



INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

DOMINIQUE STRAUSS-KAHN
MANAGING DIRECTOR

CABLE ADDRESS
INTERFUND

September 27, 2010

Mr. Guillermo Arthur
President
The International Federation of Pension Fund
Administrators (FIAP)
Av.11 de Septiembre 2155, Torre C, Of. 901
Providencia, Santiago de Chile
Chile

Dear Mr. Arthur:

Thank you very much for your letter. We appreciate the concerns you have raised with respect to the accounting treatment of fiscal deficits arising from pension reform and its potential implications for reversal of these reforms in some European countries.

The IMF, through its surveillance work with member countries, has always sought to highlight the importance of dealing with the implicit debt arising from age-related spending. In developing our recommendations for post-crisis fiscal policy priorities, considerable attention has been paid to reforms addressing long-term fiscal imbalances that could arise from pension and health spending. During our consultations with member countries, we shall continue to emphasize the importance of policy reforms to effectively deal with this implicit debt and to ensure that reforms already underway are not reversed.

Yours sincerely,

A handwritten signature in dark ink, which appears to read "Dominique Strauss-Kahn", is written below the typed name.