SMART BENEFITS

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Benefits Highlights

for Prospective Employees

FEDERAL RESERVE BANKS

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This document provides an overview of Federal Reserve benefits effective as of Jan. 1, 2011, unless otherwise noted. Details of the benefits are contained in the *Benefits Handbooks* and the Plan documents. If there is any discrepancy between the highlights provided here and the Plan documents, the Plan documents will govern. While the Federal Reserve intends to continue its benefits plans and programs, it reserves the right to change or discontinue them at any time for any reason. This document is not a contract or offer of employment, and participation in any of the plans or programs does not guarantee employment.

What Are the Employee Benefits at the Federal Reserve Banks?

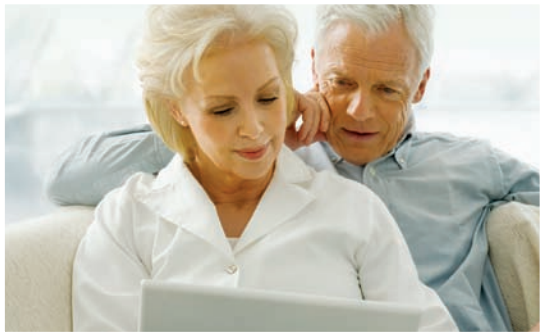
The Federal Reserve Banks offer a benefits package that is highly competitive in today's marketplace. We make it a priority to compare our benefits to those of other large organizations to help ensure our programs are among the best offered to employees.

Our total compensation package reflects the Federal Reserve's benefits philosophy, which emphasizes value, flexibility, convenience and choice so that our employees can select the plans and programs that are right for them. The Federal Reserve's extensive offerings include the following:

- 401(k) Plan (Thrift Plan)
- Retirement Plan
- Medical Plans
- Prescription Drug Plan
- Dental Plans
- Vision Care
- Flexible Spending Accounts (Health Care and Day Care FSAs)
- Smart Choices Wellness and Disease Management Programs
- Basic Life Insurance
- Business Travel Accident Insurance
- Disability Insurance
- Auto and Home Insurance*
- Group Legal Insurance*
- Long Term Care (LTC) Insurance*
- Personal Accident Insurance (PAI)*
- Group Universal Life (GUL) Insurance*
- Financial Planning Education Program
- *SurvivorSupport*® and *TransitionalSupport*℠
- Participant Advocacy Service
- Smart Benefits Website (with direct access to the *Your Benefits Resources*™ website)
- Federal Reserve Benefits Center

*These benefits are voluntary and paid for by the employee.

This document highlights each of the benefits that may be available to you should you become an employee of a Federal Reserve Bank. To participate in these benefits plans or programs, you must be eligible to do so. Reserve Banks may offer other benefits plans or programs as well, including Paid Vacation/Paid Time Off, the Employee Assistance Program, Education Assistance and Work/Life Programs. If you are employed at a Federal Reserve Bank, detailed descriptions of these plans and instructions on how to enroll will be available to you.



Retirement Benefits

The Federal Reserve's Thrift Plan — a 401(k) plan — and Retirement Plan are designed to help employees prepare for retirement and attain their financial goals.

401(k) Plan (Thrift Plan)

The Thrift Plan makes it easy for eligible employees to save money for retirement. If you become a Federal Reserve employee, you will be automatically enrolled in the Thrift Plan with an initial pre-tax contribution of 3 percent of pay. If you are automatically enrolled and do not change your contribution rate, your pre-tax contributions from your pay will increase by 1 percent each year until reaching 6 percent of pay. You may change your contribution rate at any time and elect to contribute more or less. Your Thrift Plan account will include:

- Your contributions (pre-tax, Roth 401(k) or after-tax);
- Employer contributions; and
- Investment returns on those contributions.

The Federal Reserve adds to your savings through matching contributions made on your behalf to your Thrift Plan account. It matches your contributions at $1 for every $1 you contribute, up to 6 percent of your salary per pay period. The Federal Reserve will also automatically make a contribution of 1 percent of pay to your Thrift Plan account (regardless of whether you are contributing).

For the first five years of service, a graduated vesting schedule applies to Employer contributions and their earnings as follows.

Years of Service	% Vested
1	20%
2	40%
3	60%
4	80%
5 or more	100%

You have many different investment options from which to choose, each with a different level of risk.

