



**EXECUTIVE SECRETARIAT OF THE
IDB RETIREMENT PLANS
LOCAL RETIREMENT PLAN DOCUMENT**

LOCAL RETIREMENT PLAN

2015

INTER-AMERICAN DEVELOPMENT BANK

The Local Retirement Plan of the Inter-American Development Bank was approved in its official English text by the Board of Executive Directors by Resolution DE 121/88 of November 23, 1988, and amended by Resolutions DE-3/90 of January 10, 1990; DE-29/91 of February 13, 1991; DE-122/91 of August 7, 1991; DE-29/93 of February 10, 1993; DE-126/93 of August 11, 1993; DE-127/93 of August 11, 1993; DE-11/94 of February 16, 1994; and DE-13/94 of February 16, 1994; DE-115/97 of November 12, 1997; DE-96/98 of August 5, 1998; DE-3/99 of January 6, 1999; DE-112/99 of November 3, 1999; DE-114/99 of November 3, 1999; DE-18/00 of February 23, 2000; DE-72/00 of September 6, 2000; DE-48/02 of May 29, 2002; DE-92/03 of November 12, 2003; DE-44/04 of June 16, 2004; DE-166/07 of December 19, 2007; DE-105/11; DE-107/11 of September 28, 2011; and DE-180/14 of November 26, 2014.

Note: The present edition replaces all the other prior editions and constitutes the official text as of January 1, 2015.

LOCAL RETIREMENT PLAN
OF THE INTER-AMERICAN DEVELOPMENT BANK

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Article 1. Definitions

The words and phrases set forth in this Section have the following meanings for the purposes of this Plan unless a different meaning is plainly required by the context:

- (a) "Bank" means the Inter-American Development Bank.
- (b) "Plan" means the Local Retirement Plan for local employees in the Country Offices and Representations of the Bank as described herein.
- (c) "Pension Committee" means the Committee provided for in Section 7.1.
- (d) "Managing Committee" means the Committee, provided for in Section 7.2, established to administer the Plan.
- (e) "Executive Secretary" means the Executive Secretary of the Plan, as may be appointed by the Bank and as further provided in Section 7.3.
- (f) "Employee" means any person appointed by the Bank in accordance with its employment practices to render services under local contract at a Country Office or Representation for a term of not less than one year and who receives a regular remuneration from the Bank (it does not include Consultants). In cases of doubt, the Managing Committee shall determine whether any person is an "employee" as herein defined.
- (g) "Field or Country Office, or Representation" means any Representation or Office of the Bank in its member countries, including the Representations in Europe and the Institute for Latin American Integration (INTAL).
- (h) "Active Participant" means any employee participating in the Plan in accordance with Article 2.
- (i) "Retired Participant" means a former active participant who has been retired under the Plan on a pension, whether effective upon termination of employment or deferred.
- (j) "Normal Retirement Date" of an active participant means the first day of the calendar month next following the 65th anniversary of his birth, or the date of such anniversary if it shall fall on the first day of a calendar month.

***Participants hired on or before September 30, 2011,
see Appendix B for applicable Article 1(j).***
- (k) "Pensionable remuneration" of an employee means the annual regular compensation paid by the Bank to the employee for services rendered to the Bank and shall not include such payments as reimbursement for taxes, allowances, bonuses, overtime, special pay or separation payments, temporary salary increases, or lump-sum payments in lieu of annual leave. The annual regular compensation shall include such additional salary payments which are made annually as additional month salary payments, in the form of "aguinaldos", when applicable. The pensionable remuneration of the employee shall be determined using either the net-of-tax or the total gross salary of the employee as corresponds to the salary payment practice in his respective Field Office. The pensionable remuneration of an active participant during any period for which he is not receiving remuneration from the Bank shall for the purposes hereof be deemed to be the same as the pensionable remuneration he last received from the Bank.

- (l) (DELETED).
- (m) (DELETED).
- (n) "Final Average Pensionable Remuneration" of a retired participant is calculated as the average of his pensionable remuneration(s) for the last **five** years of service, or during his total period of service if it is less than **five** years, with the remuneration of each of the first of such four years being adjusted to reflect all of the actual General Adjustments applied to pensions during the **five**-year period in accordance with Article 5. Notwithstanding the preceding sentence, such final average pensionable remuneration shall not exceed the actual salary paid corresponding to the twelve consecutive months affording the highest salary during the last five years of service.

***Participants hired on or before September 30, 2011,
see Appendix B for applicable Articles 1(l), (m) and (n).
Participants hired on or before December 31, 2014, but after
September 30, 2011, see Appendix C for applicable Articles 1(l), (m) and (n).***

- (o) "Pension" means annual payments for life payable under the Plan, except as may be otherwise expressly provided herein.
- (p) "Benefit" means benefit payments which are not pensions payable under the Plan, except as may be otherwise expressly provided herein.
- (q) "Basic Pension" and "Basic Benefit" mean the pension or benefit, respectively, computed using the final average pensionable remuneration without subsequent adjustment as provided for by Article 5 of the Plan.
- (r) (DELETED) Article 1(r) has been eliminated for all staff.
- (s) "Pension Reserve Fund" means all assets, securities and property of every kind and nature held for the purposes of the Plan including without limitation the contributions of participants and the Bank and the income therefrom.
- (t) "Accumulated Contributions" means the sum of the active participants' contributions to the Plan made in accordance with Article 6.
- (u) "Actuarial Equivalent" means a payment of equivalent value when computed on the basis of tables and assumptions last adopted by the Pension Committee.
- (v) "Year" means any twelve consecutive months. When any fraction of a year shall be involved in computing service periods as defined in Article 3 of this Plan, each month, or fraction thereof in excess of fifteen days, shall be considered one-twelfth of a year. Any fraction of a month of fifteen days or less shall be disregarded in the computation of such time periods.
- (w) The masculine pronoun, whenever used herein, includes the feminine, unless the context clearly otherwise requires.
- (x) The "Effective Date of the Plan" as it applies to each participant shall be the date on which the Plan goes into effect in the respective Field Office of each participant.
- (y) "Spouse" means that person registered with the Bank as the spouse or domestic partner of the active or retired participant for the purpose of family-related benefits.

Article 2. Participation

Section 2.1 Basic Provision on Participation

Every employee shall as a condition of service become an active participant as of the first day of his service or as of the effective date of this Plan in his respective Field Office, whichever is later.

***Participants hired on or before September 30, 2011,
see Appendix B for applicable Section 2.1***

Section 2.2 Termination of Active Participation

An active participant shall cease to be an active participant under the Plan on the date on which he dies or retires under the Plan, or the date on which his employment with the Bank is terminated.

Section 2.3 Status as an Active Participant During Absence

- (a) An individual's status as an active participant shall be deemed to continue and service shall accrue while the individual is on leave of absence with pay, or during the period of Bank-approved leave of absence without pay for which the individual and the Bank shall have arranged to make their respective contributions. Contributions shall be paid by the Bank for such leaves of absence pursuant to rules which are uniformly applicable.
- (b) An individual's status as an active participant shall be deemed not to continue and service shall not accrue during the period of any absence of the individual, except as provided in (a) above, or during any period of service for which the appropriate contributions are not made.

Section 2.4 Participation after Normal Retirement Date

No employee shall be an active participant after his normal retirement date, except as provided in Section 4.1(c).

Article 3. Service

Section 3.1 Participating Service

Participating service under the Plan, except as otherwise provided in the Plan, shall be all service rendered to the Bank by an employee as an active participant for which contributions have been made as provided for in Section 6.1, including the period of any leave of absence to the extent provided for in Section 2.3(a).

Section 3.2 Eligible Service

The eligible service of a participant under the Plan shall include his participating service and all service credited in accordance with Article 14 and with the Transitional Provisions as set forth in Appendix A of this Plan and for which the appropriate payments and/or transfer of contributions and credits to eligible service have been made.

Section 3.3 Qualifying Service

The qualifying service of a participant under this Plan shall be the sum of: (a) his participating service under this Plan; (b) his prior and continuous contributory service under the Bank's Savings and Benefits Plan for Local Employees; and (c) his continuous participating service under the Bank's Retirement Plan. For the purposes of this Section 3.3, the term "continuous" shall mean that there is no interruption greater than 90 calendar days during or between the periods of service noted above. Any service discontinuous to his participating service under this Plan shall not be included in qualifying service. In cases of doubt, the Managing Committee shall determine whether service to the Bank shall be recognized as "qualifying service" under this Plan.

Article 4. Retirement Pensions and Benefits

All pensions to be paid under Article 4 will be effective the first day of the following month in which the participant terminated employment or in the same date if the participant terminated employment on the first day of the month.

Section 4.1 Normal Retirement Pension

- (a) Upon reaching his normal retirement date, a retired participant with five or more years of qualifying service shall be retired under the Plan on a normal retirement pension subject to the limitation of Subsection 4.1(b), equal to the sum of:

**Participants hired on or before September 30, 2011,
see Appendix B for applicable Section 4.1(a).**

 - (1) an amount equal to two and one-half percent (2-1/2%) of his final average pensionable remuneration multiplied by the number of years of eligible service up to a maximum of twenty years; and,
 - (2) an additional amount equal to two percent (2.00%) of his final average pensionable remuneration multiplied by the number of years between the twenty-first and thirty-fifth years of eligible service, inclusive.
- (b) Notwithstanding the conditions of Subsection 4.1(a), a retired participant's basic pension for a normal retirement pension shall not exceed eighty percent (80%) of the retired participant's final average pensionable remuneration.
- (c) Participants who are permitted to continue to work beyond the normal retirement age shall receive no pension, and shall continue in participating service until they have ceased to be employees. The pension of such person shall be effective on the first day of the month following the month in which he ceased to be an employee.

Section 4.2 Early Retirement Pension

An active participant who has completed ten or more years of qualifying service and has reached the age of 55, upon ceasing to be an active participant before his normal retirement date for any reason other than disability or death, may elect to be retired under the Plan and receive an early retirement pension by filing a written request with the Executive Secretary. The amount of such early retirement pension shall be the larger of:

- (a) A pension computed in the same manner as a normal retirement pension in accordance with Section 4.1, reduced for each month between the date when his pension becomes effective and his normal retirement date, in accordance with the following table (percentages for years and fractions of years not indicated shall be prorated):

| Age (in years) | Percentage of the Pension | Age (in years) | Percentage of the Pension |
|----------------|---------------------------|----------------|---------------------------|
| 65 | 100% | 59 | 79% |
| 64 | 97% | 58 | 75% |
| 63 | 94% | 57 | 70% |
| 62 | 91% | 56 | 65% |
| 61 | 87% | 55 | 60% |
| 60 | 83% | | |

or,

- (b) A pension computed in the same manner as a normal retirement pension in accordance with Section 4.1, or to a percentage of such pension, in accordance with the following conditions:
 - (1) When, on the date he ceases to be an employee, the combined sum of his age and his

qualifying service in full months equals one thousand eighty (1,080) months, the pension amount shall not be reduced because of early retirement; or

- (2) When, on the date he ceases to be an employee, the combined sum of his age and his qualifying service in full months is between eight hundred forty (840) and one thousand eighty (1,080) months, the pension amount shall be adjusted in accordance with the following table (percentages for months not indicated shall be prorated):

| Months of Combined Age/Qualifying Service | Percentage of the Pension |
|---|---------------------------|
| 1,080 | 100% |
| 1,056 | 97% |
| 1,032 | 94% |
| 1,008 | 91% |
| 984 | 87% |
| 960 | 83% |
| 936 | 79% |
| 912 | 75% |
| 888 | 70% |
| 864 | 65% |
| 840 | 60% |

***Participants hired on or before September 30, 2011,
see Appendix B for applicable Section 4.2.***

Section 4.3 Disability Retirement Pension

- (a) An active participant shall be retired on a disability retirement pension before his normal retirement date on the first day of a month not less than 60 nor more than 180 days next following receipt by the Executive Secretary of written application therefore by the active participant or by the Bank, provided that a physician or physicians designated by the Executive Secretary shall certify, and the Managing Committee shall find, that such active participant, while in participating service, became totally incapacitated mentally or physically for the performance of any duty with the Bank which he might reasonably be called upon to perform; that such incapacity is likely to be permanent; and that such participant should be retired.
- (b) A disability pension shall be effective upon the effective date of retirement and shall be equal to the normal retirement pension which would have been payable to the participant if his normal retirement date had fallen on the date of his disability retirement, but using for such computation his final average pensionable remuneration and eligible service at the time of disability retirement. In no event, however, shall such pension be less than the smaller of:
- (1) 50% of his final average pensionable remuneration; or,
 - (2) the normal retirement pension which the active participant would have received if he had remained an active participant until his normal retirement date without change in his final average pensionable remuneration.
- (c) The Executive Secretary may require a retired participant who is receiving a disability pension and who has not reached his normal retirement date to be medically examined from time to time, not more often than once a year, by a physician or physicians designated by the Executive Secretary. Such examination shall be made at the residence of such retired participant unless some other place shall be agreed upon by him and the Executive Secretary. If such a retired participant shall fail to permit such an examination to be made, his disability pension may be discontinued by the Executive Secretary until he shall permit such examination to be made and, in the discretion of the Executive Secretary, if he shall fail to permit such examination to be made within a period of one year from the mailing or sending to him at his address, as it appears on the records of the Executive Secretary, a request for such examination, his incapacity may be deemed to have wholly ceased, and he may be deemed to have withdrawn from the Plan as of the date when his disability pension was

discontinued, with the determination of other pension or benefits being based on the eligible service accrued to the date of his disability retirement.

- (d) If the Managing Committee shall find as a result of a medical examination or on the basis of other satisfactory evidence that the incapacity of a retired participant who has not reached his normal retirement date, on account of which he is receiving a disability pension, has wholly ceased or that he has regained the earning capacity which he had before such incapacity, his disability pension shall be discontinued. If the Committee shall find that such incapacity has partially ceased for the performance of any work which he might reasonably be required to do, and that his earning capacity in any such work has been partially regained, his disability pension shall be reduced by the Committee in a reasonable amount. If a disability pension is so discontinued or reduced and the retired participant shall again become incapacitated exclusively through and because of the same incapacity, his disability pension shall be restored upon the same conditions which applied to the original disability pension and the granting thereof, subject, however, to Subsection 4.3(e).
- (e) If a disability pension is discontinued pursuant to Subsection 4.3(c) or 4.3(d) and shall not be restored pursuant to Subsection 4.3(d) within a period of three years from such discontinuance, and if such retired participant shall not within such period again become an active participant, he shall be deemed to have retired under another provision of the Plan or withdrawn from the Plan as of the date his disability pension was discontinued, with the determination of other pension or benefits being based on the eligible service and qualifying service accrued to the date of his disability retirement, and he shall be entitled to the pension or benefits provided for by Sections 4.2, 4.4, or 4.10, whichever is applicable, such pension or benefits being actuarially reduced by all amounts received by him as a disability pension.

