

SMART
BENEFITS

Federal Reserve Banks



Benefits Highlights

for Prospective Employees



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This document provides an overview of Federal Reserve benefits. Details of the benefits can be found in the Benefits Handbooks or plan documents. If there is any discrepancy between this document 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.

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What Are the Employee Benefits at the Federal Reserve?

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 other large organizations' to 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) Savings 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 Programs
- Life and Survivor Income Insurance (LSII) Plan
- Business Travel Accident Insurance
- Disability Insurance
- Auto and Home Insurance
- Group Legal Protection
- Long-Term Care (LTC) Insurance
- Personal Accident Insurance (PAI)
- Group Universal Life (GUL) Insurance
- Financial Planning Education Program
- SurvivorSupport
- Participant Advocacy Service
- Smart Benefits Web Site
- Your Benefits Resources Web Site and Your Benefits Link

Smart Benefits Web Site: Federal Reserve’s Official Resource for Benefits Information

For more information, visit the Federal Reserve’s Smart Benefits Web site at www.federalreservebenefits.org. When you enter the site, be sure to indicate that you are “a prospective employee” in the left drop-down menu. Then in the right drop-down menu, select the name of the Federal Reserve Bank where you are considering employment.

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 benefit 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 the Federal Reserve, 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) Savings Plan (Thrift Plan)

The Thrift Plan makes it easy for eligible employees to save money. If you become an employee of a Federal Reserve Bank, a personal account will be established in your name and be funded by:

- Your contributions;
- Employer Matching contributions; and
- Investment earnings on those contributions.

The Federal Reserve adds to your savings through its Employer Match. During your first five years of service, the Federal Reserve matches your contributions at \$.80 for every \$1 you contribute, up to the first 6 percent of your salary per pay period. After five years of service, the match increases to \$1 for every \$1 you contribute, up to 6 percent of your salary per pay period.

You are fully vested, or have a permanent right to Employer Matching contributions and their earnings, after five years of service. You are also fully vested

if you become totally disabled, reach age 65 or die. (You are always fully vested in your contributions and their earnings.)

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

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

Beginning July 2007, enhancements will be made to the Thrift Plan, including automatic enrollment for new Federal Reserve employees and expanded investment options. You have many different investment options, which range from the most conservative to the more risky, to allocate the contributions made to your account.

While you may take withdrawals and loans from your Thrift Plan

account — subject to Internal Revenue Service (IRS) and Plan rules — you are encouraged to limit your withdrawal and loan activity.

Retirement Plan

The Federal Reserve's Retirement Plan is considered highly competitive, especially when compared with private sector employee benefits practices. 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 our 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 or have reached age 65,



you are fully vested, meaning you have a right to your benefit.

TRADITIONAL RETIREMENT PLAN

The traditional Retirement Plan is designed to provide you with a 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.

PORTABLE CASH OPTION (PCO)

The Retirement Plan includes a feature called the PCO, which provides you the flexibility to take all or a 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 is based on your years of service and earnings, plus accrued interest. You may also elect to receive the value of your PCO paid directly to you, subject to mandatory tax withholdings and penalties, if applicable.

RETIREE MEDICAL AND DENTAL PLANS

You are eligible for retiree health care benefits following 10 years of service after age 45 and attainment of age 55. Up to age 65 or upon the attainment of 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 age 65 or attainment of Medicare, Medicare supplemental plans are available.

Health Benefits Program

Under the Health Benefits Program, the Federal Reserve provides 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 (where domestic partner coverage is offered).

Medical Plans

The Health Benefits Program offers a variety of medical plans so eligible employees can choose the one that best meets their needs. If you become a Federal Reserve employee, you may choose from one or more of the following medical plans, depending on where you live (coverage availability is determined by your home zip code):

- Preferred Provider Organization (PPO) Plans: Standard, Premier and Premier Plus Plans;
- Health Maintenance Organization (HMO)-type Plans;
- Local Bank medical plans (where offered by Bank); and the
- Out-of Area Plan for employees who do not live in the network areas.

The three PPOs provide benefits for the same covered services (at varying copays 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-type plan has no deductibles, and most eligible services are covered at 100 percent after a copay. There is no coverage for out-of-network services. Depending on which HMO is offered through your Bank, you may need to select a PCP or obtain a referral to see a specialist.

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

Prescription Drug Plan

The Prescription Drug Plan is available through all the medical plans offered and provides coverage for generic and brand-name drugs.

Generic Drugs. The program offers generic drugs at low fixed copays whether you purchase them

from a participating network pharmacy or through a mail-service program. This program enables you to save money by filling your prescription through the mail, and you receive a 90-day supply of drugs for the same copay or coinsurance you would have paid for a 60-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 where you live:

- Standard Dental PPO Plan;
- Premier Dental PPO Plan; and
- Dental HMO (DHMO) Plan.



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 copays, coinsurance, deductibles, 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 Wellness Programs

At the Federal Reserve, we care about the health and wellness of our employees, which is why we offer a variety of Smart Choices Wellness Programs: Disease Management, Tobacco Cessation, Healthy Weight and the Wellness Web site. Participation in these programs is voluntary, and personal health information is kept confidential.



Disease Management

If you become a Federal Reserve 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’s medical plan options (other than local medical plan options). The program covers these five chronic conditions:

- Asthma;
- Diabetes;
- Heart disease;
- Congestive heart failure; and
- Chronic obstructive pulmonary disease.

