Rules for the Election of Currency for Pensions

Under the

Staff Retirement Plan

December 2004

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I. Introduction

These rules supersede the August 24, 1973 rules for the administration of the Pension Parity Adjustment System (PPAS), which provided for the election of pensions under the Staff Retirement Plan (SRP) denominated in currencies other than U.S. dollars (hereafter referred to as "local currencies") and cost of living adjustments for pensions denominated in those local currencies.

II. Eligibility

1. A retired participant or any person receiving a pension from the Fund (a "Pensioner"), including a pension under SRP Section 4.6, 4.9 or 4.10 who has established permanent residence in a country other than the United States may make an election to receive payment of all or a portion of his pension in the currency of that country (an "Election") in accordance with Section 16.3 of the Plan. The Secretary of the Administration Committee shall review the eligibility of Pensioners who make that Election.

2. As provided under Section 16.3(a) of the Plan, a Pensioner, may, within 90 days after his pension becomes effective, elect to receive not less than 25 percent of his pension in the currency of the country in which he resides at the time of the Election if (i) he is a national of that country or (ii) he furnishes evidence satisfactory to Secretary of the Administration Committee that he has established permanent residence in that country.

3. As provided under Section 16.3(d) of the Plan, a Pensioner may furnish evidence satisfactory to the Secretary of the Administration Committee that he has established and, after his pension became effective, has maintained permanent resident for at least 12 consecutive calendar months in a country other than the country in whose currency his pension is being paid.

4. A recipient of benefits under Section 4.4.(b) of the Plan shall be ineligible to make an Election.

III. Process of Currency Election under Section 16.3 of the Plan

A. Timing of Election

Participants may make an Election prior to the effective date of their pension or within 90 days following that effective date. Participants who elect a deferred pension may defer that Election until the pension commences.

Subsequent Elections may only be made if a Pensioner has established a permanent residence for at least 12 consecutive months in the country of the currency being elected.

If the Fund authorizes a Pensioner, or prospective Pensioner, to defer repatriation to his home country for a period of up to one year after his pension becomes effective, he may make the Election within 90 days prior to his departure from the United States, but the Election shall take effect as of the calendar month following the month in which his departure occurs. He would have to furnish evidence satisfactory to the Secretary of the Administration Committee that he resides in his home country.

B. Form of Election

An Election under Section 16.3 shall be made by the Pensioner on the form provided by the Administration Committee "Election of Currency of Pension Payment." (Appendix 1).

The form shall include the following statement:

> "I acknowledge that I have made this election with full awareness that it could, in certain circumstances, result in payments which are greater or less, at current exchange rates, than the U.S. dollar payments I would have received under the Staff Retirement Plan had I not made this choice, depending on exchange rate changes and consumer price index changes; moreover, I make this election on behalf of any of my heirs, beneficiaries, or minor children who may be entitled to continuing benefits under that Plan. I recognize that this election shall remain irrevocable unless I demonstrate to the Secretary of the Administration Committee that I have established a permanent residence in a different country for at least one year"

In accordance with Section 16.3(a), a national of the country for which the currency is elected within 90 days of his pension effective date shall provide the Secretary of the Administration Committee with satisfactory evidence of repatriation to his home country as set forth in Section IV below.

A person who is not a national of the country for which the currency is being elected and who makes an election within 90 days of his pension effective date shall provide the Secretary of the Administration Committee with satisfactory evidence that he has established or intends to establish permanent residence in that country.

If the first 90 days from the pension effective date lapsed, a Pensioner who wishes to make an Election must furnish evidence to the Secretary of the Administration Committee that he has established and maintained permanent residence for at least 12 consecutive calendar months in a country other than the country in whose currency his pension is being paid , as provided in Section 16.3(d). The Election will be effective in the month following the month in which the Secretary of the Administration Committee approves the Election.

C. Notification to the Finance Department

The Secretary of the Administration Committee, after approving the Election, shall notify the Finance Department regarding the Pensioner's eligibility to receive pension payments and cost of living adjustments in such currency pursuant to Sections 16.3 and 4.11, respectively. Such payments and adjustments will be made to that pension beginning with the first pension payment (or monthly accrual of a pension under Section 4.5(b)) after the end of the calendar month in which the Election is approved by the Secretary of the Administration Committee.

IV. Proof of Repatriation

A Pensioner, or prospective Pensioner, who is repatriating to his home country shall submit one of the following as evidence of residence in that country: (Section 16.3(a))

- Used tickets or boarding passes for the airline journey to the country of the currency being elected ; or
- Documentation of shipping of household goods consistent with the Pensioner's, or prospective Pensioner's, stated intention to resettle in the country for which he is making an Election.

