receive deferred pension benefits. This compares with 1,657 retired participants, 2,959 active participants, and 266 inactive participants at April 30, 2006.

Benefits

Annual pension

Participants are entitled to unreduced pensions beginning at the normal retirement age of 62 or beginning at the early retirement age of 55 if certain conditions of age and service are met. The amount of the pension is based on the number of years of service, age at retirement, and highest average gross remuneration. Pensions are augmented by cost-of-living adjustments. Participants may elect to commute a stated portion of their pension, allowing them to receive up to one-third of their pension as a lump sum payment. Under certain circumstances, participants may withdraw from the Plan or receive deferred pensions.

The accrual rate of benefits earned before May 1, 1990, was 2 percent of gross remuneration for each year of service, while the accrual rate of benefits earned after May 1, 1990, is 2.2 percent for the first 25 years of service and 1.8 percent for the next 10 years of service.

Other benefits

The Plan also provides for disability pensions, death benefits, and benefits to surviving spouses and children of deceased participants.

Staff Retirement Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

Contributions

Participants

Regular staff members are required to participate in the Plan and contribute 7 percent of their gross remuneration to it. Certain other categories of staff members may elect to participate in the Plan.

Employer

The Employer meets certain administrative costs of the Plan, such as the actuary's fees, and contributes any additional amount not provided by the contribution of participants to pay the costs and expenses of the Plan not otherwise covered. Required Employer contributions for the financial year ended April 30, 2007, are based on an actuarial valuation and are equal to 20.09 percent of gross remuneration of participants (17.61 percent for the financial year ended April 30, 2006). Actual Employer contributions are normalized at 14 percent of pensionable gross remuneration, and the difference is offset against advance Employer contributions. The Employer may elect to make additional contributions to the Plan.

Plan termination

In the event of the termination of the Plan by the Employer, the assets of the Plan will be used to satisfy all liabilities to participants, retired participants, and their beneficiaries, and all other liabilities of the Plan. Any remaining balance of the assets will be returned to the Employer.

2. Summary of significant accounting policies

Basis of accounting

The financial statements of the Plan are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as the valuation of Plan assets, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Staff Retirement Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions and, in some cases, actuarial techniques. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unit of account

The functional and presentation currency of the Plan is the U.S. dollar.

Foreign currency translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transactions. At the end of the financial year, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising from the settlement of transactions at rates different from those at the originating date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of changes in net assets available for benefits.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

In accordance with its investment policy, the Plan invests in short-term investments, debt securities, equity securities, real estate, and private equity funds. No single investment exceeds 5 percent of the net assets available for benefits. Investments also include financial instruments, such as futures, forward currency contracts, options, and swaps, entered into for risk-management purposes.

Investments are classified as fair-value-through-profit-and-and-loss securities, and are reported at market value or fair value as of the balance sheet date. Changes in fair value of investments are recognized as a component of the changes in net assets available for benefits. The net gain or loss in the fair value of investments represents the gains and losses realized during the accounting period from the sale of investments, the unrealized appreciation and

Staff Retirement Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

depreciation of the market value of investments, and, for investments denominated in currencies other than the U.S. dollar, valuation differences arising from exchange rate changes of other currencies against the dollar.

Securities Lending

The Plan engages in a securities lending program with the custodian, as lending agent, to enhance the return on its investments. Under this program, certain of the Plan's holdings of marketable securities are loaned temporarily to other institutions. The borrower gives collateral, and pays a fee in exchange for the securities. The Plan maintains effective control over securities loaned and therefore continues to report such securities as invested assets. The market value of the loaned securities was $517 million and $489 million at April 30, 2007, and 2006, respectively. The Plan's policy is to require initial collateral equal to at least 100% of the market value of the loaned securities and is indemnified by the lending agent against borrower insolvency. The Plan participates in the lending agent's collateral fund but does not recognize the receipt of the collateral held by the lending agent or the obligation to return the collateral as there exists no right to sell or repledge the collateral. The market value of the Plan's share of the collateral fund was $534 million and $506 million at April 30, 2007, and 2006, respectively.

Risk management instruments

The net fair value of forward contracts, futures contracts, swaps, and options is included in the net assets available for Plan benefits, and the changes in value of such contracts are recognized currently in the financial statements. For forward and futures contracts and swap derivatives and options, the contract or notional amounts do not represent exposure to credit loss. The potential loss on these instruments, if any, approximates the unrealized gain on the open contract.

