

CIA INTERNAL USE ONLY

8 October 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Retirement Legislation

1. This date a meeting was held to identify the amendments to the CIA Retirement Act to be proposed to our legislative committees and to review for recommendation to Colonel White the various courses of action available to us in connection therewith. Attending were Messrs. Maury, Coffey, Warner,

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2. The attached package was distributed to the attendees prior to the meeting.

3. It was agreed that:

a. The five Daniels/McGee bill benefits were of overriding importance and that no other substantive provisions should be proposed lest they "muddy up the waters."

b. The procedural administrative authority proposal should be broached informally with the committees because:

(1) the Daniels/McGee bill development offers a unique opportunity to illustrate that it would be an efficient and effective method for picking up the five Daniels/McGee bill benefits and the five specific liberalizations to the Civil Service system enacted subsequently to the CIA Retirement Act,

(2) it would facilitate for the Agency and the committee the updating of the CIA Act to future liberalizing amendments to the Civil Service Act by avoiding the lengthy delays associated with the processing of legislation, and

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(3) it would reduce, if not eliminate, the foreseeable need for bringing CIA legislation to the floor with the attendant risks of generating ungermane controversy.

c. It would not be counterproductive to the Agency's interests, however, to review with senior staff members on our legislative committees those specific changes in the CIA Act not covered under "a" and "b" above but which we may like to see adopted some time in the future (item "c" of attachment). In this connection [] said that in three years we would probably exhaust the 400 statutory limit on retirements which expires 30 June 1974. STAT

d. It would be premature to contact BOB at this time since we do not know what their recommendation to the President will be on the Daniels/McGee bill.

4. Funding. The question of whether the funding provisions of the Daniels/McGee bill should apply to the CIA retirement fund was discussed with inconclusive results. Generally, it was felt that the funds were not comparable in view of the differences in the magnitude of the funding problem and in normal costs (the required five year actuarial study of the CIA fund will not be completed before the end of the month). It was tentatively concluded that, aside from political considerations, it was possibly premature to determine the type of funding needed to assure that the fund has a sound financial basis. Mr. Coffey agreed to look into this area further.

5. Summary. It was agreed that Mr. Maury would seek a meeting with Colonel White, with Messrs. [] Warner, and [] attending to review the outcome of the meeting and to obtain his views on the courses of action outlined in paragraph 3. STAT

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Assistant Legislative Counsel

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1. The attached package is for use in our meeting this afternoon and includes:

- a. H.R. 9825 (Daniels/McGee bill) as sent to the President;
- b. Amendments to the CIA Retirement Act paralleling the benefits of H.R. 9825 and the increase in contribution rates;
- c. Listing of ten specific amendments to the CIA Retirement Act, exclusive of H.R. 9825, on which internal agreement had been reached earlier this year.
- d. Omnibus bill which includes alternate approaches to obtaining administrative authority to adopt certain subsequent amendments to the Civil Service Retirement Act for the benefit of the CIA Retirement Act as well as the six specific amendments identified in the above list of ten which could not be picked up under said administrative authority;
- e. Proposed amendments necessary to pick up the remaining four from the above list of ten if the administrative authority provision is dropped.

2. Also included for your convenience are copies of the CIA Retirement Act and the cost-of-living amendment.

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October 7, 1969

CONGRESSIONAL RECORD — HOUSE

H 9163

Strike out All after the enacting clause and insert: That this Act may be cited as the "Civil Service Retirement Amendments of 1969".

TITLE I—CIVIL SERVICE RETIREMENT FINANCING

SEC. 101. Section 8331 of title 5, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (15);

(2) by striking out the period at the end of paragraph (16) and inserting a semicolon in lieu thereof; and

(3) by adding immediately below paragraph (16) the following new paragraphs:

"(17) 'normal cost' means the entry-age normal cost computed by the Civil Service Commission in accordance with generally accepted actuarial practice and expressed as a level percentage of aggregate basic pay;

"(18) 'Fund balance' means the sum of—
"(A) the investments of the Fund calculated at par value; and

"(B) the cash balance of the Fund on the books of the Treasury; and

"(19) 'unfunded liability' means the estimated excess of the present value of all benefits payable from the Fund to employees and Members and former employees and Members, subject to this subchapter, and to their survivors, over the sum of—
"(A) the present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf; plus

"(B) the present value of Government payments to the Fund under section 8348(f) of this title; plus

"(C) the Fund balance as of the date the unfunded liability is determined."

SEC. 102. (a) Section 8334 of title 5, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a) (1) The employing agency shall deduct and withhold 7 percent of the basic pay of an employee, 7½ percent of the basic pay of a Congressional employee, and 8 percent of the basic pay of a Member. An equal amount shall be contributed from the appropriation or fund used to pay the employee or, in the case of an elected official, from an appropriation or fund available for payment of other salaries of the same office or establishment. When an employee in the legislative branch is paid by the Clerk of the House of Representatives, the Clerk may pay from the contingent fund of the House the contribution that otherwise would be contributed from the appropriation or fund used to pay the employee.

"(2) The amounts so deducted and withheld, together with the amounts so contributed, shall be deposited in the Treasury of the United States to the credit of the Fund under such procedures as the Comptroller General of the United States may prescribe. Deposits made by an employee or Member also shall be credited to the Fund."; and

(2) by amending subsection (c) to read as follows:

"(c) Each employee or Member credited with civilian service after July 31, 1920, for which retirement deductions or deposits have not been made, may deposit with interest an amount equal to the following percentages of his basic pay received for that service:

"Percentage of basic pay:

Employee:	Service period
2½-----	August 1, 1920, to June 30, 1926.
3½-----	July 1, 1926, to June 30, 1942.
5-----	July 1, 1942, to June 30, 1948.
6-----	July 1, 1948, to October 31, 1956.
6½-----	November 1, 1956, to December 31, 1969.
7-----	After December 31, 1969.

Member or employee for congressional employee service:

2½-----	August 1, 1920, to June 30, 1926.
3½-----	July 1, 1926, to June 30, 1942.
5-----	July 1, 1942, to June 30, 1948.
6-----	July 1, 1948, to October 31, 1956.
6½-----	November 1, 1956, to December 31, 1969.
7½-----	After December 31, 1969.

