Minutes of the 31st Annual Meeting

The 31st Annual Meeting of the 1818 Society took place on Wednesday, October 21, 2009 in the Preston Auditorium. The meeting lasted from 3:30 pm to 6:10 pm and was attended by over 150 members. The Chairman, J. Shivakumar (Shiva) welcomed the guests, after which the meeting adopted the agenda and approved the minutes of last year’s meeting.

President’s Report. The Chairman emphasized that the profile of our 5400 members is changing. Many new members are younger and still professionally active. As a repository of global knowledge, members have much to contribute to the Bank’s agenda. Collaboration with the Bank is widening, for example through alumni forums and a Speakers Bureau. The Chairman pointed out that our website, www.worldbank.org/1818, is becoming our most important tool to connect members around the world, and is now used to foster conversations among members on subjects of mutual interest. He invited members to explore the “Members Connection” area where anyone can make their views known. In addition to the website, the Bulletin continues to be issued bi-monthly, and provides information that is much appreciated by our members.

As part of our growing network, the Society now has nine geographical/linguistic chapters with the Canada chapter as the latest addition. The Society also has active groups for water, energy and the IFC. Social events such as dinners, luncheons, tours, film screenings and receptions continue to be a popular way for some members to keep in touch. The Retirement and Active Lifestyle Group has been dynamic, sponsoring several well planned and attended functions where members learned about retirement living options, aging in place, health and security issues, leisure opportunities and volunteerism. The Chairman also pointed out that we can provide benefits to our members by working more closely with other international retiree organizations.

Pensions and medical insurance are vital to the interests of our members. The Society works closely to collaborate with the Bank on these matters through a newly formed expert group on pensions, through a revitalized insurance committee, and through our representatives on the Pension Finance Committee and the Pension Benefits Administration Committee. We are fortunate that Bank staff who handle pensions and insurance are empathetic to our interests and eager to solve problems.

The Chairman then recognized the many volunteers who help the Society, projecting their names on a screen, and called for additional help in organizing chapters and sector groups, in helping on social events and RALC, in handling our website, and in helping out in the office.

The Chairman’s speech may be viewed on the 1818 Society website.

Treasurer’s Report. Jeff Katz, the Society Treasurer, acknowledged Carolyn Gochenour, the Assistant Treasurer, and David Jones, the auditor. The audit for 2008 will be finalized as soon as David recovers from surgery. Assets at end-2008 were $79.9 thousand, somewhat lower than the previous year, due to the payment in 2008 of expenses that were incurred in prior years for which billings by the Bank had been delayed. These delays have since been corrected. Assets are currently about $83 thousand. The Society’s financial statements do not include in-kind support. Such
support will be reflected in a Memorandum of Understanding (MOU) which is being negotiated with the Bank. The MOU would provide budget support, improve transparency and affirm Bank recognition.

**Pension Finance Committee Representative’s Report.** Stephen Eccles, the Society’s representative to the Pension Finance Committee, said that the Bank’s Pension Fund suffered major losses in 2008, as did other investors around the world. Some of these losses will be made up in 2009. Although losses were significant, the major asset allocation changes that increased diversification put the Bank’s pension fund in a better position than many other similar funds. Luckily, the Bank will meet all obligations and continue to pay full pensions.

**Management Statement on Pension Finance Matters.** John Gandolfo, the newly appointed head of the Pension and Endowments Department, presented slides that outlined the recent market stress and government action, highlights of 2008-09, the plan performance, and conclusions. The slides will be made available on the Society’s website. The year 2008 was a disastrous year for the world’s financial markets, with a 42% decline in global equities, a freezing of credit markets, the failure of many institutions, and declines in economic activity. Although governments intervened massively, employment and housing continue to be weak and consumers are not spending. In the short term, performance will probably continue to be volatile. Against this backdrop, the pension fund lost $3.3 billion (21% of its value) in 2008. Thus far in 2009, it has returned about 10.5%, making up partially for last year’s losses. The closed group funded ratio dropped to 76% at the end of 2008, but has recovered to 80% by the end of September 2009. Diversification, active management and risk management permitted a better performance than other investors. Bank contribution rates will most likely increase in the next year. In April 2008, the contribution rate was set at 5.7 percent of net salaries. This increased in May 2009 to 15.6%. Although the crisis is difficult, it presents buying opportunities for the long term investor, and payment of pensions is assured. There were a number of questions by meeting attendees, which were answered by both Messrs. Gandolfo and Eccles. One question was “what happens if the Bank goes bankrupt.” It was pointed out that a) this is an unlikely scenario, as Bank lending is up sharply due to the crisis, and b) there are enough funds in the Pension Fund to pay 100% of the accrued pension benefits based on current salaries. Another attendee said that the Pension Fund report did not compare favorably with a report by a similar fund (Yale University) in the clarity of its objectives and its transparency regarding performance. The Society’s PFC representative said that large amounts of data can obfuscate clarity; however the staff representative said that he admired the way that the Yale report cast its objectives in the long term.

