

INFORMATIONAL MEMORANDUM



January 23, 2018

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

From: Gary K. Van Meter, Director  
Office of Regulatory Policy

Subject: Maximum Farm Credit System Bank Director Compensation for 2018

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) bank<sup>1</sup> directors to reflect the change in the Consumer Price Index (CPI).<sup>2</sup> With the release of annual CPI data for 2017, the FCS bank director compensation maximum for 2018 changes accordingly.

The 2018 maximum is determined by the 2017 maximum plus the increase in the average CPI over the prior year as follows:

2018 Maximum Director Compensation = 2017 Maximum Director Compensation x (2017 Annual Average CPI/2016 Annual Average CPI)	
2017 Maximum Compensation	= \$58,115
2017 Annual Average CPI	= 245.120
2016 Annual Average CPI	= 240.007
2018 Maximum Compensation	= \$58,115 x (245.120/240.007)
	= \$58,114.99 x 1.021304
	= \$59,353.05

**The maximum compensation payable to FCS bank directors in 2018 is \$59,353**

By issuance of this Informational Memorandum (IM), the FCA rescinds the IM dated January 27, 2017, regarding the maximum FCS bank director compensation for 2017. If you have any questions regarding the annual adjustment process, please call Mike Wilson, Office of Regulatory Policy at (703) 883-4124, TTY (703) 883-4056, or [wilsonm@fca.gov](mailto:wilsonm@fca.gov).

cc: Each FCS Institution

Attachment

<sup>1</sup> The three Farm Credit Banks and CoBank, ACB.

<sup>2</sup> Based 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. See Attachment A.

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

<b>Year</b>	<b>Annual Average CPI 1</b>	<b>Annual CPI Adjustment Percentage</b>	<b>Maximum Bank Director Compensation</b>
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 <sup>2</sup>	184.0	1.015810	\$25,769
2004 <sup>2</sup>	188.9	1.317894	\$26,358 <sup>3</sup>
2005	195.3	1.352990	\$27,060 <sup>3</sup>
2006	201.6	1.033880	\$47,290 <sup>4</sup>
2007	207.342	1.032258	\$48,815
2008	215.303	1.028482	\$50,205
2009	214.537	1.038396	\$52,133
2010	218.056	0.996451	\$51,948 <sup>5</sup>
2011	224.939	1.016403	\$52,800
2012	229.594	1.031565	\$54,467
2013	232.957	1.020694	\$55,594
2014	236.736	1.014648	\$56,408
2015	237.017	1.016222	\$57,323
2016	240.007	1.001187	\$57,391
2017	245.120	1.012615	\$58,115
2018		1.021304	\$59,353

<sup>1</sup> The average annual CPI is from the Bureau of Labor Statistics Table 24, Historical Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, all items.

<sup>2</sup> The 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, rather than via Informational Memorandum.

<sup>3</sup> The 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.

<sup>4</sup> Via 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]).

<sup>5</sup> The change in CPI from 2008 to 2009 resulted in a slight reduction in the computed maximum director compensation for 2010 when compared to the 2009 level. Because the reduction in the computed maximum director compensation was not considered significant, FCA did not require FCS banks that have directors already receiving compensation above \$51,948 to reduce their compensation levels to the 2010 maximum.