Section 4.4 Retirement under Deferred Pension

- (a) Any active participant with five or more years of qualifying service who ceases to be an active participant before his normal retirement date for reasons other than disability, early retirement, or death may be retired under the Plan and elect to receive later on, by filing a written request with the Executive Secretary, a deferred pension to become effective on his normal retirement date, and computed in the same manner as a normal retirement pension in accordance with Section 4.1.
***Participants hired on or before September 30, 2011,
see Appendix B for applicable Section 4.4(a)***
- (b) Any active participant with ten or more years of qualifying service who ceases to be an active participant before his normal retirement date for reasons other than disability, early retirement or death may be retired under the Plan and elect to receive at a later date by filing a written request with the Executive Secretary a deferred early retirement pension computed in the same manner as an early retirement pension in accordance with Section 4.2 to become effective on the first day of any calendar month following his entitlement to early retirement, but not later than his normal retirement date. Such deferred early retirement pension shall be the larger of:
 - (1) the pension computed using Subsection 4.2(a) for his attained age; or,
 - (2) the pension computed using Subsection 4.2(b) and the combined age and qualifying service standing to his credit when he ceased to be an active participant under the Plan (provided that he shall not be required to have reached the age of 55 when such active participation ceases, however, his deferred pension becomes effective only on or after he reaches the age of 55).
- (c) Any retired participant with a deferred pension may, by filing a written request with the Executive Secretary, at any time before his pension becomes effective, surrender all of his rights in and to such pension and any other benefits which might become payable to him or on his account under the Plan, and cease to be a retired participant, and shall be entitled to receive the withdrawal benefit provided for under Section 4.10. Such surrender shall be effective upon receipt of the above-referenced written request.

Section 4.5 Survivor's Pension and other Death Benefits

Upon receipt of adequate proof, satisfactory to the Executive Secretary, of the death of an active or retired participant, the appropriate benefits shall be paid as set forth below:

(a) Surviving Spouse's Pension upon Death of an Active Participant

Upon the death of an active participant who is survived by a spouse, there shall be paid to such spouse a survivor's pension equal to one half the disability pension which would have been payable to the active participant under Subsection 4.3(b) if he had retired on a disability pension on the date of his death. In no event, however, shall such survivor's pension be less than the smaller of:

- (1) 25% of the active participant's final average pensionable remuneration; or,
- (2) the total amount of the disability pension which the active participant would have received if he had retired with that pension on the date of his death.

(b) Surviving Spouse's Pension and other Benefits upon Death of a Retired Participant

(1) Upon the death of a retired participant who on the date of his death was retired on a normal retirement pension, an early retirement pension, or a disability pension, and who is survived by a spouse who was the spouse of the retired participant on the last day of his participating service, there shall be paid to such spouse a pension equal to one-half of the pension the retired participant was entitled to receive on the date of his death, without regard to any election made for any optional benefits provided for by Section 4.6.

(2) Upon the death of a retired participant under a deferred pension who is survived by a spouse who was the spouse of such participant on the last day of his participating service, there shall be paid to such spouse an amount equal to the sum payable to such participant under Section 4.10 if he had ceased to be a participant under the Plan on the date of his death and had surrendered his rights, if any, to a pension. However, if such participant shall die when he was entitled to be retired under early retirement in accordance with Section 4.2, there shall be paid to such surviving spouse a survivor's pension equal to one-half of the early retirement pension the retired participant would have been entitled to receive if on the date of his death he had been retired on early retirement pension.

(c) Restrictions on Survivors' Benefits

The pension for the spouse as set forth in Subsections 4.5(a) and (b), shall be restricted by the following conditions:

- (1) If the spouse is younger by more than twenty years than the deceased participant or retired participant on whose account the pension is payable, the amount of the pension payable to such spouse shall be reduced so that the value of the reduced pension shall be the actuarial equivalent of the pension which would have been payable if the spouse were exactly twenty years younger.
- (2) Not more than one person shall be entitled to a spouse's pension in respect of any deceased active or retired participant.
- (3) For the purposes of this Section 4.5, a spouse shall be deemed not to survive a participant or retired participant if the spouse shall not be living on the tenth day after the death of the active or retired participant.

(d) Children's Benefits

A benefit shall be payable for each unmarried child of a deceased active or retired participant. Such benefit shall be payable monthly until the child reaches the age of 21. Entitlement to a child's benefit is limited to children existing on the last day of the active or retired participant's participating service and not more than one child's benefit shall be payable for any one child. A child's benefit shall be payable to such person or persons as the Managing Committee shall in its absolute discretion consider as most appropriate for the welfare of the child. Subject to Subsection 4.5(d)(3), the annual amount of benefit payable for each eligible child shall be computed as follows:

- (1) If there is a living parent, the annual benefit payable for each eligible child shall be 15% of the surviving spouse's benefit as provided for by Subsection 4.5(a) in the case of a deceased active participant, and by Subsection 4.5(b) in the case of a deceased retired participant (hereinafter referred to as "Basic Children's Benefit").
- (2) If there is no living parent, the Basic Children's Benefit payable for each eligible child shall be increased as follows:
 - (i) Where there is only one eligible child, the Basic Children's Benefit shall be increased by whichever is greater of 50% of the Basic Children's Benefit or 25% of the active or retired participant's benefit (i.e. the disability or retirement pension to which the active or retired participant was entitled or would have been entitled on the date of his death, calculated without regard to any election made for any optional benefit provided for by Sections 4.6 and 4.9), or
 - (ii) where there are two or more eligible children, each child's Basic Children's Benefit shall be increased by dividing between or among them whichever is the greater of the Basic Children's Benefit or 50% of the active or retired participant's benefit.

As when a child ceases to be eligible or his benefits are changed under the Plan, the total benefit payable to any remaining children shall be recomputed in accordance with this Subsection 4.5(d).

- (3) The total benefit payable under Subsections 4.5(d) and 4.5(e) for the children of any active or retired participant shall not exceed an amount per annum which when added to any retirement pension (calculated without regard to any election made for any optional benefit provided for by Section 4.6 or Section 4.9), or spouse's pension then regularly payable (calculated without regard to any election made for any optional benefit provided for by Section 4.6 or Section 4.9) shall equal the final average pensionable remuneration of the participant.
- (4) The total amount of children's benefit payable under this Section 4.5 to the children within any family shall not exceed three times the Basic Children's Benefit.
- (5) For the purposes of Children's Benefits, the "child of a deceased active or retired participant" shall include the child of a domestic partner registered with the Bank for the purpose of family-related benefits.

(e) Benefits for Children of Disabled Retired Participants

For each unmarried child of a retired participant receiving a disability pension, there shall be paid a child's benefit of an amount computed in the same manner as, and subject to the same conditions and limitations as, the child's benefit set forth in Subsection 4.5(d), which benefit shall be treated as if it were payable pursuant thereto. The payment of any such child's benefit shall not be terminated by reason of the death of the retired participant.

(f) Other Benefits after Death without a Surviving Spouse

Upon the death of an active participant or retired participant who is not survived by a spouse, there shall be paid to the person or persons designated by him an amount determined as provided for by Subsections 4.5(f)(1) or (2) as follows:

- (1) Upon the death of such an active participant or retired participant under a deferred pension, there shall be paid a lump sum equal to the amount that would have been payable to such participant provided for by Section 4.10 if he had ceased to be an active participant in the Plan on the date of his death and had surrendered his rights, if any, to a pension.
- (2) Upon the death of a retired participant under early retirement, normal retirement or disability retirement, there shall be paid the amount of his accumulated contributions at his death less the amount of pension payments received and less any amounts received under Sections 4.6 and 4.9. In addition to the amount specified in this paragraph there shall be paid, in accordance with the following table, a lump sum equal to the appropriate percentage of the annual pension effective upon retirement which he was entitled to receive, or to elect to receive, without regard to any election made for any optional benefit provided for by Section 4.6 or Section 4.9, except that such lump sum shall not be paid in the case of any retired participant on whose account a children's benefit becomes payable as provided for by Subsection 4.5(d).

| Age at Birthday nearest to Death (in years) | Percentage |
|--|------------|
| 65 and under | 200% |
| 66 | 180% |
| 67 | 160% |
| 68 | 140% |
| 69 | 120% |
| 70 | 100% |
| 71 | 80% |
| 72 | 60% |
| 73 or over | 50% |

(g) Limitation on Pensions and Benefits

In no event shall the total amounts payable pursuant to Section 4.5, exclusive of children's benefits, on account of any active or retired participant, together with any other benefits payable to him or on his account under the Plan, be less than his accumulated contributions at the time of his death or retirement, whichever is earlier. Such payment shall be made to the beneficiary or beneficiaries designated by the active or retired participant by written notice duly witnessed and filed with the Executive Secretary before his death, provided, however, that an active or retired participant may in any such designation provide that a surviving spouse to whom a pension becomes payable as provided for by Section 4.5 may, not later than the date on which such spouse's pension ceases, revoke any such designation and designate himself, his estate or any other person or persons to receive such payment. Any designation made pursuant to this Subsection 4.5(g) may be amended or revoked in the same manner and subject to the same conditions as the designation being amended or revoked. All amounts not otherwise provided for shall be payable to the beneficiary designated by the active or retired participant for such purpose.

(h) General

Notwithstanding any other provision of the Plan, the Managing Committee may, on the basis of uniform rules, uniformly applicable:

- (1) Permit an active or retired participant, in exceptional circumstances and for good cause shown, to elect not to have a spouse's pension or children's benefit payable in his case or on his account, in which event his spouse or children, if any, shall not be entitled to a spouse's pension or children's benefit under Subsections 4.5(a), (b), (c) or (d), but the other provisions of this Section 4.5 shall remain applicable.
- (2) In exceptional circumstances when it determines that to do otherwise would be contrary to the purposes and intent of Subsections 4.5(a) and (b), permit a married active participant in whose case the provisions of such Subsections are not applicable or are not fully applicable, to elect that such provisions shall be fully applicable in his case, in which event any previous election shall be disregarded.
- (3) Upon the request of an active or retired participant, or of a beneficiary at the time entitled to receive immediate payment in a lump sum of any death benefit provided for in Section 4.5 and to whom no part of such benefit has been paid, the Managing Committee may, in its discretion, make payment of all or any part of such benefit in the form of an annuity of actuarial equivalent value, payable either as an annuity certain for a fixed period of years or as refund life annuity with the return of such lump sum guaranteed, as shall be specified in such request.
- (4) The designation of beneficiary must be made by filing written and witnessed notice from the active or retired participant to the Executive Secretary. Any designation can be subject to change or revocation by the participant, at any time, following the same procedure. If any such beneficiary or beneficiaries shall not survive the participant, or if the latter shall not have made, or shall have revoked such a designation, such payment shall be made to his estate or personal representative.

Section 4.6 Reduced Pensions with Pension to Survivor

- (a) Any active or retired participant may, by written and witnessed notice received by the Executive Secretary before his pension becomes effective, elect to convert the pension otherwise payable to him, after reduction for any part of such pension commuted into a lump sum pursuant to Section 4.9, into two pensions having actuarial equivalent value to such pension, one of which shall be payable, when effective, to him during his life, and the other of which shall be payable after his death at such rate as he shall specify, and during the life of, and to, the person nominated by him in such written notice but only if such person survives him. Any such election shall be effective upon receipt of the above-referenced written request. The rights conferred by this Subsection 4.6(a) shall be subject to the provisions of Subsection 4.6(d).
- (b) An election of the option described in Subsection 4.6(a) may be revoked or changed by an active or retired participant only by written and witnessed notice received by the Executive Secretary before the date his pension becomes effective, and any such change shall be treated as a revocation of the prior election, and as the election of a new option. If the person designated by him dies before the date when such election becomes effective, any election of such option shall be of no effect and any benefits payable to the participant or retired participant, or on his account, shall be determined and paid in all respects as if no option had been elected by him.
- (c) Notwithstanding Subsection 4.6(b), an individual who retires on a deferred retirement pension under Subsection 4.4(b) may, at any time before his pension becomes effective, by a written and witnessed notice filed with the Executive Secretary, (1) specify the date when his pension shall become effective; and, (2) elect an option in accordance with Subsection 4.6(a). Upon receipt of such notice by the Executive Secretary, the pensions provided for in the option specified therein shall, subject to subparagraph (1) below, be deemed to have been irrevocably elected and shall be payable only on the terms and conditions specified in said notice and Subsection 4.6(a) with respect thereto and, subject to Sections 4.5 and 13.1, no other amounts shall be payable under the Plan to such retired participant or on his account, provided, however, that:
 - (1) by a written and witnessed notice filed with the Executive Secretary, effective upon receipt, such retired participant may, at any time before his pension becomes effective, change the date specified by him in such notice to a date which is earlier, but not later, than the date so specified, in which case such earlier date shall henceforth be deemed to be the date specified in such notice and an appropriate reduction based upon actuarial equivalent values shall be made in the pensions elected therein; and,
 - (2) if such retired participant shall die before his pension becomes effective, the pension of the survivor designated by him shall, if such survivor is then living, become effective, after appropriate reduction based upon actuarial equivalent values, upon his death regardless of the date specified by him in such notice.
- (d) Notwithstanding the foregoing provisions of this Section 4.6, no option may be elected thereunder which would result in either:
 - (1) the amount of the reduced pension payable to the retired participant being less than one half of the pension which would have been payable to him if no option had been elected by him, or
 - (2) the payment to the designated survivor of a pension which, together with any pension or benefit payable to the designated survivor or to any survivor pursuant to Section 4.5, would exceed the amount of the reduced pension payable to the retired participant.

- (e) Notwithstanding the provisions of Subsection (a) of this Section:
- (1) Any retired participant who marries, remarries or enters into a domestic partnership after retirement shall have the option to provide a survivor annuity for his spouse under this Section 4.6, subject to his exercising such option within twelve months of his marriage, remarriage or domestic partnership by filing a written application with the Executive Secretary.
 - (2) In such case, the retired participant's continued pension and the survivor pension payable to his spouse resulting from the exercise of the option under this Subsection shall have equivalent actuarial value to the pension paid to the retired participant when the written notice is filed with the Executive Secretary, taking into consideration the ages of the retired participant and his spouse at the time.
 - (3) The reduced pension payable to the retired participant and the election of such spouse's pension shall become effective twenty-four months after the date of receipt of the written notice by the Executive Secretary, or on an earlier date of presentation to the Executive Secretary such medical examination as shall be prescribed by the Executive Secretary and which evidences the good health of the applicant.
 - (4) The reduced pension to the retired participant resulting from this election shall be subject to the limitations of Subsection 4.6(d). If the election for this survivor's pension would be denied by the limitation of Subsection 4.6(d)(1), however, the retired participant shall have the option to pay to the Plan an additional amount so that such election would not be denied by the limitation of Subsection 4.6(d)(1). Such amount shall represent the actuarial value equivalent to the difference between the retired participant's pension which would have resulted from the election without payment of such amount and the limitation expressed in Subsection 4.6(d)(1). Such amount shall be paid in a lump sum to the Plan before 60 days prior to the effective date of the election.
 - (5) If the retired participant or the spouse who is designated under this Subsection 4.6(e) dies before the effective date of the election, the election shall be of no effect for any purpose and any amount paid to the Plan as provided for by this Subsection 4.6(e) shall be paid to the deceased retired participant's estate, or returned to the retired participant, as shall be appropriate. The limitations of Subsection 4.5(c) shall also apply to the survivor's pension provided for in this Subsection 4.6(e).