Member for Member service:

2½-----	August 1, 1920, to June 30, 1926.
3½-----	July 1, 1926, to June 30, 1942.
5-----	July 1, 1942, to August 1, 1948.
6-----	August 2, 1948, to October 31, 1956.
7½-----	November 1, 1956, to December 31, 1969.
8-----	After December 31, 1969.

Notwithstanding the foregoing provisions of this subsection, the deposit with respect to a period of service referred to in section 8332 (b) (6) of this title performed before January 1, 1969, shall be an amount equal to 55 percent of a deposit computed in accordance with such provisions."

(b) The amendment made by subsection (a) (1) of this section shall become effective at the beginning of the first applicable pay period beginning after December 31, 1969.

SEC. 103. (a) Section 8348 of title 5, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a) There is a Civil Service Retirement and Disability Fund. The Fund—

(1) is appropriated for the payment of—
"(A) benefits as provided by this subchapter; and

"(B) administrative expenses incurred by the Civil Service Commission in placing in effect each annuity adjustment granted under section 8340 of this title; and

"(2) is made available, subject to such annual limitation as the Congress may prescribe, for any expenses incurred by the Commission in connection with the administration of this chapter and other retirement and annuity statutes."; and

(2) by striking out subsections (f) and (g) and inserting in lieu thereof:

"(f) Any statute which authorizes—

"(1) new or liberalized benefits payable from the Fund, including annuity increases other than under section 8340 of this title;

"(2) extension of the coverage of this subchapter to new groups of employees; or

"(3) increases in pay on which benefits are computed;

is deemed to authorize appropriations to the Fund to finance the unfunded liability created by that statute, in 30 equal annual installments with interest computed at the rate used in the then most recent valuation of the Civil Service Retirement System and with the first payment thereof due as of the end of the fiscal year in which each new or liberalized benefit, extension of coverage, or increase in pay is effective.

"(g) At the end of each fiscal year, the Commission shall notify the Secretary of the Treasury of the amount equivalent to (1) interest on the unfunded liability computed for that year at the interest rate used in the then most recent valuation of the System, and (2) that portion of disbursement for annuities for that year which the Commission estimates is attributable to credit allowed for military service. Before closing the accounts for each fiscal year, the Secretary shall credit to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated, the following percentages of such amounts: 10 percent for 1971; 20 percent for 1972; 30 percent for 1973; 40 percent for 1974; 50 percent for 1975; 60 percent for 1976; 70 percent for 1977; 80 percent for 1978; 90 percent for 1979; and 100 percent for 1980 and for each fiscal year thereafter. The Commission shall report to the President and to the Congress the sums credited to the Fund under this subsection."

cent for 1979; and 100 percent for 1980 and for each fiscal year thereafter. The Commission shall report to the President and to the Congress the sums credited to the Fund under this subsection."

(b) (1) The provisions of subsection (g) of section 8348 of title 5, United States Code, as contained in the amendment made by subsection (a) (2) of this section, shall become effective at the beginning of the fiscal year which ends on June 30, 1971.

(2) Paragraph (1) of this subsection shall not be held or considered to continue in effect after the enactment of this Act the provisions of section 8348(g) of title 5, United States Code, as in effect immediately prior to such enactment.

SEC. 104. Section 1308(c) of title 5, United States Code, is amended by striking out "on a normal cost plus interest basis".

SEC. 105. The proviso under the heading "Civil Service Commission" and under the subheading "Payment to Civil Service Retirement and Disability Fund" in title I of the Independent Offices Appropriation Act, 1962 (75 Stat. 345; Public Law 87-141), is repealed.

TITLE II—CIVIL SERVICE RETIREMENT BENEFITS

SEC. 201. (a) Paragraph (4) (A) of section 8331 of title 5, United States Code, is amended to read as follows:

"(A) over any 3 consecutive years of creditable service or, in the case of an annuity under subsection (d) or (e) (1) of section 8341 of this title based on service of less than 3 years, over the total service; or"

(b) Subsection (c) of section 8333 of title 5, United States Code, is amended to read as follows:

"(c) A Member or his survivor is eligible for an annuity under this subchapter only if the amounts named by section 8334 of title 5 have been deducted or deposited with respect to his last five years of civilian service, or, in the case of a survivor annuity under section 8341 (d) or (e) (1) of this chapter, with respect to his total service."

SEC. 202. Subsection (g) of section 8334 of title 5, United States Code, is amended—

(1) by striking out the word "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "or"; and

(3) by adding the following new paragraph immediately below paragraph (4):

"(5) days of unused sick leave credited under section 8339 (m) of this title."

SEC. 203. Section 8339 of title 5, United States Code, is amended—

(1) by striking out of subsection (b) the words "so much of his service as a Congressional employee and his military service as does not exceed a total of 15 years" and inserting in lieu thereof "his service as a Congressional employee, his military service not exceeding 5 years,";

(2) by amending subsection (c) (2) to read as follows:

"(2) his Congressional employee service;";

(3) by striking out the last full sentence of subsection (f);

(4) by striking out "(excluding any increase because of retirement under section 8337 of this title)" in subsection (i); and

(5) by adding at the end thereof the following new subsection:

"(m) In computing any annuity under subsections (a)–(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity includes, without regard to the limitations imposed by subsection (e) of this section, the days of unused sick leave to his credit under a formal leave system, except that these days will not be counted in determining average pay or this subchapter."

October 7, 1969

H 9164

Sec. 204. (a) Subsection (b) of section 8340 of title 5, United States Code, is amended by inserting "1 percent plus" immediately after the word "by".

(b) Subsection (c) (2) of such section is amended to read as follows:

"(2) For the purpose of computing the annuity of a child under section 8341(c) of this title that commences on or after the first day of the first month that begins on or after the date of enactment of the Civil Service Retirement Amendments of 1969, the items \$900, \$1,080, \$2,700, and \$3,240 appearing in section 8341(e) of this title shall be increased by the total percent increases allowed and in force under this section on or after such day and, in case of a deceased annuitant, the items 60 percent and 75 percent appearing in section 8341(e) of this title shall be increased by the total percent allowed and in force to the annuitant under this section on or after such day."

