

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 75-71
May 30, 1975

TRUSTEES FOR RETIREMENT ACCOUNTS

TO ALL STATE MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors of the Federal Reserve System announced on May 21, 1975, that state member banks not exercising trust powers may act as trustees of Individual Retirement Accounts and Self-Employed Retirement Plans in certain circumstances, without prior Board approval.

The Employee Retirement Income Security Act of 1974 provides that individuals not covered by an employer retirement plan, a self-employed retirement plan, or a charitable annuity, may establish Individual Retirement Accounts into which they may deposit, for retirement purposes, tax-free contributions up to \$1,500 yearly. The Self-Employed Individuals Retirement Act of 1962 (Keogh Act) provides the same benefits, for contributions up to \$7,500 annually, for self-employed individuals and their employees. Both plans require that a bank, or other person or institution capable of administering such plans according to the Act, be appointed trustee.

State member banks permitted by this action of the Board to act as trustees for such retirement plans may invest these funds only in a savings account or time deposit of the bank. The authority is limited to cases where it is not contrary to state law.

The Comptroller of the Currency recently granted similar authority to national banks.

Sincerely yours,
T. W. Plant
First Vice President