Changes effective: May 1, 2022

Document last updated: Oct. 26, 2021

Compensation and Benefits Changes: Staff Retirement Plan (SRP) Grossing-up Formulas

Overview

Beginning May 1, 2022, all staff participating in the Staff Retirement Plan (SRP) will continue to contribute seven percent of gross remuneration based on the new formulas. The current and revised formulas used to calculate pension benefits will be applied on a prorated basis for service earned before and after May 1, 2022, respectively.

What You Need to Know

- Effective May 1, 2022, the SRP grossing-up formulas will be reduced.
  - SRP participants will contribute seven percent of the lower gross remuneration based on the new formulas beginning May 1, 2022. This will increase take-home pay and correspondingly, decrease future benefit accruals starting on the amendment effective date.
  - The Fund's contribution (normalized at 14 percent of gross remuneration) will also be correspondingly lower.
  - A minimum benefit guarantee provides a benefit "floor," based on service through separation date.
  - The current and revised formulas used to calculate pension benefits are applied on a prorated basis for service earned before and after May 1, 2022, respectively.

What You Need to Do

- For additional information, please refer to:
  - Staff Handbook
  - SRP Information
  - VSP Information
  - Staff Report approved by the Executive Board EBAP/21/17
- Please stay tuned for additional updates and resources that will be available closer to the effective date.

Illustrative scenarios are provided on the following pages →

Fund Employees Eligible to Participate in the Staff Retirement Plan

Fund employees who are eligible to participate in the SRP include:

- Regular appointment;
- Full-time or part-time staff on a fixed-term, limited-term, or term appointment of 2 or more years;
- Managing Director and Deputy Managing Directors;
- Assistant to a Managing Director;
- Executive Director;
- Alternate Executive Director;
- Any Assistant or Advisor to an Executive Director; and
- Independent Evaluation Office Director and its staff on a fixed-term, limited-term, or term appointment of 2 or more years.

Staff Retirement Plan

Key Provisions:

- 2.2% of highest 3-years' average gross remuneration (HAGR) for first 25 years of service plus 1.8% of HAGR for the next 10 years of service, maximum 73% of HAGR (35 years)
  - Plan 3: May 1, 1990 – April 30, 2011
  - Plan 4: May 1, 2011 – April 30, 2022
  - Plan 5 : On or after May 1, 2022
- Annuity payable at normal retirement age, 62. Fund's employment policy calls for mandatory retirement at age 65
- Early retirement at age 50 and 3 years or service, or age 55. Annuity reduced by 1.5% per year for commencement before 62, and Rule of 85 (age + years of service)
- Funding: mandatory employee contributions of 7% of gross remuneration and Fund contributions of 14%; plus investment return on Plan assets

Grossing-up Formulas

Plan 4 (effective May 1, 2011 – April 30, 2022):

Net Salary	Pensionable Gross Remuneration
Less than $60,000	(1.61 x NS) – $7,300
$60,000 to $89,999	(1.45 x NS) + $2,300
$90,000 to $169,999	(1.75 x NS) – $24,700
$170,000 to $259,999	(1.78 x NS) – $29,800
$260,000 and above	(1.75 x NS) – $22,000

Plan 5 (effective May 1, 2022):

Net Salary	Pensionable Gross Remuneration
Less than $90,000	(1.50 x NS) – $9,100
$90,000 to $139,999	(1.55 x NS) – $13,600
$140,000 to $169,999	(1.65 x NS) – $27,600
$170,000 and above	(1.75 x NS) – $44,600

Illustrative Scenarios

Scenario	Name	Description
A	**Shariq**	Staff member with an annual net salary of $215,000 (Staff near retirement)
B	**Laurence**	Staff member with an annual net salary of $170,000 (Staff near retirement – MBG* applies)
C	**Myriam**	Staff member with an annual net salary of $170,000 (Average staff)
D	**Suleiman**	Staff member with an annual net salary of $145,000 (New staff member)

Plan Legend
Plan 1 – Pre-1974 plan (net plan) – service through 04/30/1974
Plan 2 – Old plan or pre-1990 plan – service 05/01/1974 to 04/30/1990
Plan 3 – New plan or pre-2011 plan – service 05/01/1990 to 04/30/2011
Plan 4 – 2011 plan – service 05/01/2011 to 04/30/2022
Plan 5 – 2022 plan

*Minimum Benefit Guarantee

* Minimum benefit guarantee

Compensation and Benefits Changes: Scenario A: Staff Near Retirement

Scenario A: Shariq

- **Current salary:** $215,000
- **Age at separation from IMF:** 65
- **Total IMF service at separation:** 22 years
- **Separation date:** April 30, 2023
- **Pension begin date:** May 1, 2023

Key Points

- The comparison between the two annual benefits:
  - **Old Benefit: $177,681**
  - **New Benefit: $177,212**
- Due to the preservation of the benefit accrued prior to May 1, 2022, the formula plan change impact on Shariq's benefit is -0.3%.

