DATE: February 24, 2004

SUBJECT: SR 04-04 Accounting for Deferred Compensation Agreements.

HIGHLIGHTS: The Federal Reserve, along with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (the agencies), have issued an Interagency Advisory on Accounting for Deferred Compensation Agreements and Bank-Owned Life Insurance (BALI). Consistent with generally accepted accounting principles (GAAP), the advisory highlights the appropriate accounting for obligations under a type of deferred compensation agreement commonly referred to as a revenue neutral plan or an indexed retirement plan. The benefits payable under these plans are often based on the performance of investments in BOLI.


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