The Secretary of the Administration Committee has the discretion to require additional evidence if deemed necessary.

V. Proof of Permanent Residence

The establishment of a Pensioner's permanent residence in a country for the purposes of a local currency Election shall be based on evidence including the following indications, none of which shall preclude the Secretary of the Administration Committee from finding that permanent residence has or has not been established by the Pensioner:

(1) The Pensioner's nationality;

(2) The Pensioner's statement of intent to the Administration Committee that the country will remain his permanent residence;

(3) The addresses for correspondence with the Pensioner and payments to him;

(4) Evidence of status as a resident under the tax or other laws of the country in question;

(5) Evidence of any ownership of real estate in the country in question;

(6) Evidence of the presence of any dependents or close relatives in the country in question;

Questionnaire

The Pensioner, or prospective Pensioner, making the Election shall submit a form provided by the Administration Committee together with proof of residence (Questionnaire and Evidence of Permanent Residence- see Appendix 2). The Secretary of the Administration Committee has the discretion to require additional evidence if deemed necessary. Upon approval of the Election, unless it has been determined otherwise or following a Pensioner's request, payment will be made by electronic transfer to the Pensioner's bank account in the country recognized by the Secretary of the Administration Committee as his place of residence.

VI. Changing the Election Percentage

The Election shall not be permitted to reduce any other currency that a Pensioner will receive below 25 percent. Thereafter, if a Pensioner is receiving less than 100 percent of his pension in a currency other than United States dollars, he may, on not more than three occasions, elect to increase the portion of his pension paid in that currency up to 50 percent, 75 percent or 100 percent, provided that it is the currency of the country of which he is a permanent resident.

As provided in Section 16.3(d), a Pensioner who wishes to elect to have a portion of, or to increase the portion of, his pension paid in a currency of a country other than the United States, shall furnish evidence, satisfactory to the Secretary of the Administration Committee, that he has maintained a permanent residence in that country for at least 12 consecutive months. The Election will become effective in the month following the month in which the Secretary of the Administration Committee approves the Election.

Any such Election shall be irrevocable, except that (i) the person concerned may further elect, upon a finding by the Secretary of the Administration Committee, that a new permanent residence has been established and maintained in another country for at least 12 consecutive calendar months and (ii) the Administration Committee may, in case of hardship demonstrated to its satisfaction, and after taking due account of the entire record of pension payments from the date of retirement in local currency and United States dollar, as applicable, permit a change from local currency to the United States dollar.

VII. 60-Month Average Exchange Rate

The amount of a pension paid in a currency other than the United States dollar shall be equivalent to the United States dollar amount of the pension determined on the basis of the average of the exchange rates between the United States dollar and the currency elected at the end of the 60 consecutive calendar months immediately prior to the date on which the initial pension became effective.

At the time a Pensioner, or prospective Pensioner, makes his Election, a simulation using the 5-year (or 60-month) average exchange rate in effect prior to the actual or expected date of retirement, will be submitted for his review and acknowledgement. In the case of an Election made at the time of retirement, there may be a slight variation in the rate applied to the actual pension since the simulation is done close to the actual retirement date, and the last month's actual rate will be different from the one used in the simulation; e.g., for a September 1 retirement, a simulation at the beginning of August would be based on the 60 months through July 31. The actual 60 months, for the guaranteed 60 months average exchange rate will be based on the August 31 rate, which will not be available until mid-September.

Except with regard to lump sum benefits, any maximum or minimum amounts in U.S. dollars, specified in the Plan, (e.g., children's benefits) shall be converted into a currency elected under Section 16.3 at the rate of exchange applicable to the recipient's pension. Lump sum benefits (withdrawal and commutation payments) are always paid in U.S. Dollars. If data required for the application of Section 16.3 (c) are unavailable, the Administration Committee shall determine the exchange rate to be used in those circumstances.

Written acknowledgment

A Pensioner, or prospective Pensioner, making an Election must provide a written acknowledgment (including email) of the established 60-month exchange rate and pension simulation. The Pensioner, or prospective Pensioner, will also acknowledge that the actual amount of local currency is an estimate at the time the simulation is provided and may be different at the date that the pension becomes effective.

The 60-month average of the exchange rates for euros per U.S. dollar

For those whose pensions became effective prior to January 1, 2004.

The 60-month average of the exchange rates for euro is determined by, (i) for each month prior to January 1999 used for the 60-month average, applying the official fixed euro/local currency exchange rate to the local currency/US. Dollar exchange rate for the country of permanent residence; and (ii) for each month on or after January 1, 1999, taking the exchange rate between the euro and the U.S. Dollar.

