

Farm Credit Administration

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Informational Memorandum



January 26, 2009

To: Chairman, Board of Directors
Chief Executive Officer
All Farm Credit Banks

From: Andrew D. Jacob, Director
Office of Regulatory Policy

A handwritten signature in black ink that reads 'Andrew D. Jacob'.

Subject: Maximum Bank Director Compensation for 2009

Section 4.21 of the Farm Credit Act of 1971, as amended (Act), and Farm Credit Administration (FCA) regulation § 611.400 require an annual adjustment in the maximum annual compensation payable to Farm Credit System (FCS) bank¹ directors to reflect the change in the Consumer Price Index (CPI). With the release of annual CPI data for 2008, the FCS bank director compensation maximum for 2009 changes accordingly.

The 2009 maximum is determined by the 2008 maximum adjusted to reflect changes in the average CPI over the prior year as follows:

2009 Maximum Director Compensation = 2008 Maximum Director
Compensation x (2008 Annual Average CPI/2007 Annual Average CPI)

2008 Annual Average CPI ²	= 215.303
2007 Annual Average CPI	= 207.342
2009 Maximum Compensation	= \$50,205 x (215.303/207.342)
	= \$50,205 x 1.038396
	= \$52,133 ³

The maximum compensation payable to FCS Bank Directors in 2009 is \$52,133.

By issuance of this Informational Memorandum, the FCA rescinds the Informational Memorandum dated January 31, 2008, on the calculation of maximum bank director compensation.

If you have any questions regarding the annual adjustment process, please call Mike Wilson, Office of Regulatory Policy, (703) 883-4124, TTY (703) 883-4434, or contact him by e-mail at wilsonm@fca.gov.

Attachment

¹The four Farm Credit Banks and CoBank, ACB.

²Based on the annual average Consumer Price Index for all Urban Consumers, U.S. City Average, All Items, 1982-84 = 100. Unadjusted series CUUR0000SA0, U.S. Bureau of Labor Statistics.

³Rounded to the nearest whole dollar.

**Farm Credit Administration
Summary of Annual Adjustments of Maximum
Farm Credit System Bank Director Compensation**

<u>Year</u>	<u>Annual Average CPI¹</u>	<u>Annual CPI Adjustment Percentage</u>	<u>Maximum Bank Director Compensation</u>
1997	160.5	1.029528	\$22,474
1998	163.0	1.022945	\$22,990
1999	166.6	1.015576	\$23,348
2000	172.2	1.022086	\$23,864
2001	177.1	1.033613	\$24,666
2002	179.9	1.028455	\$25,368
2003 ²	184.0	1.015810	\$25,769
2004 ²	188.9	1.317894 ³	\$26,358 ³
2005	195.3	1.352990 ³	\$27,060 ³
2006	201.6	1.033880	\$47,290 ⁴
2007	207.342	1.032258	\$48,815
2008	215.303	1.028482	\$50,205
2009		1.038396	\$52,133

¹Based on the annual average Consumer Price Index (CPI) for all Urban Consumers, U.S. City Average, All Items, 1982-84 = 100. Unadjusted series CUUR0000SA0, U.S. Bureau of Labor Statistics.

²The annual adjustment for maximum director compensation for 2003 and 2004 were made via Bookletters BL-045, dated March 12, 2003, and BL-048, dated March 1, 2004, respectively.

³The maximum annual director compensation was determined by using the 1992 maximum compensation level at \$20,000 times the percentage increase in the average CPI since October 1992, using the October 1992 effective annual average CPI: $\$20,000 \times (184.0/139.6167) = \$26,358$ for 2004 and $\$20,000 \times (188.9/139.6167) = \$27,060$ for 2005.

⁴Via its Bookletter BL-051, dated December 15, 2005, FCA authorized FCS banks to pay compensation for 2006 at a level not to exceed \$45,740 plus the annual adjustment of inflation. The 2006 maximum director compensation is calculated as follows: $\$45,740 \times (195.3/188.9) = \$47,290$ (See Informational Memorandum, dated February 15, 2006, (Rescinded)).