Retirement Plan

The Federal Reserve's Retirement Plan is considered highly competitive, especially when compared with employee benefits offered by the private sector. At a time when many organizations no longer offer a traditional pension plan, the Federal Reserve's Retirement Plan is recognized for the value it provides in helping secure employees' financial future during their retirement years. The Retirement Plan, along with the Federal Reserve's Thrift Plan, is an important part of your total compensation package.

Eligible employees are automatically enrolled in the Retirement Plan upon employment. The Federal Reserve pays the entire cost of this benefit, and once you have completed five years of service and/or have reached age 65, you are fully vested, meaning you have a right to your benefit.

You are eligible for Plan benefits if you are a regular Federal Reserve System employee whose customary employment is for at least 780 hours annually. Temporary employees, independent contractors and other employees with special classifications are not eligible to participate in the Federal Reserve System's benefit plans. For questions about Plan eligibility, employees should call the Federal Reserve Benefits Center to speak with a trained benefits specialist.

Traditional Pension

The Retirement Plan is designed to provide you with a traditional monthly pension benefit starting at retirement, payable over the remainder of your lifetime. Your years of service and your pay determine the amount of the benefit you receive, based on a specific formula.

Your pay includes:

- Base salary;
- Any regular shift differential you receive;
- Any overtime you receive; and
- Most cash and incentive payments you receive.

Your Retirement Plan benefit is payable to you after you retire. Normal retirement is at age 65, although you may retire, with reduced benefits, as early as age 55 with five years of service. In addition, increased pension accruals are available if you work past age 65 (up to age 70).

Portable Cash Option (PCO)

The Retirement Plan includes a feature called the PCO, which provides you the flexibility to take all or part of your benefit as a lump sum if you leave the Federal Reserve after at least five years of service. The PCO account is credited with deposits equaling 5 percent of your pay for each of the first five years of employment, and 10 percent of your pay for each of the next 10 years of employment. The account also accrues interest.

If you leave or retire after five years of service, you can take your PCO account balance with you or roll it over into the Thrift Plan, another employer's qualified plan or an Individual Retirement Account (IRA). Your PCO account balance is based on your years of service and earnings, plus accrued interest. You may also elect to have the value of your PCO paid directly to you in a lump sum or as a monthly annuity as early as age 55, subject to mandatory tax withholdings and penalties, if applicable.

Pension Purchase Option (PPO)

The PPO is an annual feature of the Retirement Plan that allows eligible retirees/surviving spouses of retirees to use some or all of their eligible Thrift Plan account balance to increase the monthly annuity (that is, pension payment) they already receive from the Federal Reserve's Retirement Plan. Participants must have at least $25,000 of eligible Thrift Plan funds available to roll over into the Retirement Plan.

Domestic Partners or Same-sex Spouses

Effective Jan. 1, 2011, domestic partners or same-sex spouses will become eligible for certain benefits under the Thrift Plan and Retirement Plan, including the subsidized survivorship pension and the active service death benefit.

In addition, effective Jan. 1, 2011, once an employee identifies his or her partner as a domestic partner or same-sex spouse, that person automatically becomes the beneficiary under both the Thrift Plan and Retirement Plan if:

- The employee is employed by the Federal Reserve System on or after Jan. 1, 2011;
- The employee has already identified his or her partner as an eligible domestic partner or same-sex spouse for purposes of any of the Federal Reserve Bank benefits administered by the Federal Reserve Benefits Center, such as health or life insurance benefits; and
- The domestic partner or same-sex spouse meets the eligibility criteria.

After Jan. 1, 2011, employees must obtain written consent from their domestic partner or same-sex spouse if they want to designate someone else as their beneficiary.

Life Insurance and Retiree Medical and Dental Plans

The Retirement Plan benefit is provided automatically at no cost to eligible employees (there is no need to enroll). The Plan pays a monthly benefit to your eligible survivor in case of death during active service. This monthly benefit is equal to the greater of:

- 25 percent of your salary; or
- The 100-percent joint and survivor pension benefit (also payable as a monthly annuity).

These amounts are payable for the life of your survivor. If you do not have an eligible survivor at the time of your death, your beneficiary will receive a lump-sum payment equal to your PCO amount.

In addition, you are eligible for retiree health care benefits following 10 years of service after age 45 and attainment of age 55. Until age 65 or upon becoming eligible for Medicare, eligible retirees and their eligible dependents can enroll for the same medical and dental plans they received as active employees, at retiree pricing. After turning age 65 or becoming eligible for Medicare, Medicare supplemental plans are available.