Year	Net Salary	Plan 2	Plan 3	Plan 4	Plan 5	Minimum Guarantee
2020-2021	$210,000	N/A	$368,200	$344,000	$322,900	$344,000
2021-2022	$215,000	N/A	$377,500	$352,900	$331,650	$352,900
2022-2023	$225,000	N/A	$396,100	$370,700	$349,150	$352,900
	HAGR		$380,600	$355,867	$334,567	$349,933
Plan Service			10 years	11 years	1 year	
Relative Weighting*	**Composite HAGR**	$366,141	45%	50%	5%	
	Accrued Benefit Percentage	48.4%				

* For illustrative purposes

* The annual normal benefit is determined by (1) calculating the benefit under each plan, using the highest average gross remuneration (HAGR) for that plan, (2) multiplying the results from the prior step by the ratio of service under each plan to total service, and (3) summing the results from the prior step.

Compensation and Benefits Changes: Scenario B: Staff Near Retirement (Minimum Benefit Guarantee Applies)

Scenario B: Laurence

- **Current salary:** $170,000
- **Age at separation from IMF:** 65
- **Total IMF service at separation:** 6 years
- **Separation date:** April 30, 2024
- **Pension begin date:** May 1, 2024

Key Points

- The comparison between the two annual benefits:
  - **Old Benefit: $36,794**
  - **New Benefit: $36,010**
- Due to the preservation of the benefit accrued prior to May 1, 2022 and the application of the minimum benefit guarantee, the formula plan change impact on Laurence's benefit is -2.1%.

Year	Net Salary	Plan 2	Plan 3	Plan 4	Plan 5	Minimum Guarantee
2021-2022	$170,000	N/A	N/A	$272,800	$252,900	$272,800
2022-2023	$170,000	N/A	N/A	$272,800	$252,900	$272,800
2023-2024	$180,000	N/A	N/A	$290,600	$270,400	$272,800
	HAGR		N/A	$278,744	$258,744	$272,800
Plan Service			0 years	4 years	2 years	
Relative Weighting*	**Composite HAGR**	$272,077	0%	67%	33%	
	Accrued Benefit Percentage	13.2%				

* For illustrative purposes

* The annual normal benefit is determined by (1) calculating the benefit under each plan, using the highest average gross remuneration (HAGR) for that plan, (2) multiplying the results from the prior step by the ratio of service under each plan to total service, and (3) summing the results from the prior step.

This document highlights key provisions of the SRP and VSP and reflects changes that will take effect in 2022. While every attempt has been made to ensure this information is accurate, should a discrepancy arise between the information in this document and the official SRP and VSP plan documents and Staff Handbook that govern the plans, the official documents will prevail.

Compensation and Benefits Changes: Scenario C: Average Staff

Scenario C: Myriam

- **Current salary:** $170,000
- **Age at separation from IMF:** 65
- **Total IMF service at separation:** 30 years
- **Separation date:** April 30, 2039
- **Pension begin date:** May 1, 2039

Key Points

- The comparison between the two annual benefits:
  - **Old Benefit: $277,912**
  - **New Benefit: $269,738**
- Due to the preservation of the benefit accrued prior to May 1, 2022, the formula plan change impact on Myriam's benefit is -2.9%.

Year	Net Salary	Plan 2	Plan 3	Plan 4	Plan 5	Minimum Guarantee
2036-2037	$254,000	N/A	$450,040	$422,320	$399,900	$272,800
2037-2038	$260,000	N/A	$461,200	$433,000	$410,400	$272,800
2038-2039	$265,000	N/A	$470,500	$441,750	$419,150	$272,800
	HAGR		$460,580	$432,357	$409,817	$272,800
Plan Service			2 years	11 years	17 years	
Relative Weighting*	**Composite HAGR**	$421,466	7%	37%	56%	
	Accrued Benefit Percentage	64%				

* For illustrative purposes

* The annual normal benefit is determined by (1) calculating the benefit under each plan, using the highest average gross remuneration (HAGR) for that plan, (2) multiplying the results from the prior step by the ratio of service under each plan to total service, and (3) summing the results from the prior step.

Compensation and Benefits Changes: Scenario D: New Staff Member

Scenario D: Suleiman

- **Current salary:** $145,000
- **Age at separation from IMF:** 65
- **Total IMF service at separation:** 25 years
- **Separation date:** April 30, 2046
- **Pension begin date:** May 1, 2046

Key Points

- The comparison between the two annual benefits:
  - **Old Benefit: $258,357**
  - **New Benefit: $246,424**
- Due to the preservation of the benefit accrued prior to May 1, 2022, the formula plan change impact on Suleiman's benefit is -4.6%.

Year	Net Salary	Plan 2	Plan 3	Plan 4	Plan 5	Minimum Guarantee
2043-2044	$275,000	N/A	N/A	$459,250	$436,650	$229,050
2044-2045	$281,000	N/A	N/A	$469,750	$447,150	$229,050
2045-2046	$287,000	N/A	N/A	$480,250	$457,650	$229,050
	HAGR			$469,740	$447,140	$229,050
Plan Service				1 years	24 years	
Relative Weighting*	**Composite HAGR**	$448,044		4%	96%	
	Accrued Benefit Percentage	55%				

* For illustrative purposes

* The annual normal benefit is determined by (1) calculating the benefit under each plan, using the highest average gross remuneration (HAGR) for that plan, (2) multiplying the results from the prior step by the ratio of service under each plan to total service, and (3) summing the results from the prior step.

This document highlights key provisions of the SRP and VSP and reflects changes that will take effect in 2022. While every attempt has been made to ensure this information is accurate, should a discrepancy arise between the information in this document and the official SRP and VSP plan documents and Staff Handbook that govern the plans, the official documents will prevail.