U.S. Taxation of Pensions from the Staff Retirement Plan (SRP)

CAVEAT: This information is accurate as of November 2025

A. Pensions & Commutations

If you are a U.S. citizen or resident, your pension and commutation payments are subject to U.S. tax, no matter where in the world you live. If you are a nonresident alien for income tax purposes, your pension and commutation payments are subject to U.S. taxation only if you meet the substantial presence test (see page 3 for an explanation of the substantial presence test).

Even if your pension is subject to U.S. tax, part of it will be tax-free. The tax-free part is called the investment in contract and it is determined differently for U.S. citizens and non-U.S. citizens, as illustrated by the following table.

TAX-FREE PART OF IMF PENSIONS		
	U.S. Citizen While Employed	**Non-U.S. Citizen While Employed**
Staff contribution	Tax-free	Tax-free
Fund contribution[1]	Taxable	Tax-free
Earnings	Taxable	Taxable
COLA	Taxable	Taxable

[1] The tax-free portion of the Fund's contribution will be appropriately allocated for non-U.S. staff who become U.S. citizens while employed by the Fund.

If you were a U.S. citizen while you worked for the Fund, the tax-free part of your pension is the amount that you contributed to the plan. The Fund's contribution to the plan on your behalf, the income that the contributions earned, and cost of living adjustments are all taxable.

If you were not a U.S. citizen while you worked for the Fund, the tax-free part of your pension is the amount that you contributed to the plan plus the Fund's contribution to the plan on your behalf. The income that the contributions earn and cost of living adjustments are taxable.

It is your citizenship while you worked for the Fund that determines how your pension is taxed. If you become a U.S. citizen after leaving the Fund, there is no change in the manner in which the tax-free portion of your pension is computed; it is still computed in the more favorable manner afforded to people who were not U.S. citizens when they worked for the Fund.

The portion of each monthly pension payment that is tax free is computed under the following formula:

Investment in Contract/Life Expectancy in Months = Monthly Tax Free Portion

Where the life expectancy is determined as follows for single and joint annuities:

	SINGLE		MARRIED
Age at Retirement	**Life expectancy**	**Combined Age at Retirement**	**Life expectancy**
55 and Under	360	Not more than 110	410
56 to 60	310	More than 110 and up to 120	360
61 to 65	260	More than 120, and up to 130	310
66 to 70	210	More than 130, and up to 140	260
71 and older	160	More than 140	210

Note: If you live beyond your life expectancy, and your investment in contract has been fully recovered, your pension becomes fully taxable. Alternatively, if you are married and die before recovering the full amount of your investment in contract, the remaining balance will be applied to your surviving spouse's pension.

The following example illustrates how the tax free portion of an SRP pension is determined for a married pensioner at the time of retirement:

Computation of Taxable Portion of a Pension

(a) Your contribution:	\$100,000
(b) Fund's contribution:	\$150,000
(c) Present value of lifetime pension:	\$500,000
(d) Commutation, if applicable:	\$125,000
(e) Life Expectancy:	20 years
(f) Annual pension without commutation:	\$20,000
(g) Annual pension, with commutation:	\$15,000

	Non-U.S. Citizens	**U.S. Citizens**
If you commute		
(h) Total tax free portion	a + b = \$250,000	a = \$100,000
(i) Tax free portion of commutation	$\frac{a+b}{c} \times d = \$62{,}500$	$\frac{a}{c} \times d = \$25{,}000$
(j) Tax free portion allocable to pension over life of pension	h – i = \$187,500	h – i = \$75,000
(k) Tax free portion of annual pension	j/e = \$9,375	j/e = \$3,750
(l) Taxable portion of annual pension	g – k = \$5,625	g – k = \$11,250
If you do not commute		
(m) Total tax free portion over life of pension	h = \$250,000	h = \$100,000
(n) Tax free portion of annual pension	h/e = \$12,500	h/e = \$5,000
(o) Taxable portion of annual pension	f – n = \$7,500	f – n = \$15,000

B. Determining Residency for U.S. Income Tax Purposes

The applicable IRS rules for determining whether you are a U.S. resident for income tax purposes are provided below. Please note that your immigration status does not determine your tax status; you may be considered a nonresident for immigration purposes and a resident for income tax purposes.

