



The 1818 Society

HANDBOOK FOR ADVANCE PLANNING BY RETIREES & FAMILIES

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Prepared and distributed by

The 1818 Society

P O Box 27388

Washington DC 20038-7388

Phone: (202) 458-1956

Fax: (202) 522-2417

E-mail: 1society@worldbank.org

Website: www.worldbank.org/1818

For Quick Reference Write UPIs (staff numbers) here:

Retiree _____ spouse/partner _____

(If no separate UPI was ever issued to the spouse, just use the retiree's number)

IMMEDIATE STEPS WHEN A RETIREE, SPOUSE OR PARTNER DIES

1. Inform the World Bank

Contact the *Pension Benefits Administration*, by phone 202-458-2977; fax 202-522-1723¹ or email: 1pension@worldbank.org. Have available the UPI (staff number) of the retiree or spouse/partner and mention it if using fax or email.

The Pension staff will inform the HR Operations, which is responsible for benefits such as medical and life insurance, and will also inform the 1818 Society. They will not, however, inform the Credit Union (see below).

If necessary, the *HR Operations* can be contacted directly by phone at 202-473-2222 or by sending e-mail to: hroperations@worldbank.org

2. Fill out and submit the forms

World Bank staff will send various forms to survivors who are eligible for benefits (such as a pension, a lump-sum death benefit, continuing medical insurance, or a life insurance payment). The forms must be filled out, signed, and returned to the Bank accompanied by an official death certificate. Pension payments to the survivor will usually start about six weeks after notification of the retiree's death.

3. Inform the Credit Union

The *Bank-Fund Staff Credit Union* should also be informed, if the person had an account there. But if pension payments were regularly deposited into the Credit Union account, you may wish to delay this notification until after the last day of the month, when the final pension payment has been deposited (since the account will be frozen on receipt of notification, and the final pension payment would then be rejected). Contact the Credit Union by phone 202-212-6400 or by fax 202-683-2380; or send e-mail to: memberservices@bfsfcu.org

4. Inform Other Financial Institutions

If pension payments were being deposited in a financial institution (such as banks, savings and loan associations, etc.) other than the Credit Union, they should be informed following the same steps as in 3 above. In addition, the survivor should also consider taking early action to inform all other institutions where the decedent has a financial relationship, such as banks, credit unions, investment brokers and dealers, insurance companies, Social Security Administration, and other pension issuers (such as national pension plans (e.g., Canada, UK, France, etc., if any).

5. Death certificates

Depending on the circumstances, you may need, at least, three copies of official death certificates – for pension purposes, for life insurance purposes, and for the Credit Union. You should attach a translation if the certificate is not in English. (See also footnote 5 on page 9).

For questions relating to subjects covered in this Handbook as well as other related matters, call 1818 Society (202-458-1956) or email (1society@worldbank.org)

¹ If you are calling or sending fax from outside the US, dial 1 (for the US) and then the number. This applies to all phone and fax numbers given in this Handbook.

If your spouse/survivor has difficulty in understanding English, summarize below in the language they understand the critical information provided above:

Suggestions for Advance Planning

Advance planning reduces risks of lost opportunities and difficulties/complications down the road; and it is never too early (or too late) to do so. What you should be planning depends on your specific situation and preferences. It is a good idea to discuss your plans with your loved ones and the executor of your will as well as to consult with your legal, financial and tax advisers. To assist you, we give below some examples of things that you might consider. Note that these are just examples and not an exhaustive list:

- **Estate Planning** - Make or update your: (a) Last Will and Testament; (b) Living Trust; (c) Durable Financial Power of Attorney; and (d) Advance Medical Directive (Chapter 6).
- **Immigration** - If you and/or your spouse and children are not US citizens, decide if you want to change your/their residency status to citizenship and take steps to complete the requirements (Chapter 6).
- **Taxes and Social Security** - Make sure that you are current on your tax filing and social security contributions and records (Chapter 6).
- **Bank & Credit Union Accounts** - If you have your account in a bank or Bank-Fund Staff Federal credit Union in your sole name, consider making it a joint account with your spouse or somebody else to avoid freezing of the account/(s) in case of death (Chapter 5).
- **Life Insurance Beneficiary** - Review and update your life insurance beneficiaries for WBG and other life insurance policies.
- **Update Contact Information** - Inform all relevant institutions (such as, WBG, Bank-Fund Staff Federal Credit Union, bank, insurance company, etc.) of any change in your home address, telephone numbers and/or email address.
- **Organizing Important Records** - (a) Prepare a list of account numbers and pertinent information about your investments, bank accounts, insurance policies and other financial matters; (b) Prepare a list of location of valuable documents (deeds, car titles, birth and marriage certificates, divorce decrees and estate planning documents); (c) Maintain a record of your personal data (e.g., Social Security number, driver's license number, date of birth and the names and phone numbers of family members); (d) Make arrangements for access to your safe-deposit box; (e) List the location of tax records and name of your tax adviser, if any; and (f) List all organizations in which you have membership.
- **Select an Attorney** – Select and nominate an attorney to handle legal matters.
- **Funeral Preplanning** - For example, location of burial, cremation or other options and consider making appropriate prior arrangements.
- **Personal Planning** - Share with a trusted person the location of your confidential or valuable items and documents (such as estate planning documents and other information mentioned above) and the location of spare keys and security codes.

HANDBOOK FOR ADVANCE PLANNING BY RETIREES & FAMILIES

OF WORLD BANK GROUP

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1: INTRODUCTION

(Note: This version of the Handbook For Advance Planning by Retirees & Families is an update of the one issued in October 2009, called, the Handbook for Survivors of World Bank Group Retirees. For unavoidable reasons we have not been able to cover specific matters relating to the Net Pension Plan. Also, we are waiting for an update from HR Operations on Retirees Medical and Life Insurance matters. However, the absence of these updates does not affect the actual benefits accruing to the survivors; and the Immediate Steps to be taken after death of a retiree, spouse or partner are the same as described here. We will incorporate necessary changes as and when latest information is available. Also, we would welcome comments and suggestions from members to improve the Handbook. Members can record their comments and suggestions online.)

