

**Minutes of the Meeting No. 11/09**  
**Board of Directors of the IDB Retirees Association**  
**Tuesday, September 29, 2009**  
**Room: NW-469 - Time: 10:30 a.m.**

**Present:** Saúl Hanono (10), President  
Fausto Medina-López (11), Deputy Treasurer  
Asunción Aguilá (11), Director  
Ira Kaylin (10), Director  
Isabel C. Larson (10), Director  
James R. Taylor (10), Director  
Alfred Thieme (10), Director

**Absent:** Nohra Rey de Marulanda, (10) Vice-President  
Federico Germán Klein (10), Secretary (**resigned to the post**)  
Marie-Joelle Haas (10), Deputy Secretary  
Paula G. Verdun (10), Treasurer  
Ciro de Falco (11), Director  
Gabriela Sotela (10), Director

**Invited Guest:** Ms. Nivea N. Ayala

1. **Quorum Verification.** The quorum was verified, and the meeting began at 10:45 a.m.
2. **Agenda Approval.** The agenda was approved without any modification.
3. **President's Report.** The Board took notice of the resignation presented by Federico Germán Klein as the Secretary of the Retiree Association, due to family reasons. He will be replaced in the near future in strictly adherence to the association's By-laws. Saúl Hanono also mentioned that the Board is drafting a letter to the Country Chapter of Chile, which will address some of the issues raised by that chapter with regards to the activities carried out by the Board and the Association. He also recommended that the Board closely monitors the decisions being made by the Bank's Administrative Tribunal with regards to cases presented by some retirees over issues related to losses in the purchasing power of their pensions.
4. **Secretary's Report.** The minutes of meeting 10/09 (August 19) were approved by short procedure.

- **New members**

The following 17 retirees (16 international and 1 local) have become members of the Retiree Association since the August 19 meeting: Zuli R. Russi, Ana Silvia Ponciano (local retiree) Rodrigo Mayén Girón, Graciela D. Testa, María Renée Berdecio, Adela Rivera, Alvaro Rebollo, Eugenia Sejas, Félix Leyton, Héctor José López García, Dennis E. Flannery, Lilian Crisóstomo, José Roberto Nolasco, Armando J. Chuecos P., Ronaldo Pastor Costa, Freddy Castellón P., and Michael O'Donnell.

- **Procedures for next year's elections**

At the invitation of the association's President and in representation of the Retiree's Association Legal and Procedural Affairs Committee, Ms. Nivea N. Ayala made a presentation to the Board on the procedures to be followed for next year's elections of Board's vacant positions, in accordance to the Retirees Association's By-laws. She also emphasized that the electoral process should be soon started, preferably in October.

## 5. **Report of the Investment Committee**

Ira Kaylin, one of the Association's Representatives to the Investment Committee, briefed the Board on the first draft prepared by SRP on the new investment policy. He highlighted that the draft looks good and that most of the issues raised by our Association have been effectively incorporated in that document. Ira also pointed out the importance in selecting an appropriate discount rate for determining the present value of the Bank's obligations under the Retirement Plan to minimize volatility. The idea is to formulate an investment policy that aims for the best possible rate of return with the less volatility, which has become very disruptive in recent times, particularly in the context of the recent financial turmoil.

Saúl stated that some of those investment issues will be also discussed at the forthcoming meeting of the Pension Committee, to be held on October 13. He also mentioned that in the context of recent losses, it is expected that the Bank will make substantial contributions to the pension funds in the next two years.

## 6. **COLA Adjustment**

Jim Taylor related the exchanges that have been taking place between him and a member of the Association who took the initiative of proposing that the Board advocate a different methodology for calculating the COLA used for annual pension adjustments. Jim's answers to the member included some empirical evidence that showed that there was not any statistically significant difference over the years between the current methodology (month-month) and the ones suggested by the indicated member (quarter-to-quarter and year-to-year). Jim will draft a letter to the member which, if approved, will reflect the Board's position on this matter.

