

## Update on the Staff Retirement Plan September 22, 2008

### **Are our pension benefits safe?**

Yes. Under the Staff Retirement Plan, which is established as an irrevocable trust with the IBRD as the Plan sponsor, defined pension benefits are not affected by changes in Plan asset values. Such benefits are secure because the Bank has a contractual obligation to meet the specified benefit payments. In addition, there is the value of the assets, which the Bank has already set aside in the trust and invested for those purposes. To the extent that the value of those assets goes down, the security of the pension benefit payments is backed proportionally more by future contributions to the pension fund by the Bank.

### **What are the recent returns of the Pension Plan?**

The market value of the Staff Retirement Plan was USD 14.2 bn as of August 31, 2008. The value of the Plan changes daily in line with movements in financial markets. From the start of 2008 until August 31<sup>st</sup> the Plan has lost 4.2% in value. The last time the Plan suffered a similar or higher loss was in 2002 when the Plan lost 7.7%. The Plan's investment strategy is focused on the long term and the average 5, 10 and 15-year returns of the Plan were 10.4%, 6.2% and 8.8% per annum, respectively.

### **How about the cash balance portion of the “new” or net pension plan?**

For participants in the “new” (post-April, 1998) or net pension plan, a portion of the ultimate benefit payments will depend on the investment choices made. A large majority of participants in the net pension plan has opted to invest most of their cash balance accounts in the real 3% return option, the yield of which varies with inflation, rather than the stock market.

Preliminary Month to date and Year to date performance numbers (as of Friday September 19<sup>th</sup>) for the various investment options were:

Investment Option	Month – to-date (MTD)*	Year-to-date (YTD)*
ML USD LIBOR 3Mth Constant Maturity Index	0.052%	2.541%
Real 3 Percent**	0.560%	4.796%
Lehman Brothers U.S. TIPS Index	-1.066%	4.077%
Lehman Brothers Government/Credit Index	-1.540%	0.342%
JP Morgan Emerging Market Bond Index Plus	-3.568%	-1.971%
S&P 500® Index	-2.017%	-13.178%
Russell 2000® Index	2.003%	-0.671%
MSCI EAFE® Index	-6.354%	-22.207%
MSCI Emerging Market Index	-11.364%	-30.572%

\* Preliminary performance numbers as of Friday September 19<sup>th</sup>

\*\* Real 3 Percent earnings are stated for the entire month of September

You can always find a monthly performance summary for the different investment options by typing “pension” in your web-browser, go to Net Plan Information, Investment Fact Sheets and then clicking on Investment Returns at a Glance.

**My net plan cash balance / voluntary savings investment mix includes an allocation to a Lehman Brothers Index. Is that allocation affected by the Lehman Brothers bankruptcy?**

No. Among the investment options available to net plan participants in the Cash Balance and the Voluntary Savings (VS) components, are indexes that are compiled and published by various market participants. The index providers simply calculate the index values by collecting market information about the value of the constituent securities.

Both the Merrill Lynch and Lehman Brothers indexes are in the process of being acquired by other market participants who have indicated their desire to continue to provide index calculations. However, in case an index is discontinued, changed or renamed, the Bank can replace the index if need be.

**Where can I find more information about the pension plan?**

You can find a wealth of information about the pension plan by typing “pension” in your web browser or by contacting us on [1pension@worldbank.org](mailto:1pension@worldbank.org).