This Handbook was prepared by the 1818 Society for your guidance and advance planning. Many of the practical problems the retirees and survivors face can be resolved or simplified by retirees taking fairly simple steps *in advance*. For this purpose, we have included some suggestions on page 4, and related information under the heading of “Warnings” and in Chapter 6. We hope this will encourage retirees and their families to review this information and plan ahead.

For the convenience of survivors we have included “Immediate Steps” to be taken on page 2. We have also tried to keep the explanations and the language simple and to eliminate, as far as possible, any errors or ambiguities. Unfortunately, many of the matters discussed have complicated legal implications, as well as important long-term consequences. Note that the Handbook does not replace the formal documents, such as the Staff Retirement Pension Plan document and the Medical Insurance Plan Summary Plan Description. In any dispute, the language of the formal documents will govern. These documents are available from Pension Administration and the HR Operations respectively.²

In our observation, the Bank (and Credit Union) staff who deal with these matters are highly experienced, competent and helpful, and we recommend that you address them with your concerns without delay.³

The Handbook explains how various people are to be notified when a retiree or spouse/partner dies, but you do **not** have to notify the 1818 Society. The Society is informed by others in the Bank, and automatically transfers membership in the Society to the surviving spouse or partner – no further payment or notification is required. The Society will post the deceased’s name and date of death in its “In Memoriam” list, which appears in the Bulletin and on its web site. A surviving spouse or partner will continue to have access to the Bank’s buildings during normal working hours, for example to use

² For contact information see page 25.

³ For contact information see page 25.

the Credit Union or the cafeteria, or to visit the Society's office, but will need a Bank ID to pass the security guards.

In this Handbook after Introduction, three chapters correspond to the main benefits of concern to survivors, i.e., Pension, Medical Insurance and Life Insurance followed by a chapter on the Credit Union. These chapters start with a brief review of the formalities, describes what you as the survivor must do, and conclude with warnings about possible problems and complications. Many of the warnings need attention by the retiree and family ***in advance*** – it will usually be too late after the retiree's death.

Chapters 2-5 go into some detail in order to cover a variety of circumstances. But in essence, after a retiree or survivor's death the following fairly simple steps need to be taken:

- Inform Pension Administration (which will inform other Bank units as necessary)
- Fill out and return any forms that the Bank then sends you
- Contact the Credit Union, if there was an account there.

The last chapter in this Handbook is on other important matters that surviving spouses, who are US citizens or reside in the US, might have to handle, such as preparing for the inevitable-estate planning and administration, income tax, social security and immigration. To a large extent, these matters can be resolved/simplified by advance planning by retirees. The substance of this chapter is based on information currently available from official sources of various departments of the US Government. Since these rules are subject to change by the US Government, the Society cannot vouch for the comprehensiveness and/or accuracy of this information. Therefore, this discussion should be used mainly as a general source of information and a checklist of issues to be followed up after the death of a retiree or spouse/partner. Also, in specific situations, it may be advisable for retirees, spouses and partners to seek advice/assistance from professionals.

Contact information is listed on page 25. Initial communications are best handled by phone or e-mail. Either courier services or fax will expedite written correspondence; if important documents are included, it is advisable to use registered mail or courier service. Always include the UPI (staff number) of the retiree or spouse/partner in communications with the Bank.

Make sure these numbers are noted on pages 2 and 25 of this Handbook.

2: PENSIONS

(For all Retirees who participated in the Gross Pension Plan and their Surviving Spouses/Partners)⁴

The discussion in this chapter applies to all retirees who participated in the World Bank's Gross Pension Plan – which covered all staff recruited until April 14, 1998. Staff recruited on or after April 15, 1998 participated in the Net Pension Plan, which differs in various respects. We will update this chapter in due course for the benefit of retirees who participated in the Net Plan.

1. The Formalities in Brief

When it receives notice of the death of a retiree or a spouse/partner, Pension Administration:

- Informs other Bank units concerned (including the HR Operations, which is responsible for Medical Insurance and Life Insurance (see Chapters 3 and 4).
- Makes a final pension payment into the deceased person's account at the end of the month in which the death occurs.
- If there is an eligible surviving spouse or partner (or, in appropriate cases, eligible dependents), calculates the pension due and sends a letter specifying the amount and enclosing a form to be filled out. The form is needed to establish the account into which pension payments are to be made, and to provide tax information for US tax residents. An "eligible surviving spouse" is one who was married to the retiree on the last day of his or her service; and an "eligible partner" is one who was WBG registered partner as of the last day of service of a retiree, who retired after March 1, 2002, and the same registered partner as of the date of retiree's death. Pension Administration may contact the administrator or executor of the estate to obtain information about the beneficiary(ies) address.
- If there is no eligible surviving spouse or partner, calculates the amount of the lump sum death benefit payment to be paid, and sends a letter to the beneficiary(ies) recorded by the retiree, enclosing a form to be filled out.
- If the spouse or partner predeceases the retiree, acknowledges the notification and sends a letter requesting a copy of the death certificate and a reminder is sent to the retiree to update the designation of beneficiary on file if needed.
- If a retiree's surviving spouse or partner dies, acknowledges the notification and calculates whether any further payments are due before closing the file.

If a pension is due, the form must be returned, duly completed and signed, along with an official death certificate (and other documents if there are dependent beneficiaries). Once the form is in hand, and various calculations have been completed, Pension

⁴ For staff who retired on or after March 1, 2002, a registered domestic partner is entitled to the same pension treatment as was previously accorded to a spouse.