Sec. 205. The provisions of subsection (b) (1), (d) (3), and (g) of section 8341 of title 5, United States Code, also shall apply in the case of any widow or widower—

(1) of an employee who died, retired, or was otherwise finally separated before July 18, 1966;

(2) who shall have remarried on or after such date; and

(3) who, immediately before such remarriage, was receiving annuity from the Civil Service Retirement and Disability Fund;

except that no annuity shall be paid by reason of this section for any period prior to the enactment of this section. No annuity shall be terminated solely by reason of the enactment of this section. Notwithstanding the prohibition contained in the first sentence of this section on the payment of annuity for any period prior to the enactment of this section, in any case in which the Civil Service Commission determines that—

(1) the remarriage of any widow or widower described in such sentence was entered into by the widow or widower in good faith and in reliance on erroneous information provided by Government authority prior to that remarriage that the then existing survivor annuity of the widow or widower would not be terminated because of the remarriage; and

(2) such annuity was terminated by law because of that remarriage;

then payment of annuity may be made by reason of this section in such case, beginning as of the effective date of the termination because of the remarriage.

Sec. 206. (a) The first sentence of subsection (d) of section 8341 of title 5, United States Code, is amended to read as follows: "If an employee of Member dies after completing at least 18 months of civilian service, the widow or dependent widower of the employee or Member is entitled to an annuity equal to 55 percent of an annuity computed under section 8339 (a)-(e) and (h) of this title as may apply with respect to the employee or Member, except that in the computation of the annuity under such section, the annuity of the employee or Member shall be at least the smaller of (i) 40 percent of his average pay, or (ii) the sum obtained under such section after increasing his service of the type last performed by the period elapsing between the date of death and the date he would have become 60 years of age."

(b) Subsection (e) (1) of such section is amended to read as follows:

"(e) (1) If an employee or Member dies after completing at least 18 months of civilian service, or an employee or Member dies after retiring under this subchapter, and is survived by a spouse, each surviving child is entitled to an annuity equal to the smallest of—

"(A) 60 percent of the average pay of the employee or Member divided by the number of children;

"(B) \$900; or

"(C) \$2,700 divided by the number of children; subject to section 8340 of this title. If the employee or Member is not survived by a spouse, each surviving child is entitled to an annuity equal to the smallest of—

"(1) 75 percent of the average pay of the employee or Member divided by the number of children;

"(ii) \$1,080; or

"(iii) \$3,240 divided by the number of children; subject to section 8340 of this title."

Sec. 207. (a) The amendments made by sections 201, 202, 203, and 206(a) of this Act shall not apply in the cases of persons retired or otherwise separated prior to the date of enactment of this Act, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if such sections had not been enacted.

(b) The amendments made by section 204(a) of this Act to section 8340 of title 5, United States Code, shall apply only to annuity increases which become effective under such section 8340 after the date of enactment of this Act.

(c) (1) The amendment made by section 206(b) of this Act shall become effective on the first day of the first month which begins on or after the date of enactment of this Act.

(2) The annuity of each surviving child who, immediately prior to the effective date of such amendment is receiving an annuity under section 8341(e) of title 5, United States Code, or under a comparable provision of any prior law, or who hereafter becomes entitled to receive annuity under the Act of May 20, 1930, as amended from and after February 28, 1948, shall be recomputed effective on such date, or computed from commencing date if later, in accordance with such amendment. No increase allowed and in force prior to such date shall be included in the computation or recomputation of any such annuity. This paragraph shall not operate to reduce any annuity.

Mr. DANIELS of New Jersey (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the Senate amendment be dispensed with and that it be printed in the Record.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey (Mr. DANIELS)?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I do so in order that we may have an explanation of the action of the other body with respect to this legislation and to ask a few questions of the gentleman from New Jersey.

Particularly, Mr. Speaker, I would like to know what additional benefits the other body put into this bill and whether the costs of the additional benefits are covered?

Mr. DANIELS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. DANIELS of New Jersey. I shall be happy to explain.

The Senate amended the House bill, H.R. 9825, by striking all language following the enacting clause and inserting the language of S. 2754, as amended.

The Senate amendment retains all of the provisions of the House-passed bill, except minor technical and perfecting changes. Exclusive of the liberalized survivor mechanism added by the Senate amend-

ment, the only substantive change in the House-passed version is with respect to the rate of contribution applicable to Members of Congress. The House version continues the Members' contribution rate at the present 7.5 percent whereas the Senate version raises it to 8 percent—no attempt being made in the Senate to retain the rate of 7.5 percent.

The Senate amendment made changes in other respects, as to costs of crediting military service, surviving spouses' benefits, and surviving children's benefits.

With respect to costs, the total contributions will amount to 14 percent, and under the Senate-passed amendments the normal costs will come to 13.98 percent, leaving a surplus of 0.02 percent.

Under the present cost operating system, normal costs come to 13.86 percent and, by virtue of the change made by the State, the normal cost will be reduced by 0.22 percent so that the new normal cost of present benefits comes to 13.64 percent.

However, the House provisions would add thirteen one-hundredths of 1 percent and, by virtue of the liberalized benefits added by the Senate, which amount to twenty-one one-hundredths of 1 percent, we arrive at a total new normal cost of 13.98 percent of payroll, which is 0.01 percent under the House-passed bill.

The Senate amendment to title I provides that the cost of crediting military service be financed by annual transfers from the Treasury, out of money not otherwise appropriated, to the retirement fund in the same manner as it is proposed to finance the interest on the existing unfunded liability. Ten percent of such costs would begin to be paid starting in 1971, increasing by an additional 10 percent each year until, in 1980 and thereafter, the total costs would be funded by direct transfer. These payments would begin at about \$10 million, rise proportionately over the next 20 years, and peak at approximately \$300 million. Thereafter, these costs will gradually decline to a relatively negligible amount since military service performed after 1956 will, generally, be creditable under the social security system. By so funding, the normal cost of the benefit structure of the civil service retirement system will be reduced by 0.22 percent of payroll, reducing present normal cost from 13.86 percent to 13.64 percent. It will also result in reducing the system's unfunded liability by \$4.7 billion.