Section 4.7 Manner of Payment

- (a) All pensions and benefits provided for by this Plan shall be payable in the currency of the respective country in which the employee rendered service to the Bank under local contract. In exceptional cases, the Managing Committee may authorize a payment or payments in a currency other than that of the employee's local currency.
- (b) All pensions and benefits provided for by this Plan (except lump sum payments), shall be payable in equal monthly installments commencing at the end of the calendar month in which the entitlement to the pension or benefit becomes effective and ceasing with the payment of the month in which death occurs. Pensions to participants under Sections 4.1 and 4.2 shall be deemed effective on the first day of the month next following the date the participant ceased to be an employee, or on such date if it shall be the first of the month. Pensions to survivors and the Children's Benefits shall be deemed effective upon the death of the participant.

Section 4.8 Transfer of Rights

The Managing Committee may make such other rules as it deems appropriate in the circumstances for giving effect to the arrangements made in Article 14, including arrangements for transfer of service credits and funds between the Plans.

Section 4.9 Commutation of Pension

- (a) Any active or retired participant entitled to receive a pension other than a disability pension may, before such pension becomes effective, elect to commute a portion of his pension not exceeding one half of the basic annual pension amount into a lump sum payment of actuarial equivalent value to such portion as of the effective date of his pension, on the basis of tables last adopted by the Pension Committee for this purpose.
- (b) The election to commute shall be made by the active or retired participant by written notice filed with the Executive Secretary before the effective date of the pension. Any such election shall be effective upon receipt of the above-referenced written request. An election to commute may be revoked or changed by the active or retired participant only by written notice filed with the Executive Secretary before the effective date of the pension.
- (c) The lump sum payment elected pursuant to this Section 4.9 shall be paid to the retired participant within 30 days after the date of commencement of payment of his pension and shall be computed on the basis of the amount of the pension without regard to any election made for any optional benefit provided for by Section 4.6.
- (d) The commutation of a portion of a pension under this Section 4.9 shall not affect any other Plan benefit based on the amount of the pension so commuted, except as otherwise provided in the Plan.

Section 4.10 Benefits upon Withdrawal from the Plan

- (a) Any active participant with less than five years of eligible service who ceases to be an active participant for reasons other than death or disability, shall be paid a single, lump-sum amount equal to 10% of his final average pensionable remuneration multiplied by the number of years of his eligible service **plus** 1.0% of his final average pensionable remuneration for each year of eligible service. If he shall again become an active participant, his eligible service, qualifying service, remuneration and all other conditions of participation governing the Plan before he last ceased to be an active participant shall be disregarded in the calculation of future pensions or benefits.
- (b) Any active participant with five or more years of eligible service who ceases to be an active participant for reasons other than death or disability may elect to surrender all his rights in and to such pension and any other benefits which might become payable to him or on his account under the Plan, in order to receive, in lieu of such pensions and all other benefits, a lump sum, which shall be an amount equal to:
 - (1) For those participants with at least five years of eligible service and up to ten years, the lump sum shall consist of 10% of his final average pensionable remuneration multiplied by the number of years of eligible service, **plus** 70% of his final average pensionable remuneration, **plus**, for each year of eligible service in excess of five years, 24% of his final average pensionable remuneration;
 - (2) For those participants with more than ten years of eligible service the lump sum would be 10% of his final average pensionable remuneration multiplied by the number of years of eligible service, **plus** 1.0% of his final average pensionable remuneration for each year of eligible service, **plus** 180% of his final average pensionable remuneration at the end of the first ten years of eligible service.

***Participants hired on or before September 30, 2011,
see Appendix B for applicable Section 4.10.
Participants hired on or before December 31, 2014, but after
September 30, 2011, see Appendix C for applicable Section 4.10.***

Article 5. Adjustment of Pensions and Benefits

Section 5.1 Definitions

For the purpose of this Article 5, the following terms have the meanings set forth below:

- (a) "General Adjustment" means increases pursuant to this Article 5 to eligible pensions and benefits as defined in Section 5.2.
- (b) The "Consumer Price Index", for any country means the consumer price index for such country as appearing in the International Financial Statistics (IFS) of the International Monetary Fund, or any other index adopted in its stead pursuant to Section 5.6.
- (c) "General Adjustment Index" means a figure which shall be the index value for January 1, 2011 (being the Consumer Price Index of November 2010) and for each January 1st thereafter shall be the Consumer Price Index for November of the preceding year.
- (d) "Basic Index" of a pension means, in the case of a pension becoming eligible for General Adjustment as of January 1st of any year, the General Adjustment Index for that date, and, in the case of a pension becoming eligible for General Adjustment on any other date during any year, means the General Adjustment Index for January 1st of that year plus or minus the difference, if any, prorated on an equal monthly basis, between that figure and the General Adjustment Index for January 1st of the year next following.

Section 5.2 Pensions and Benefits Eligible for General Adjustment

The following types of pensions and benefits shall be eligible for General Adjustment: normal retirement pension, early retirement pension, disability pension and deferred pension (Sections 4.1, 4.2, 4.3 and 4.4, respectively), pensions and benefits payable under Sections 4.5 (except as expressly excluded) and 4.6, and benefits corresponding to prior periods of service as applicable pursuant to Sections 5.7(a)(1) and 5.7(b)(2)(i). Annuities under Section 4.5(h) (3) shall not be entitled to General Adjustment.

Section 5.3 Computation of General Adjustment

Commencing in 2012, there shall be computed the ratio of the General Adjustment Index as of such January 1st to the Basic Index of that pension as of January 1st of each year, in respect of each pension which:

- (a) had become eligible for General Adjustment as of a date before such January 1st; and
- (b) was effective before such January 1st or becomes effective during such year (or would have become so effective if the retired participant or participant not in participating service had so elected).

If such ratio is greater than: (i) 1 (one), and (ii) any similar ratio so computed in respect of that pension as of any preceding January 1st of any year no earlier than 2012, the pension shall be increased to the amount obtained by multiplying the basic pension by that ratio.

The Managing Committee shall be responsible for all General Adjustment determinations. The Managing Committee may, if it determines in its sole discretion that a country's economic conditions warrant that a General Adjustment be performed more than once each year, effect a General Adjustment at such other times during the year as it deems necessary to achieve the purposes of the Plan, in each instance computed in accordance with the general principles set forth in this Article 5.

Section 5.4 Percentage Lump-Sum Benefits under Section 4.5(f)(2)

For the purposes of Section 4.5(f)(2) the pension to which the percentage provided for therein shall be applied shall include all increases in that pension which the retired participant would have been entitled to receive under this Article 5 if he had not reduced his pension pursuant to Section 4.6.

Section 5.5 Effect on Accumulated Contributions

If a participant has elected an optional benefit under Section 4.6 which is in effect at the date of his death, there shall be included in charges against his accumulated contributions for the purpose of determining the amount thereof as of any date, payments which would have been made to him as General Adjustments in his pension if there had been no reduction in that pension pursuant to Section 4.6.

Section 5.6 Changes in Composition of Consumer Price Index

If in the opinion of the Managing Committee, there is any change in the Consumer Price Index for a country, including any change in the composition, basis, calculation or use, which shall cause such index to no longer be suitable as a reference for the increases provided herein, or if such index is abolished, then the Managing Committee may adopt, in its stead, such other actual or adjusted index as shall, in the opinion of the Managing Committee, achieve the purposes of the Plan.

Section 5.7 Restoration

- (a) If a participant retired on a deferred pension shall again become an active participant, the amount of his final benefits payable upon subsequent retirement shall be the sum of the following calculations:
- (1) an amount calculated pursuant to the terms of participation set forth in the Plan regulations that applied to him on the date of termination of his first period of service (including final average pensionable remuneration, eligible service, qualifying service, accruals rates, normal retirement date and early retirement discounts); and
 - (2) an amount calculated pursuant to the terms of participation set forth in the Plan regulations that applied to him on the date of termination of his second period of service (including final average pensionable remuneration, eligible service, qualifying service, accruals rates, normal retirement date and early retirement discounts); except that, only for purposes of determining eligibility for pensions or benefits that require a minimum number of years of qualifying service, the sum of the qualifying service for both periods of service shall apply.

If there are more than two periods of service, the same principles set forth above shall apply to the calculation of his final benefits payable.

- (b) If a former participant who has received any pension payments under the Plan since the date he last ceased to be a participant shall again become a participant:
- (1) his pension then in effect and any option elected under Section 4.6 shall be suspended; and
 - (2) the amount of his final benefits payable upon subsequent retirement shall be the sum of the following calculations:
 - (i) an amount corresponding to the reinstated pension payable to him for his first period of service; and
 - (ii) an amount calculated pursuant to the terms of participation set forth in the Plan regulations that applied to him on the date of termination of his second period of service (including final average pensionable remuneration, eligible service, qualifying service, accruals rates, normal retirement date and early retirement discounts); except that, only for purposes of determining eligibility for pensions or benefits that require a minimum number of years of qualifying service, the sum of the qualifying service for both periods of service shall apply.

The amount of the final benefits payable under subsection (b)(2) of this Section 5.7 shall not exceed the amount of the pension accrued to him on the basis of his participating service and final average pensionable remuneration for his second period of service, plus the amount of the reinstated pension payable to him for his first period of service, all computed without regard to any option he may elect or may have elected under Section 4.6. If there are more than two periods of service, the same principles set forth above shall apply to the calculation of his final benefits payable.

Article 6. Contributions

Section 6.1 Contributions by Active Participants

- (a) Each active participant shall contribute to the Plan 10% of his pensionable remuneration. The Bank shall deduct such contributions from the pensionable remuneration of each active participant for each pay period at the time such pensionable remuneration is paid. Sums so deducted shall be held by the Bank as part of the Pension Reserve Fund.
- (b) In determining the pensionable remuneration of an active participant in any pay period, the Bank may, to facilitate the making of deductions, consider the rate of pensionable remuneration payable to an active participant on the first day of the pay period as continuing through the pay period, and it may omit deductions from the pensionable remuneration of an active participant for any period less than a full pay period if such participant was not paid or to be paid for the whole of such pay period or was not an active participant on the first day of such pay period, and it may make such other modifications as shall not substantially change the contributions of active participants.
- (c) Every active participant as a condition of service shall be deemed to consent and agree to the deductions provided for herein, and the payment of pensionable remuneration less said deductions shall in any event be a complete discharge of all claims whatsoever for pensionable remuneration with respect to services rendered during the period covered by such payment, except as to the pension and benefits payable to the participant or on his account under the Plan.

Section 6.2 Contributions by the Bank

- (a) The Bank will, notwithstanding any other provision hereof, contribute that part of the cost and expenses of the Plan not provided by the contributions of participants. The contributions of the Bank shall be payable in U.S. currency each year at such intervals as the Pension Committee shall determine, and the regular contribution rate shall not be less than the sum of:
 - (1) A percentage of the pensionable remuneration expressed in equivalent U.S. currency of all active participants computed to cover the current cost of the Plan, known as the "normal contribution," and
 - (2) any additional amounts expressed in equivalent U.S. currency required at any time to pay the benefits of the Plan not otherwise covered, known as the "accrued liability contribution."
- (b) The regular contribution rate of the Bank shall be established by the Pension Committee at the time of each actuarial valuation and shall be established at not less than the percentage required to cover the present value of all pensions and benefits to be provided by Bank contributions on account of active and retired participants then covered under the Plan, in excess of the sum of that part of the Pension Reserve Fund held therefor and the present value of any unpaid accrued liability contributions.
- (c) The Bank shall pay all administrative, accounting and other related expenses of the Plan.
- (d) Any and all contributions made to the Plan by the Bank shall be irrevocable, and shall be held by the Bank in the Pension Reserve Fund, to be used in accordance with the provisions of the Plan in providing the benefits and paying the expenses of the Plan, and neither such contributions nor any income therefrom shall be used for, or diverted to, purposes other than the exclusive benefit of active

and retired participants or their beneficiaries or estates under the Plan, prior to the satisfaction of all liabilities with respect thereto.

Article 7. Administration of Plan

Section 7.1 Pension Committee

- (a) The over-all responsibility for carrying out the provisions of the Plan shall be in a Pension Committee composed of fourteen members. The members of the Committee shall be the President of the Bank, ex officio, the Executive Vice President of the Bank, ex officio, the Vice President for Finance and Administration, ex officio, the General Manager of the Inter-American Investment Corporation, ex officio, four Executive Directors, and three staff members and their alternates appointed by the President, two staff members of the Bank and their alternates elected biennially by the Staff Retirement Plan and Local Retirement Plan active participants in accordance with rules established by the Pension Committee, and one individual and an alternate appointed by the Board of Directors of the "Association of Retirees of the Inter-American Development Bank" from among its Board members. The members and alternates appointed by the President of the Bank shall serve at the pleasure of the President of the Bank. The President of the Bank shall be Chairman, and the Executive Vice President of the Bank shall be Vice-Chairman of the Pension Committee. The membership of this Pension Committee shall be the same as that of the Pension Committee of the Staff Retirement Plan for international employees.
- (b) The Pension Committee shall appoint such committees as it may deem necessary or appropriate, and shall define their powers and duties, not inconsistent herewith.
- (c) The Pension Committee shall approve an investment policy defining the eligibility requirements for the investment of the Pension Reserve Fund. The policy shall take into consideration the risk profile determined by the Bank from time to time.
- (d) The Pension Committee shall have authority to make and establish such rules, policies and procedures for the overall administration and functioning of the Plan, and the collection, investment, management, safekeeping and disbursement of the Pension Reserve Fund as shall not be contrary to the provisions hereof. All such rules, policies, and procedures shall be binding upon the Bank, active and retired participants and all other persons having any interest in the Plan or the Pension Reserve Fund.
- (e) The Pension Committee shall secure the services of an actuary, whose compensation shall be paid by the Bank, and may rely upon his recommendations in all matters decided by it which are of an actuarial nature.
- (f) The Pension Committee shall make periodic valuations of the fixed and contingent assets and liabilities of the Plan no less often than once every three years, and shall from time to time review the costs and benefits of the Plan and recommend to the Bank any changes in the contributions, pensions and benefits provided for therein which they shall deem desirable.