Administration begins pension payments into the account indicated, on the last day of each month. A survivor pension becomes effective starting on the day after the retiree's death, meaning that during that month benefits will accrue from both the retiree's pension and the survivor's pension. However, the actual date on which the first payment reaches the survivor's bank account will be at least 30 days from the date of death – it usually takes about six weeks from the time of death notification. If any overpayments were made to the retiree these will be recovered from the surviving spouse pension.

If no pension or other benefit is due, e.g. when a retiree's spouse or partner dies, it is sufficient to submit an official death certificate.

2. What You Must Do

There are basically two steps:

- Inform the Bank of the death of the retiree or spouse/partner and submit a death certificate
- If a survivor pension or death benefit is payable, also return the claim form which the Bank sends you

A family member should inform Pension Administration at the Bank promptly (within 15 days) of the death by letter, e-mail, telephone or fax (see contact information on page 25). The information should include the date of death, and an immediate contact person and how to reach him or her. It is important for initial notification to come from a family member, since Pension Administration cannot act on the word of someone with no obvious connection to the retiree (unless they have been formally designated as executor or administrator of the estate). Please include the retiree or spouse/partner's staff number (UPI) in all communications with the Bank. ***Please also note the caution under Warnings below, concerning the closure of the account into which the pension was paid.***

You will need one or more official death certificates⁵. These will take different forms depending on where you live. Ideally, you should send an original or certified copy (which Pension Administration will be glad to return to you) – the key point is that the Bank has to satisfy itself that the reported death is genuine. If the death certificate is not in English, you should include a translation (which does not have to be certified). The death certificate can be sent at the time of initial notification; if not, it must be

⁵ Depending on the circumstances you will need at least three copies of death certificate – for pension purposes, for life insurance purposes, and for the Credit Union. But you might also need death certificates for other financial institutions, investment advisers, life insurance companies (other than WBG provided life insurance), estate executors, etc. Therefore, it may be efficient to order all of the death certificates that may be required in the first instance (plus a few extras just in case they may be needed). Up to ten copies are advisable. In the US, usually, the funeral homes prepare paper work for reporting death and obtaining death certificates and you should ask them for extra copies. The procedures in other countries might differ. In countries where extra copies of death certificates are not issued, have photocopies certified according to local practices.

attached to the form you will have to submit (see below). Note that in the case of a retiree who participated in the Bank's Life Insurance Plan, you will also need to send an official death certificate to the HR Operations (see Chapter 4). You may request Pension Administration to pass on the official death certificate to the HR Operations, but as explained, this may slow down the process. In addition, you may need an official death certificate for the Credit Union (see Chapter 5).

Within ten working days of the initial notification, if a survivor's pension is due Pension Administration will send you a letter with a form to be filled out. The form asks for details of the bank account into which the monthly survivor's pension will henceforth be paid, including the bank's ABA number or SWIFT BIC code to facilitate electronic transfers. The form also asks for information about your status with regard to US tax laws, which Pension Administration is required to collect and needs to know in order to provide information you will need to file tax returns. You must sign the form and have your signature witnessed by a non-family member (the witness does not have to have any official status), and you must attach two items: first, a voided check or deposit slip for the account into which pension payments are to be made (or alternatively a note confirming that you want the Bank to continue paying the pension into the same account as before); and second, the official death certificate (unless that was submitted with the initial notification to the Bank).

If all or part of the deceased retiree's pension was paid in a non-US dollar currency, the same arrangement will continue. You have the option to change the arrangement at the time or later, provided that you meet the 12-months principal residency requirement, which is explained in the currency option fact sheet. However, because of the complicated way in which the exchange rate is calculated, you are strongly advised to consult Pension Administration to see whether a change in the currency of payment is to your advantage (the currency option fact sheet can be obtained from Pension Administration or viewed on their web site).

An additional form must be submitted if there are dependent children eligible for "child's benefit" under the Gross Pension Plan (the basic condition for eligibility is to be unmarried and under the age of 22). Attachments to the "child's benefit" form include each child's birth certificate. If you have an unmarried child who is disabled, you may request the Pension Benefits Administration Committee to consider the payment of a "disabled child's benefit", provided the child's disability became apparent before the age of 22.

It is important to complete and return the form (or forms) promptly, with their attachments, since Pension Administration cannot begin payments into the designated account until the forms are reviewed and accepted, and various calculations performed. To ensure that the process moves quickly it is best to send the original forms and relevant documents via courier. Advance copies may also be sent by fax or as attachments to e-mail to allow for an early review of the material.

3. What Benefits an Eligible Surviving Spouse or Partner Can Expect

If you were married to the deceased retiree before he or she left the service of the Bank and also on the date of the retiree's death,⁶ you are eligible to receive a surviving spouse pension from the Plan, set in principle at 50% of the retiree's pension. If there was a commutation, it will be ignored in calculating the survivor's pension – in other words, the retiree's pension will be set as it was at the time of retirement, before any commutation (and/or optional survivor pension), and increased by cost of living adjustments since that time. As a result, the survivor's pension will be more than 50% of what the retiree was receiving monthly. The pension will become effective the day after the death of the retiree, and will be paid into your account at the end of each month, with a cost of living adjustment each May. If you participate in the Retiree Medical Insurance Plan (see Chapter 3 of the Handbook), premiums will be deducted automatically from your pension each month.

In some cases, the retiree may have chosen a reduced pension during his or her lifetime in order to provide an optional survivor benefit to a designated beneficiary – who may be the surviving spouse, or someone else. If the surviving spouse is also the designated beneficiary of an optional survivor pension, the two benefit streams will be combined into one monthly payment.