The member who made the proposal referred to above, as well as some other members, suggested that a special adjustment should be made to compensate for the fact that the average loss of purchasing power during the period Nov. 2007-Nov. 2008 was greater than the 1.07% COLA that was granted for 2009. However, COLA adjustments never compensate retirees for the loss of purchasing power during the statistical year which

precedes the granting of the COLA; cost-of-living adjustments are always forward looking, that is, they protect the affected parties against the future effect of price changes that took place in the past.

**7. Focus Groups**

Asunción Aguilá and Alfred Thieme briefed the Board on the status of their discussions with SRP and the Administrative Committee with regards to the organization of the “Focus Groups,” which will examine the options included on the “Currency Option Study.” They made clear that the discussion will only deal with the conduction of a survey over currency options for the payment of the pensions and not with issues related to cost of living adjustments for exchange rate and local price variations, as some members had initially thought. The Board was also informed that correspondence received from several association’s members have emphasized that their priority is to maintain the integrity of their pensions and that not changes should be made to affect that. Nohra, Asunción and Alfred will draft a letter addressing the concerns of some members regarding the above mentioned study and the consultation to be made through focus groups. It was also agreed that they will also consult the Executive Secretary of SRP and the Administrative Committee of the Plan before the options are sent to the Association’s Chapters to assure an effective coordination in the process among all the interested parties. The letter would be submitted to the Board of Directors prior to sending it off to the Chapters or to members residing outside the United States not affiliated with Chapters.

8. **Treasurer’s Report.** The report, which was distributed electronically prior to the meeting, was accepted without any comments or modifications. Fausto Medina mentioned to Asunción that there will be resources available for the continuation of the work on improving the Association’s membership database and Webpage.

9. **Other matters:**

- **Death notices to members**

The Board agreed that only on the occasion of the death of one retiree or of his/her spouse, the Retiree Association will send out notices to its members informing them of his/her passing and of funeral arrangements and contact information that can be used to express condolences. The President will present a proposal on this matter for the consideration at the next Board meeting. Asunción Aguilá also suggested that we should continue to include an obituary of the deceased retirees on the association’s Webpage and in the Newsletter, with some highlights of the retiree’s career at the Bank.

- **Medical Insurance.**

The Board acknowledged a complaint by a member of the association related to the fact that participants in the medical insurance program often pay a greater percentage increase in premiums than the one announced by the Bank. This occurs when the annual cost of living adjustment places them in a higher salary band. The member proposed a retroactive reimbursement of the additional premium amounts that have been paid by affected parties over the years. It was pointed out that although this situation generates confusion and a sense of unfairness on the part of retirees, the increases are necessary in order for

participants to pay their mandated 1/3 of the costs of the Plan, and that, in view of this, it is not realistic to expect a reimbursement.

The member who raised this issue also pointed out that the additional increase in premiums referred to above does not affect retirees in the salary (pension) ranges above the threshold salary level at which premiums are capped, and that this is therefore discriminatory. It was pointed out that the Board has already made formal recommendations to the Administration in order to reverse the trend that has made the premium structure more regressive and less transparent over the years. On this matter, Isabel Larson pointed out that the Medical Insurance Review Committee has been considering the possible revision of the premium scale, but that to date there has been no formal proposal.

- **Items postponed for next meeting**

Discussion of the following agenda items was postponed for the next Board meeting, which has been scheduled for Wednesday, October 14:

- (i) Membership database (Asunción Aguilá and Marie Joelle Haas);
- (ii) WEBPAGE (Asunción Aguilá and Marie-Joelle Haas) ;
- (iii) Designation of a representative from the Chapters;
- (iv) IDB-DC Solidarity Program (Fausto Medina);
- (v) Workshop for International Retiree Associations, held at The World Bank on September 24 (Paula Verdun and Jim Taylor); and
- (vi) Interim Report on Tax Reimbursement Procedures (Jim Taylor).

10. **Meeting Adjournment.** The meeting was adjourned at 12:50 p.m.

**Fausto Medina-López**  
**Acting Secretary**