Section 7.2 Managing Committee

- (a) The Managing Committee shall be composed of ten members. The members of the Committee shall be the Vice President for Finance and Administration, ex officio, the General Manager of the Human Resources Department, ex officio, the Chief Financial Officer and General Manager of the Finance Department, ex officio, the General Manager of the Budget and Administrative Services Department, ex officio, the Chief Risk Officer of the Office of Risk Management, ex officio, the Chief Financial Officer of the Corporation, ex officio, a member appointed by the Office of the Presidency of the Bank, and a member appointed by the Office of the Executive Vice President of the Bank. One member and one alternate member shall be the persons elected by the Staff Retirement Plan and Local Retirement Plan participants in accordance with rules established by the Pension Committee. Another member and an alternate shall be the persons appointed to represent the "Association of Retirees of the Inter-American Development Bank" on the Pension Committee. The Vice President for Finance and Administration shall be Chairman, and the General Manager of the Human Resources Department shall be Vice Chairman. The alternate of the Chairman shall act as Chairman only in the absence of the Vice Chairman. For the avoidance of doubt, an ex officio member shall have as his alternate any person acting in his position, if applicable. The alternate of a member of the Managing Committee may act or vote in his stead. The President of the Bank shall have the authority to amend the membership of the Managing Committee as may be needed to enable the Committee to fulfill its functions as prescribed by the Board of Executive Directors of the Bank.
- (b) The Managing Committee, subject to the supervision and control of the Pension Committee, shall decide all matters of a general policy nature arising under the Plan, and shall be responsible for the administration of the Plan and its application to active, retired and former participants and persons claiming through them. Except as otherwise expressly provided in Section 7.2(e) or in any other provision of the Plan, the Managing Committee shall have the right to interpret the Plan, to determine whether any person is or was a staff member, active or retired participant, to direct the Bank to make disbursements from the Pension Reserve Fund in payments of pension benefits under the Plan, to determine whether any person has a right to any pension or benefit under the Plan and, if so, the amount thereof, and to determine any question arising hereunder in connection with the administration of the Plan or its application to any person claiming any rights or benefits thereunder, and its decision or action in respect thereof shall be conclusive and binding upon all persons interested.
- (c) The Managing Committee, subject to the general authority of the Pension Committee, shall have the authority to make, establish and prescribe such rules, policies, procedures and forms for the administration of the Plan, its interpretation, the exercise by individuals of rights or privileges hereunder, the disbursement of the Pension Reserve Fund and the application of the Plan to individuals and the Bank as shall not be contrary to the provisions hereof.
- (d) The Managing Committee shall maintain accounts showing the fiscal transactions of the Plan, and shall keep in convenient form such data as may be necessary for actuarial valuations of the Plan, provided that if a trustee or agent is appointed under Section 9.4(h), the investment account shall be maintained by it. The Managing Committee shall prepare annually a report showing in reasonable detail the assets and liabilities of the Plan and giving a brief account of the operation of the Plan for the past year. Such report shall be submitted to the Pension Committee, and a copy shall be on file at the headquarters of the Bank where it shall be open to inspection by any active or retired participant. The Managing Committee shall also cause such other reports to be created regarding the administration of the Plan and the investment of the Pension Reserve Fund as may be necessary to ensure the proper oversight and supervision of the Plan. The Managing Committee shall transmit such reports to the Pension Committee on a periodic basis, as the Managing Committee or Pension Committee deems appropriate.
- (e) Final decisions of an individual nature adopted by the Managing Committee may be appealed to the Bank's Administrative Tribunal, provided that applications are made to the Tribunal by the concerned participant, retired participant, former participant or person claiming through such parties in accordance with the Statute of the Administrative Tribunal and other applicable Bank policies. The concerned individual shall be notified of the final decision of the Managing Committee regarding a

claim alleging non-observance of the provisions of the Plan.

- (f) Subject to the general control and supervision of the Pension Committee, the Managing Committee shall determine and direct the management and investment of the Pension Reserve Fund.
- (g) The Managing Committee shall develop and approve investment guidelines for specific managers of the Pension Reserve Fund, in each instance subject to the investment policy approved by the Pension Committee.
- (h) The Managing Committee may create any Subcommittee or Working Group as it deems appropriate, and may establish an Administration Subcommittee and an Investment Subcommittee whose members shall have the appropriate expertise to carry out the purposes for which such Subcommittees shall be empowered. The members of the Administration Subcommittee, Investment Subcommittee or of any other Subcommittee that may be appointed, may change from time to time depending on the issues to be addressed by such Subcommittees and may include members who are not members of the Pension Committee or Managing Committee, including advisors who are not employees of the Bank or the Inter-American Investment Corporation. Persons appointed to represent the "Association of Retirees of the Inter-American Development Bank" and persons elected to represent participants on the Managing Committee shall be members of an Administration Subcommittee and Investment Subcommittee, if and when established.
- (i) The Managing Committee in carrying out its functions hereunder, may retain, as needed and upon such terms as it deems appropriate, the services of one or more advisors, including advisors who are not employees of the Bank or the Inter-American Investment Corporation.
- (j) The Managing Committee, in carrying out its functions hereunder, may, upon such terms and conditions as it may deem appropriate, delegate to the Executive Secretary, to any subcommittee, to an official or officials of the Bank and/or of the Corporation, or to any counsel chosen by the Managing Committee, such powers or authority as the Committee may deem appropriate, including delegating to investment advisors the power to select, within the investment policy approved by the Pension Committee and the manager-specific investment guidelines approved by the Managing Committee, the particular investments, securities and property in which the Pension Reserve Fund shall be invested by the Bank pursuant to Section 9.3 hereof; provided, however, that the Managing Committee shall not delegate to any other authority those powers set forth in subsections (g) or (h) of this Section 7.2. The Managing Committee, any such subcommittee, and such official or officials may in the exercise of any power hereunder rely upon the advice of any investment advisor which it has chosen. Membership of any subcommittee to which the Managing Committee has delegated powers hereunder need not be limited to the members of the Managing Committee.
- (k) References to the Managing Committee in these regulations may be understood to mean a subcommittee or such other authority, as applicable, to which the Managing Committee has delegated powers pursuant to subsection (j) of this Section 7.2.
- (l) All uniform rules approved by the Administration Committee as of December 31, 2014 shall remain in force and effect unless amended or superseded by the Managing Committee or such other appropriate authority. Any references to the Administration Committee or the Investment Committee in such uniform rules, or in any other Bank document, shall be deemed as of January 1, 2015 to refer to the Managing Committee, or such sub-Committee as may be designated by the Managing Committee, to the extent applicable.

Section 7.3 Executive Secretary of the Plan

The Bank shall appoint an Executive Secretary of the Plan responsible for overseeing the payment or distribution of benefits under the Plans, managing the investment of assets and carrying-out the day-to-day administration of the Plan, including managing the Plan's service providers. The Executive Secretary shall supervise the Executive Secretariat of the Plan, act as the Secretary of all the Committees and Subcommittees of the Plan, and perform such further functions as described in these regulations and as may be prescribed by the Managing Committee.

Section 7.4 General Provisions Relating to Committees

- (a) An appointed member of a Committee shall signify his acceptance of his appointment by filing written acceptance thereof with the Executive Secretary, and may resign by delivering his written resignation to the Executive Secretary.
- (b) A majority of the members of any Committee for the time being in office shall constitute a quorum for the transaction of business. All action taken by any Committee at any meeting shall be by the vote or other decision of a majority of those present at such meeting. Any Committee may from time to time establish rules not inconsistent herewith for the transaction of its business.
- (c) The certification of the Executive Secretary shall be final and conclusive evidence of any action or decision of such Committee.
- (d) Each Committee is authorized to obtain such clerical, medical, actuarial, accounting and other services as it may deem necessary or advisable in the performance of its functions. However, all services required under the Plan shall be performed by the regular staff of the Bank wherever possible. Committee members and staff members of the Bank shall not receive any additional special compensation for their services in connection with the Plan. The general provisions set forth in this Section 7.4 shall apply to any Subcommittee created by the Managing Committee.
- (e) A member of a Committee who is an active or retired participant shall not vote or otherwise act as a Committee member on any question relating exclusively to him.
- (f) The Alternate of any Executive Director who is a member of any Committee shall be ex officio the alternate of such Executive Director on such Committee and may act and vote in his stead.
- (g) The Bank shall on the request of any Committee furnish to it such information as it shall require to perform its functions under the Plan.
- (h) Any direction, certification, notification or instruction by any Committee hereunder shall be in writing and signed by the Executive Secretary.
- (i) Every rule, policy, procedure or form made, issued or prescribed by any Committee hereunder shall be uniformly applicable to all persons similarly situated.

Article 8. Accounts

Section 8.1 General

The Managing Committee shall cause to be maintained two accounts which shall comprise the Pension Reserve Fund to be known individually as the Field Office Accumulation Account and the Investment Reserve Account.

Section 8.2 Field Office Accumulation Account

The Field Office Accumulation Account shall be the account at each Field Office to which shall be credited the contributions in local currency of active participants and from which the payment of all pensions and benefits paid in the local currency shall be made. The contributions of active participants shall be recorded by the Bank in terms of U.S. dollar equivalencies at the exchange rate in effect on the date each contribution is made. Payment of pensions and benefits in local currency shall be charged to the Field Office Accumulation Account in U.S. dollars equivalencies at the exchange rate in effect on the effective date of such payments.

Section 8.3 Investment Reserve Account

The Investment Reserve Account shall be the account to which shall be credited all contributions made by the Bank, and all interest and other earnings of the invested funds of the Plan. The Investment Reserve Account shall also be charged for amounts transferred to a Field Office Accumulation Account when required for the payment of pensions and benefits to or on behalf of retired participants.

Article 9. Management of the Pension Reserve Fund

Section 9.1 General Status of Assets

All the contributions made by the Bank and by active participants pursuant to Article 6 hereof, and all other assets, funds and income of the Plan, shall be transferred to and become the property of the Bank, and shall, except as otherwise expressly provided herein, be held and administered separately from the other property and assets of the Bank, as the Pension Reserve Fund. All contributions, assets, funds and income of the Plan shall be used solely to provide for the benefits and paying the expenses of the Plan, and no part of the corpus or income of the Pension Reserve Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of active or retired participants or their beneficiaries under the Plan, prior to the satisfaction of all liabilities with respect to such active or retired participants and beneficiaries. No person shall have any interest in or right to any part of the Pension Reserve Fund or of the earnings thereof or any rights in, or to, or under the Plan, or any part of the assets thereof, except as and to the extent expressly provided in the Plan.

Section 9.2 Separate Investment

The Bank shall hold, invest and reinvest the Pension Reserve Fund separate and apart from all its other property and assets and shall make such payments therefrom as the Managing Committee shall from time to time direct to be paid and certify to be in payment of pensions or benefits under the Plan. Notwithstanding any other provision of this Plan, the Bank may hold, invest and reinvest the Pension Reserve Fund with the Retirement Fund of the Bank International Staff Retirement Plan.

Section 9.3 Form of Investment

The Bank shall invest and reinvest the Pension Reserve Fund including without limitation the income from any investments and reinvestments thereof in such stocks of any classification, bonds, notes, debentures, mortgages, equipment or investment trust certificates, or in such other investments, securities or property of any class or character, including obligations issued or guaranteed by the Bank, as the Managing Committee, subject to such policies as may be prescribed by the Pension Committee, may from time to time direct. Such investment or reinvestment shall not be restricted to such investments, securities or property as may be authorized for fiduciaries of any kind under any present or future law. The Bank shall retain in cash and keep unproductive of income such part of the Pension Reserve Fund as the Managing Committee or trustee or agent may from time to time direct.

Section 9.4 Power of Bank

The Bank, subject to any directions which may be given to it hereunder by the Managing Committee or by the Pension Committee may exercise all such powers, do all such acts and execute all such documents as it may deem necessary or appropriate for, or in connection with, the acquisition, management, recovery, safekeeping, protection and disposal by it hereunder of the Pension Reserve Fund, or any part thereof, including, but not by way of limitation, the exercise of the power:

- (a) to sell, exchange, convey, transfer or otherwise dispose of any property held by it as part of the Pension Reserve Fund by a private contract or at public auction, for cash or on credit;
- (b) to vote upon any stocks, bonds or other securities held by it in the Pension Reserve Fund; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options and to make any payments incidental thereto; to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities and to delegate discretionary powers and to pay any assessments or charges in

connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, notes, debentures, mortgages, equipment or investment trust certificates or other securities or property in the Pension Reserve Fund;

- (c) to make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (d) to register any investment in the Pension Reserve Fund in its own name or in the name of a nominee and to hold any investment in bearer form, but the books and records of the Bank shall at all times show that all such investments are part of the Pension Reserve Fund;
- (e) to deposit or hold cash, securities or other property of the Pension Reserve Fund in such form, in such banks or other depositories, with such other persons or in such other places as it shall deem necessary or desirable;
- (f) to enter into any such contract or contracts as the Managing Committee may direct with any insurance company or companies to provide for the payment of any pension, annuity, or other benefit provided for in the Plan, and to disburse any of the Pension Reserve Fund in payment of premiums or any other obligations under such contract;
- (g) to purchase from an insurance company or companies and to pay the premiums or other costs thereof from the Pension Reserve Fund, contracts of such kinds, in such amounts, so payable, and against such risks in connection with the Plan as the Managing Committee may direct;
- (h) to appoint a corporate trustee or an agent for the Pension Reserve Fund with the power to invest such assets of the Fund as may be committed to it and, if so determined by the Pension Committee, to make disbursements on the order of the Bank, but without authority to make determinations of benefits under the Plan; and,
- (i) to cause any part or all of the assets of the Pension Reserve Fund to be invested or reinvested in any tax exempt, qualified collective investment fund or funds, including common and group trust funds, which consist exclusively of assets of tax exempt, qualified pension and profit sharing trusts and individual retirement accounts. The combining of investments and reinvestments of the Pension Reserve Fund with investments of other plans in such fund or funds is hereby specifically authorized.

Section 9.5 Responsibility for Propriety of Payment

The Bank shall not be responsible for the propriety of any payments made by the Bank from the Pension Reserve Fund at the direction of the Managing Committee as aforesaid, or for the propriety of any action taken or omitted by it in connection with the Pension Reserve Fund at the direction of the Managing Committee or the Pension Committee.

Section 9.6 Duty of Inquiry

No person dealing with the Bank in connection with the Pension Reserve Fund shall be required to make any inquiry whether the Bank has been directed or instructed by any Committee or is otherwise authorized to take or omit to take any action; or to inquire into the validity, expediency or propriety of any action taken or omitted by the Bank; or to follow the application by the Bank of any money or property which may be paid to the Bank or on its order.

Section 9.7 Records and Reports

The Bank shall keep or shall cause to be kept by the trustee or agent accurate and detailed accounts of all investments, receipts, disbursements and other transactions relating to the Pension Reserve Fund, and all such accounts and records shall be open to audit and inspection at all reasonable times by any person authorized by the Pension Committee. Within ninety days after December 31 of each year in which it has acted hereunder and within ninety days after the date on which it shall last act hereunder, the Bank shall file or shall cause to be filed with the Managing Committee a written account setting forth the investments,

receipts, disbursements and other transactions of the Pension Reserve Fund effected by it during the year ending on the next preceding December 31, or during the period since the end of the period for which it last filed such a written account, as the case may be. Such written account when so filed shall be open for inspection during business hours by active or retired participants and beneficiaries receiving benefits under the Plan for a period of thirty days immediately following the filing of such account and, upon the expiration of such thirty-day period, the Bank shall be forever released and discharged from any and all liability and accountability to anyone with respect to the propriety of its acts and transactions shown in such account, except with respect to any such acts and transactions as to which any such active or retired participant or beneficiary shall have filed, during such thirty-day period, written objections, with reasons therefore, with the Bank.

Section 9.8 Compensation - Consultation with Counsel

The Bank shall receive no compensation for its services hereunder, but any expenses, other than administrative expenses, properly incurred by the Bank in the performance of its duties hereunder shall be charged to the Pension Reserve Fund except to the extent that the Bank shall decide to pay such expenses. The Bank in the performance of its functions hereunder may from time to time consult with counsel, who may be of counsel to the Bank, and shall be fully protected in acting, or failing to act, upon the advice thereof.

Section 9.9 Manner of Disbursement

The Bank shall, subject to the provisions hereof, determine the manner in which the funds of the Plan shall be disbursed, including the form of voucher or warrant to be used in making disbursements and the due qualification of persons authorized to approve and sign the same.