Furthermore, the Retirement Plan provides cost-of-living increases to retirees' pension annuities beginning at age 62.

Health Benefits Program

Under the Health Benefits Program, the Federal Reserve Banks provide medical, prescription drug, dental and vision benefits, as well as flexible spending accounts. Health care coverage is available to all eligible employees and their dependents, including domestic partners.

Medical Plans

The Health Benefits Program offers a variety of medical plans so eligible employees can choose the one that best meets their needs. Depending on where you live, you may be eligible for a national Exclusive Provider Organization (EPO) plan or one of the Participating Provider Organization (PPO) plans: Standard, Premier and Premier Plus. Also, local Health Maintenance Organization (HMO) plans may be available in your district.

The three PPOs provide benefits for the same covered services (at varying copayments and coinsurance rates), allowing you to receive a greater benefit and pay less out of your own pocket when you receive care in-network, and do not require you to have a Primary Care Physician (PCP).

The HMO Plan has no deductibles, and most eligible services are covered at 100 percent after copayments. There is no coverage for out-of-network services, except emergency benefits. You may need to select a PCP, but you do not need to obtain a referral to see a specialist.

Depending on which Reserve Bank you work for and where you live, you may have the option of enrolling in either the EPO Plan administered by United Heathcare (UHC), BlueCross BlueShield of Illinois (BCBSIL) or CIGNA. The EPO Plans have no deductibles.

Your recruiter may provide you with further information on the medical benefit options.

Prescription Drug Plan

The Prescription Drug Plan is included in all the medical plans offered by the Health Benefits Program (and with many local HMOs) and provides coverage for generic and brand-name drugs.

Generic Drugs. The program offers generic drugs at low, fixed copayments whether you purchase them from a participating network pharmacy or through a mail-service program. The mail-service program enables you to save money by filling your prescription through the mail, and you receive up to a 90-day supply of drugs for the same copayment or coinsurance you would have paid for a 30-day supply at a participating network pharmacy.

Brand-Name Drugs. You pay a percentage of the cost for brand-name drugs, whether you purchase them at a participating network pharmacy or through the mail-service program. To protect you against the high cost of certain brand-name drugs, your share of the cost is limited to a maximum dollar amount per prescription.

Dental Plans

The Health Benefits Program offers you the choice of three dental plans, depending on your Bank and where you live:

- Standard Dental PPO Plan;
- Premier Dental PPO Plan; and
- Dental HMO (DHMO) Plan (not available in all districts).

The Dental PPOs allow you to use any dentist. If you use a network dentist, you will generally pay less because your share of the cost will be based on negotiated discounted fees. If you use non-network providers, the plan will pay the same percentage, but the reimbursement will be based on non-negotiated rates.

The PPO plans provide coverage for preventive, basic and major restorative services (for example, exams and cleanings, and fillings and root canals). The Premier Dental PPO offers higher levels of coverage for most dental services than the Standard PPO and includes coverage for orthodontia and implants, when medically necessary.

Vision Care

Vision care benefits are available to employees who want comprehensive vision benefits, including coverage for eye exams, standard lenses and frames, contact lenses (in lieu of glasses) and discounts for laser surgery. Vision care benefits offer you a network of vision care providers from which to choose. Each time you need services, you can use an in-network provider for a higher level of coverage for your vision benefits or use an out-of-network provider for a lower level of benefits.

Flexible Spending Accounts (FSAs)

With FSAs, you may set aside a portion of your paycheck before-tax to reimburse yourself for eligible health care and dependent day care expenses.

When you enroll in an FSA, you decide how much you want to contribute to your account. Then, when you incur an eligible expense, you are reimbursed from the account. You save money because your contributions are deducted from your paycheck on a before-tax basis.

Health Care FSA

With the money you contribute to a Health Care FSA, you can reimburse yourself for eligible expenses that are not covered by your medical, dental, vision or prescription drug plans. This includes — but is not limited to — copayments, coinsurance, deductibles, over-the-counter medications with a doctor's prescription, and certain vision and hearing expenses.

Day Care FSA

The Day Care FSA is designed to help you pay the cost of day care for dependent children up to age 13 or for adult day care for disabled adults who qualify as your dependents for federal income tax purposes.