Female staff hired before April 1974 had a lump sum as the default death benefit, instead of a pension payable to an eligible surviving spouse. It is possible to switch the death benefit from a lump sum to a surviving spouse pension, but only before the retiree's death. If you are a retiree in this category and you wish to make this switch, please contact Pension Administration.

In every case, Pension Administration will make the appropriate calculations based on the recorded decisions of the retiree, and will inform you in the letter mentioned under "What You Must Do" above.

4. Warnings

- As noted earlier, a final monthly pension payment is made into the pension recipient's bank account at the end of the month in which he or she dies. If it is a joint account, the other account holder will normally have access to the funds. However, if the account is held solely in the name of the pension recipient, complications may arise, since financial institutions are generally required to close or freeze accounts as soon as the owner's death is reported. You may wish to postpone informing the institution until the final month's pension payment has been processed, so as to avoid the additional formalities and delays that arise when the pension payment is returned to the World Bank because the account has been closed or frozen.
- Retirees or their survivors who receive a pension are required to sign and submit a "life certificate" each year to confirm their continuing eligibility for the pension.

⁶ Similar provisions apply to eligible registered domestic partners – see earlier footnote.

It is advisable to make arrangements for a “durable power of attorney” so that someone else has the authority to sign this document (and others) in case the pension recipient is incapacitated.

- No pension is due to a surviving spouse/partner who dies within 30 days of the retiree – but in that event instead the lump sum death benefit is paid to beneficiary(ies) recorded by the retiree. The survivor does not have to “prove” that he or she is alive after 30 days. In the unlikely event that the survivor dies within 30 days but after the first pension payment has been processed, the payment will have to be returned before the lump sum death benefit is paid.
- It is obviously essential to keep Pension Administration up to date on the addresses of the retiree, the eligible survivor, and any beneficiaries of either optional survivor pensions or lump sum death benefits. A retiree can find out what beneficiary designation is currently on file by contacting Pension Administration. They have available a form for changing a beneficiary, or the form can be printed out from the web site.
- In general, the choices and arrangements made by a retiree at the time of retirement cannot be changed subsequently. There are certain circumstances, however, in which a retiree can reduce his or her pension benefits in order to make provision for an annuity to be paid to a newly designated beneficiary (e.g. such “life events” as divorce, marriage or birth of a child). In all such cases, the new arrangements must be made within 180 days of the event. Pension Administration will respond to enquiries on these matters, and information can also be found on the Pension Administration web site.
- Retirees who were not US citizens during their service but remain in the US have a portion of their pension tax-exempt (the amount is calculated at the time of retirement, on the basis of actuarial tables). They and their survivors should bear in mind that the tax exemption ceases after a certain number of years. Pension Administration can provide information on your particular circumstances.

3: RETIREE MEDICAL INSURANCE PLAN

Most, but not all, retirees participate in the Bank's Retiree Medical Insurance Plan (RMIP). This chapter offers advice to survivors of retirees who participated in the RMIP.⁷ If you are not sure, the HR Operations will be able to tell you. Contact information is on page 25.

1. The Formalities in Brief

When a retiree who participated in the RMIP dies, there are three possibilities:

- If the spouse or domestic partner will receive a survivor pension from the Bank Group, the Bank will arrange continuing coverage for the lifetime of the survivor, and continuing coverage for dependents on the same basis as the retiree enjoyed. Premiums will continue to be subsidized by the Bank, and will be deducted from the monthly pension payment.
- If a domestic partner will not receive a survivor pension but was registered as a domestic partner on the last day of the retiree's active service, the Bank will arrange for coverage to continue at subsidized rates, with payment arrangements to be made with the HR Operations.
- In all other cases, the Bank can arrange continuing coverage for surviving spouses or domestic partners, but only for a maximum of three years, with no subsidy, and with premiums payable in advance – provided the survivor selects this arrangement within 60 days of the retiree's death.

In all of these cases it will be necessary for the Bank to issue a new RMIP card, and for the survivor to file claims using a new RMIP identification number.

2. What You Must Do

When Pension Administration is informed of a retiree's death (see Chapter 2), they will inform the HR Operations, which in turn will contact you to confirm coverage arrangements, and to issue new identification numbers and RMIP cards for you and any other eligible family members. You do not have to inform the RMIP Administrator separately. But if you do contact the HR Operations, please mention the retiree's or your own UPI (staff number) in all communications.

3. Warnings

- In the event of marriage or birth/adoption of a child after retirement, a retiree may add an eligible dependent under the family category of RMIP coverage; or increase coverage from individual to dual category, or from dual to family category, with an associated increase in premiums. But this is only possible if the HR Operations is notified in writing within 60 days of the "life event." Note

⁷ RMIP benefits are not limited to retirees strictly defined – for example participants in the Net Pension Plan who left the World Bank with more than five years service, but less than the ten years required for a pension are eligible for coverage, as are their survivors, provided the decision to participate in the RMIP was taken at the time of leaving the Bank. Similarly, surviving spouses of those who left the Bank with deferred pensions may be eligible.

that this option is only available while the retiree is living – it is not available to survivors.

- If you are not eligible for a survivor pension from the Bank, nor in the special category of a domestic partner who was registered when the retiree left the Bank, you can continue RMIP coverage for up to three years. But you will have to pay the full cost of the premiums (rather than the subsidized rate previously paid by the retiree), and you must inform the Bank of your intention to continue coverage within 60 days from the date of the retiree's death. These arrangements are consistent with US domestic laws regarding continuation of health insurance sponsored by an employer.

4: LIFE INSURANCE

Many, but not all, retirees participate in the Bank's Life Insurance Plan (formally called the Group Term Life Insurance Plan for Retirees). This chapter offers advice to survivors of those who did. If you are not sure if or what coverage applied, the Bank's HR Operations will be able to advise you (see contact information on page 25).

