



United States Department of the Interior  
OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS  
Washington, DC 20240

**MAR 27 2020**

Dear Tribal Leader:

On March 15, the Federal Reserve (FED) took a number of actions to support American families, business, and the economy overall in an attempt to mitigate disruptions caused by the coronavirus (COVID-19). The FED reduced the target range for the benchmark interest rate (target rate) by one percentage point, bringing it close to zero. This change in monetary policy will reduce income earned on Office of the Special Trustee for American Indians (OST) investments of Tribal and Individual Indian Money (IIM) accounts as the rate of return on these accounts is linked to the target rate.

The FED expects to maintain the target rate at this new level until it is confident that the economy has weathered recent events. The FED continues to carefully monitor credit markets and is prepared to use its full range of tools to support the flow of credit to households and businesses and thereby promote its maximum employment and price stability goals.<sup>1</sup>

The last time the FED lowered the target rate to zero was in 2008 when the U.S. experienced a financial crisis and that rate was kept at zero percent until December 2015. The OST has previously experienced rate fluctuations during economic cycles and this experience is valuable as we continue to manage trust assets on behalf of Tribes and individual Indians.

### **What We're Doing**

Although the OST cannot predict when rates will return to their previous levels, there are actions we are taking to meet the investment needs of the beneficiaries:

**Prudent Management of Trust Financial Assets:** The OST is responsible for investment of approximately \$5.3 billion in Trust assets. Assets are managed in-house by portfolio managers who are skilled investment professionals. The OST manages each Tribal account based on the Tribe's investment objectives. Also, the IIM account is managed with the following income objective: we seek to earn optimal income which is disbursed to beneficiaries on a monthly basis. Portfolios are structured to achieve their respective investment needs and objectives throughout economic cycles, taking into account risk management and cash flow.

**Liquidity:** An adequate portion of each portfolio is maintained in liquid, short-term investments that can be converted to cash, if necessary, to meet disbursement requirements. We currently have \$1.5 billion in the Treasury overnighter, which is the liquid portion of invested funds. Today, the overnighter is earning .01%. The rate reflects the rate of the 4-week Treasury Bill. We expect that this rate could go down to zero, based on market conditions.

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<sup>1</sup> <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200323a.htm>

**Investment Advice:** We understand that financial circumstances may be more challenging during this time. Our investment team is available to provide advice and support, including portfolio reviews as needed. For more information, please contact Ms. Pamela Jurgensen, Director, Trust Funds Investments, by email at [pamela\\_jurgensen@ost.doi.gov](mailto:pamela_jurgensen@ost.doi.gov) or by phone (505) 206-2141 or cell (505) 816-1102.

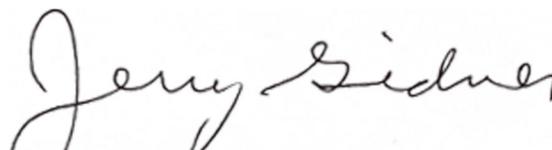
## **Our Mission**

The health and safety of beneficiaries and employees is our highest priority. We will continue to follow guidance from the Centers for Disease Control (CDC) and local agencies, and we remain focused on providing superior stewardship of trust assets. Per advice received from the CDC, social distancing is paramount in reducing the spread of the virus. To limit direct contact between individuals, public access to our offices will be limited. For assistance, beneficiaries may contact their local fiduciary trust officer via phone and email or the Trust Beneficiary Call Center at 1-888-678-6836.

Additional resources and updates for Indian Affairs can be found at [www.indianaffairs.gov/covid-19](http://www.indianaffairs.gov/covid-19).

For additional information about COVID-19, visit the CDC at [www.cdc.gov](http://www.cdc.gov).

Sincerely,



Jerold Gidner  
Principle Deputy Special Trustee