Section 9.10 Place and Recipient of Payment

The Bank may make payment of any pension, annuity, benefit, or other amount hereunder at such place and in such manner as it shall determine. The Bank shall not be required to make any investigation to determine the identity or mailing address of any person entitled to any such payment hereunder. It may however, defer making any such payment until it is satisfied with the identity and the mailing address of the person or persons entitled to any such payment.

Section 9.11 Resolution of Disputes

If there shall be any dispute, or if the Bank or Managing Committee shall have any doubt concerning the identity or rights of any person or persons entitled to payments hereunder, the Bank may withhold payment thereof until such dispute shall have been settled or such doubt shall have been resolved.

Article 10. Certain Rights and Limitations

Section 10.1 Reduction of Contributions

It is the intention of the Bank to continue the Plan on a permanent basis and to make its contributions regularly each year, but the Bank may at any time and for any reason suspend in whole or in part its contributions toward the cost of pensions and benefits based on future service, in which event all pensions and benefits under the Plan on account of service to be rendered thereafter shall be reduced to such amounts as actuarial valuation shall indicate will be provided by future contributions, if any, plus any surplus remaining in the Pension Reserve Fund after payment or provision for payment of all effective, payable or accrued pensions and benefits of any kind with respect to, based on, or resulting from previous service. A proportionate reduction may also be made by the Pension Committee in the contributions to be made by active participants.

Section 10.2 Termination of Plan

- (a) The Plan may be terminated at any time by the Bank, in which event the Pension Reserve Fund shall be used for the benefit of active and retired participants or their beneficiaries under the Plan, and for no other purpose, except that any excess funds which may exist because of erroneous actuarial

computation after the satisfaction of all fixed and contingent obligations of the Plan shall be returned to the Bank. In the event of such termination, except in the case of termination of the Plan with the intention of providing for participation of local employees in another Bank program in accordance with Subsection 10.2(b), the Pension Reserve Fund shall be used:

- (1) to pay or provide for the payment of pensions, annuities and other benefits then payable or effective, or to become payable on the account of retired participants;
 - (2) to provide the early retirement benefits of the Plan for or on account of participants who at the time of termination were entitled to retire under Section 4.2;
 - (3) to pay or provide for benefits or deferred pensions to active or retired participants, which have become effective or payable or are to become effective or payable, or which have accrued on the basis of their eligible service and qualifying service as of the date of such termination; and,
 - (4) the balance, if any, shall be returned to the Bank, but only after satisfaction of all liabilities of the Plan to active or retired participants and their beneficiaries. The Pension Committee may require all such active or retired participants and designated beneficiaries to withdraw such amounts in cash or in the form of immediate or deferred annuities, as it may determine.
- (b) In the event that the Plan is terminated with the intention of providing for participation of local employees in another Bank program containing substantially the same pensions and benefits, the Pension Reserve Fund shall be transferred to the appropriate account of such program to the extent that the Pension Reserve Fund shall be used for the payment of such pensions and benefits. The Managing Committee shall determine to what extent, if any, amounts in the Pension Reserve Fund not transferred to the appropriate account of such other Bank program shall be otherwise distributed in accordance with Subsections 10.2(a)(1) through 10.2(a)(4).
- (c) Upon the complete or partial termination of the Plan, or upon the complete discontinuance of contributions under the Plan, the rights of each participant to benefits accrued to the date of such termination or discontinuance, to the extent then funded, shall be nonforfeitable.

Section 10.3 Employment Rights

The establishment of the Plan shall not be construed as conferring any legal rights upon any employee or other person for a continuation of employment, nor shall it interfere with any rights the Bank might otherwise have to terminate the services of any employee and to treat him without regard to the effect which such treatment might have upon him as an active participant in the Plan, but no rights or benefits under the Plan shall be denied as a penalty for misconduct.

Section 10.4 Payments under Government Schemes

The Managing Committee may adjust the basic pension or basic benefit to reflect the actuarial value of all or part of any amount paid or payable by the Bank to or on account of an active or retired participant under the provisions of any present or future law, pension or benefit scheme of any sovereign government or any political subdivision thereof. Should any amount otherwise payable to or on account of an active or retired participant under such present or future governmental pension or benefit scheme fail to be paid or be payable for any reason outside the control of the Bank, the basic pension or basic benefit may, nevertheless, be adjusted.

Section 10.5 Purchased Annuities

Whenever pursuant to the provisions of the Plan, any retirement annuity, whether individual or group, shall be purchased for the account of any active or retired participant, beneficiary or other person, neither such active or retired participant, beneficiary or other person, nor the heirs, distributees, legal representatives or assigns of any of them shall have any claim under the Plan, except for the enforcement against the issuer of any such annuity contract of the rights provided therein.

Section 10.6 Payments in Case of Lack of Designated Beneficiary or Disability of Active or Retired Participant

In the event of the death of an active or retired participant not survived by a person designated to receive any payments then due, or in the event that the Managing Committee shall find that a retired participant or other person entitled to a pension is unable to care for his affairs because of illness or accident, any benefit payments due may, unless claim shall have been made therefor by a duly appointed guardian, conservator, committee, or other legal representative, be paid to the spouse, a child, a parent or other blood relative or to any person or trust deemed by the Managing Committee to have incurred expense for, or otherwise be generally responsible for managing the affairs of, the deceased or retired participant or other person entitled to a pension, as applicable, and any such payments so made shall be a complete discharge of the liabilities of the Plan to the extent thereof. Upon the Executive Secretary's request, any person or trustee or other authorized representative of a trust receiving payments pursuant to this Section 10.6 shall provide adequate proof, satisfactory to the Executive Secretary, of such person or trust having actually incurred expenses for, or be generally responsible for managing the affairs of, the deceased or retired participant or other person entitled to a pension, as applicable.

Section 10.7 Employment of a Retired Participant

Notwithstanding any other provision of this Plan, the payment of a retirement pension shall be immediately suspended if a participant is permitted to continue his employment beyond the normal retirement date, or if a retired participant becomes an international employee of the Bank within the meaning of the term "employee" as it is defined in the Staff Retirement Plan for international employees. The pension shall resume the first day of the month following the month in which such employment status ceases. The amount of the pension payable at such time shall be the amount of the retirement pension formerly payable, having been adjusted as provided for in Article 5 of this Plan, plus the amount of a supplementary pension representing the actuarial equivalent of the normal or early retirement pension he would have received during the period over which the payment of the pension was suspended and adjusted consistently with the methodology of Article 5 of this Plan. This supplementary pension shall not be considered in the calculation of the pensions and benefits provided for in Sections 4.5 and 4.6.

Article 11. Non-Alienation of Benefits

Section 11.1 General Rule

No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, seizure or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, seize or charge the same shall be void, nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefit except as may be specifically provided for in the Plan; and in the event that the Managing Committee shall find that any active or retired participant or any other beneficiary under the Plan has become bankrupt or that any benefit under the Plan has been anticipated, alienated, sold, transferred, assigned, pledged, encumbered, seized or charged or that any attempt has been made so to do, except as may be specifically provided in the Plan, then the Managing Committee may declare such benefit to be temporarily or permanently suspended, and in that event shall hold or apply the same to or for the benefit of such active or retired participant or other beneficiary, his spouse, children, or other dependents, or any of them as it shall in its sole discretion determine.

Section 11.2 Requests to Partition Benefits

Notwithstanding the provisions set forth in Section 11.1, the Managing Committee may, upon receipt of a request from a participant or retired participant, pursuant to a legal obligation arising from a marital

relationship, or from a child support obligation, evidenced by a final order of a court or by a settlement agreement incorporated into a divorce or other final court order, direct that all or a portion of a benefit payable to such participant during his life under the Plan be paid to one more former spouses or a current spouse from whom the participant or retired participant is living apart, or to such person designated to receive child support. A direction or payment incident thereto shall not convey to any person an interest in the Retirement Fund of the Plan or (except as provided herein) give any elective rights under the Plan to such person or increase the total benefit otherwise payable under the Plan. A request must be consistent with the provisions of the Plan, which in the event of conflict will be deemed to override the request. Any direction shall be irrevocable by the requestor; provided, however, that a participant or retired participant may request, upon evidence satisfactory to the Managing Committee based on a court order or a provision of a settlement agreement incorporated into a decree, a new direction that would alter or discontinue the payment or payments; and provided, further, that any direction shall cease to have effect following the death of the participant or retired participant. If a designee under a direction predeceases the participant or retired participant, the payments shall not commence or if they have commenced shall thereupon cease. In the event that the payment or payments under a direction have been diminished, discontinued or have failed to commence or have ceased, the amount of benefit payable to the participant or the retired participant shall be restored less the value of any amounts paid as withdrawal or commuted sums. The provisions of the Plan related to currency of payment shall apply to payments to be made under this Section 11.2 pursuant to rules approved by the Managing Committee. Further, payments by the Bank in accordance with Section 13.8 concerning national taxes on pensions shall also apply to payments to be made under this Section 11.2. In the event that a participant or retired participant fails to submit a timely written request in compliance with the court order or decree to the Executive Secretary, under such rules and conditions of acceptance as are prescribed by the Managing Committee, a spouse or a former spouse who is entitled to payment under a court order or decree may request that the Managing Committee give effect to such court order or decree and treat the request in the same manner as if it were a request from a participant or a retired participant.

Article 12. Amendments

Section 12.1 Authority to Amend the Plan

Subject to the provisions hereinafter set forth, the Bank reserves the right at any time and from time to time to modify or amend in whole or in part any or all of the provisions of the Plan, provided that no modification or amendment may be made which would deprive any active or retired participant or other person receiving or entitled to receive a pension, annuity or other benefit, without his consent, of any benefits vested in him under the Plan at that time by reason of service therefore rendered or for which contributions have been made, and provided further that no such modification or amendment shall make it possible for any part of the funds of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of active and retired participants or their beneficiaries under the Plan, prior to the satisfaction of all liabilities with respect to such active and retired participants and beneficiaries.

Section 12.2 Amendments not Applicable Retroactively

Unless otherwise expressly provided for in the respective amendment, no amendment of the Plan shall be retroactive. Moreover, unless otherwise provided for therein, no amendment which increases amounts payable hereunder to any beneficiary shall apply to amounts paid or payable hereunder prior to the date of such amendment.

Article 13. Miscellaneous

Section 13.1 Minimum Amount of Payments

Under no circumstances shall the total amounts payable hereunder to or on account of any active or retired participant, including without limitation any death benefit or survivor's pension payable under Sections 4.5 or 4.6, and any children's benefits payable under Subsections 4.5(d) or 4.5(e), be less than the active or retired participant's accumulated contributions.

Section 13.2 Source of Payments

All pensions, benefits and payments under the Plan shall be paid only from the Pension Reserve Fund.

Section 13.3 Revocation of or Change in Designation of Beneficiary

Except as may be otherwise expressly provided in this Plan, any designation of a beneficiary to receive any amounts payable under this Plan may be revoked or changed by the person making such designation.

Section 13.4 Standard of Care and Limitation of Liability

The members of the Committees herein provided for and the employees of the Bank shall use ordinary care and diligence in the performance of their duties and functions hereunder and in respect hereof, but no such member of a Committee or employee shall be personally liable by virtue of any contract, agreement, bond or other instrument made or executed by him or on his behalf as a member of any Committee or otherwise in connection with the Plan, nor for any mistake of judgment made by himself or any other member of any such Committee or employee, nor for any loss, not resulting from his own gross negligence or willful misconduct, and no such person shall be liable for the neglect, omissions or wrong doing of any other person. This provision shall not in any manner be deemed to be or construed as a waiver of any immunity or privilege contained in or provided by the Agreement Establishing the Bank, or otherwise.

Section 13.5 Payments to Constitute Full Satisfaction

Any payment to any active or retired participant, beneficiary or annuitant, or to any other person, in accordance with the provisions hereof, shall to the extent thereof, be in full satisfaction of all claims hereunder or otherwise against the Bank, the Pension Reserve Fund or any other person, and the Bank or the Executive Secretary may but need not, require such active or retired participant, beneficiary, annuitant or other person, as a condition of such payment, to execute a receipt and release thereof in such form as the Bank or the Committee may prescribe which shall exonerate the Bank, the Pension Reserve Fund, and any other party from liability for any obligation with respect thereto.

Section 13.6 Effective Headings

The headings and sub-headings herein are inserted for convenience only and are not to be considered in construing the provisions hereof.

Section 13.7 Languages

This instrument may be executed in the several languages of the Agreement Establishing the Bank, each of which shall be an original and all collectively but one instrument.

Section 13.8 National Taxes on Pensions

The Bank shall, consistent with Resolution AG-3/60 and the policies and procedures of the Bank, pay to each person whose final average pensionable remuneration was calculated from a regular compensation paid on a net-of-tax basis and who is receiving a pension or benefit, as a retiree or surviving spouse, or a child receiving children's benefit, under the Plan, an amount to cover national taxes, if any, payable with respect to such pension or benefit. Payments made pursuant to this Section 13.8 shall not be considered pensions, benefits or payments under the Plan for the purposes of Section 13.2.

Section 13.9 Payments to an Account Held by a Trust

Any benefit payable pursuant to these regulations to a person entitled to receive a payment may be paid, subject to the prior authorization of the Executive Secretary, to an account held by a trust instead, which trust shall be in the name and for the sole benefit of such person and shall meet all other requirements of applicable law.

Article 14. Transfer of Contributions and Service

The Pension Committee of this Plan is authorized to make an arrangement with the Pension Committee of the Bank Staff Retirement Plan for international employees, the terms of such arrangement being consistent in principle with the provisions of this Plan, to provide for the transfer of pension rights and the transfer of funds of active participants transferring from the international staff to the local staff of the Bank, or vice versa, and the terms of such arrangement shall have effect as though they were expressly set forth in this Plan.

TRANSITIONAL PROVISIONS

In accordance with Resolution DE-121/88, pursuant to which the Local Retirement Plan was approved by the Board of Executive Directors, the following Transitional Provisions shall apply and shall be administered in accordance with rules which are uniformly applicable:

1. Definition: Non-Participating Service

Non-participating service, except as otherwise provided in the Plan, is all service rendered continuously and without interruption by an employee prior to the effective date of this Plan in his respective Field Office and up to such effective date. Periods of leave without pay authorized by the Bank and initiated prior to such effective date shall not be credited to the term of non-participating service nor shall such periods interrupt the continuity of such service.

