

## Homer Miller Company

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July 8, 1980

Mr. Normand Bernard, Executive Secretary  
Depository Institutions Deregulation Committee  
Federal Reserve Building  
Washington, D.C. 20001

Dear Mr. Bernard:

I read recently in our industry's trade publication, "The Counselor" that your committee is considering a proposal to not allow banks and savings and loans to give premiums with deposits.

I want to be candid and admit that even though our company is basically in specialty advertising business, some 4-5% of our total volume is in premiums which we sell to financial institutions. Needless to say, our small company employing some eight people would be hurt; more than this however, I think that America in general would be hurt and particularly the small saver who might not otherwise have an incentive to save.

I will recall myself at the age of thirteen growing up in a home where cash was always short. My mother from time to time would set back pennies in a cookie jar intending to get them to a bank or savings and loan for safekeeping, but invariably robbing the cookie jar in order to pay the insurance salesman or the paperboy. The first time I ever realized that my mother saved on a consistent basis, in fact I believe the first time she ever did save on a regular basis, was when a local savings and loan by the name of Mutual Federal offered a free set of dishes for an initial deposit of \$25.00. For each additional deposit of \$25, for either a \$1.00 or \$1.87 she was able to purchase additional place settings. I think that you can picture the broken or chipped sets of dishes that any household would have with teenagers ranging from 17 down to 13 years old. We were in desperate need of a new set of dishes, but I think more importantly, the family needed to learn the value of saving. Consequently, on a semi-weekly basis I can remember our collection of new dishes growing. First the free set and then the additional place settings, etc., until we had a complete place setting of some eight places in order that we might also serve company.

Mr. Bernard, my point is this: had my parents been wealthy, there would have been sufficient occasion for them to invest in CD's or money market certificates and/or whatever investment vehicles were available at that time. The fact is that they were middle-class of modest means always struggling to feed and clothe their family. The very fact that a local savings and loan association was wanting to raise money so they could then in turn loan it out on new housing was the reason behind my mother's savings. The savings and loan evidently knew that the 3 ½% interest they were paying was not enough incentive to overcome the reluctance of many middle income families to save. Consequently, they decided to offer a premium and/or incentive for doing so.

You would be interested in knowing that our entire family benefited by my mother's systematic saving. Eventually, all three children were college-educated and many times we were "saved" by mom's ability to dip into her small savings account in order to meet tuition bills. Upon her death some seven years ago, she still had her savings account and it had grown into a nest egg of some \$2,000.

We sincerely hope that in the wisdom of your committee you do not disallow the giving of gifts and/or premiums by financial institutions in order to attract savings. They are a wonderful incentive for the small or otherwise marginal saver and consequently, I believe that they are important in helping educate America as to the value of personal savings.

Sincerely,

Rod Miller, C.A.S.  
President

RM:vm

cc: Hon. Henry Bellmon, U.S. Senate  
Hon. David Boren, U.S. Senate  
Hon. Mickey Edwards, U.S. House of Representatives

I sincerely hope that if you are in agreement with my feelings that the use of gifts/premiums encourages America to save money that you will contact Mr. Bernard on my behalf. I did not mention in my letter but it also seems that this proposed regulation is further intrusion into the concepts of free enterprise. Rather than having additional legislation, I feel that each of us should work to lower the amount of red tape and bureaucracy that Washington generates.

Sincerely,

Rod Miller