1. The Formalities in Brief

The Life Insurance Plan is underwritten by a private life insurance company (currently Prudential). The Bank plays an active part in administering the plan, e.g. by deducting premiums from monthly pension payments, and recording beneficiary information in its files, but the insurance company bears all the financial risk, makes all claim decisions and pays the life insurance benefit to the beneficiaries.

When the Bank is informed of a retiree's death, the HR Operations writes to the beneficiary specified by the retiree and recorded in the Bank's beneficiary files prior to the death, indicating how much will be paid to that beneficiary. If there is more than one beneficiary, the Bank will only disclose the amount payable to each beneficiary and will not disclose other beneficiary names or amounts. Included with the letter is a Life Insurance claim form that must be filled out and returned to the HR Operations together with an official death certificate (if there is more than one beneficiary, only one needs to submit the death certificate). Other relevant information may also be requested, e.g. a copy of a Police Report in case of death in an accident. The HR Operations passes the completed claim form, along with the death certificate and any other relevant documentation provided by the beneficiary, to the insurance company, which satisfies itself that the claim is in order and formally determines the beneficiary and the payment amount. The insurance company then prepares the check, and the Bank forwards it to the beneficiary.

2. What You Must Do

You or a family member should inform Pension Administration at the Bank promptly of the retiree's death (see Chapter 2), and they will automatically inform the HR Operations. Staff of HR Operations will be glad to discuss the process outlined above with a family member, but can only discuss such details as the amount payable with the beneficiary designated by the retiree, or with a person holding legal power of attorney for the beneficiary, or with the executor of the deceased's estate. Please mention the retiree's UPI number (staff number) in all communications with the Bank.

The Life Insurance claim form must be signed by the beneficiary. When submitting the form, the beneficiary will have to include an official death certificate, which will be retained by the insurance company (if there is more than one beneficiary, only one needs to submit the death certificate). It will expedite matters if you send a separate official death certificate from the one required by Pension Administration (see Chapter 2 of the Handbook).

3. Warnings

- You (and any beneficiary) should be aware that the Bank's Life Insurance Plan provides "term" insurance, and that the amount the insurance company pays depends on (a) which of two options was selected at the time of retirement, and (b) how old the retiree is at the time of death. The company pays 100% of the defined coverage amount if the retiree dies before or at age 62. Then the coverage amount drops by 8% for each year, up to age 74 (although the monthly premium deducted from the retiree's pension remains constant throughout this period). If the retiree dies at age 75 or more, the benefit is limited to \$5,000 under the standard option and \$10,000 under the high option.⁸
- It is possible for the retiree to avoid the annual reduction in coverage after age 62 by converting to a "whole life policy" – this requires arrangements with and direct payments to the insurance company.
- Instructions in a will on how to dispose of the benefit payable by the Life Insurance Plan will have no effect. Only the designated beneficiary can receive the payment – a will cannot override the explicit terms of such a designation.
- It is obviously essential to keep the designation of a beneficiary up to date. A retiree who cannot find his or her own records can ask the HR Operations to check what is in their files.
- A beneficiary can be changed at any time, simply by submitting a new signed and dated beneficiary form, which will override any other prior designations in the Bank's files. The form is available online for printing, or it can be obtained from the HR Operations. It is important to keep a copy of any new designation sent to the Bank.
- Note that the original of the new form must be on file with the HR Operations in order to be valid for the group insurance policy. It is not enough simply to sign the form and keep it or put it in a safe deposit box.
- In the event of any dispute over which beneficiary is to be paid, it is the insurance company, not the Bank, that makes the determination.
- It is possible to stipulate a trust as the beneficiary, but again it is important to keep details up to date, e.g. ensuring that trustees are still alive.
- Older retirees will find that their Life Insurance documentation refers to New York Life as the insurance company rather than Prudential. This is not a reason for concern. When the Bank switched insurance companies in January 2000, it required Prudential to agree to honor the policies issued earlier by New York Life.

⁸ The life insurance scheme for those who retired before May 1982 entailed lower premium payments, and the benefit above age 75 was limited to \$2,000 – subsequently increased to \$3,000. Some pre-1982 retirees chose to pay the higher premiums and convert to the current plan with the \$5,000 limit.

5: BANK-FUND STAFF FEDERAL CREDIT UNION

Informing the Credit Union

The survivor should also inform the Bank-Fund Staff Federal Credit Union® (BFSFCU), if the deceased retiree had an account there. But if pension payments were regularly deposited into the Credit Union account, you may wish to delay this notification until after the last day of the month, when the final pension payment has been deposited (as the account may be restricted on receipt of notification, and the final pension payment would then be rejected). Contact the Credit Union by phone 202-212-6400; by fax 202-683-2380.

1. The Legal Formalities

If an account is individually owned, the Credit Union is required to freeze the funds in the account upon receiving notice of the owner's death. Any checks that have not yet cleared are returned, and all automatic withdrawals are rejected. The account must go through the normal US probate process, which generally requires a lawyer in the US. The probate court will issue a document appointing an "executor" or "personal representative" (the terms vary by jurisdiction). When the US lawyer or the executor presents the appointment document to the Credit Union, funds in the deceased member's account are released to the executor, whose responsibility is then to distribute the assets of the estate.

Note that this legal process can be avoided if alternative arrangements are made ahead of time – see below.

2. What You Must Do

Inform the Credit Union of the account holder's death, by telephone, letter or e-mail (see contact information on page 25). Note that the Credit Union is **not** part of the World Bank Group, and that the Credit Union must be notified of the account holder's death separately from the Bank. Note also the caution mentioned in Chapter 2 of the Handbook, concerning the final payment of the retiree's pension. The Credit Union will tell you whether an official death certificate is required and what other documents are necessary – this will depend on the type of ownership of the account.