For those whose pensions become effective after January 1, 2004.

The actual 60-month average exchange rate of euro per U.S. dollar is available.

VIII. Cost of Living Adjustment

The increase in the cost of living for a fiscal year shall be measured on the basis of either: (i) the most recent U.S. Consumer Price Index for All Urban consumers, either published or certified to be selected for publication by the U.S. Bureau of Labor Statistics; or, if applicable, (ii) the most recent consumer price index for a country either (1) published or certified to be selected for publication in International Financial Statistics or (2) in the absence of (1), another index determined to be suitable by the Administration Committee. The determination of the index under (ii) shall apply to an Election. The Fund has the right to limit the cost-of-living increase in any year to 3 percent.

The first use of a consumer price index for any country shall be based on the increase in that index for the latest available twelve-month period in the May issue of International Financial Statistics.

The initial cost-of-living adjustment is prorated based on the number of months between the date of retirement and the most recent adjustment. Thus, a pension effective August 1st would receive 75 percent of the cost-of-living adjustment effective the preceding May 1st.

A decrease in the consumer price index from one year to the next will not result in the reduction of the pension. For example, if the consumer price index in one year is 2 percent, 1 percent in the following year and 3 percent in the third year, the 3 percent is applied to the pension plus the cost of living adjustments from the prior years. The cumulative cost of living adjustments for this three year period would be 1.02 x 1.01 x 1.03 or 6.1 percent.

The application of the Sections 4.11(d) and 16.3 to a pension or pension entitlement shall in no way change the amount of any benefit under the Staff Retirement Plan.

Example of Currency Conversion

Assumptions	
Annual pension:	$40,000
Currency option:	50% U.S. dollars, 50% euro
5-year exchange rate:	0.9 euros to the dollar
Cost-of-Living Allowance (COLA) (based on Consumer Price Index, CPI)	5% in the U.S., 7% in France
Pension in dollars	$20,000
U.S./ COLA (5%)*	+ 1,000
Pension plus COLA in dollars	$21,000
Pension in euros	18,000 euros
French / COLA (7%)*	+ 1,260
Pension plus COLA in euros	19,260 euros
Total Annual pension Received =	$21,000 + 19,260 euros

*In the first year that a pension is effective, the cost of living adjustment is prorated.

IX. Commutation Payment

A future retiree may elect to convert up to one third of the pension to a lump sum payment referred to as commutation. The election to commute must be made prior to the effective date of the pension. **Commutations are always paid in U.S. dollars.**

X. Death Benefits

A. Lump Sum Death Benefits

Lump-sum death benefits are outside the scope of Article 16 of the Plan, except for (1) any lump-sum payable after the death of a retired participant as a percentage of the retired participant's pension under Section 4.4(a)(ii) of the Plan and (2) any lump-sum payable under Section 4.9(e) of the Plan, in which cases the lump-sum will be paid in the local currency in the same percentage that the pension was paid.

B. Survivor Annuity Benefits

An Election made by a Pensioner, or any person receiving a pension from the Fund, including a pension under SRP Section 4.6, 4.9 or 4.10 also applies to any pension to which a survivor of the Pensioner making the Election may thereafter be entitled, unless that survivor elects otherwise in accordance with the Plan's rules. An Election made by a survivor shall be subject to the same rules as are applicable to the Pensioner, or prospective Pensioner, described above.

Death in Contributory Service (Section 4.9.(b))
An Election can also be made by a surviving spouse of a participant who died in contributory service. In this case, the amount of a pension paid in a currency other than the United States dollar shall be equivalent to the United States dollar amount of the pension determined on the basis of the average of the exchange rates between the United States dollar and the currency elected at the end of the 60 consecutive calendar months prior to the end of the month immediately preceding the date of death of the participant. Payments in the currency elected shall commence with the pension payment for the first month following the month in which the Election is approved by the Secretary of the Administration Committee

XI. HARDSHIP

In accordance with Section 16.3(d), the Administration Committee may allow a Pensioner who had retired abroad and elected local currency to revert to payment in U.S. dollars of some or the entire pension in the case of extreme hardship demonstrated to its satisfaction.

The basic standard that the Committee applies in determining whether hardship has occurred is the loss of purchasing power as measured relative to the national consumer price index, taking due account of the entire record of pension payments. With respect to the pension, this comparison takes into account the entire pension from the date of retirement, i.e. the local currency pension and the U.S. dollar pension including the cost-of-living adjustment to each. In case of local inflation, the Committee uniformly employs the national consumer price index: it does not take into account local, regional or city variations in inflation. The Committee may, however, take into account other factors brought to its attention that it deems relevant.