2. Credit of Non-Participating Service for Employees who Participated in the Savings and Benefits Plan for Local Employees

a. Any employee who participated in the Savings and Benefits Plan may elect to direct the Bank to make the following transfer of funds and may elect to make the following contributions to the Pension Reserve Fund in order to credit certain periods of his non-participating service to his term of eligible service as described in Subsection 2.b. below.

i. Any such employee may elect to surrender all his entitlements under the Savings and Benefits Plan and to direct the Bank to transfer the Savings and Benefits Plan contributions corresponding to him to the Pension Reserve Fund.

ii. Any employee who made the election provided for in Subsection 2.a.i. above and who contributed less than ten percent of his pensionable remuneration to the Savings and Benefits Plan shall have the option to contribute to the Pension Reserve Fund an additional amount equivalent to the following:

(1) The product of (a) the percentage difference between his actual contribution rate to the Savings and Benefits Plan and ten percent; (b) his annual pensionable remuneration on the effective date of this Plan (such pensionable remuneration, for the purposes of this Subsection only does not include additional salary payments in the form of "aguinaldos," if applicable); and, (c) the total number of years (and fractions thereof) of non-participating service during which the employee contributed to the Savings and Benefits Plan.

b. The Bank shall take the following actions corresponding to the elections described in Subsection 2.a. above:

i. If the employee makes the election provided for in Subsection 2.a.i. above, the Bank shall take the following actions:

- (1) Transfer in local currency the equivalent in U.S. dollars of the employee's accumulated contributions held in the Savings and Benefits Plan as of the effective date of this Plan to the respective Field Office Accumulation Account of the Pension Reserve Fund;
- (2) Transfer in U.S. dollars the Bank's accumulated contributions held in the Savings and Benefits Plan on behalf of such employee as of the effective date of this Plan to the Pension Reserve Fund.
- (3) For any such employee who contributed ten percent of his pensionable remuneration to the Savings and Benefits Plan, credit to eligible service for the calculation of pensions and benefits of this Plan 100% of the employee's total period of non-participating service.
- (4) For any such employee who contributed less than ten percent of his pensionable remuneration to the Savings and Benefits Plan and who does not elect to make the additional contribution provided for by Subsection 2.a.ii. above, credit to eligible service for the calculation of pensions and benefits of this Plan the sum of: (a) that percentage of the period of the employee's non-participating service during which the employee participated in the Savings and Benefits Plan corresponding to the employee's actual contribution rate to the Savings and Benefits Plan; and, (b) 100% of the employee's non-participating service prior to such period.
- (5) For any employee who contributed less than ten percent of his pensionable remuneration to the Savings and Benefits Plan and who elects to make the additional contribution provided for in Subsection 2.a.ii. above, credit to eligible service for the calculation of pensions and benefits of this Plan the term of service described in Subsection 2.b.i.(3) above and not the term of service described in Subsection 2.b.i.(4) above.
- (6) Such other measures as may be necessary for the appropriate transfer of funds and credit of service and contributions to this Plan.

3. Credit of Non-Participating Service for Employees who did not Participate in the Savings and Benefits Plan for Local Employees

- a. Any employee who did not participate in the Savings and Benefits Plan may elect to make the following contributions to the Pension Reserve Fund in order to credit his term of non-participating service to his term of eligible service as described in Subsection 3.b. below.
 - i. Any such employee may elect to contribute an amount equal to the product of ten percent of his pensionable remuneration on the effective date of this Plan and the total number of years (and fractions thereof) during which the employee had the option to contribute to the Savings and Benefits Plan.

- b. The Bank shall take the following actions corresponding to the employee's elections described in Subsection 3.a. above.
 - i. For any such employee who made the election in Subsection 3.a.i. above the Bank shall take the following actions:
 - (1) Credit to eligible service for the calculation of pensions and benefits of this Plan the employee's total period of non-participating service; and,
 - (2) Take such other measures as may be necessary for the appropriate credit of service and contributions to this Plan.

4. The Making of Elections and Payment of Contributions Under Sections 2 and 3 of these Transitional Provisions

- a. Employees shall make the elections provided in these Transitional Provisions in the form prescribed by the Bank.
- b. The provisions of this Section 4(b) are applicable to Offices in which the Plan has an effective date prior to January 1, 2004.

Any employee subject to this Section 4(b) and electing to make a contribution as provided for in subsections 2.a.ii. and 3.a. shall additionally elect to make the contribution in accordance with one of the following:

- i. The employee may elect to make the contribution in a single lump-sum payment. The value of such lump-sum payment shall be expressed as a percentage of the employee's annual pensionable remuneration on the effective date of the Plan. The lump-sum payment of such employee shall be made within one calendar year from the effective date of the Plan or by the last day of active service, whichever is sooner; and, the amount of the lump-sum payment shall represent the corresponding percentage of annual pensionable remuneration payable at the time that the lump-sum payment is made. The Bank shall take the actions corresponding to such payment at the time of such payment. Any such employee electing the lump-sum payment shall additionally have the option to make a partial, rather than full, payment of the lump-sum. In such case, only that additional percentage of the employee's non-participating service for the period during which the employee did or could have participated in the Savings and Benefits Plan, as applicable, shall be credited to eligible service which corresponds to the percentage of the contribution paid as it relates to the total contribution due.

- ii. The employee may elect to make such contribution by a regular, supplemental contribution to the Plan.
 - (a) The amount of the supplemental contribution shall be 3% of an employee's pensionable remuneration. Such supplemental contribution shall be made by the employee and held by the Bank in the same manner as the contribution provided for in Section 6.1 of the Plan. The term over which the supplemental contribution shall be payable in order to pay the total amount due in accordance with subsections 2.a.ii. and 3.a. shall be determined by conversion of such total amount into a percentage of the employee's annual pensionable remuneration on the effective date of this Plan. The resulting percentage of pensionable remuneration shall be paid off at the rate of 3% per annum. If any pension or benefit shall become payable before the expiration of the term over which the supplemental contribution is payable, then such pension or benefit shall be actuarially reduced by the amount remaining unpaid, such amount being calculated as a percentage of pensionable remuneration on the date such pension or benefit becomes payable.
- c. The provisions of this Section 4(c) are applicable to Offices in which the Plan has an effective date on or after January 1, 2004.

Any employee subject to this Section 4(c) and electing to make a contribution as provided for in subsections 2.a.ii. and 3.a. shall additionally elect to make the contribution in accordance with one of the following:

- i. The employee may elect to make the contribution in a lump-sum payment or payments. The value of the total payment due shall be expressed as a percentage of the employee's annual pensionable remuneration on the effective date of the Plan. The lump-sum payment or payments of such employee shall be made within three calendar years from the effective date of the Plan or by the last day of active service, whichever is sooner; and, the amount of each payment shall represent the corresponding percentage of annual pensionable remuneration payable at the time that each payment is made. The Bank shall take the actions corresponding to each payment at the time of such payment. Any such employee electing lump-sum payments shall additionally have the option to make a partial, rather than full, payment of the total lump-sum. In such case, only that additional percentage of the employee's non-participating service for the period during which the employee participated in the Savings and Benefits Plan, shall be credited to eligible service which corresponds to the percentage of the contribution paid as it relates to the total contribution due.

- (a) The amount of the supplemental contribution shall be 3% of an employee's pensionable remuneration. Such supplemental contribution shall be made by the employee and held by the Bank in the same manner as the contribution provided for in Section 6.1 of the Plan. The term over which the supplemental contribution shall be payable in order to pay the total amount due in accordance with subsection[s] 2.a.ii. and 3.a. shall be determined by conversion of such total amount into a percentage of the employee's annual pensionable remuneration on the effective date of this Plan. The resulting percentage of pensionable remuneration shall be paid off at the rate of 3% per annum. If any pension or benefit shall become payable before the expiration of the term over which the supplemental contribution is payable, then such pension or benefit shall be actuarially reduced by the amount remaining unpaid, such amount being calculated as a percentage of pensionable remuneration on the date such pension or benefit becomes payable.
- ii. The employee may elect to make the contribution in a combination of the methods described in (i) and (ii) above.
- d. Notwithstanding the provisions of Subsections 2.b. and 3.b., adjustments to Plan payments shall additionally be made pursuant to section 10.4 of this Plan, if applicable.

5. Additional Provision Related to the Normal Retirement Date

Notwithstanding the definition of "Normal Retirement Date" in Section 1(j) of this Plan, an active participant having passed the 60th anniversary of his birth as of the effective date of this Plan in his respective Field Office shall have the option to elect a normal retirement date at any time following the 62nd anniversary of his birth up to two calendar years from such effective date.

6. Additional Provision Related to Participation

Notwithstanding the provisions of Section 2.1 of this Plan, every employee as defined in this Plan contracted on or before the effective date of this Plan shall as a condition of service become an active participant in this Plan regardless of age on such effective date.

Appendix B applies to participants hired on or before September 30, 2011.

For the purposes of salary adjustment only, a participant's Final Average Pensionable Remuneration shall be calculated applying the indexing referenced in (i) Article 1(n) of this Appendix B (i.e., Adjusted Pensionable Remuneration), or (ii) Article 1(n) of the main body of these regulations (i.e., General Adjustments), whichever approach yields the highest resulting average.

Article 1. Definitions

- (j) "Normal Retirement Date" of an active participant means the first day of the calendar month next following the 62nd anniversary of his birth, or the date of such anniversary if it shall fall on the first day of a calendar month.
- (l) "Rate of Pensionable Remuneration" of an employee means the percentile ranking of his regular compensation in the salary range of the grade for his position calculated in accordance with rules which are uniformly applicable at the time the rate is calculated. If an employee is paid at more than one rate of pensionable remuneration during a single month, the rate of pensionable remuneration during that month shall be considered as the highest rate paid during that month.
- (m) "Adjusted Pensionable Remuneration" of the retired participant means the pensionable remuneration which is adjusted to reflect increases in the salary scale in the retired participant's former Field Office which change the limits of the salary range of the grade held by the retired participant on his last day of participating service and which occur between the date on which the pensionable remuneration is last received and the effective date of retirement. The adjusted pensionable remuneration shall be calculated by applying the rate of pensionable remuneration corresponding to the pensionable remuneration at the time such remuneration is received, to the salary scale in effect in the retired participant's former Field Office on his effective date of retirement.
- (n) "Final Average Pensionable Remuneration" of a retired participant means the average of his adjusted pensionable remuneration(s) for the three consecutive years during the last five years of service for which such average is the highest, or during his total period of service if it is less than three years. Notwithstanding the preceding sentence, for a retired participant who has terminated employment (i) before January 1, 2012 such final average pensionable remuneration shall not exceed the adjusted pensionable remuneration corresponding to the twelve consecutive months affording the highest salary during such three-year period; and (ii) on or after January 1, 2012 such final average pensionable remuneration shall not exceed the actual salary paid corresponding to the twelve consecutive months affording the highest salary during the last five years of service.

Section 2.1 Basic Provision on Participation

Every employee shall as a condition of service become an active participant as of the first day of his service or as of the effective date of this Plan in his respective Field Office, whichever is later, provided that he shall not have reached the 59th anniversary of his birth.

Section 4.1 Normal Retirement Pension

- (a) Upon reaching his normal retirement date, a retired participant with three or more years of qualifying service shall be retired under the Plan on a normal retirement pension subject to the limitation of Subsection 4.1(b), equal to the sum of:

Section 4.2 Early Retirement Pension

Any active participant who has completed ten or more years of qualifying service and has reached the age of 55, upon ceasing to be an active participant before his normal retirement date for any reason other than disability or death, may elect to be retired under the Plan and receive an early retirement pension by filing a written request with the Executive Secretary. The amount of such early retirement pension shall be the larger of:

- (a) A pension computed in the same manner as a normal retirement pension in accordance with Section 4.1, reduced for each month between the date when his pension becomes effective and his normal retirement date, in accordance with the following table. Percentages for years and fractions of years not indicated shall be prorated.

| Age (in years) | Percentage of the Pension |
|----------------|---------------------------|
| 62 | 100% |
| 61 | 97% |
| 60 | 94% |
| 59 | 91% |
| 58 | 87% |
| 57 | 83% |
| 56 | 79% |
| 55 | 75% |

or,

- (b) A pension computed in the same manner as a normal retirement pension in accordance with Section 4.1, reduced for each full month remaining after subtracting from 1,020 months the sum of the participant's age in full months and his qualifying service in full months on the date he ceases to be an employee, in accordance with the following table. Percentages for months not indicated shall be prorated.

| Months of Combined Age/Qualifying Service | Percentage of the Pension |
|---|---------------------------|
| 1,020 | 100% |
| 996 | 97% |
| 972 | 94% |
| 948 | 91% |
| 924 | 87% |
| 900 | 83% |
| 876 | 79% |
| 852 | 75% |

Section 4.4 Retirement under Deferred Pension

- (a) Any active participant with three or more years of qualifying service who ceases to be an active participant before his normal retirement date for reasons other than disability, early retirement, or death may be retired under the Plan and elect to receive later on, by filing a written request with the Executive Secretary, a deferred pension to become effective on his normal retirement date, and computed in the same manner as a normal retirement pension in accordance with Section 4.1.

Section 4.10 Benefits upon Withdrawal from the Plan

- (a) Any active participant with less than three years of eligible service who is not otherwise retired under the Plan and who ceases to be an active participant for reasons other than death or disability before his normal retirement date, shall be paid a single, lump sum amount equal to 10% of his final average pensionable remuneration multiplied by the number of years of his eligible service. If he shall again become an active participant, his eligible service, qualifying service, remuneration and all other conditions of participation governing the Plan before he last ceased to be an active participant shall be disregarded in the calculation of future pensions or benefits.
- (b) Any active participant with three or more years of eligible service who ceases to be an active participant for reasons other than death or disability may elect to surrender all his rights in and to such pension and any other benefits which might become payable to him or on his account under the Plan, in order to receive, in lieu of such pensions and all other benefits, a lump sum, which shall be an amount equal to the sum of:
 - (1) an amount equal to 20% of his final average pensionable remuneration multiplied by the number of years of eligible service up to a maximum of fifteen years; and,
 - (2) an amount equal to 15% of his final average pensionable remuneration multiplied by the number of years of eligible service between the sixteenth and thirty-fifth years of eligible service, inclusive.

Appendix C applies to participants hired on or before December 31, 2014, but after September 30, 2011.

For the purposes of salary adjustment only, a participant's Final Average Pensionable Remuneration shall be calculated applying the indexing referenced in (i) Article 1(n) of this Appendix C (i.e., Adjusted Pensionable Remuneration), or (ii) Article 1(n) of the main body of these regulations (i.e., General Adjustments), whichever approach yields the highest resulting average.

Article 1. Definitions

- (l) "Rate of Pensionable Remuneration" of an employee means the percentile ranking of his regular compensation in the salary range of the grade for his position calculated in accordance with rules which are uniformly applicable at the time the rate is calculated. If an employee is paid at more than one rate of pensionable remuneration during a single month, the rate of pensionable remuneration during that month shall be considered as the highest rate paid during that month.
- (m) "Adjusted Pensionable Remuneration" of the retired participant means the pensionable remuneration which is adjusted to reflect increases in the salary scale in the retired participant's former Field Office which change the limits of the salary range of the grade held by the retired participant on his last day of participating service and which occur between the date on which the pensionable remuneration is last received and the effective date of retirement. The adjusted pensionable remuneration shall be calculated by applying the rate of pensionable remuneration corresponding to the pensionable remuneration at the time such remuneration is received, to the salary scale in effect in the retired participant's former Field Office on his effective date of retirement.
- (n) "Final Average Pensionable Remuneration" of a retired participant means the average of his adjusted pensionable remuneration(s) for the three consecutive years during the last five years of service for which such average is the highest, or during his total period of service if it is less than three years. Notwithstanding the preceding sentence, for a retired participant who has terminated employment (i) before January 1, 2012 such final average pensionable remuneration shall not exceed the adjusted pensionable remuneration corresponding to the twelve consecutive months affording the highest salary during such three-year period; and (ii) on or after January 1, 2012 such final average pensionable remuneration shall not exceed the actual salary paid corresponding to the twelve consecutive months affording the highest salary during the last five years of service.

