

**The original documents are located in Box C4, folder “Presidential Handwriting, 10/11/1974” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE PRESIDENT HAS SEEN. J..

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OCT 11 1974

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ROY L. ASH

SUBJECT: Investment of Railroad Retirement and  
Social Security Trust Funds

The following is a response to the three questions you raised yesterday:

1. Both Railroad Retirement and Social Security trust funds must be invested in "interest bearing obligations of the United States or in obligations guaranteed as to principal and interest by the United States." The latter include such securities as GNMA participation certificates.

2. Both Social Security and Railroad Retirement trust funds are governed by the same legal provisions, except that Railroad Retirement trust funds are, under the law, guaranteed a minimum interest rate of 3%. This special provision is not applicable to Social Security funds.

3. The provision of law governing the interest rate on the investment of both trust funds is as follows: "...which bear interest at a rate equal to the average market yield computed as of the end of the calendar month next preceding the date of issue."

As a consequence of these provisions, the yields on RRB and SSA trust fund investments have been equal over the years.