If a US attorney is needed because of the type of ownership but you do not have one, you can ask the Credit Union to provide a list of lawyers accredited in Washington DC who have experience in handling cases of this kind.

3. Alternative Arrangements

There are three mechanisms through which the US probate process may be avoided altogether for Credit Union accounts:

- *Joint Ownership* – the spouse and/or others can be joint owners of the account. On the death of one owner, full ownership automatically passes to the other

owner(s), and the Credit Union will not freeze the account, regardless of where the account holders reside.

- *Designation of a Beneficiary* – one or more people can be designated as a beneficiary of either an individual or a joint account. Beneficiaries have no access at all to the account as long as any owner is alive. In the case of a joint account, ownership passes as indicated above. When the last owner dies, or on the death of an individual account holder, the Credit Union will freeze the account temporarily. Once a designated beneficiary provides a copy of the death certificate and proof of his or her identity, the beneficiary becomes the owner of the assets without probate. If there is more than one beneficiary, the assets are divided equally among them. If a beneficiary is not eligible for Credit Union membership, the account will be closed and the funds sent to the beneficiary⁹. As an account owner with designated beneficiaries, you will need to ensure that your beneficiary's contact information on file with the Credit Union is up to date.
- *Revocable Trust* – if the account is held in the name of a revocable trust, on the death of the trustee, the Credit Union will freeze the account temporarily until the successor trustee has provided a death certificate and signed a new Account Designation Form. The account can then be operated by the successor trustee, or disposed of in accordance with the terms of the trust document.

It is easy for an account holder to make any of these arrangements with the Credit Union. Simply inform the Credit Union of your intention, and they will send you a new Account Designation Form. You then fill it out with whatever signatures will now be relevant to the account, and return it to the Credit Union. Of course, before changing the ownership of an account to a revocable trust, you must have a trust document drawn up and you must provide a copy (or an abstract of the trust agreement) to the Credit Union.

4. Warnings

- *Wills* – instructions in a will on how to dispose of the assets in a joint account, or an account with a beneficiary, or a trust account will have no effect. A will cannot override the explicit terms of these accounts.
- *Power of Attorney* – a Power of Attorney is no longer valid on the death of the individual who signed it. It cannot, therefore, be relied upon to distribute the funds in an account following the death of the owner.
- *Joint Accounts* – if you establish a joint account, it is essential to inform the Credit Union if one of the joint owners dies, perhaps adding another owner or a designated beneficiary at the same time. Otherwise, when the second owner dies, the Credit Union will assume that the first owner is still alive and now controls the assets, which cannot be released to heirs until the death of the first owner has been properly documented – this may be difficult if several years have passed.

⁹ If a retiree is a member of the Credit Union, spouses, partners and children are always eligible for membership, as long as they become members before the retiree's death. Whether other surviving owners or beneficiaries are eligible for membership is determined according to the eligibility rules in force at the time.

- Revocable Trust Accounts – setting up a revocable trust by itself does not accomplish any change in the account; you must place the account in the name of the trust and file a new *Account Designation Form*, along with an abstract or copy of the trust agreement.
- Inactive Accounts – an account can become “inactive” if considerable time passes without any member-initiated financial transactions. To maintain an “active” account, you must make a deposit or withdrawal – the automatic deposit of Credit Union dividends or interest is not enough.
 - Under US law the Credit Union is required to turn over to the DC Government the balance in any account that has been “inactive” for three years. Once assets have been turned over to the DC Government, it is extremely time-consuming to retrieve them.
 - In addition, the Credit Union assesses a monthly fee on accounts with no member-initiated transactions during the previous two years (excepting accounts with an IRA, loan or share certificate attached, or where the account owner is under age 18). Application of such inactivity fees may result in closure of the account when the balance falls to zero.
 - To avoid these consequences (and to continue to receive statements and other important mailings), make sure there are some transactions through the account, and always keep the Credit Union informed of your current address and other contact information, such as telephone/fax numbers and e-mail address..

6. Other Important Matters for US Citizens and Residents¹⁰

Invariably, the surviving spouses and partners also need to tackle matters requiring interaction with US Government and states. To a large extent, these matters can be resolved/simplified by advance planning by retirees. Therefore, in this chapter we are providing information on the important topics of preparing for the inevitable – estate planning and administration, taxes, immigration and social security. The substance of this chapter is based on information currently available from official sources of various departments of the US Government. The Society cannot vouch for the comprehensiveness and/or accuracy of this information since they are subject to changes in US Government rules. Therefore, this discussion should be used, mainly, as a general source of information and a checklist of issues to be followed up after the death of a retiree. Also, note that the relevant laws and regulations could change over time. In specific situations it may be advisable for retirees, spouses and partners to seek advice/assistance from professionals.

Preparing for the Inevitable - Estate Planning and Administration

This is a matter that requires the close attention of retirees, their spouses and partners as early as possible, preferably, well before retiring. Proper estate planning well before death would help to ensure that: (a) After death property passes to the people or institutions you choose and at the time you decide; (b) The right people are appointed to handle your estate, liquidate your trust, if any, and take care of minors, if any; (c) People of your choice will make your financial/medical decisions, if you should become incapacitated; and (d) You are better able to take advantage of potential opportunities to eliminate, minimize, or defer estate taxes, and also minimize the cost of estate administration.

In recent years, the 1818 Society has been organizing several seminars on U.S. Estate Planning. Copies of the PowerPoint presentations and the audio recordings of these seminars are available for review on its web site (www.worldbank.org/1818, under Webcasts & Presentations). Referring to this information would give members a good general idea of the issues as well as options for estate planning and administration.