Section 4.10 Benefits upon Withdrawal from the Plan

- (a) Any active participant with less than five years of eligible service who ceases to be an active participant for reasons other than death or disability, shall be paid a single, lump sum amount equal to 10% of his final average pensionable remuneration multiplied by the number of years of his eligible service. If he shall again become an active participant, his eligible service, qualifying service, remuneration and all other conditions of participation governing the Plan before he last ceased to be an active participant shall be disregarded in the calculation of future pensions or benefits.

- (b) Any active participant with five or more years of eligible service who ceases to be an active participant for reasons other than death or disability may elect to surrender all his rights in and to such pension and any other benefits which might become payable to him or on his account under the Plan, in order to receive, in lieu of such pensions and all other benefits, a lump sum, which shall be an amount equal to the sum of:
- (1) an amount equal to 20% of his final average pensionable remuneration multiplied by the number of years of eligible service up to a maximum of fifteen years; and,
 - (2) an amount equal to 15% of his final average pensionable remuneration multiplied by the number of years of eligible service between the sixteenth and thirty-fifth years of eligible service, inclusive.

DELEGATION OF AUTHORITY

Pursuant to the authority vested in the Administration Committee under Section 7.2(c) of the Plans, the Administration Committee hereby delegates to the Executive Secretary, Staff Retirement Plan, the authority under the respective provisions of the Staff Retirement Plan and the Local Retirement Plan to:

- approve payment of normal retirement pensions under Section 4.1
- approve payment of early retirement pensions under Section 4.2
- approve payment of deferred retirement pensions under Section 4.4
- approve payment of survivor's pensions and other death benefits under Section 4.5
- approve payment of reduced pensions and survivor's pensions under Section 4.6
- approve payment of commutations of pensions under Section 4.9
- approve payment of benefits upon withdrawal under Section 4.10
- make the determinations contemplated under Section 10.6 concerning the payment of survivor's benefits, except determinations in instances in which the decedent's estate may accrue to the state.

The Executive Secretary shall report all actions taken under this authority to the Administration Committee at its regular meetings, and at such other times as the Committee may determine. Such reporting shall not, however, be required to give effect to the authority exercised by the Executive Secretary pursuant to this delegation

(Approved May 5, 1998)

**RULES FOR THE ELECTIONS OF COMMITTEE MEMBERS IN THE PENSION COMMITTEE,
ADMINISTRATION COMMITTEE AND INVESTMENT COMMITTEE
OF THE STAFF RETIREMENT PLAN AND THE LOCAL RETIREMENT PLAN**

I. Purpose

- 1.01 These rules shall govern the election of committee members and their alternates in the Pension Committee, Administration Committee and Investment Committee of the Staff Retirement Plan and the Local Retirement Plan by the active participants in the respective Plans.

II. Qualifications of the Staff Members

- 2.01 For nomination and election to posts of membership to the Pension Committee, Administration Committee and Investment Committee, and to perform service thereon, the following requirements will apply:

- (a) The candidate for election must be a staff member of either the Inter-American Development Bank or the Inter-American Investment Corporation, under a permanent or fixed-term appointment for a period of not less than 2 years;
- (b) the employee shall have been an active participant in one of the Bank's Retirement Plans for at least six months prior to his election;
- (c) the employee shall not hold an executive position or a position incompatible with that of the post to which he aspires, or be assigned to the Executive Secretariat of the Plan; and,
- (d) the employee shall provide a written declaration signifying his/her agreement to accept the candidacy and the corresponding responsibilities.

- 2.02 Any designated member or alternate member of any of the committees of the Bank's Retirement Plans who wishes to be nominated and to take part in the election for the elective position shall submit his resignation from the post he is holding at least 15 calendar days prior to the date of the election.

III. Nomination and Election

- 3.01 The election shall be by secret ballot. Employees who are active participants in either the Local Retirement Plan or the Staff Retirement Plan shall be entitled to submit to the Nomination Board their respective candidates and vote.

- 3.02 Nominations of candidates and elections shall take place under the supervision and direction of the Executive Secretariat of the Plans in the month of March on the dates and times specified by the Executive Secretariat. A special election to fill vacancies shall be held in accordance with Article 4.01 herein.

**Rules for the Election of Committees
(Continued)**

- 3.03 The terms of office of each elected staff member and each elected alternate staff member by the participants of both the Local Retirement Plan and the Staff Retirement Plan shall be two years except in the case of persons who are elected to fill vacancies and who shall serve out the unexpired term of office of the original incumbent. The term of office shall expire 15 calendar days after the date of the next election
- 3.04 Participants in the Local Retirement Plan and in the Staff Retirement Plan shall elect from their joint nomination slate of candidates, a committee member and alternate who will serve on both the Pension and Administration Committees. Participants in the Staff Retirement Plan and in the Local Retirement Plan shall elect, from their joint nomination slate of candidates, a second committee member and alternate who will serve on both the Pension and Investment Committees. The candidate with most votes in each list shall be the elected member; the candidate with the second highest number of votes shall be the alternate.
- 3.05 The Executive Secretariat of the Plans shall give written notice of the date and time set for nomination of candidates and election to the local and international staff of the Bank at least 15 calendar days prior to the date set for the filing of nomination petitions.
- 3.06 Nominations of candidates for each position shall be accomplished by a Nomination Board under the supervision and direction of the Executive Secretary of the Plans. The Nomination Board appointed by the President of the Bank will consist of not less than 3 or more than 5 active participants of the Staff Retirement Plan, whose duty station shall be the Bank's Headquarters. The Nomination Board shall present a slate of no fewer than two candidates for each position to the Executive Secretary of the Plans no less than 15 working days prior to the date of the election, provided that the written consent of each such candidate has been obtained previously.
- 3.07 Additionally, participants in the Local Retirement Plan and the Staff Retirement Plan may submit their candidates to the Nomination Board by the presentation of a personal résumé accompanied by a photograph and a nominating petition signed by no fewer than 25 active service participants in the Plan they represent and filed with the Nomination Board no less than 20 working days prior to the date of the election. Each nominating petition shall be accompanied by a written declaration of the nominee signifying his agreement to serve if elected. The Nomination Board shall have jurisdiction over both the Staff Retirement Plan and the Local Retirement Plan, and shall be empowered to judge in first instance the validity of any nominating petitions. The decisions of the Nomination Board may be appealed by the aggrieved party before the Administration Committee and the judgment set aside.
- 3.08 The submittal of candidate lists by the Nomination Board shall signify the closing date for nominations. The Executive Secretariat of the Plans shall give written notice to the local and international staff of the Bank of the names of the candidates so nominated as soon as possible after the close of nominations.
- 3.09 Not more than 10 working days after the close of nominations, the Executive Secretariat of the Plans shall distribute amongst the active participants of the Local and Staff Retirement Plans the personal resume of the candidates or nominees for the positions, as appropriate.
- 3.10 The Electoral Committee appointed by the Executive Secretary of the Retirement Plans shall determine the eligibility of each voter. Participants who are entitled to vote shall cast their votes by electronic means.

**Rules for the Election of Committees
(Continued)**

- 3.11 The voting at Headquarters and in the Country Offices shall take place on the date(s) set for the election by the Executive Secretariat of the Plans. When the voting period has expired, the Electoral Committee shall take the final vote tally, and certify the total result of the voting by the signature of its members. The nominee for each position who has received the largest number of votes shall be declared elected as the member to that Committee and the nominee who has received the next largest number of votes shall be declared elected as alternate member to the same Committee. Tied votes shall be decided by lot.

IV. Vacancies

- 4.01 If the elected member of the Pension Committee, Administration Committee or Investment Committee ceases to be a participant in active service or is transferred outside the Bank's Headquarters or resigns his elected position, his alternate shall be considered the elected member. If the position of elected alternate member becomes vacant for any reason, the vacancy shall be filled promptly by special nomination and election conducted under the direction of the Executive Secretariat of the Plans in the same manner as regular nominations and elections. A vacancy in the position of alternate occurring within the six-month period before the end of his term of office shall be filled through the appointment of a qualified participant by the elected member, of which notice shall be given in writing to the Executive Secretary of the Plans.
- 4.02 In the event neither the elected member nor his alternate are able to attend the meeting of the respective Committee, the elected member may appoint a qualified temporary alternate of which notice shall be given in writing to the Executive Secretary of the Plans.

(Approved November 30, 1999)

**UNIFORM RULES ADOPTED BY THE ADMINISTRATION COMMITTEE
REGARDING STATUTES OF LIMITATIONS FOR THE REVIEW OF PETITIONS**

The Administration Committee of the Staff Retirement Plan and the Local Retirement Plan (hereinafter, collectively "Plan") hereby resolves that, with regard to its jurisdiction to review the petitions of participants claiming rights and benefits under the Plan:

1. When a petition is submitted, through the Executive Secretariat of the Plan, for the consideration and final decision of the Committee by an active, retired or former participant regarding rights or benefits under the Plan as established by an official communication, decision or benefit payment, such petition shall be admissible only when it is presented within 180 calendar days from the receipt by the participant of such official communication, decision or benefit payment. When the petition relates to an ongoing benefit payment and alleged violation, the 180-day period shall toll from the date of receipt of the first official communication, decision or payment related to the alleged violation.
2. When a petition is submitted by the trustee, guardian or other legally-appointed representative of an active or retired participant who is not capable of managing his own affairs, the time period established in Section 1, above, shall be extended to one year from the date of the receipt of the official communication, decision or benefit payment concerned by the person designated in the records of the Executive Secretariat of the Plan. When a petition is submitted by a person who is entitled to bring a claim based upon the right of a deceased active, retired or former participant, the time period established in Section 1, above, shall be extended to one year from the date of death.
3. The Committee shall not consider the substance of a petition challenging an official communication, decision or payment related to rights or benefits under the Plan after the expiration of the respective time periods noted in Sections 1 or 2, above.
4. The Committee shall not accept for substantive review a petition to reconsider a final decision unless it is demonstrated that, subsequent to such final decision, a material fact is presented to the Committee when such fact was not considered by the Committee with the initial petition, and was unknown to the participant when the initial petition was and could not have then been discovered by the petitioner through reasonable efforts. Also, such a petition for reconsideration must be submitted to the Committee within 180 calendar days from the receipt by the participant of the final decision; and such a petition shall not be considered to change the final nature of the decision being challenged, or otherwise to suspend the tolling of any statute of limitation for the processing of claims or appeal of such final decision before the competent authorities of the Bank.
5. Any petition to record or change the official records of a participant's or spouse's date of birth, a participant's marriage, or, with regard to the payment of a Child's Benefit, a child's date of birth, must be submitted before the effective date of the corresponding benefit or pension. The Administration Committee shall not accept a petition to change the official records following the respective effective dates.
6. The Committee shall not consider the substance of a petition for an extension of or exception to an explicit time period under the Plan's governing regulations and uniform rules when such a petition is submitted after the expiration of the applicable time period.
7. In exceptional circumstances and for good cause shown, the Committee may determine that it is necessary or appropriate to extend the time periods or otherwise to modify a specific provision provided for in these Uniform Rules.

**UNIFORM RULES ADOPTED BY THE ADMINISTRATION COMMITTEE
REGARDING PLAN SECTION 4.5(h)**

The following Uniform Rules for the approval of elections under Sections 4.5(h)(1), (2) and (3) of the Staff Retirement Plan for international employees, and under Sections 4.5(h)(1) and (2) of the Local Retirement Plan were adopted by the Administration Committees of the respective Plans on June 11, 1991.

1. An election not to provide a spouse's pension in the name of an active or retired participant (hereinafter "applicant") will be granted when such individual provides evidence that payment of such pension would be contrary to the purposes of the Plan, i.e.,
 - (a) a final order from ecclesiastical, civil, or judicial authorities establishing the legal separation of the applicant from his/her spouse; or
 - (b) a written agreement establishing the permanent separation of the applicant from his/her spouse, the dissolution of marital obligations and financial interdependence characteristic of married couples; or
 - (c) such other evidence which would prove the permanent separation of the applicant from his/her spouse, the dissolution of marital obligations and financial interdependence characteristic of married couples; or
 - (d) a written prenuptial or other agreement establishing the permanent financial independence of the applicant from the spouse and a waiver of the spouse's interest in any future pension benefits of the applicant.

2. Similarly, an election not to provide a children's benefit in the name of an active or retired participant will be granted when such individual provides evidence that payment of such pension would be contrary to the purposes of the Plan, i.e.,
 - (a) a final order from civil or judicial authorities establishing sole and permanent custody of the child with a party other than the applicant, the dissolution of parental obligations, and the dissolution of financial dependency characteristic of a parent/child relationship; or
 - (b) such other evidence which is legally enforceable, such as a written agreement, and which would prove the sole and permanent custody of the child by a party other than the applicant, the dissolution of parental obligations, and the dissolution of financial dependency characteristic of a parent/child relationship.

3. An election to rescind a prior election not to provide a spouse's pension or child's benefit in the name of an active or retired participant will be granted when such individual provides evidence that the failure to pay such a pension or benefit would be contrary to the purposes of the Plan.

(Approved June 11, 1991)

**UNIFORM RULES FOR THE ADJUSTMENT OF PENSIONS AND BENEFITS
IN ACCORDANCE WITH LOCAL RETIREMENT PLAN SECTION 10.4**

WHEREAS, the Administration Committee of the Local Retirement Plan ("Plan") observes that the regulations governing the Plan provide, in relevant part, as follows:

Section 10.4 Payments under Government Schemes

The Administration Committee may adjust the basic pension or basic benefit to reflect the actuarial value of all or part of any amount paid or payable by the Bank to or on account of an active or retired participant under the provisions of any present or future law, pension or benefit scheme of any sovereign government or any political subdivision thereof. Should any amount otherwise payable to or on account of an active or retired participant under such present or future governmental pension or benefit scheme fail to be paid or be payable for any reason outside the control of the Bank, the basic pension or basic benefit may, nevertheless, be adjusted.

THEREFORE, the Administration Committee hereby resolves to adopt the following Uniform Rules regarding the adjustment of pensions and benefits in accordance with Plan Section 10.4.

1. For purposes of these Uniform Rules and the adjustments described herein, amounts referred to shall include the same components as pensionable remuneration, and shall not include any amount in respect of or derived from reimbursement for taxes, allowances, bonuses, overtime, special pay or separation payments, temporary salary increases, or lump-sum payments in lieu of annual leave.

These Uniform Rules concern adjustments to Plan payments relating to the following types of benefits:

- a. any complementary payment or benefit ("complementary benefit") either : i. paid as a lump sum by the Bank, or ii. paid or payable by others on the basis of or including regular contributions made by the Bank, in each case i. or ii. which is paid or payable principally upon the termination of employment and in addition to the basic termination benefit normally provided by the Bank under the applicable personnel policies ("basic benefit"). Such complementary benefit shall be deducted from the value of any Plan payment to the extent that such complementary benefit exceeds the basic benefit (such excess hereinafter the "supplemental benefit"). In general terms, the complementary benefit is paid or payable on the basis of local practices or regulations. Except as separately provided for under section 1.b. below, the complementary benefit shall include payments made to a non-Bank fund regardless of whether amounts may be paid or loaned prior to the termination of employment, and does not include standard termination benefits which are paid by the Bank and are uniform among the Bank's Country Offices, or special incentive or other termination benefits which the Bank may offer as part of a Bank-wide or individual program; and
- b. any payment or benefit paid or payable by a non-Bank social security fund including old age, disability and/or survivor's benefits ("social security benefits") on the basis of or including regular contributions made by the Bank, which is paid or payable principally upon the participant's eligibility for such social security benefits under local practices or regulations and in addition to any Plan payment.