Smart Choices Programs

At the Federal Reserve, we care about the health and wellness of our employees, which is why we offer the Smart Choices Wellness and Disease Management Programs, including a Wellness website. This site is accessible through the "Health/Wellness" tab of the Smart Benefits website, which is the front door to your Federal Reserve benefits and total rewards. Participation in these programs is voluntary, and personal health information is kept confidential.

Wellness

Wellness Website

The Smart Choices Wellness website is password-protected and includes access to:

- A Health Risk Assessment (HRA), which can help identify certain health risks and suggest ways to diminish these risks; and
- Health and wellness news articles and features.

Lifestyle Management Coaching

Lifestyle management coaching includes telephonic or online coaching that can provide you with a customized program for the following:

- Stress management;
- Weight management;
- Nutrition;
- Physical activity; and
- Tobacco cessation.

Disease Management

If you become a Federal Reserve Bank employee, the Disease Management Program will be available at no cost to you and your covered dependents if you enroll in one of the Federal Reserve Banks' Medical Plan options (other than local medical plan options). The program covers these five chronic conditions:

- Asthma (high risk);
- Diabetes;
- Coronary artery disease (CAD);
- Chronic heart failure (CHF); and
- Chronic obstructive pulmonary disease (COPD).

The program includes one-on-one access to skilled registered nurses. Nurses can also work with you on any of these health conditions:

- Comprehensive back pain;
- Depression;
- Cancer;
- End stage renal disease (ESRD);
- Chronic kidney disease (CKD);
- Osteoarthritis;
- Acid-related stomach disorders;
- Atrial fibrillation;
- Inflammatory bowel disease; and
- Irritable bowel disease.

Insurance and Other Benefits

Important components of the Federal Reserve Banks' total compensation package are the life, accident and disability coverages, which provide financial protection for employees and their families in the event of an accident, disability or death.

Basic Life Insurance

Basic Life Insurance automatically pays a lump-sum benefit payment equal to one times your salary. The Internal Revenue Service (IRS) requires that the value of all Employer-paid life insurance in excess of $50,000 be added to your pay advice as imputed income. If your salary exceeds $50,000, you can avoid imputed income on life insurance by limiting your Basic Life Insurance coverage to $50,000.

The benefit is provided automatically at no cost to employees (there is no need to enroll) and takes effect on your date of hire.

Business Travel Accident Insurance

Eligible employees are automatically enrolled in Business Travel Accident Insurance upon employment, and the Federal Reserve pays the entire cost. Business Travel Accident Insurance covers you while traveling on Federal Reserve business anywhere in the world. If you die while traveling on Federal Reserve business, the Business Travel Accident Insurance may provide a payment to your beneficiary equal to four times the amount of your annual salary, up to a maximum of $1 million, subject to other insurance policy limitations. A reduced benefit may also be available if an accident results in dismemberment or total disability.

Disability

The Federal Reserve offers two Bank-paid disability plans to provide financial assistance if employees are disabled or unable to work:

- Short Term Disability/Medical Leave; and
- Long Term Disability (LTD) Income Plan.

Short Term Disability/Medical Leave

Short Term Disability/Medical Leave benefits are offered locally and vary by Bank.

LTD Income Plan

The Federal Reserve's LTD Income Plan, which is automatically available to eligible employees upon employment, offers financial protection to you when you need it most — if you become totally disabled and can no longer work. The Plan will also help you to return to work, if appropriate.

If you become totally disabled, you may receive 60 percent of your basic salary after you have satisfied the 180-day waiting period for benefits. Your benefit amount will be offset by any other benefits you are receiving, including but not limited to, Social Security or Workers' Compensation. Your monthly benefits are subject to federal income tax and may be subject to state and local taxes.

The following benefits, which are offered through the Federal Reserve, are voluntary. Should you become a Federal Reserve Bank employee and decide to participate in any of these benefits, you will pay the entire cost of the plan at the Federal Reserve group rate through payroll deductions.

Auto and Home Insurance

As a Federal Reserve Bank employee, you may be able to purchase auto and home insurance for less than if you had bought the insurance individually. You can receive insurance packages with coverage for liability, medical, collision, personal property and more.

Group Legal Insurance

Group Legal, offered through ARAG®, provides affordable access to legal services when you have an issue that requires legal advice, document review and preparation, or legal representation. As a plan member, you will also have toll-free access to Certified Identity Theft Case Managers who can help you get your life back in order and repair any damage done to your identity, should an issue arise.

