

Presidential Pay

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TO: Jimmy Carter
FROM: Jack Watson
Subject: Presidential Compensation and Personal Allowances

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The following is a brief outline of the President's pay and personal allowances:

\$200,000 in salary
50,000 allowance for expenses
100,000 "for or on account of travel"

2,095,000 to operate the executive residence
("care, maintenance, repair and alteration,
refurnishing improvement, heating and
lighting, including electric power and
fixtures...and official entertainment")

Except for their different tax treatment, the \$200,000 for salary and the \$50,000 for expenses both constitute compensation. In effect, the \$50,000 represents the maximum amount you may deduct from your gross income as Presidential business expenses for such items as Christmas cards, private dinners, gifts to staff, etc. You should understand that you may use any part of the \$50,000 for any purpose, but that you may deduct only that amount that you can document to be allowable expenses.

By statute, none of these funds, including the travel allowance and the allowance for White House upkeep and official entertainment, is subject to audit; the funds are disbursed and/or accounted for solely by you.

The \$250,000 compensation after allowable deductions is subject to the maximum 50% federal income tax on earned income, as well as to health plan deductions, government retirement system deductions (7%), and state and local taxes. The President customarily pays applicable taxes to his home jurisdiction(s), though you could elect to pay D.C. taxes instead of Georgia taxes.

The President's pay checks are issued bi-weekly by the Treasury and are (presently) delivered to Wilbur Jenkes in the Operating Offices of the White House. Mr. Ford's net check is now \$9615.38. Yours may be higher or lower depending on your personal circumstances, including especially your selection of state/local taxes to pay and your election of personal exemptions (for which you would, of course, file a W-4 form).