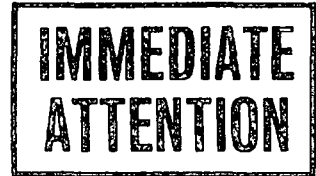


DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE



MASTER FILES
ROOM C-525

0405

EBAP/89/302
Supplement 1

December 19, 1989

To: Members of the Executive Board

From: The Secretary

Subject: Eligibility of Staff Members' Dependent Children
for Certain Benefits

The following statement dated December 19, 1989 is circulated at the request of Mr. Warner:

My authorities have some misgivings about the staff recommendation to delink the eligibility of dependent children for certain benefits from eligibility for the dependency allowance. (The benefits in question are home leave, relocation allowance, education allowance, medical insurance, and education loans.) Nevertheless, we have decided to support the proposed changes after receiving assurances on four points. First, we have been informed that the administrative staff of the World Bank intends to support similar changes by the Bank Board, despite some pressure for seeking more generous changes. Second, the increases in the income ceiling for non-married children living at home who are not full-time students has been raised from \$1,000 per annum to \$7,500 (indexed). The staff report on this subject has been revised to make clear that the \$7,500 figure is not arbitrary. On the basis of recent experience, it is expected to cover half of the cost of support of such a dependent in virtually all normal circumstances. Third, in rare cases where a staff member applies for benefits for a child at home who earns more than \$7,500 (indexed) and is a full-time student, the benefits staff will only grant eligibility if there is an affirmation from the staff member that he/she is providing more than half of the cost of the child's support. In reviewing these applications, there may be cases where the level of support implied appears to be extravagant given the particular circumstances. We understand that in such cases, the benefits staff would not grant eligibility in the absence of evidence from the applicant showing that the level of support provided is reasonable. Fourth, the staff has agreed to report to the CAP, after one year, on its experience in administering the benefit policy according to these revised guidelines.

Other Distribution:
Department Heads