

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-7

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



June 24, 1937.

Dear Sir:

The amendment to subsection 2 of Section 3 of the Rules and Regulations of the Retirement System of the Federal Reserve Banks reducing the minimum age for retirement on a special service retirement allowance to 50, and eliminating the reduction in the pension of 5 percent for each year a pensioner lacks of having attained age 60 on retirement, necessitates some modification of the authority given in the Board's letters X-9405 of December 27, 1935, X-9541 of April 6, 1936, and X-9707 of September 28, 1936, to pay dismissal wages to employees involuntarily separated from the service or to make special contributions to the Retirement System for their benefit. Accordingly, the authority granted by the above mentioned letters is rescinded.

If, on the separation of an employee from the service of the bank, your directors are of the opinion that a contribution by the bank in the form of a dismissal wage or otherwise is advisable and should be made, either to him or to the Retirement System for his benefit, your bank is authorized:

- (a) To pay an amount equal to not more than 10 percent of terminal salary for each year of service up to five

in the case of any employee separated from the service, with or without a retirement allowance, including those retired for disability. Such payment may be made to the Retirement System for the purpose of supplementing the immediate or deferred retirement allowance, if any, to which the employee is entitled, or, except in the case of an employee 65 years of age or more, may be paid to the employee in cash, either in a lump sum or in not to exceed six monthly payments; provided, however, that no more than an amount equal to three months' salary may be paid in cash to an employee who is to receive a pension, immediate or deferred. In addition to the above, where an employee not entitled to receive a pension leaves his accumulated contributions with the Retirement System for the purpose of purchasing an annuity to begin at or after age 50 a further payment may be made to the Retirement System, for the purpose of supplementing such annuity, equal to 3 percent of terminal salary for each year of service rendered in excess of five.

Or

- (b) To pay to the Retirement System, in lieu of any payments authorized in paragraph (a), for the benefit of an employee separated from service after attaining age 50 (including those retired for disability), a special contribution sufficient to increase the regular retirement allowance to which the employee is entitled to a retirement allowance on a straight life basis equal to \$4.50 for each month of service up to 15 years, or to the actuarial equivalent thereof under any option offered by the Retirement System that the employee may select. Such retirement allowance in the case of an employee under age 65 shall be deferred to age 65, or be converted into a retirement allowance of equal actuarial value beginning at an earlier age.

In applying the above any salary in excess of \$12,000 per annum shall be treated as a salary of \$12,000, and in computing length of service all service to date of retirement may be counted, even though a portion of such service may not be creditable service

as defined in Section 1 of the Rules and Regulations of the Retirement System.

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

TO ALL PRESIDENTS