Under existing law an employee who retires on disability—after completing at least 5 years of service—is guaranteed a minimum benefit of the smaller of (A) 40 percent of the average salary or (B) the rate obtained under the general formula after increasing the actual service by the time remaining between the date of disability retirement and the attainment of age 60, if either (A) or (B) produces a greater rate than is earned by virtue of his actual service. However, the law stipulates that such guaranteed rate is payable only to the disabled employee, and is not applicable in determining survivor rate. Her benefit is 55 percent of only his earned rate.

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A BILL

To amend the Central Intelligence Agency Retirement Act of 1964
for Certain Employees, as amended, and for other purposes.

1 Be it enacted by the Senate and House of Representatives
2 of the United States of America in Congress assembled,

3 SECTION 1. Section 211 (a) of the Central Intelligence
4 Agency Retirement Act of 1964 for Certain Employees, as
5 amended, (78 Stat. 1043; 50 U.S.C. 403 note) is further
6 amended by striking out "Six and one-half per centum" in the
7 first sentence and inserting "Seven per centum".

8 SEC. 2. Section 221 of the Central Intelligence Agency
9 Retirement Act (50 U.S.C. 403 note) is amended as follows:

10 (a) by striking out in paragraph (a) "five consecutive
11 years of service" and inserting "three consecutive years of
12 service".

1 (b) by striking out from the first sentence of paragraph
2 (b) "or remarriage of such surviving wife or husband." and
3 inserting:

4 "or upon remarriage prior to attaining age sixty of such
5 surviving wife or husband."

6 (c) by striking out in paragraph (c) the items "40 per centum",
7 "\$600", "\$1,800", "50 per centum", "\$720", and "\$2,160", and
8 inserting "60 per centum", "\$900", "\$2,700", "75 per centum",
9 "\$1,080", and "\$3,240".

10 (d) by adding new paragraph (g) which reads as follows:

11 "(g) In the case of remarriage on or after age sixty an annuity
12 shall be payable if remarriage has occurred on or after July 18,
13 1966, and if the surviving wife or husband, immediately before
14 such remarriage, was receiving an annuity from the Central
15 Intelligence Agency Retirement and Disability Fund. The annuity
16 of a surviving spouse terminated as a result of remarriage which
17 occurred prior to age sixty and on or after July 18, 1966, shall
18 be restored at the same rate commencing on the day the
19 remarriage is dissolved by death, annulment, or divorce, if--

1 "(1) the surviving spouse elects to receive this annuity
2 instead of a survivor benefit to which he may be entitled, under
3 this or another retirement system for Government employees,
4 by reason of the remarriage; and

5 "(2) any lump sum paid on termination of the annuity is
6 returned to the fund.

7 "No annuity shall be paid by reason of this paragraph for any
8 period prior to _____. EXPLANATION:

9 Insert enactment date of Daniels/McGee bill. No annuity
10 shall be terminated solely by reason of the enactment of this
11 paragraph."

12 (e) by adding new paragraph (h) which reads as follows:

13 "(h) In computing an annuity under this section the service
14 credit of a participant who retires, except under section 231,
15 on an immediate annuity or dies leaving a survivor or survivors
16 entitled to annuity includes, without regard to the limitations
17 imposed by paragraph (a) , the days of unused sick leave to
18 his credit under a formal leave system, except that these days
19 will not be counted in determining average basic salary or
20 annuity eligibility. The special contribution specified in
21 section 252 may not be required for days of unused sick leave
22 credited under this paragraph."

1 SEC. 3. Section 231 (a) of the Central Intelligence Agency
2 Retirement Act (50 U.S.C. 403 note) is amended by striking
3 ", but this provision shall not increase the annuity of any survivor"
4 from the last sentence.

5 SEC. 4. Section 232 (b) of the Central Intelligence Agency
6 Retirement Act (50 U.S.C. 403 note) is amended by striking all
7 that follows "221 (a)" and inserting the following:

8 " , except that the computation of the annuity of the participant
9 under such section shall be at least the smaller of (i) 40 per centum
10 of the participant's average basic salary, or (ii) the sum obtained
11 under such section after increasing the participant's service of
12 the type last performed by the difference between his age at the
13 time of death and age sixty. The annuity of such widow or dependent
14 widower shall commence on the date following death of the participant
15 and shall terminate upon death or upon remarriage prior to attaining
16 age sixty of the widow or dependent widower (subject to the payment
17 and restoration provisions of section 221 (g)), or upon the dependent
18 widower's becoming capable of self-support."

1 SEC. 5. Section 291 of the Central Intelligence Agency
2 Retirement Act (50 U.S.C. 403 note) is amended as follows:

3 (a) by inserting "1 per centum plus" immediately after the
4 word "by" in paragraph (a) (2).

5 (b) by deleting paragraphs (b) (2) and (b) (3) and
6 inserting the following:

7 "(2) For the purpose of computing the annuity of a child
8 under section 221 (c) that commences after _____

9 EXPLANATION: Insert date immediately preceeding first
10 day of first month beginning on or after enactment date of
11 Daniels/McGee bill. / the items \$900, \$1,080, \$2,700, and
12 \$3,240 appearing in section 221 (c) shall be increased by the
13 total per centum increases allowed and in force under this
14 section on or after such day, and, in case of a deceased
15 annuitant, the items 60 per centum and 75 per centum appearing
16 in section 221 (c) shall be increased by the total per centum
17 allowed and in force to the annuitant under this section on or
18 after such day. "

1 (c) by amending paragraph (c) as follows:

2 "(c) The annuity of each surviving child receiving an annuity
3 under section 221 immediately prior to _____

4 EXPLANATION: Insert date of the first day of the first month
5 beginning on or after the enactment of the Daniels/McGee bill. EXPLANATION:
6 shall be recomputed effective _____ EXPLANATION:

7 Insert date of the first day of the first month beginning on or
8 after the enactment of the Daniels/McGee bill. EXPLANATION: in accordance
9 with paragraph (b) (2). No increase allowed and in force prior
10 to such date under section 291 shall be included in the recomputa-
11 tion of any such annuity, and this paragraph shall not operate to
12 reduce any annuity."