Generally, estate planning involves executing four documents: (a) Last Will and Testament; (b) Living Trust (avoids probate, i.e., going to the court, which is expensive and a time consuming process); (c) Durable Financial Power of Attorney authorizing someone to take financial decisions in case you should become incapacitated; and (d) Advance Medical Directive so that someone you trust would be able to take medical related decisions on your behalf when you are incapacitated. However, the choice and contents of these documents depends on the uniqueness of each individual case. Therefore, it is generally advisable for members to consult a qualified attorney to assist them in the process of estate planning.¹¹ In case of death of a retiree, it is recommended that the surviving spouse or partner should seek guidance from his or

¹⁰ The discussion in this chapter is mostly relevant to US citizens and residents only. However, the last section, "Protecting Against Identity Theft", is relevant for retirees living in any country.

¹¹ It is important that the attorney specializes in estate planning and has knowledge of relevant state laws.

her attorney. Moreover, it is advisable to review and update estate planning documents periodically.

Taxes

After death of a retiree, the tax liability of the decedent and the obligation to file tax returns (federal as well as state), do not extinguish. Instead these become the responsibility of the decedent's Personal Representative, i.e., an executor, administrator, or anyone who is in charge of the decedent's property. Generally, an executor is named in a decedent's will to administer the estate and distribute properties as the decedent has directed. If no will exists, the court usually appoints an administrator. Generally, the personal representative and the surviving spouse can file a joint return for the decedent and the surviving spouse. However, the surviving spouse alone can file the joint return if no personal representative has been appointed before the due date for filing the final joint return for the year of death. This also applies to the return for the preceding year if the decedent died after the close of the preceding tax year and before filing the return for that year. The income received by the decedent during the year up to the date of death and the income of the surviving spouse for the entire year must be included in the final joint return. Note that a final joint return with the decedent cannot be filed if the surviving spouse remarries before the end of the year of the decedent's death. The filing status of the decedent in this instance is "Married Filing Separately."

The requirements for filing tax returns may vary depending on each individual situation. Generally, the following U.S. Federal Tax Returns could be relevant:¹²

- *Final Federal Income Tax Return for the decedent* - A final income tax return (Form 1040) must be filed for the year of death up to the time of death. Due date is April 15 of the year following death, just as would be the case with a normal income tax return. Normal filing extensions for the return would apply, but any taxes due must be paid by April 15 or penalties may apply.
- *Federal Income Tax Return for the Estate* - This return (Form 1041) must also be filed to cover the period of time from death during the year to the end of the tax year, if the estate should receive more than a minimum amount of income set by federal law following the individual's death. Due date is April 15 of the year following death, similar to the deceased's final income tax return.
- *Federal Income Tax Return for a trust* - If the trust receives a minimum amount of income set by federal law; a trust return must also be filed. Due date is April 15 of the year following death assuming the trust was set up to use a calendar year for reporting. Further annual trust returns may also be required in subsequent years, if the trust should set up sub-trusts like bypass trusts or children's trusts that receive income.
- *Federal Estate Tax Return (Form 706)* - The due date is nine months after death. Many people will not have enough wealth to require an estate tax return to be filed, but filing an estate tax return may still be prudent. It is required if a spouse wishes to elect portability of the unused estate tax exclusion of the deceased

¹² For the tax filing requirements of the state of the decedent's domicile, please refer to the relevant state's tax regulations.

spouse. Please note, however, that the use of estate tax "portability" comes with a few important conditions, which are described in some of the IRS documents listed below.

At both the Federal and state level, the decedent's Personal Representative should also be aware of the potential availability of "disclaimer(s) of interest in property," which may allow a beneficiary named in the decedent's estate documents to "disclaim" a particular bequest or interest in property, including an IRA. In general, a disclaimer allows property to pass to alternate beneficiaries as if the disclaimant had died immediately before the time of distribution of the property. Disclaimers, however, normally need to be formally completed within nine months of the date of death of the deceased and prior to the original beneficiary taking any control over the property concerned.

There are many IRS directives and publications available online on the topic of taxation after death. The two publications that seem most relevant, at present, are: (a) IRS Publication 559 (Cat. No. 15107U), Survivors, Executors, and Administrators;¹³ and (b) Internal Revenue Bulletin 2012-28 of July 9, 2012; T.D. 9593; Portability of a Deceased Spousal Unused Exclusion Amount.¹⁴ In addition, the IRS Instructions for Form 1040 (U.S. Federal Income Tax Return), Form 1041 (U.S. Federal Income Tax Return for the Estate), and Form 706 (U.S. Federal Estate Tax Return) are also particularly relevant, as is the IRS' FAQ on Estate Taxes, which can be found by searching for the FAQ on the IRS website.¹⁵

There are many books available on these topics. One book that we have found to be an easy to understand guidebook for someone without specialized legal training is "The Executor's Guide - Settling a Loved One's Estate or Trust", published by Nolo, a publisher of books and software on legal topics. This book also includes chapters describing the various steps that the Personal Representative, the surviving spouse and other survivors should take in the first days, weeks and months following the death of a loved one. Also, the Nolo website provides useful legal information¹⁶.

U.S. Social Security

For the surviving spouses of retirees who have contributed to U.S. Social Security during their lifetimes, it may be important for the surviving spouse or the decedent's Personal Representative to review the actions that need to be taken to report the death to Social Security, and also to assess the potential benefits that the surviving spouse may be eligible to receive from Social Security. On the Social Security Administration (SAA) web site (www.socialsecurity.gov), the surviving spouse should review SAA Publication No. 05-10008, entitled "How Social Security Can Help You When a Family Member Dies," and also a "Survivors Planner: How Much Would Your Benefit Be?"