Accumulated Plan benefits

The actuarial present value of vested benefits is presented for two categories of participants. For retired participants, the amount presented equals the present value of the benefits expected to be paid over the future lifetime of the pensioner and, if applicable, the surviving spouse of the pensioner. For active participants, the amount presented equals the present value of the deferred pension earned to the valuation date for a participant, or, if greater, the value of the withdrawal benefit for that participant, summed over all participants.

The actuarial present value of nonvested benefits represents the estimated effect of projected salary increases on benefits expected to be paid, death benefits, disability benefits, and the

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

total of the withdrawal benefits of all participants with less than three years of eligible service.

The actuarial present value of accumulated Plan benefits is determined annually by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment (see Note 4).

In contrast to the actuarial valuation for funding purposes, the actuarial present value of accumulated Plan benefits is determined using the Projected Unit Credit Method, as required. The obligation under this method represents the portion of the benefit obligation attributable to service through the financial statements date, and the effect of future salary increases. It reflects only the service to that date and does not take into account the fact that the actuarial present value of accumulated Plan benefits, which is the Plan's obligation, is expected to increase with each year of additional service, and that, therefore, there will be additional benefit accruals. The assets are measured at fair value as of the financial statements date.

The difference between the actuarial present value of accumulated Plan benefits and the fair market value of assets reflects the Plan's funded status. The funded status is the liability (or asset) of the Employer. Because these calculations are prepared for financial statements purposes only, they do not measure the amount that the Employer will be required to fund in the future.

Tax status

The Internal Revenue Service has determined and informed the Employer on December 14, 2002, that the Plan was designed in accordance with applicable Internal Revenue Code requirements. The Employer believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and the Plan is tax exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Adoption of new International Financial Reporting Standards

In August 2005, the International Accounting Standards Board (IASB) issued a new standard, IFRS 7 "Financial Instruments: Disclosures," which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the Plan's financial position or results of operations.

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

3. Investments

Summarized below are the Plan's investments, valued at market value or fair value, at April 30, 2007, and 2006:

	2007	2006
	(In millions of U.S. dollars)	
Publicly traded		
Fixed income	929	749
Equity	2,439	2,281
	3,368	3,030
Non-publicly traded		
Commingled funds - Fixed income	198	76
Commingled funds - Equity	1,570	1,389
Commingled funds - Other	471	454
Real estate	126	117
Private equities and other	579	411
	2,944	2,447
	6,312	5,477

The 2007 and 2006 financial statements include investments valued at $2,944 million (47 percent of net assets) and $2,447 million (45 percent of net assets), respectively, whose values have been estimated by the Plan's management in the absence of readily ascertainable market values.

Commingled funds, which are not publicly traded, may include publicly traded securities for which detailed holdings are reported to the Plan. If all such commingled funds are classified, based on the underlying holdings, to the appropriate publicly traded category, the Plan's publicly traded investment would amount to $5,537 million and $4,866 million, or 88 and 89 percent of total investments as of April 30, 2007, and 2006, respectively.

Fair values of investments are based on quoted market prices or dealer quotes. Fair values of alternative investments for which quoted market prices are not available are determined after consideration of valuations provided by the external investment managers adjusted for receipts, disbursements, and distributions through balance sheet date. The valuation of these alternative investments may involve estimates, appraisals, assumptions, and methods that are reviewed by management. Owing to the inherent limitations in any estimation technique, these fair value estimates are not necessarily indicative of the amounts that would be realized in a market transaction.

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

The methods and assumptions used to estimate the fair value of the Plan's investments are as follows:

(i) Fair values of publicly held securities are based on the quoted market prices or dealer quotes on the last business day of the accounting period.

(ii) Fair values of private equity funds represent the Plan's proportional share of the pool of invested funds based on the valuation determined by the general partner of each partnership;

(iii) Fair values of real estate investments are estimated based on the adjusted appraised value for the latest quarterly reporting period;

(iv) Fair values of derivatives are equivalent to the unrealized gains or losses, net of cost, of such instruments.