13 SEC. 6. (a) The amendments made by section 1 shall become
14 effective at the beginning of the first applicable pay period beginning
15 after December 31, 1969.

16 (b) The amendments made by sections 2 (a), 2 (b), 2 (d),
17 2 (e), 3, and 4 shall become effective _____.

18 EXPLANATION: Insert enactment date of Daniels/McGee bill. EXPLANATION:

19 (c) The amendments made by section 2 (c) shall become
20 effective _____. EXPLANATION: Insert date of

21 first day of first month which begins on or after the date of
22 enactment of Daniels/McGee bill. EXPLANATION:

1 (d) The amendment made by section (5) (a) shall apply only
2 to annuity increases which become effective under section 291
3 after _____. EXPLANATION: Insert date
4 of enactment of Daniels/McGee bill. 7

5 (e) The amendments made by sections 2 (a), 2 (e), and
6 4 shall not apply in the cases of persons retired or otherwise
7 separated prior to _____ EXPLANATION:
8 Insert date of enactment of Daniels/McGee bill. 7, and the
9 rights of such persons and their survivors shall continue in
10 the same manner and to the same extent as if such sections
11 had not been enacted.

ADDENDUM

The following amendments would be required to incorporate provision for death in service benefits following 18 months service.

SEC. _____. Section 232 of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended as follows:

(a) by striking "five years" in paragraph (b) and inserting "18 months".

(b) by striking "five years" in paragraphs (c) and (d) and inserting "18 Months".

.....

SEC. _____. The amendment made by paragraph (a) shall become effective on _____. EXPLANATION:

Insert date of enactment of Daniels/McGee bill. 7

SEC. _____. The amendment made by paragraph (b) shall become effective _____. EXPLANATION:

Insert date of first day of the first month which begins on or after the date of enactment of Daniels/McGee bill. 7

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PROPOSED AMENDMENTS TO THE CIA RETIREMENT ACT OF 1964

Purpose	CIA Retirement Act Section	Precedent	Previous Action
Eliminate requirement that step-child or recognized natural child be dependent upon retiree to qualify for survivor annuity.	Sec. 204(b)(3)	Civil Service P.L. 89-504, Sec. 502	89th Congress: Cleared BOB, passed House (H.R. 16306, Sec. 202(3)). 90th Congress: Cleared BOB, introduced in H.R. 7315
Raise eligibility age for student survivor annuitant from 21 to 22 and increase authorized maximum absence from school from 4 to 5 months.	Sec. 204(b)(3)	Civil Service P.L. 89-504, Sec. 502 & P.L. 89-407	89th Congress: Cleared BOB, passed House (H.R. 16306, Sec. 202 & 204). 90th Congress: Cleared BOB, introduced in H.R. 7315
Permit natural child to share in the distribution of any money (lump-sum) left in the CIARDS fund.	Sec. 204(b)(3)	Civil Service P.L. 89-407	89th Congress: Cleared BOB, passed House (H.R. 16306, Sec. 202). 90th Congress: Cleared BOB, introduced in H.R. 7315
Permit annuity of a widow or a dependent widower to continue in the event of remarriage.	Sec. 221(b) & Sec. 232(b)	Foreign Service Act and Civil Service for concept at age 60 and above P.L. 89-504, Sec. 506	89th Congress: Cleared BOB, passed House (H.R. 16306, Sec. 203). 90th Congress: Cleared BOB, introduced in H.R. 7315

ADM. Authority = would include

Purpose	CIA Retirement Act Section	Precedent	Previous Action
5. Clarifies commencement and termination date for child survivor annuity	Sec. 221(e)	Civil Service P.L. 89-504, Sec. 506(d)	89th Congress: Cleared BOB, passed House (H.R. 16306, Sec. 204). 90th Congress: Cleared BOB, introduced in H.R. 7315
6. Authorize annuity for retiree to begin as soon as he enters non-pay status.	Sec. 221(g)	Civil Service 5 U.S.C. 8345 over- coming 5 U.S.C. 8301	89th Congress: Cleared BOB, passed House (H.R. 16306, Sec. 205). 90th Congress: Cleared BOB, introduced in H.R. 7315
7. Permit direct transfer of retirement funds--employee and Government--from other retirement funds to the CIARDS and from the CIARDS to other funds.	Sec. 206	None	89th Congress: Cleared BOB, passed House (H.R. 16306, Sec. 206). 90th Congress: Cleared BOB, introduced in H.R. 7315
8. Authorize CIA annuitant to be reemployed in the Federal Government and to retain the salary of the new position plus so much of his annuity which when added to his new salary will not exceed his salary at the time of retirement.	Sec. 273(a)	Foreign Service Act Sec. 872	89th Congress: Cleared BOB, passed House (H.R. 16306, Sec. 207). 90th Congress: Cleared BOB, introduced in H.R. 7315

Term	Purpose	CIA Retirement Act Section	Precedent	Previous Action
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9. Increase or repeal the present limitation of 400 retirements from July 1969 through 30 June 1974

Sec. 236

Not involved

None

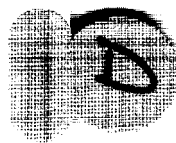
0. Provide an option to participant who has prior creditable service not covered by retirement to use the time in computing his annuity but reduce the annuity by 10 percent of the sum due to cover the service if he decides not to make the deposit.

Sec. 252(b)

Civil Service
5 U.S.C. 8339(h)

None

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Approved For Release 2005/06/06 : CIA-RDP75B00380R000700100004-4

A BILL

To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SEC. 101. This title may be cited as the "Central Intelligence Agency Retirement Act Amendments of 1969".

