

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

P-1261

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only)ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 3, 1941



Dear Sir:

The Presidents, at their Conference held in Washington on September 28, discussed with the Board their employment problems arising out of the present National emergency. The Board recognizes the necessity of taking steps to meet these problems. Therefore, it authorizes the Federal Reserve Banks to pay such supplemental compensation or allowance as their Directors deem necessary from time to time up to a maximum of 10 per cent per annum on the first \$1,800 of annual salary to members of their staffs receiving salaries of less than \$6,000, provided, however, that such supplemental compensation shall not increase total compensation beyond \$6,000 per annum.

Such supplemental compensation may be made retroactive to September 1 if desired and may be paid monthly or at other intervals, if preferred. Supplemental payments should not be considered as a part of basic salary nor should they be referred to as bonuses and no contributions to the Retirement System should be made in respect thereto.

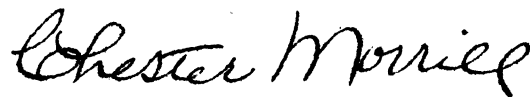
It is expected that each Bank, in fixing its own rates of supplemental compensation, will be guided by such factors as the local employment situation, including increasing opportunities for employment elsewhere at higher salaries, the policies being followed by other institutions in its area, the extent to which it may have increased salaries during recent months, and changes that have taken place in living costs.

It should be understood that the Board reserves the right either to cancel or amend at any time the authority granted herein for the payment of supplemental compensation. The Board has given its approval to the above plan in the belief that it

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represents a better method of dealing with emergency conditions
than would increases in basic salaries.

Very truly yours,



Chester Morrill,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS