

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**IMMEDIATE
ATTENTION**

MASTER FILES
ROOM C-525

0405

EBAP/96/84

August 1, 1996

To: Members of the Executive Board

From: The Secretary

Subject: **Proposed Changes to Financing the Group Life Insurance Plan**

Attached is a memorandum from the Acting Chairman of the Committee on Administrative Policies containing the recommendations on proposed changes to financing the Group Life Insurance Plan.

In the absence of objection by noon on Thursday, August 8, 1996, the recommendation of the Committee will be deemed approved by the Executive Board, and the decision will be so recorded in the minutes of the next meeting thereafter.

Att: (1)

Other Distribution:
Department Heads



Office Memorandum

To: Members of the Executive Board

August 1, 1996

From: The Acting Chairman,
Committee on Administrative Policies

Subject: **Proposed Changes to Financing the Group Life Insurance Plan**

The Committee on Administrative Policies has considered proposals for changes to financing the Group Life Insurance Plan on the basis of EB/CAP/96/5 (7/25/96) and Correction 1 (7/30/96).

Accordingly, the Committee agreed to **recommend** that the Executive Board adopt the following decision:

The Managing Director is authorized to implement the following changes in the administration of the Fund's Group Life Insurance Plan with effect from September 1, 1996:

1. Reduce contribution rates and modify the rate structure by reducing the age brackets from 10-year to 5-year increments, in accordance with the attached contribution schedule (Attachment I);
2. Establish a Premium Stabilization Reserve from the excess premium paid in 1996 (to be initially set at 20 percent of total annual premium), which will be drawn down in the case of Plan deficits;
3. Beginning with policy year 1997, discontinue the refunding of any Plan surplus to the participants and the Fund at the end of each policy year and instead deposit such surplus as might accrue to the Premium Stabilization Reserve; and
4. Increase the minimum death benefit for retirees to \$15,000.

Att: (1)

International Monetary Fund

Comparison of Current Life Insurance Rates
With Rates Based on Plan Experience 1/

Age	<u>Current Rates</u>	<u>Estimated Rates after 1995 Refund</u>	<u>Actuarial Rates</u>	<u>Proposed Rates</u>
Under 30	0.12	0.07	0.05	0.06
30 - 34	0.12	0.07	0.06	0.08
35 - 39	0.22	0.13	0.08	0.12
40 - 44	0.22	0.13	0.09	0.15
45 - 49	0.36	0.22	0.15	0.20
50 - 54	0.36	0.22	0.26	0.22
55 - 59	0.54	0.33	0.38	0.48
60 - 64	0.54	0.33	0.68	0.49
65 - 69	0.62	0.38	1.00	0.60
70 - 74	0.62	0.38	1.68	0.62
75 - 79	no charge	na	2.26	no charge
80 - 84	" "	"	3.55	" "
85 - 89	" "	"	7.51	" "
90 - 94	" "	"	10.79	" "

1/ Rates are expressed as the monthly contribution per \$1,000 of coverage. The first \$5,000 of coverage is paid in dollars entirely by the Fund.