SEC. 102. The Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, (78 Stat. 1043; 50 U.S.C. 403 note) is further amended by adding to section 201 the following new paragraph :

1 "(d) Unless otherwise provided by law enacted after
2 the date of enactment of this Act, the Director of Central
3 Intelligence may (in order to achieve or maintain parity
4 with provisions relating to Civil Service Retirement in
5 Subchapter III of Chapter 83 of Title 5, United States Code
6 which have been amended subsequent to the enactment of
7 the Central Intelligence Agency Retirement Act of 1964
8 for Certain Employees (50 U.S.C. 403 note)) adjust
9 comparable provisions of the Central Intelligence Agency
10 Retirement Act of 1964 for Certain Employees, as
11 amended (50 U.S.C. 403 note). Adjustments by the
12 Director of Central Intelligence shall have the force and
13 effect of statute and shall be published in the Statutes at
14 Large in the same volume as the public laws and shall
15 be printed in the Federal Register."

16 SEC. 103. Section 221 of the Central Intelligence Agency
17 Retirement Act (50 U.S.C. 403 note) is amended by deleting
18 the last two sentences of paragraph (f), and adding the
19 following new paragraphs (g), (h), and (i) :

A BILL

To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,

3 TITLE I

4 SEC. 101. This title may be cited as the "Central
5 Intelligence Agency Retirement Act Amendments of 1969".

6 SEC. 102. The Central Intelligence Agency Retirement
7 Act of 1964 for Certain Employees, as amended, (78 Stat.
8 1043; 50 U.S.C. 403 note) is further amended by adding to
9 section 201 the following new paragraph :

10 "(d) The Director of Central Intelligence may (in order
11 to achieve or maintain parity with provisions relating to
12 Civil Service Retirement in Subchapter III of Chapter 83 of
13 Title 5, United States Code which have been amended
14 subsequent to the enactment of the Central Intelligence Agency

1 Retirement Act of 1964 for Certain Employees (50 U.S.C.
2 403 note)) recommend the adjustment of comparable pro-
3 visions of the Central Intelligence Agency Retirement Act
4 of 1964 for Certain Employees, as amended (50 U.S.C.
5 403 note) by transmitting to Congress the adjustment to be
6 made together with his findings. The adjustment shall have
7 the force and effect of statute at the end of the first period
8 of 60 calendar days of continuous session of Congress after
9 the date on which the transmittal is received unless, between
10 the date of transmittal and the end of the 60-day period
11 either House passes a resolution stating in substance that
12 the House does not favor the adjustment. The Director of
13 Central Intelligence shall have the transmittal delivered to
14 both Houses on the same day and to each House while it is
15 in session. Adjusted provisions shall be printed in the
16 Statutes at Large in the same volume as the public laws and
17 shall be printed in the Federal Register."

18 SEC. 103. Section 221 of the Central Intelligence Agency
19 Retirement Act (50 U.S.C. 403 note) is amended by deleting
20 the last two sentences of paragraph (f), and adding the
21 following new paragraphs (g), (h), and (i) :

1 "(g) Except as otherwise provided, the annuity of a
2 participant shall commence on the day after separation
3 from the service, or on the day after salary ceases and the
4 participant meets the service and the age or disability
5 requirements for title thereto. The annuity of a participant
6 under section 234 shall commence on the day after the
7 occurrence of the event on which payment thereof is based.
8 An annuity otherwise payable from the fund allowed on or
9 after date of enactment of this provision shall commence on
10 the day after the occurrence of the event on which payment
11 thereof is based.

12 "(h) An annuity payable from the fund on or after date
13 of enactment of this provision shall terminate (1) in the
14 case of a retired participant, on the day death or any other
15 terminating event occurs, or (2) in the case of a survivor,
16 on the last day of the month before death or any other
17 terminating event occurs.

18 "(i) The annuity computed under this section is reduced
19 by 10 percent of a special contribution described by section
20 252(b) remaining unpaid for civilian service for which retire-
21 ment deductions or deposits have not been made, unless the
22 participant elects to eliminate the service involved for the

SEC. _____. Section 221 (b) of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended by deleting the words "or remarriage" from the first sentence, and section 232 (b) is amended by deleting the words "or remarriage" from the second sentence.

1 SEC. 104. Section 236 of the Central Intelligence Agency
2 Retirement Act (50 U.S.C. 403 note) is amended by placing a
3 period after "June 30, 1969" and deleting the remainder of the
4 paragraph.

5 SEC. 105. Section 252 of the Central Intelligence Agency
6 Retirement Act (50 U.S.C. 403 note) is amended by deleting
7 paragraph (c)(1); renumbering paragraphs (c)(2) and (c)(3)
8 to read (c)(3) and (c)(4); and inserting the following new
9 paragraphs (c)(1), (c)(2), and (g):

10 "(c)(1) If an officer or employee under some other
11 Government retirement system becomes a participant in the
12 system by direct transfer, the Government's contributions
13 (including interest accrued thereon computed at the rate of
14 3 percent a year compounded annually) under such retirement
15 system on behalf of the officer or employee shall be trans-
16 ferred to the fund and such officer or employee's total
17 contributions and deposits (including interest accrued thereon),
18 except voluntary contributions, shall be transferred to his
19 credit in the fund effective as of the date such officer or
20 employee becomes a participant in the system. Each such
21 officer or employee shall be deemed to consent to the trans-
22 fer of such funds and such transfer shall be a complete

1 discharge and acquittance of all claims and demands against
2 the other Government retirement fund on account of service
3 rendered prior to becoming a participant in the system.

4 "(c) (2) If a participant in the system becomes an employee
5 under another Government retirement system by direct transfer
6 to employment covered by such system, the Government's
7 contributions (including interest accrued thereon computed at the
8 rate of 3 percent a year compounded annually) to the fund on his
9 behalf may be transferred to the fund of the other system and
10 his total contributions and deposits, including interest accrued
11 thereon, except voluntary contributions, shall be transferred
12 to his credit in the fund of such other retirement system effective
13 as of the date he becomes eligible to participate in such other
14 retirement system. Each such officer or employee shall be
15 deemed to consent to the transfer of such funds and such transfer
16 shall be a complete discharge and acquittance of all claims and
17 demands against the fund on account of service rendered prior
18 to his becoming eligible for participation in such other system.