Net investment income comprised the following for the years ended April 30:

	2007	2006
	(In millions of U.S. dollars)	
Interest and dividend	134	129
Realized gains, net	345	411
Unrealized gains, net	369	618
	848	1,158
Less: investment fees	(17)	(21)
	831	1,137

The notional value of financial instruments held for risk-management purposes was as follows at April 30, 2007, and 2006:

	2007	2006
	(In millions of U.S. dollars)	
Futures		
Long positions	556	616
Short positions	60	617
Forwards		
Purchases	644	896
Sales	644	896

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

Futures contracts

A futures contract is a commitment either to purchase or to sell a financial instrument at a future date for a specified price and may be settled in cash or through delivery of the underlying financial instrument. The credit risk of futures contracts is limited because of daily cash settlement of the net change in the value of open contracts. Therefore, there were no unrealized gains or losses on futures contracts as at April 30, 2007, and 2006.

The Plan enters into financial futures contracts to protect it against market price risks and interest rate risk, and to take investment positions. Contracts generally have terms of less than one year.

Forward contracts

Forward contracts are similar in character to futures contracts. However, they have a greater degree of credit risk (counterparty risk), depending on the counterparties involved, because daily cash settlements are not required. To manage this exposure, the Plan deals with counterparties of good credit standing, enters into close-out netting agreements, sets minimum credit-quality standards for counterparties, restricts time-to-maturity of forward and other over-the-counter instruments, and establishes quantitative restrictions on the use of counterparties to ensure adequate counterparty diversification.

The Plan's principal objective in entering into forward foreign currency exchange contracts is to manage foreign currency fluctuations relative to investments in its global portfolio. These contracts generally have terms of no more than three months. At April 30, 2007, the unrealized gain totaled $4.6 million ($5.7 million at April 30, 2006).

4. Actuarial valuation and funding policy

Under the actuarial valuation used for funding purposes, it is assumed that the Plan will continue to exist and that active participants will continue to earn pension benefits beyond the date of the valuation until the date of withdrawal, disability, death, or retirement, but that no new participant will join the Plan (the "closed method").

Funding by the Employer is based on a valuation method known as the "Aggregate Cost Method," which expresses liabilities and contribution requirements as single consolidated figures that include provision for experience gains and losses and cost-of-living increases. The required Employer contribution rate for the financial year ending April 30, 2007, was actuarially determined at 20.09 percent (17.61 percent for the financial year ended April 30, 2006) of pensionable gross remuneration. The advance Employer contribution ($37.3 million

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

and $69.4 million for financial years ended April 30, 2007, and 2006, respectively) represents the Employer's prepayment of future contributions.

The actuarial assumptions used in the valuation to determine the Employer's contributions include (i) life expectancy based on the 1993 United Nations mortality tables for men and women (the life expectancy was increased by one year); (ii) withdrawal or retirement of a certain percentage of staff at each age, differentiated by gender for withdrawal; (iii) an average rate of return on investments of 7.5 percent; (iv) a discount rate of 7.5 percent; (v) an average inflation rate of 4 percent a year; (vi) salary increase percentages that vary with age; and (vii) valuation of assets that spreads gains and losses above or below the expected rate of return over a five-year period, provided that the actuarial value of plan assets cannot be less than 90 percent, or more than 110 percent, of the fair market value for any particular year.

Actuarial valuations for funding are carried out annually as at the end of the financial year. The results of the latest actuarial valuation for the financial year ended April 30 were as follows:

	2006	2005
	(In millions of U.S. dollars)	
Present value of benefits payable	6,002	5,487
Less: Assets for valuation purposes	5,262	4,006
Required future funding	740	1,481
Less: Present value of prospective contributions from participants (7 percent of gross remuneration)	412	398
Present value of future funding required from the Employer	328	1,083

5. Administrative costs

Administrative costs of the Plan are paid by the Employer, as provided in the Plan document. For the financial year ended April 30, 2007, the administrative costs met by the Employer were approximately $0.82 million ($0.46 million for the financial year ended April 30, 2006).

II. Financial Statements
of the
Supplemental Retirement Benefit Plan

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying statements of accumulated plan benefits and net assets available for benefits of the International Monetary Fund Supplemental Retirement Benefit Plan (the "Plan") as of April 30, 2007 and 2006, and the related statements of changes in accumulated plan benefits and changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial status of International Monetary Fund Supplemental Retirement Benefit Plan at April 30, 2007 and 2006, and the changes in its financial status for the years then ended in conformity with International Financial Reporting Standards.