The program includes one-on-one access to a skilled registered nurse, a toll-free Health Information Line and access to a personal Health Information Web site tailored to your condition.

Tobacco Cessation

The Tobacco Cessation Program is designed to help employees quit tobacco, no matter what the type — cigarettes, cigars, pipes or even smokeless tobacco. The program includes telephonic coaching by and toll-free access to trained coaches, recommendations for certain medications and access to a specialized Web site. At most Bank locations, there is no cost to the employee or his or her spouse (or domestic partner, if domestic partner coverage is offered) to participate in the program.

Healthy Weight

The Healthy Weight Program provides one-on-one counseling to employees who complete the Health Assessment and have a Body Mass Index (BMI) of 30 or more. A Personal Health Coach will work with these individuals to set short-term and long-term goals to make healthy lifestyle changes. There is no cost to you or your spouse (or domestic partner, if your Bank offers domestic partner

coverage) to participate in the program if you become a Federal Reserve employee.

Wellness Web Site

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

- A Health Assessment, which can help identify certain health risks and suggest ways to diminish these risks;
- The Symptoms Checker, which enables you to receive information on various conditions;
- An Online Health Coach that can provide you with a customized program for exercise, nutrition, weight loss and tobacco cessation; and
- An Exercise Tracker, which helps you track the number of steps you walk each day and calories burned as part of the online Walking Program tool.

Life, Accident and Disability

Important components of the Federal Reserve's 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.

Life and Survivor Income Insurance (LSII) Plan

The LSII Plan is automatically provided to eligible employees upon employment. It provides financial protection to your beneficiaries should you die while employed by the Federal Reserve.

The LSII Plan pays benefits in two forms:

- A lump sum benefit equal to one times your annual salary or
- A monthly survivor annuity equal to 40 percent of your monthly salary minus 50 percent of survivor benefits payable from Social Security.

A lump sum benefit is paid to beneficiaries of employees who at the time of death had:

- Less than one year of service or
- No eligible survivors (spouse, child under 21 or dependent parent).



A monthly survivor income benefit is payable to beneficiaries of employees who at the time of death had:

- One or more years of service and
- An eligible survivor.

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 designated 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. Generally, they are paid during the first 180 days of injury or illness.

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 disabled and can no longer work. The Plan will also help you to return to work, if appropriate.

If you become totally disabled, you will receive 60 percent of your basic salary after you have satisfied the 180-day waiting period for benefits. Your benefit amount may be offset by any other benefits you are receiving, such as Social Security or Workers' Compensation. Your monthly benefits are subject to federal income tax and may be subject to state and local taxes.

Voluntary Benefits Programs

Voluntary benefits through the Federal Reserve are affordable, reliable and convenient. Should you become a Federal Reserve employee and decide to participate in any of the voluntary benefits plans, you will pay the entire cost of the plan at the Federal Reserve group rate through payroll deductions. Participation in these benefits plans is optional.

Auto and Home Insurance

As a Federal Reserve employee, you may be able to purchase automobile and homeowners' 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 Protection

Group Legal provides you and your family with convenient, affordable access to prepaid legal services. If you enroll in Group Legal, you will have access to the following:

- A national network of private attorneys and legal, financial and tax advisers;
- Online legal services, legal consultations by phone and in-office legal services; and
- Identity theft services that offer a toll-free number for speaking with identity theft case managers.



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 (where domestic partner coverage is available), 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 (up to \$300,000) and eligible children (up to \$100,000). Coverage for your spouse 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 term life insurance coverage with an optional cash accumulation feature at competitive group rates.

You may purchase coverage for yourself for a flat \$10,000 or in increments of one to five times your salary. You may also purchase coverage for your spouse up to the lesser of two times your salary or \$100,000. A flat \$10,000 GUL policy is available for your eligible children as long as you purchase GUL for yourself or your spouse. 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 Financial Planning Education Program, SurvivorSupport, the Participant Advocacy Service, the Smart Benefits Web site, the Your Benefits Resources Web site and Your Benefits Link.

Financial Planning Education Program

The Financial Planning Education Program is designed to provide employees of the Federal Reserve 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 employees upon the date of hire, includes in-person topical seminars that cover a variety of financial planning and benefit plan-specific topics. Beginning in late April 2007, employees will also have access to telephone counseling through Ayco AnswerLine®.

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 has a terminal illness or he or she dies; or
- Your spouse or domestic partner and your family, if you have a terminal illness or you die.

This benefit is available to eligible Federal Reserve 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 personal financial plan. Family members can receive assistance with estate settlements, Social Security income, investments and other financial issues.



Participant Advocacy Service

Participant Advocacy is a free service available 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 Web Site

The Smart Benefits Web site, www.federalreservebenefits.org, is the Federal Reserve's gateway for benefits information (see page 3 for instructions on accessing the site as a prospective Federal Reserve employee). The site features summaries of benefits, eligibility requirements, health plan comparison charts, and links to vendors, resources and many benefits communications, including this publication. The Smart Benefits site is Federal Reserve Bank employees' first source for benefits information.

Your Benefits Resources Web Site and Your Benefits Link

Your Benefits Resources serves as the official site for enrolling in Federal Reserve benefits. This password-protected site also enables employees to make transactions and view personalized information regarding their health care and Retirement and Thrift Plans. Your Benefits Resources is accessible through the Smart Benefits Web site.

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