19 "(g) For the purpose of survivor annuity, special
20 contributions authorized by paragraphs (b) and (c)(4) of this
21 section may also be made by the survivor of a participant."

1 SEC. 106. Section 273 of the Central Intelligence Agency
2 Retirement Act (50 U. S. C. 403 note) is amended by deleting
3 paragraph (a); renumbering paragraph (b) to read (c);
4 and inserting the following new paragraphs (a) and (b):

5 "(a) Notwithstanding any other provision of law, any
6 annuitant who has retired under this Act and who is reemployed
7 in the Federal Government service in any appointive position
8 either on a part-time or full-time basis shall be entitled to
9 receive the salary of the position in which he is serving plus
10 so much of his annuity payable under this Act which when
11 combined with such salary does not exceed during any calendar
12 year the basic salary such officer or employee was entitled
13 to receive on the date of his retirement or separation from
14 the Agency. Any such reemployed officer or employee who
15 receives salary during any calendar year in excess of the
16 maximum amount which he may be entitled to receive under
17 this paragraph shall be entitled to such salary in lieu of
18 benefits hereunder.

19 "(b) When any such annuitant is reemployed, the
20 employer shall notify the Director of Central Intelligence
21 of such reemployment and shall provide all pertinent infor-
22 mation relating thereto."

1 TITLE II--MISCELLANEOUS

2 SEC. 201. Section 5541 of Title 5 of the United States
3 Code is amended by striking out "or" immediately preceding
4 "(xiii)" and by inserting before the period at the end thereof
5 "; or (xiv) an employee of the Central Intelligence Agency".

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Sec. 102, The Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, (78 Stat. 1043; 50 U.S.C. 403 note) is further amended by striking subsection 204 (b) (3) and inserting the following in lieu thereof:

"(3) 'Child', for the purposes of sections 221 and 232 of this Act, means an unmarried child, including (i) an adopted child, and (ii) a stepchild or recognized natural child who lived with the participant in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support, or such unmarried child between eighteen and twenty-two years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child whose twenty-second birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or training, shall be deemed for the purposes of this paragraph and section 221 (c) of this Act to have attained the age of twenty-two on the first day of July following such birthday. A child who is a student shall not be deemed to

if he shows to the satisfaction of the Director that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately following the interim. The term 'child', for purposes of section 241, shall include an adopted child and a natural child, but shall not include a stepchild."

Sno. 105. Section 221 (e) of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended to read as follows:

"(e) The commencing date of an annuity payable to a child under paragraph (c) or (d) of this section, or (c) or (d) of section 232, shall be deemed to be the day after the annuitant or participant dies, with payment beginning on that day or beginning or resuming on the first day of the month in which the child later becomes or again becomes a student as described in section 204 (b) (3), provided the lump-sum credit, if paid, is returned to the fund. Such annuity shall terminate on the last day of the month before (1) the child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not

incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless he is then incapable of self-support, (5) his marriage, or (6) his death, which ever first occurs."

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Public Law 88-643
88th Congress, H. R. 8427
October 13, 1964

An Act

78 STAT. 1043.

To provide for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—TITLE AND DEFINITIONS

PART A—TITLE

SEC. 101. This Act may be cited as the “Central Intelligence Agency Retirement Act of 1964 for Certain Employees”.

Central Intelligence Agency Retirement Act of 1964 for Certain Employees.

PART B—DEFINITIONS

SEC. 111. When used in this Act, the term—

- (1) “Agency” means the Central Intelligence Agency;
- (2) “Director” means the Director of Central Intelligence;
- and
- (3) “Qualifying service” means service performed as a participant in the system or, in the case of service prior to designation, service determined by the Director to have been performed in carrying out duties described in section 203.

TITLE II—THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

PART A—ESTABLISHMENT OF SYSTEM

RULES AND REGULATIONS

SEC. 201. (a) The Director may prescribe rules and regulations for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, referred to hereafter as the system; such rules and regulations to become effective after approval by the chairman and ranking minority members of the Armed Services Committees of the House and Senate.

(b) The Director shall administer the system in accordance with such rules and regulations and with the principles established by this Act.

(c) In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102(d)(3) of the National Security Act of 1947, as amended (50 U.S.C. 403(d)(3)), that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, and notwithstanding the provisions of the Administrative Procedure Act (5 U.S.C. 1001 et seq.) or any other provisions of law, any determinations by the Director authorized by the provisions of this Act shall be deemed to be final and conclusive and not subject to review by any court. 61 Stat. 498. 60 Stat. 237.

ESTABLISHMENT AND MAINTENANCE OF FUND

SEC. 202. There is hereby created a fund to be known as the Central Intelligence Agency Retirement and Disability Fund which shall be maintained by the Director. The Central Intelligence Agency Retirement and Disability Fund is referred to hereafter as the fund.

PARTICIPANTS

SEC. 203. The Director may designate from time to time such Agency officers and employees whose duties are determined by the Director to be (i) in support of Agency activities abroad hazardous to life or health or (ii) so specialized because of security requirements as to be clearly distinguishable from normal government employment, hereafter referred to as participants, who shall be entitled to the benefits of the system. Any participant who has completed fifteen years of service with the Agency and whose career at that time is adjudged by the Director to be qualifying for the system may elect to remain a participant of such system for the duration of his employment by the Agency and such election shall not be subject to review or approval by the Director.

ANNUITANTS

SEC. 204. (a) Annuitants shall be participants who are receiving annuities from the fund and all persons, including surviving wives and husbands, widows, dependent widowers, children, and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act.

Definitions.

(b) When used in this Act the term—

(1) "Widow" means the surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by marriage to the participant.