Deloitte + Touche LLP

June 25, 2007

Supplemental Retirement Benefit Plan

Statements of accumulated Plan benefits and net assets available for benefits as at April 30, 2007, and 2006

(in thousands of U.S. dollars)

	2007	2006
Accumulated Plan benefits		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants	157,700	138,310
Active participants	49,153	42,084
Nonvested benefits	197,002	172,735
Total actuarial present value of accumulated Plan benefits	403,855	353,129
Assets available for benefits		
Cash at bank	21,317	10,453
Contributions receivable	13,142	10,061
Total assets	34,459	20,514
Liabilities		
Accounts and benefits payable	14	37
Advance Employer contributions (Note 3)	--	1,187
Total liabilities	14	1,224
Net assets available for benefits	34,445	19,290
Actuarial present value of accumulated Plan benefits and net deficiency	(369,410)	(333,839)

The accompanying notes are an integral part of these financial statements.

/s/ Michael G. Kuhn
Director, Finance Department

/s/ Rodrigo de Rato
Managing Director

Supplemental Retirement Benefit Plan

Statements of changes
in accumulated Plan benefits
for the years ended April 30, 2007, and 2006

(In thousands of U.S. dollars)

	2007	**2006**
Actuarial present value of accumulated Plan benefits, beginning of the year	353,129	290,023
Increase (decrease) during the year attributable to		
Benefits accumulated	36,947	46,235
Interest accrued	26,033	21,345
Benefits paid	(12,254)	(11,059)
Change in actuarial assumptions	--	6,585
Net increase	50,726	63,106
Actuarial present value of accumulated Plan benefits, end of the year	403,855	353,129

The accompanying notes are an integral part of these financial statements.

Supplemental Retirement Benefit Plan

Statements of changes in net assets available for benefits for the years ended April 30, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Investment income		
Interest	848	424
	848	424
Contributions (Note 3)		
Employer	24,494	18,660
Participants	2,058	2,955
Participants restored to service	--	67
Total contributions	26,552	21,682
Total increase	27,400	22,106
Benefits		
Pension	10,270	8,559
Commutation	1,316	2,173
Withdrawal	645	306
Death	--	35
Total payments	12,231	11,073
Fees	14	6
Net increase	15,155	11,027
Net assets		
Beginning of the year	19,290	8,263
End of the year	34,445	19,290

The accompanying notes are an integral part of these financial statements.

Supplemental Retirement Benefit Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

1. Description of the Plan

The following brief description of the Supplemental Retirement Benefit Plan (the Plan) is provided for general information only. Participants should refer to the Plan document for more complete information.

General

The Plan is a defined benefit pension plan covering certain participants of the Staff Retirement Plan of the International Monetary Fund (the Employer) and operates as an adjunct to that Plan. All assets and income of the Plan are the property of the Employer and are held and administered by it separately from all its other property and assets and are to be used solely for the benefit of participants and retired participants and their beneficiaries. At April 30, 2007, there were 285 retired participants receiving benefits and 467 active participants contributing to the Plan. This compares with 268 retired participants and 372 active participants at April 30, 2006.

Benefits

The Staff Retirement Plan has adopted limits to pensions payable from that plan. The Plan provides for the payment of any benefit that would otherwise have been payable if these limits had not been adopted.

Participants may elect to commute a stated portion of their pension, allowing them to receive up to one-third of their pension as a lump sum.

Contributions

Participants

Regular staff members are required to participate if their gross remuneration is over Internal Revenue Service contribution limits, contributing to the Plan 7 percent of their gross remuneration in excess of those limits. Certain other categories of staff members may elect to participate in the Plan.

Employer

Required Employer contributions are based on an actuarial valuation and are equal to 20.09 percent of gross remuneration of participants for the financial year ended April 30, 2007 (17.61 percent for the financial year ended April 30, 2006). Actual Employer

Supplemental Retirement Benefit Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

contributions are normalized at 14 percent of pensionable gross remuneration, and the difference is offset against advance Employer contributions. The Employer may elect to make additional contributions to the Plan.

