

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9707

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 28, 1936.



Dear Sir:

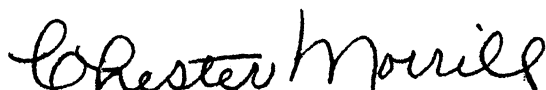
One of the Federal reserve banks has raised the question as to whether the authority given under the Board's letter, X-9405, of December 27, 1935, to make special contributions to the Retirement System for the purpose of providing supplementary retirement allowances in the case of involuntary separations from the service, is applicable to cases of retirement on account of disability.

Contributions may be made to the Retirement System in accordance with the authority contained in the Board's letter X-9405 in the case of employees retired on account of disability. However, the limitation at the end of paragraph (a) of the above mentioned letter-- that an employee under age 55 may not be granted an annuity of greater actuarial value than he might be granted if he were 55 years of age-- would operate to prevent the payment of any special contributions in most cases of retirement on account of disability before age 55.

Notwithstanding the above mentioned limitation, the Board authorizes your bank in its discretion to pay to the Retirement System, for the purpose of supplementing the retirement allowance of an employee retired for total disability prior to age 55 not to exceed

the amount that could be contributed under the authorization contained in its letter, X-9405, if the employee were 55 years of age. Under the Board's authorization, as thus modified, payment to the Retirement System of six months' salary may be made at the discretion of a Federal reserve bank in the case of any employee retired on account of disability after not less than 10 years of service, regardless of age. As stated in the Board's letter, X-9405, that part of any salary in excess of \$12,000 should be disregarded in determining the maximum contribution that may be made under the Board's authorization.

Very truly yours,



Chester Morrill,
Secretary.

TO ALL PRESIDENTS