¹³ <http://www.irs.gov/pub/irs-pdf/p559.pdf>

¹⁴ www.irs.gov/irb/2012-28_IRB/ar08.html

¹⁵ www.irs.gov

¹⁶ www.nolo.com/legal-encyclopedia/wills-trusts-estates

Immigration

Some retirees and their spouses continue to hold G4 visa. On the death of such retirees the spouses have 30 days to either leave the country or apply for change of visa status. Spouses in such a situation, as well as in other visa status, who wish to reside in the US as a permanent resident, can explore the following possibilities:

- *Pending Green Card Petition* - If the deceased retiree had sponsored the spouse for permanent resident status (Green Card) and the Green Card has been issued, the death of the sponsor should not affect the status of the Green Card. However, if a relative sponsoring a family member applying for a Green Card should pass away before the processing is completed, the individual or relative that was being sponsored by the deceased may proceed with the application. In this respect, the requirements include that the spouse resided in the US when the petitioner died and continues to reside in the US on the date of the decision on the pending petition. Moreover, if the decedent was expected to guarantee the sponsored person's financial well being for a period of time, it appears possible that in a few cases the sponsored person may need to find a substitute relative or person to fill that role. For more details, please refer to USCIS Policy Memorandum No. PM-602-0017, dated December 16, 2010.¹⁷
- *Spouses of US Citizens* – Spouses of deceased US citizens for whom a petition for a Green card was not filed can self-petition as an “immediate relative” on Form I-360¹⁸ for a Green Card. The eligibility requirements for such a petition include: (a) Married to a US citizen at the time he or she passed away; (b) File Form I-360 within 2 years of spouse’s death; (c) Not remarried; (d) Not divorced or legally separated from spouse at the time he or she died; (e) Able to prove a bona fide marital relationship until the time of spouse’s death; and (f) Admissible¹⁹ to the US. For details refer to USCIS web site.²⁰

Spouses of Non-US Citizen Retirees - Spouses as well as unmarried children below the age of 25 years of deceased World Bank retirees, who were neither US citizens nor a Green card holder, may be eligible for a special immigration status and Green Card. The relevant eligibility requirements state that a surviving spouse and/or children: (a) while maintaining status as a nonimmigrant, have resided and been physically present in the U.S. for a total of at least half (50%) of the last 7 years before applying for adjustment of status or for a visa; (b) have a combined period of physical residence in the U.S. of at least 15 years before the death of the retiree; and (c) file a petition for special immigrant status (Form I-360) no later than 6 months after the retiree’s death. Additionally, in all cases, you must be admissible to the U.S. to be eligible to become a permanent resident. To obtain a Green Card, spouses and children must first file Form I-360. For more details, please refer to the web site of the U.S. Citizenship and

¹⁷ <http://www.uscis.gov/sites/default/files/USCIS/Laws/Memoranda/2011/January/Death-of-Qualifying-Relative.pdf>

¹⁸ www.uscis.gov/i-360

¹⁹ For definition of admissibility refer to USCIS web site, www.uscis.gov/policymanual/HTML/PolicyManual-Volume8.html

²⁰ www.uscis.gov/green-card/green-card-through-family/green-card-through-special-categories-family/widower

Immigration Services.²¹ Moreover, children under the age of 21 years holding Green Card under this facility can also sponsor their widow/widower parents for a Green Card.

Protecting Against Identity Theft.

Unfortunately, identity theft is a very real concern in this day and age, and, therefore, the survivor should consider taking appropriate steps to help prevent the decedent's estate and their survivors from being victimized. Some of the important steps that might be taken include:

- Notifying the credit bureaus, since it may take some time for the state government in which the decedent resided to inform the credit bureaus.
- Notifying all institutions where the decedent has a financial relationship, as suggested above.
- Avoiding if possible the inclusion of some pertinent details in media notifications of the retiree's passing (e.g., in newspapers), such as the decedent's exact address, his or her middle initial, and her maiden name – information, which is frequently requested when applying for new credit.
- Not long after the death of the retiree, it may also be helpful to cancel his or her driver's license and to notify the Direct Marketing Association to put the decedent's name on the "deceased do not contact list."

²¹ www.uscis.gov/green-card/other-ways-get-green-card/green-card-international-organization-employees

CONTACT INFORMATION

Initial communications are best handled by phone or e-mail. Either courier services or fax will expedite written correspondence, and if important documents are enclosed, it is advisable to use registered mail or courier service. Always include the UPI (staff number) of the retiree or spouse/partner in communications with the Bank – write the numbers here and page 2 of the Handbook.

UPI (staff no.): retiree _____ **spouse/partner** _____
(if no separate UPI was ever issued to the spouse, just use the retiree's number)

Pension Administration

Mail and courier address:

The World Bank

Pension Administration Division
1818 H. Street, NW MSN C7-702

Washington, DC 20433

E-mail: 1pension@worldbank.org

Phone: 202-458-2977

Fax: 202-522-1723

Website for forms and information: www.worldbank.org/1818, then World Bank Benefits in the left panel, then Pension

Medical and Life Insurance

Mail address:

World Bank HR Operations

MSN G2-202

P O Box 27290

Washington DC 20038-7290

Phone: 202-473-2222

Fax: 202-522-2150

e-mail: hrservicecenter@worldbank.org

Street address (for Courier Service):

World Bank HR Operations

1818 H Street NW, MSN G2-202

Washington DC 20433

Website for forms and information: www.worldbank.org/humanresources or through www.worldbank.org/1818, then World Bank Benefits in the left panel.

Credit Union

Mail address (also for courier service): e-mail: memberservices@bfsfcu.org

Bank-Fund Staff Federal Credit Union

1775 I Street NW Suite 150

Washington DC 20006

Phone: 202-212-6400

Fax: 202-683-2380

An online version of this is available at: www.worldbank.org/1818 then Publications in the left panel.