The Committee shall not normally consider exchange rate fluctuations in determining whether a hardship has occurred. Instead, the Committee will take into account the adequacy of the cost of living adjustments as provided by the Fund.

Appendix 1

International Monetary Fund
STAFF RETIREMENT PLAN

ELECTION OF CURRENCY OF PENSION PAYMENT

To the Secretary of the Administration Committee:

I, ____, ____________________ hereby elect to have my pension
(Print Name) (ID Number)
payments from the Staff Retirement Plan of the International Monetary Fund to be valued and paid:

Check one:

A. ☐ 100% in US Dollars.

B. ☐ 100% in ____.
(local currency name)

C. ☐ ______% (minimum 25%) in U.S. dollars and ______% (minimum 25%)

in _________________________________.
(local currency name)

For A or C, cost of living increases for US Dollar payments will be based on changes in the U.S. National Consumer Price Index as determined by the Administration Committee. For B or C, cost of living increases on a pension denominated in a local currency will be measured by the consumer price indices for the country published in the International Financial Statistics or, if unavailable, another index to be determined by the Administration Committee. For any payments in currencies other than U. S. dollars, I acknowledge that I have made this election with full awareness that it could, in certain circumstances, result in payments which are greater or less, at current exchange rates, than the U.S. dollar pension payments that I would have received under the Staff Retirement Plan had I not made this choice, depending on exchange rate changes and consumer price index changes. Moreover, I make this election on behalf of any of my heirs, beneficiaries, or minor children, who may be entitled to continuing benefits under that Plan. I recognize that this election shall remain irrevocable unless I demonstrate to the Administration Committee that I have established a permanent residence in a different country for at least one year.

I also have received the Rules for the Election of Currency for Pensions in the Staff Retirement Plan and a pension simulation from the Employment, Compensation, and Benefits Division.

NOTE: *The value of a local currency could decrease due to inflation and/or devaluation of the local currency you elect*

Bank Information for Pension Payment in Local Currency

Bank Address _______________________________ Account No.____

_______________________________ Bank Routing Code ______________________________________

_______________________________ SWIFT Code if non US Bank ______________________________

Signature: ____ Date: ____

Witnessed by: ____ ____
(print name) (signature)

Address of Witness: ____

____

Appendix 2

Questionnaire in Support of Application for Payment of all or part of a pension in a currency other than U.S. Dollars

1. Name :

2. Nationality:

3. ID number :

4. Date of Retirement

5. Type of Application (check relevant box)

   a. First application for payment of all or part of a pension in a currency other than U.S. dollars: ☐

   b. Application for a change in currency of pension based upon a change in residence : ☐

   c. Application for an increase of the currency portion following on a previous election : ☐

6. Currency sought:

7. Proportion of pension in currency sought:
(Minimum 25 percent and maximum 100 percent of currency sought.)

8. Country of residence and length of residence:

	Country	Length of Residence
a. At the date of retirement		
b. Since retirement, prior to current country of residence (if relevant)		
c. At present		

9. If, over the past three years, you have been dividing your time between two or more residences located in different countries, please name the countries and specify the approximate time spent in each in terms of months.

10. Dependents and close relatives

Describe your relationship to any dependents or close relatives in:

a. Your present country of residence

b. Your previous country of residence

11. If you are not a citizen of the country in which you presently reside, please describe the type of visa you hold which allows you to reside in this country, give its expiration date, state whether or not it is renewable, and if so, the requirements for renewal and any restrictions on renewals (e.g. conditions for renewal, limitations on the number of renewals or the periods for which a visa is valid).

12. Please describe the conditions under which you could obtain permanent residence status in the present country of residence.

13. Please list any countries, other than the one in which you presently reside, under whose laws (immigration, tax or otherwise) you are or would probably be considered a resident.

14. In which country or countries are you a resident for the purposes of income tax?

15. Real Estate:

Do you own or rent real estate?

	Own		Rent		
	Yes	No	Yes	No	Period of lease
a. In the country in which you presently reside					
b. In your previous country or countries of residence ? (please specify which country or countries)					
c. In any other country ? (Please specify which country)					

16. If you do not live continuously in any of the properties, which you own and lease it out, when it is not occupied by you, please specify the period of time it is rented out.

17. If there are any other factors, which you consider may be relevant to the Secretary of the Administration Committee in the assessment of your place of permanent residence, please describe these.