Nonresident Aliens

If you are not a U.S. citizen, live outside the United States, and do not hold a green card, *you are considered a nonresident alien for U.S. income tax purposes*. If you are a G-4 visa holder (an employee of an international organization or his or her immediate family member) *you are also considered a nonresident alien for income tax purposes*. If you are neither a U.S. citizen nor a G-4 visa holder; your U.S. income tax status depends on where you have resided during the last three years. (See substantial presence test below.)

Residents

You are a resident for U.S. income tax purposes if you are a *U.S. citizen*, *a green card holder*, or *if you meet the substantial presence test* or *if you have elected to be taxed as a U.S. resident for tax purposes* (see below):

U.S. Citizen:

If you are a U.S. citizen, you are a resident for income tax purposes even if you live outside the United States for the entire year.

Green Card Test:

You are a resident for U.S. income tax purposes if you hold a green card at **any time** during the calendar year, even if you live outside the United States for the entire year.

Substantial Presence Test:

You meet the substantial presence test and are considered a resident for income tax purposes if you are physically present in the U.S. at least:

- 31 days in the current calendar year, AND
- 183 days during the most recent 3-year period, counting:
    - all of the days physically present in the United States in the current year
    - 1/3 of the days physically present in the United States last year
    - 1/6 of the days physically present in the United States the year before last

You are considered present in the United States on any day that you are physically inside the United States for any part of the day. Therefore, days during which you leave the United States or return to the United States count as days of physical presence.

When counting the days you were present in the United States, do not count the days you were an exempt individual. You were an exempt individual on the days that you were:

- a full time employee of an international organization;
- an immediate family member of an employee of an international organization;
- a teacher or a trainee holding a J visa; or
- a student holding an F,J, or M visa.

G-5 holders are not exempt individuals. If they meet the substantial presence test, they are considered residents for U.S. income tax purposes.

Even if you meet the substantial presence test, if you were in the United States for less than 183 days in the current year, you are considered a nonresident for U.S. income tax purposes if you have a closer connection to a foreign country. The determination of whether you have a closer connection to a foreign country is a matter of facts and circumstance. Factors considered are the location of your permanent home, family, and personal belongings, where you vote, the country that issued you a driver's license, and the country you list on official documents as your country of residency.

If you meet the substantial presence test, your period of residency for U.S. tax purposes begins the first day in the year that you were in the United States as a non-exempt individual. If you meet the green card test, but do not meet the substantial presence test, your period of residency for U.S. tax purposes begins on the day you are informed that your green card has been approved. If you meet both tests, your period of residency for U.S. tax purposes begins on the first day in the year that you were in the United States as a non-exempt individual.

Election to be taxed as a Resident for U.S. Tax Purposes:

If you are a nonresident but your spouse is a U.S. citizen or resident (holds a green card or meets the substantial presence test), you may elect to be taxed as a resident for U.S. income tax purposes. If you make this election, you must file a joint return with your spouse. All of your worldwide income will be taxed and you will have the same deductions and exemptions as a U.S. citizen. You may revoke this election, but then you may not reelect it. After the revocation, you may be taxed as a resident only if you become a green card holder or a U.S. citizen.

If you elect to be taxed as a resident, and later retire and commute a portion of your pension, you may wish to revoke the election the year that you commute. By revoking the election, you will generally be considered a nonresident for U.S. income tax purposes and could most likely avoid U.S. taxation of your commutation.

You should consult with an attorney or an experienced and knowledgeable tax preparer to determine whether the election or its revocation would be beneficial to you.