Long Term Care (LTC) Insurance

LTC care may be necessary when you or a family member can no longer independently perform activities of daily living, such as eating, bathing or dressing. LTC can take place in a variety of settings, including your own home, assisted living facilities, adult day care centers or hospice facilities.

The Federal Reserve offers employees the option to purchase LTC insurance at group rates.* This insurance is used to cover the cost of services that are not paid for by your health plan or disability insurance. Rates are based on your age at the time you apply for coverage, so the younger you are, the less you pay. You may purchase LTC insurance to cover yourself, your spouse or domestic partner, parents or in-laws.

*The LTC option is available to actively at work, full-time, benefit-eligible employees working 35 hours or more per week.

Personal Accident Insurance (PAI)

PAI offers additional benefits in the event of dismemberment, permanent total disability or death as a direct result of an accident. With PAI, you receive 24-hour coverage for accidents occurring on or off the job — anywhere in the world.

For individual coverage, you can purchase a minimum of $10,000, up to a maximum of $500,000. You may also elect coverage for your spouse or domestic partner (up to $300,000) and eligible children (up to $100,000). Coverage for your spouse or domestic partner and children cannot exceed your coverage amount, and you must elect PAI for yourself to purchase coverage for your dependents.

Group Universal Life (GUL) Insurance

Through GUL, you can purchase additional life insurance coverage with an optional cash accumulation feature at competitive group rates.

You may purchase coverage for yourself up to the lesser of 10 times your annual base salary or $2 million. You may also purchase coverage for your spouse or domestic partner up to the lesser of two times your salary or $100,000. A flat $10,000 term policy is available for your eligible children as long as you purchase GUL for yourself or your spouse or domestic partner. Your rates and coverage levels increase annually as your age and salary increase.

Services and Resources

Many services and resources are available to Federal Reserve Bank employees at no charge, including the *Ayco AnswerLine* service, Financial Planning Education Program, *SurvivorSupport* and *TransitionalSupport*, the Participant Advocacy Service, the Smart Benefits website and the Federal Reserve Benefits Center.

The *Ayco AnswerLine* service provides unlimited telephone access to a professional financial planner who can help you with all aspects of financial planning, at no cost to you:

- Understanding your Federal Reserve benefits;
- Managing cash flow and debt;
- Developing savings and asset allocation strategies;
- Planning for retirement; and
- Answering questions about taxes, home buying, estate planning, college funding and other topics.

Financial Planning Education Program

The Financial Planning Education Program is designed to provide employees of the Federal Reserve Banks with a basic understanding of financial planning, the information and tools necessary to develop a personal financial plan, and guidance on how System and Bank benefits can help you achieve your financial goals.

The Financial Planning Education Program, which is available at no cost to Federal Reserve Bank employees upon the date of hire, includes in-person topical seminars that cover a variety of financial planning and benefit plan-specific topics.

SurvivorSupport

The Federal Reserve offers a program called *SurvivorSupport*, which provides financial counseling assistance at no charge to:

- You and your family, if your spouse or domestic partner passes away; or
- Your spouse, domestic partner or other appropriate beneficiary if you pass away.

This benefit is available to eligible Federal Reserve Bank employees and is paid entirely by your Reserve Bank. The administrator of this service works with families, their attorneys, accountants and other professionals to prepare a written Personal Financial Plan (including an Action Item Checklist). Family members can receive assistance with estate settlement, Social Security income, investments and other financial issues.

TransitionalSupport

The Federal Reserve offers a program called *TransitionalSupport*, which provides financial counseling assistance at no charge to employees who have been diagnosed with a life-threatening illness. This benefit is available to eligible Federal Reserve Bank employees and is paid entirely by your Reserve Bank.

Participant Advocacy Service

Participant Advocacy is a service available at no cost to you for assistance with any unresolved access or claim issues under the Health Benefits Program after you have already attempted to resolve the issue yourself.

Smart Benefits Website

The Smart Benefits website, www.federalreservebenefits.org, is the front door to your Federal Reserve benefits and total rewards. This password-protected site gives you personalized, integrated and interactive benefits information and total rewards tools. From Smart Benefits, you can also access the *Your Benefits Resources*™ (*YBR*) website, which is the transactional site that allows you to enroll in your Federal Reserve benefits.

Federal Reserve Benefits Center

Federal Reserve Bank employees who prefer to use an automated call center or do not have Internet access may call the Federal Reserve Benefits Center toll-free to access personalized benefits information or speak with a benefits specialist.

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