Before a participant retires, the Employer partially prefunds the Plan for non-U.S. citizens who plan to retire in the United States, so that the tax liability of the participant is approximately equal to the liability that would have been incurred had the benefits been paid solely from the Staff Retirement Plan. The prefunded amounts are used to pay any of the benefits payable to non-U.S. staff. The Employer also meets certain administrative costs of the Plan, such as the actuary's fees, and contributes any additional amount not provided by the contribution of participants to pay costs and expenses of the Plan not otherwise covered.

Plan termination

In the event of the termination of the Plan by the Employer, the assets of the Plan shall be used to satisfy all liabilities to participants, retired participants and their beneficiaries, and all other liabilities of the Plan. Any remaining assets shall be returned to the Employer.

2. Summary of significant accounting policies

Basis of accounting

The financial statements of the Plan are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Unit of account

The functional and presentation currency of the Plan is the U.S. dollar.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions and, in some cases, actuarial techniques. Actual results could differ from those estimates.

Supplemental Retirement Benefit Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accumulated Plan benefits

The actuarial present value of vested benefits is presented for two categories. For retired participants, the amount presented equals the present value of the benefits expected to be paid over the future lifetime of the pensioner and, if applicable, the surviving spouse of the pensioner. For active participants, the amount presented equals the greater of the present value of the deferred pension earned to the valuation date for a participant, or the value of the withdrawal benefit for that participant, summed over all participants.

The actuarial present value of nonvested benefits represents the estimated effect of projected salary increases on benefits expected to be paid, death benefits, disability benefits, and the total of the withdrawal benefits of all participants with less than three years of eligible service.

The actuarial present value of accumulated Plan benefits is determined by an independent actuary and is adjusted to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment (see Note 3).

In contrast to the actuarial valuation for funding purposes, the actuarial present value of accumulated Plan benefits is determined using the Projected Unit Credit Method. The obligation under this method represents the portion of the benefit obligation attributable to service through the financial statement date, and the effect of future salary increases. It reflects only the service to that date and does not take into account the fact that the actuarial present value of accumulated Plan benefits, which is the Plan's obligation, is expected to increase with each year of additional service, and that, therefore, there will be additional benefit accruals. The assets are measured at market value as of the financial statement date. The difference between the actuarial present value of accumulated Plan benefits and the market value of assets reflects the Plan's funded status. The funded status is the liability (or asset) of the Employer. Because these calculations are prepared for financial statements purposes only, they do not measure the amount that the Employer will be required to fund in the future.

Supplemental Retirement Benefit Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

3. Actuarial valuation and funding policy

Under the actuarial valuation used for funding purposes, it is assumed that the Plan will continue to exist and that active participants will continue to earn pension benefits beyond the date of the valuation until the date of withdrawal, disability, death, or retirement, but that no new participant will join the Plan (the "closed method").

Funding by the Employer is based on a valuation method known as the "Aggregate Cost Method," which expresses liabilities and contribution requirements as single consolidated figures that include provision for experience gains and losses and cost-of-living increases. The required Employer contribution rate for the financial year beginning May 1, 2006, was actuarially determined at 20.09 percent (17.61 percent for the financial year beginning May 1, 2005) of pensionable gross remuneration. The advance Employer contributions (none at April 30, 2007, and $1.2 million at April 30, 2006) represent the Employer's prepayment of future contributions. The employer's contributions for the Staff Retirement Plan and the Supplemental Retirement Benefit Plan are determined on a combined basis. Should the assets of the Plan be exhausted, benefits are paid from additional contributions by the Employer.

The actuarial assumptions used in the valuation to determine the Employer's contributions include (i) life expectancy based on the 1993 United Nations mortality tables for men and women (the life expectancy was increased by one year); (ii) withdrawal or retirement of a certain percentage of staff at each age, differentiated by gender for withdrawal; (iii) an average rate of return on investments of 7.5 percent; (iv) a discount rate of 7.5 percent; (v) an average inflation rate of 4 percent a year; (vi) salary increase percentages that vary with age; and (vii) valuation of assets that spreads gains and losses above or below the expected rate of return over a five-year period, provided that the actuarial value of plan assets cannot be less than 90 percent, or more than 110 percent, of the fair market value for any particular year.