**Uniform Rules Adjustment of Pensions and Benefits
(Continued)**

2. When the complementary benefit is a lump sum paid by the Bank, the following adjustment to Plan payments shall be made.
 - a. When a lump-sum benefit is payable under the Plan, the Plan benefit shall be reduced by the amount of the supplemental benefit.
 - b. When a pension is payable under the Plan, the amount of the supplemental benefit shall be used to calculate a reduction in such pension in the same manner as a commutation payment under Plan Section 4.9.
3.
 - a. When the complementary benefit is paid or payable by others on the basis of or including regular contributions made by the Bank, the following adjustment to Plan payments shall be made. The Plan benefit or pension shall be multiplied by: [(the sum of the rates of the participant and Bank regular contributions to the Plan) less (the rate of Bank regular contributions to the non-Bank fund)] divided by [the sum of the rates of the participant and Bank regular contributions to the Plan]. The respective rates of regular contribution shall be expressed as a percentage of pensionable remuneration. Such respective rates shall be weighted to reflect variations over the applicable term of Bank eligible service.
 - b. Notwithstanding the terms of section 3.a. above, there shall be no adjustment pursuant to such section 3.a. for the term of non-participating service during which the individual participated in the Savings and Benefits Plan for Local Employees when the participant did not elect to make the contributions under sections 2.a.ii. or 3.a.i. of the Transitional Provisions of the Plan, as applicable. Further, when partial contributions are made under sections 4.b.i., 4.b.ii.(a), 4.c.i, 4.c.ii.(a) or 4.c.iii of the Transitional Provisions, there shall be no adjustment pursuant to section 3.a. above for the term of non-participating service corresponding to which credits to eligible service had not been made.
4. When the Bank has made regular contributions in respect of the payment of a social security benefit by a non-Bank social security fund under local practices or regulations, the following adjustment to Plan payments shall be made. When either a lump-sum benefit or a pension is payable under the Plan, the Plan benefit or the pension, as the case may be, shall be reduced by a percentage equal to the rate of regular Bank contributions in respect of the social security benefits multiplied by the annual pension when expressed as a percentage of the participant's final average pensionable remuneration. The rate of regular Bank contribution shall be expressed as a percentage of annual pensionable remuneration and shall be weighted to reflect variations over the applicable term of Bank eligible service.
5. When there are complementary benefits both in the form of a lump sum paid by the Bank (supra. section 2), and in the form of amounts paid or payable by others on the basis of or including regular contributions made by the Bank (supra. section 3), adjustments to Plan payments shall be calculated first on the basis of the latter, and then additionally on the basis of the former. When, in addition to complementary benefits, there are social security benefits (supra. section 4), adjustments to Plan payments shall be calculated first on the basis of the latter, and then additionally on the basis of the former as set forth in the preceding sentence.

**Uniform Rules Adjustment of Pensions and Benefits
(Continued)**

6. No adjustment provided for under these Uniform Rules shall be made to disability pensions or survivors' pensions, including children's benefits, under the Plan. The adjustment shall be applied on the basis of amounts payable from the Plan as of the date of the termination of employment, notwithstanding the possibility of deferment of payments from the Plan to a later date.
7. No Plan payment shall be adjusted under these Uniform Rules to an amount less than: a) for a pension or lump sum, 50% of that to which the participant would be entitled without consideration of such adjustment; or b) for a lump sum, an amount equal to 10% of the participant's final average pensionable remuneration multiplied by the number of years of eligible service.
8. When a pension is payable under the Plan, in no case shall a participant be permitted to elect to commute a portion of his pension which, when combined with the adjustments provided for in these Uniform Rules, would reduce the participant's pension below 50% of that which would be payable without any reduction or election.
9. In the case of adjustments made in respect of a complementary benefit paid either as a lump sum by the Bank (supra. section 2), or by others on the basis of or including regular contributions made by the Bank (supra. section 3), the participant shall have the option to elect to pay to the Bank an amount as calculated below for the purpose of being eligible for the full Plan payments with no adjustment under these Uniform Rules. This option shall not apply to adjustments made in respect of social security benefits (supra. section 4). Such payment must be made in a single lump sum and within 10 calendar days from the date of receipt of the complementary benefit, however, in no event later than 180 calendar days from the termination of employment. The payment must also be accompanied by a written statement from the participant, in the form prescribed by the Bank, which affirms the participant's election. The total amount of the payment shall be calculated in accordance with the below subsection 9.a. and/or 9.b. as applicable.
 - a. When a lump-sum complementary benefit is paid by the Bank (supra. section 2), the participant may elect to pay the total amount of the supplemental benefit.
 - b. When a complementary benefit is paid or payable by others on the basis of or including regular contributions made by the Bank (supra. section 3), the participant may elect to pay the total non-Bank complementary benefit including any loans or other payments made from a non-Bank fund prior to the termination of employment.
 - c. Any participant eligible to make an election under this section 9 may make a partial payment of the amount payable under this section 9. The value of credits under the Plan for such a partial payment shall be calculated on the basis of a formula which reflects a pro rata offset to adjustments calculated either under section 2 or 3, above, as applicable. When there are complementary benefits both in the form of a lump sum paid by the Bank (supra. section 2), and in the form of amounts paid or payable by others on the basis of or including regular contributions made by the Bank (supra. section 3), credits under the Plan shall be calculated first on the basis of the former, and, if applicable, then additionally on the basis of the latter.

**Uniform Rules Adjustment of Pensions and Benefits
(Continued)**

10. The Administration Committee affirms its authority to revoke or amend these Uniform Rules from time to time as may be necessary to address matters contemplated in Plan Section 10.4 and any other changes that may take place in the applicable Bank policy.
11. These regulations are applicable to the Plan for all Country Offices.
12. Transitional Provisions
 - a. All active participants in Argentina, Bahamas, Bolivia, Chile, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Paraguay and INTAL, as of the effective date of the Uniform Rules, will be subject to application of the above reductions or adjustments in the following progressive basis: 1998 - 10%; 1999 - 20%; 2000 - 30%; 2001 - 40%; 2002 - 50%; 2003 - 60%; 2004 - 70%; 2005 - 80%; 2006 - 90% and 2007 - 100%. The percentage of the total adjustment to be applied shall be the amount indicated for the year in which termination of employment occurs, notwithstanding the possibility of deferment of payments from the Plan to a later date.
 - b. Further, with regard to such active participants, no Plan payment shall be adjusted under these Uniform Rules to below: i. any payment entitlement accrued up to the effective date of these Uniform Rules plus, ii. the value of the payment entitlement corresponding to the participant's contributions beginning such effective date.
 - c. In order to calculate 12.b.ii. above, for a pension, the value of the payment entitlement corresponding to the participant's contributions shall be considered to be one-third of the benefit accrued during such period. For a lump sum, such value shall be considered to be an amount equal to 10% of the final average pensionable remuneration multiplied by the number of years of his eligible service during such period.

(First Approved November 23, 1993)
(Last Amended October 20, 2003)

UNIFORM RULES REGARDING SECTION 11.2 OF THE PLAN

The Administration Committee of the Staff Retirement Plan and the Local Retirement Plan (hereinafter, collectively "Plan"), with regard to requests to partition benefits under Plan Section 11.2, hereby resolves as follows.

1. Any request made by a participant or retired participant (hereinafter, collectively "participant") under Section 11.2 shall be addressed to the Executive Secretary, IDB Retirement Plans.
 2. a. A participant should submit any such request to the Executive Secretary within 15 calendar days from the date of the corresponding court order.

a. In the event that a participant fails to submit a timely written request to the Executive Secretary, a request may be made by a spouse, former spouse, or person designated to receive child support. Such a request shall be subject to the same conditions expressed herein as applicable to a request from a participant. Further, the following additional rules shall apply.
 - i. Upon receipt of such a request, the Executive Secretary shall forward the request to the participant concerned. Such communication may be made by the Executive Secretary by any means s/he determines to be reasonable and the Administration Committee shall presume that such notice, if confirmed by the Executive Secretary, was given. The participant shall have a period of 30 calendar days from his/her receipt of the communication from the Executive Secretary to acknowledge his/her written consent, or to provide written comments objecting, to the request. Such consent or comments shall be forwarded to the Administration Committee for its consideration and final determination. The Administration Committee shall infer a participant's consent from the Executive Secretary's failure to have received a response from the participant within the time limit provided.
 - ii. Having considered the request and a participant's response (if any), the Administration Committee may: (a) deny the request; (b) determine to treat the request in the same manner as if it were a request from a participant; or (c) choose to take any action contemplated under section 12 or other provision of these uniform rules, or such other action as it may deem appropriate.
3. Any such request must be accompanied by the relevant court order, and be in the form, and accompanied by such other supporting documentation or certifications, as prescribed by the Executive Secretary.
4. The court order accompanying the request must create an obligation on the part of the participant, and not the Bank or the Plan, to have the payments made as contemplated under Section 11.2.
5. Any such request shall indicate that a copy of the request has been sent to the spouse or former spouse, and in the absence of such, the Executive Secretary may require that a participant send such copy, or in the alternative, may him/herself send such a copy to the spouse or former spouse.

**Uniform Rules Section 11.2 of the Plan
(Continued)**

6. The Executive Secretary shall have the authority, in consultation with the Legal Department, to prescribe such forms and procedures as may be necessary to give effect to the terms of Section 11.2. The Executive Secretary will provide information on Plan policies and procedures to participants, retired participants and their spouses or former spouses as may be needed to give effect to the provisions of the Plan.
7. The Executive Secretary shall recommend to the Administration Committee actions to be taken under Section 11.2 either in the regularly scheduled meetings of the Committee or by Short Procedure.
8. A direction shall be effective with regard to payments to be made from the Plan in accordance with its express terms, however, not sooner than the earlier of the following two dates: (a) 60 calendar days from the first of the month following receipt of the request by the Executive Secretary; or (b) approval of the direction by the Administration Committee.
9. Payments to a spouse or former spouse under Section 11.2 shall not commence prior to the effective date that payment of the participant's benefits under the Plan commences. There shall be no retroactive adjustments.
10. The Executive Secretary may return to a participant, and may not accept, any request which is accompanied by incomplete information, which is supported by a court order that raises questions concerning its application, interpretation, effectiveness, finality or validity, or which otherwise appears to be in unclear or inappropriate form. A court order must be consistent with the provisions of the Plan and these Rules, in order to give effect to a request as contemplated herein.
11. The Administration Committee may presume, and shall not be required to undertake an independent investigation to determine, that any court order is issued with proper jurisdiction of a court, is final and binding on the parties, is not inconsistent with any prior court order, or is otherwise valid if appearing to be so in accordance with its express terms. Further, the Administration Committee may make such other presumptions as may be reasonable on the basis of the understanding that the documentation provided to support a request is provided in good faith.
12. The Administration Committee shall not (a) interpret agreements between spouses or former spouses, requests to pay or orders or decrees of courts in cases of ambiguity, or (b) resolve questions where there is a genuine dispute about the efficacy, finality or meaning of an order or decree. In such cases, the Administration Committee may reject the corresponding request or suspend payments under Section 11.2.
13. A direction may apply to normal, early or disability retirement pensions, or lump-sum amounts to be commuted or withdrawn.

**Uniform Rules Section 11.2 of the Plan
(Continued)**

14. Payments to a spouse or former spouse shall relate to the same type of benefits that the participant elects to receive: any request for a lump-sum payment to a spouse or former spouse when a monthly annuity is payable from the Plan, or vice versa, shall not be effective for the purposes of Section 11.2. A request which expressly contemplates payments only from a specific type of pension, such as a normal or early retirement pension, shall be effective only when such specific pension is payable. A request that contemplates a payment as a percentage of distributions to the participant shall be effective for amounts to be commuted or withdrawn in a lump sum, or normal, early or disability retirement pensions. A request may also require a payment which is constant in amount, or alternatively, may require that any cost-of-living increase shall be divided pro rata between the parties. For a request to be effective, the Executive Secretary must have all sufficient information to permit the necessary calculations, including contemplated payments with reference to a formula relating to a specified period or with reference to the accrued pension rights as of a certain date.
15. A request must expressly contemplate payments under a disability pension in order to be effective should such pension become payable.
16. A direction or payment incident thereto shall not convey to any person an interest in the Retirement Fund, give any elective rights under the Plan to such person (except as expressly provided), increase the total benefit otherwise payable under the Plan, or alter the timing or form of payment of benefits under the Plan.
17. The amount of payments to a spouse or former spouse shall initially be calculated on the basis of the U.S. dollar pension payable without regard for any election of the participant, or the spouse or former spouse, to receive payments in any other currency pursuant to Section 4.13.
18. A spouse or former spouse may elect a payment in a currency other than U.S. dollars pursuant to the same rules applicable to the participant.
19. Once made, a direction shall be irrevocable, except on the basis of appropriate supporting documentation having full legal effect.
20. Payments pursuant to a direction under Section 11.2 shall cease upon the death of the participant.
21. If a participant transfers accrued pension benefits under Article 14, then the Bank shall make the corresponding disbursements to the transferee pension fund in accordance with the provisions of the applicable transfer agreement and, to the extent not expressly contemplated therein, a direction would be ineffective. In such event, the Executive Secretary shall inform the transferee pension fund of the existence of the direction and shall provide the transferee pension fund with the corresponding documentation, with a copy to the participant.

**Uniform Rules Section 11.2 of the Plan
(Continued)**

22. The Executive Secretary and the appropriate offices of the Bank may consult directly with the spouse or former spouse to facilitate the making of payments under Plan Section 13.8 regarding national taxes on pensions on amounts directly payable to such spouse or former spouse. For such purposes, amounts paid in accordance with a direction shall be included in the gross income of the recipient, and the Bank's regular policies regarding reimbursement of taxes on pensions shall apply.
23. An order may require the participant to provide the spouse or former spouse access to information concerning the Plan options, and the amount and payment status of a participant's benefit. The Executive Secretary will provide such information directly to the spouse or former spouse when the participant consents or when, in the discretion of the Secretary, the participant has failed to provide such information.
24. The Administration Committee may direct, upon the recommendation of the Executive Secretary, that any abuse of the privileges provided to participants under this Section 11.2 shall be reported to the Bank's Ethics Committee or to such other Bank office that may have jurisdiction over such matters. A basis for such referral may include, without limitation, the failure on the part of the participant to submit on a timely basis complete documentation needed to process a request, or such other actions which might create impediments to the appropriate implementation of a direction. Further, the Executive Secretary may provide any information in the files of the Executive Secretariat and required of such offices, with copies to the participant concerned.
25. The conditions of Section 11.2 shall only apply to legal obligations evidenced by a court order, which has an effective date on or after the introduction of Section 11.2 to the Plan's governing regulations, August 5, 1998.
26. In exceptional circumstances and for good cause shown, the Administration Committee may determine that it is appropriate or necessary to approve actions as exceptions to the express provisions of these Uniform rules.

(Approved August 5, 1998, Amended November 19, 1999)