

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**FOR
AGENDA**

MASTER FILES
ROOM C-525

0405

EBAP/94/65
Supplement 1

August 24, 1994

To: Members of the Executive Board

From: The Secretary

Subject: Medical Benefits Plan and Group Life Insurance -
Continued Coverage for Deputy Managing Directors

An Executive Director has requested that the above matter be taken up at a meeting of the Executive Board. Accordingly, this matter will be scheduled for meeting on a date to be announced.

I would bring to your attention that a corrected version of the document (EBAP/94/65, 8/12/94) is attached to take account of two points mentioned as background. The memorandum incorrectly indicated that drawing an immediate pension after age 62 requires at least three years' service; there is no minimum service requirement at any age after 55. Moreover, the sentence regarding the similarity between the rules for continued coverage under Group Life Insurance and the Medical Benefits Plan is also subject to qualification. These corrections are made in the final two sentences of the first paragraph.

Mr. Cutler (ext. 38207) is available to answer any technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

Other Distribution:
Department Heads

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**IMMEDIATE
ATTENTION**

EBAP/94/65

August 12, 1994

To: Members of the Executive Board

From: The Secretary

Subject: Medical Benefits Plan and Group Life Insurance -
Continued Coverage for Deputy Managing Directors

There is attached a proposal from the Managing Director relating to continued coverage for Deputy Managing Directors under the Medical Benefits Plan and Group Life Insurance. Unless by the close of business on Wednesday, August 24, 1994, an Executive Director has asked that this proposal be taken up at a meeting of the Executive Board, it will be deemed approved and will be so recorded in the minutes of the next meeting thereafter.

Mr. Cutler (ext. 38207) is available to answer any technical or factual questions relating to this paper.

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EBAP/94/65

Corrected: 8/24/94

To: Executive Directors

August 12, 1994

From: The Managing Director

Subject: Medical Benefits Plan and Group Life Insurance:
Continued Coverage for Deputy Managing Directors

As you may know, staff members who separate before age 55 are not eligible for continued coverage under the Fund's Medical Benefits Plan (MBP) unless they receive an immediate pension under the "Rule of 75," which means that they must have completed 20 to 25 years of service. Staff members who retire after age 55 but before age 62 are eligible for continued MBP coverage provided they draw their early retirement pension and have completed ten years' service. Anyone who retires after age 62 is eligible for continued MBP coverage provided they receive a pension rather than a withdrawal benefit. The rules governing the continuation of participation in the Group Life Insurance (GLI) scheme generally require the drawing of an immediate pension and ten years' participation in the GLI.

Longer-serving career staff can typically control the date when they will separate or retire with a pension, and their decisions in this respect can take account of the consequences as regards continued medical coverage. This is not the case, however, for the incumbents of management positions, who do not have the same degree of control over the dates when their appointments terminate. I would, therefore, like to suggest one modification to these rules in respect of deputy managing directors and future managing directors. Specifically, if deputy managing directors or future managing directors separate before 55 years of age, and have completed ten years of service and elected to receive a deferred pension (to commence after age 55), they would be eligible to continue their coverage in the MBP by paying the "unsubsidized" rate of contributions until the time when the pension would go into effect; at that point, the rate of contribution would revert to the normal rate payable by persons drawing pensions. (Paying the unsubsidized rate means that the participant pays approximately the combined amount that would normally be shared between the participant and the Fund.) For the GLI, coverage would be continued on the same terms as for retirees between the ages of 55 and 62.

I should note that this change would enable Mr. Erb, who has completed ten years' service but is not yet 55, to continue his medical coverage, if he wishes, by paying the unsubsidized rate for the period of some 20 months until he starts to draw his deferred pension at age 55. It would also permit continued coverage under the GLI. As regards the future, if the approach I am suggesting is acceptable to Executive Directors, it can be taken into account when contracts are drawn up or extended in those cases where it might be relevant.