**Pension Benefit Administration Committee (PBAC) Representative’s Report.** Alex Keyserlingk, the Society’s representative to the PBAC, said that the PPAC had several meetings during the year to consider individual cases. He noted the excellent cooperation given the Committee and to retirees by the Bank, however he said that the PBAC is discussing ways for the committee to have more oversight over pension administration.
Management Statement on Pension Administration Matters. Kerry Mack, the chief of the Bank’s Pension Administration Unit, recounted some statistics concerning participants. Although nearly all retirees are in the gross plan, most existing Bank staff participate in the net plan. Ninety percent of net plan participants that leave the Bank are taking their benefits from the pension plan in a lump sum. This year was the first time that there was no cost of living increase in pensions denominated in USD, because the US CPI for All Urban Consumers, the index that is used for calculating the Cost of Living Adjustment in USD, was negative. Pensions were not decreased, however. Upon ending, Mr. Mack reminded attendees that life certificates, which are sent in January, are due April 30.

Report of the Society’s Committee on Insurance Matters. Kabir Ahmed, the chair of this committee, said that nearly all its attention has been given to the RMIP (not other insurance benefits). Activities included meetings with Human Resource Staff and sponsoring a seminar on the RMIP. Concerns include: a) the EOB (explanation of benefits), which is difficult to understand. Aetna has hired a consultant to review this on behalf of all its consumers; b) the impact of the US health reform; c) the method of establishing usual and customary charges. The New York attorney general has filed suit regarding this, and d) major increases in Medicare premiums and the benefits of Medicare to the plan. A subcommittee of the Society is working on this issue in detail. Upon conclusion, Mr. Ahmed pointed out that major cost savings could be derived by using generic drugs and in-network doctors. He thanked HR for its excellent collaboration.

Management Statement on the Retiree Medical Insurance Plan. Charles Humphries the Program Manager for the Bank insurance plans discussed general aspects, and Jim Clagett discussed financial details. Mr. Humphries said that the RMIP did well financially over the past year, and the satisfaction survey was also positive. Accomplishments in the last year included: a) the transition to Catalyst for prescription coverage, b) providing Aetna cards to Van Breda participants. These accomplishments resulted in major savings for the plan. Future issues include: a) study of the EOP and Medicare discount; b) the uncertainty of US health reform, and c) possible bidding of administrator contracts. Jim Clagett said that RMIP cost per retiree was $10,397 for 2008, of which 25% is paid by participants through premiums. He said that the RMIP continues to perform better than the average retiree health plan and at the current time the Bank does not expect there to be any premium increases in 2009 and 2010. In answer to a question, he said that it is unclear whether the RMIP qualifies as a “Cadillac” plan under proposed U.S. health care legislation (and possibly taxable under US health plans being considered).

Report of Nominating Committee and Election of Directors. The nominating committee decided that four directors should leave the Board, as they had already served two or more terms, providing an opportunity for renewal. The committee sought to increase the representation of women and improve regional balance. Recommended new members are Kabir Ahmed, Sandra Hadler, Judy O’Connor, and Aberra Zerabruk. The
meeting voted for the slate by acclimation. The chairman noted that one proxy vote had been received from Ms Yang-Ro Yoon against the slate.

**Other Business.** The Chairman read the following statement to the meeting: “I would like to draw the attention of members to a legal case against the 1818 Society filed with the Superior Court of the District of Columbia (Case No. 09 CA 2669) by one of our members. It was dismissed by the judge last week. The member who filed the case wishes to share documents on the case with other members. If any member would like to see a copy of the relevant documents that can be released, please approach our office manager for a set.”

**Adjournment.** The meeting was adjourned at 6:10.