

**Translation**  
**Minutes of the Meeting No. 10/09**  
**Board of Directors of the IDB Retirees Association**  
**Wednesday, August 19, 2009**  
**Room: NW-469 - Time: 10:30 a.m.**

Present: Saúl Hanono (10), President  
Nohra Rey de Marulanda, (10) Vice-President  
Federico Germán Klein (10), Secretary  
Paula G. Verdun (10), Treasurer

Ira Kaylin (10) Director  
Isabel C. Larson (10), Director  
Gabriela Sotela (10), Director  
James R. Taylor (10), Director  
Alfred Thieme, Jr. (10), Director

Absent: Marie Joelle Haas (10), Deputy Secretary  
Fausto Medina-López (11), Deputy Treasurer  
Asunción Aguilá (11), Director  
Ciro de Falco (11), Director

The meeting started at 10:40 a.m.

A quorum was established.

Mr. José Navia, President of the Bolivia Chapter was welcomed and besides participating actively in the meeting was of considerable assistance to the Board.

The agenda for this meeting was unanimously approved. The list of the new retirees enrolled between July 22 and 19 August 2009 was read. These are: Cecilia Matta, Rigoberto Cajas, Stephen Doherty, Renato L. Puch, M. Cristina Echavarren, Klaas Geert van Vliet, Helmuth Carl, Luis Hernando Rodríguez S., and Cristóbal Silva. Gonzalo Martinez cancelled his membership.

It was suggested that the next Board meeting should be held on Tuesday, September 29 so that the monthly luncheon could take place on Wednesday, September 30.

Mr. Navia noted how useful it has been for the Chapters to receive a copy of the Agendas and Minutes of the Board meetings. He also appreciated the effort involved in producing and distributing these documents in English and in Spanish. He mentioned the favorable reception of the paper on "Reflections" sent to the membership and suggested the regular preparation of similar communications.

David Mangurian's suggestion to extend its circulation to those retirees who are not members was accepted. The reasons for some retirees not to adhere to membership were analyzed and Mr. Navia believed that the most common causes were: (i) for some, the benefit of joining was not clear, and (ii) there is a large group of retirees who do not know the necessary procedures to become members. It was agreed to send membership forms to the Country Offices and to our Chapters. It was also mentioned that there are about 80 members from the local plan who are members, despite the fact that they are only required to pay a lifetime fee of \$10.

It was reiterated that the most important matter to be discussed with Management in the immediate future is the health insurance, an issue that has several aspects: (a) the long-awaited increase in the share of Bank from 2/3 to 3/4; (b) the unification of the premiums for active and retired personnel; and c) the participation of a representative of the Association in the Post Retirement Benefits Plan Committee. This Committee is composed of three members and is presided over by the Finance Manager. In this respect a meeting was held with Mr. Manuel Rapoport, Vice-President for Finance and Administration, in order to discuss the possibility of increasing the Bank's contribution and the unification of the premiums. At his suggestion, the Association will send a formal request to the President of the Bank.

It was mentioned that the yield from the Retirement Fund and the Local Plan was 3.6% and 3.4%, respectively, during the first half of 2009. However, the accounted loss of these funds in the past 12 months was more than 18%. It was clarified that the actuarial assumption on the return is 7½% annual. It should be noted that any return lower than the latter figure represents an actuarial loss. Therefore, it is necessary to follow up on this issue very closely.

The Board decided to submit to Management the complaint filed by the Argentina Chapter about the situation of a group of retired local personnel with respect to the adjustments or lack thereof of their pensions.

Jim Taylor addressed a proposal to change the methodology the Pension Plan uses for determining annual cost of living adjustments (COLAs). The issue arose when some members complained about the large difference between the 2009 COLA of 5.8% granted by the U.S. Social Security Administration (SSA) and the 1.07% COLA granted by the IDB's Pension Plan. The SSA COLA is based on the annual change in the consumer price index (CPI) for the third quarter (the average CPI for the months of July, August and September), therefore it was not affected by the unusually steep declines in consumer prices that took place during the fourth quarter of 2008; however, these declines will affect the 2010 SSA COLA, which is projected to be zero. If the SSA had used the fourth quarter, rather than the third quarter, for calculating the annual change in the CPI, their 2009 COLA would have been only 1.34%. To mention another example, if the World Bank and IMF had used quarterly CPI averages rather than the CPI figures for the single month of March, their 2009 COLA, which was effective in May, would still have been zero. Over time, the different methodologies that are used to calculate COLAs produce results that tend to converge, even if there are differences for specific years. This

is also true when we consider annual, rather than quarterly, averages. If there is one way to "beat the system," it is by obtaining a COLA of zero when the CPI has actually fallen. Since the Plan does not allow for negative COLAs, a fall in the CPI means that the purchasing power of our pensions has actually increased.

The tax refund system for retirees, brought to the Board's attention by Frank Maresca, was discussed and Jim Taylor was asked to conduct a study on the subject.

The reinstatement of the Colombia Chapter was also discussed. The unanimous opinion was that the Board should approach the Colombian Chapter to express its special affection and the concern that this separation has caused and the hope of reinstatement. Nohra Rey de Marulanda, Vice-President, was appointed, in representation of the Board, to contact the Chapter with a view to obtaining its reinstatement.

The Treasury report was approved and Jim Taylor agreed to cooperate with in case both the Treasurer and Deputy Treasurer were simultaneously absent.

Regarding the possibility of assisting retirees from the countries with difficulties with medical insurance, Zuli Russi, a specialist in this matter, was contacted to see if she could be available some days or hours per week for consultations. Zuli agreed in principle to this request, but said that she wanted to do it from her own home and would only start in a few months.

The last topic discussed was the organization of "focus groups" made up of retired Bank residents in different geographic areas to study possible alternatives for the eventual adoption of an option of pension payments in local currency. A communication to that effect will be sent to the Chapters' Presidents seeking their cooperation to identify retirees interested in participating in such groups. Mr. Bob Cole will be available to clarify technical questions. One of the most important themes of the "focus groups" would be how pension adjustments would take effect once they were in local currency. It was emphasized that the option of paying pensions in local currency is independent of the erosion of purchasing power of pensions.

There being no further matters to discuss, the meeting was adjourned at 1:00 p. m.