(2) "Dependent widower" means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by marriage to the participant, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

(3) "Child", for the purposes of sections 221 and 232 of this Act, means an unmarried child, including (i) an adopted child, and (ii) a stepchild or recognized natural child who received more than one-half of his support from and lived with the participant in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support or such unmarried child between eighteen and twenty-one years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child whose twenty-first birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or training, shall be deemed for the purposes of this paragraph and section 221(a) of this Act to have attained the age of twenty-one on the first day of July following such birthday. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years if the interim does not exceed four months and if he shows to the satisfaction of the Director that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately following the interim.

PART B—COMPULSORY CONTRIBUTIONS

SEC. 211. (a) Six and one-half per centum of the basic salary received by each participant shall be contributed to the fund for the payment of annuities, cash benefits, refunds and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary. The amounts deducted and withheld from basic salary together with the amounts so contributed from the appropriation or fund shall be deposited by the Agency to the credit of the fund.

(b) Each participant shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

PART C—COMPUTATION OF ANNUITIES

SEC. 221. (a) The annuity of a participant shall be equal to 2 per centum of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of sections 251 and 252. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

Sec-201

(b) At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death or remarriage of each surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 55 per centum of the amount of the participant's annuity computed as prescribed in paragraph (a) of this section, up to the full amount of such annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by 2½ per centum of any amount up to \$3,600 he specified as the base for the survivor benefit plus 10 per centum of any amount over \$3,600 so specified.

(c) (1) If an annuitant dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, there shall be paid to or on behalf of each child an annuity equal to the smallest of: (i) 40 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$600; or (iii) \$1,800 divided by the number of children. -900

(2) If an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an annuity equal to the smallest of: (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$720; or (iii) \$2,160 divided by the number of children. 757.

1080, 3240

(d) If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the day after the participant dies, and

such annuity or any right thereto shall terminate on the last day of the month before (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death, except that the annuity of a child who is a student as described in section 204(b)(3) of this Act shall terminate on the last day of the month before (1) his marriage, (2) his death, (3) his ceasing to be such a student, or (4) his attaining age twenty-one.

70 Stat. 752.

(f) Any unmarried participant retiring under the provisions of this Act and found by the Director to be in good health may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest (as that term is used in section 9(h) of the Civil Service Retirement Act (5 U.S.C. 2259(h))) in the participant to receive an annuity after the participant's death. The annuity payable to the participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section, and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the participant, but such total reduction shall not exceed 40 per centum. The annuity of a survivor designated under this paragraph shall be 55 per centum of the reduced annuity computed as prescribed above. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable.

PART D—BENEFITS ACCRUING TO CERTAIN PARTICIPANTS

RETIREMENT FOR DISABILITY OR INCAPACITY—MEDICAL EXAMINATION—RECOVERY

SEC. 231. (a) Any participant who has five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with provisions of section 251 or 252(a)(2), and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the Director, be retired on an annuity computed as prescribed in section 221. ~~If the disabled or incapacitated participant is under sixty and has less than twenty years of service credit toward his retirement under the system at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the difference between his age at the time of retirement and age sixty; but this provision shall not increase the annuity of any survivor.~~

(b) In each case, the participant shall be given a medical examination by one or more duly qualified physicians or surgeons designated by the Director to conduct examinations, and disability shall be determined by the Director on the basis of the advice of such physicians or surgeons. Unless the disability is permanent, like examinations shall be made annually until the annuitant has reached the statutory mandatory retirement age for his grade as provided in section 235. If the Director determines on the basis of the advice of one or more duly qualified physicians or surgeons conducting such examinations that an annuitant has recovered to the extent that he can return to duty, the annuitant may apply for reinstatement or

reappointment in the Agency within one year from the date his recovery is determined. Upon application the Director may reinstate any such recovered disability annuitant in the grade in which he was serving at time of retirement, or the Director may, taking into consideration the age, qualifications, and experience of such annuitant, and the present grade of his contemporaries in the Agency, appoint him to a grade higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reinstatement or reappointment in the Agency, whichever is earlier. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the fund. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

(c) If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated or reappointed in the Agency, he shall be considered to have been separated within the meaning of paragraphs (a) and (b) of section 234 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of that section or of section 241(a) except that he may elect voluntary retirement in accordance with the provisions of section 233 if he can qualify under its provisions.

(d) No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 751 et seq.), covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision of the said Act of September 7, 1916, as amended, shall be so construed as to deny the right of any participant to receive an annuity under this Act by reason of his own services and to receive concurrently any payment under such Act of September 7, 1916, as amended, by reason of the death of any other person.

(e) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 764), except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal employees' compensation fund. Before such person shall receive such annuity he shall (1) refund to the Department of Labor the amount representing such commuted payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

DEATH IN SERVICE

SEC. 232. (a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contributions to the fund, with interest at the rates prescribed in sections 241(a) and 281(a), shall be paid in the order of precedence shown in section 241(b).

(b) If a participant, who has at least ^{18 consecutive months} five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a)(2), dies before separation or retirement from the Agency and is survived by a widow or a dependent widower, as defined in section 204, such widow or dependent widower shall be entitled to an annuity equal to 55 per centum of the annuity computed in accordance with the provisions of section 221(a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death or remarriage of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

(c) If a participant who has at least ^{18 m.} five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a)(2), dies before separation or retirement from the Agency and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 221(c)(1). The child's annuity shall begin and be terminated in accordance with the provisions of section 221(e). Upon the death of the surviving wife or husband or termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though such wife or husband or child had not survived the participant.

(d) If a participant who has at least ^{18 m.} five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a)(2), dies before separation or retirement from the Agency and is not survived by a wife or husband, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 221(c)(2). The child's annuity shall begin and terminate in accordance with the provisions of section 221(e). Upon termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though that child had never been entitled to the benefit.

VOLUNTARY RETIREMENT

SEC. 233. Any participant in the system who is at least fifty years of age and has rendered twenty years of service may on his own application and with the consent of the Director be retired from the Agency and receive benefits in accordance with the provisions of section 221 provided he has not less than ten years of service with the Agency of which at least five shall have been qualifying service.

DISCONTINUED SERVICE BENEFITS

SEC. 234. (a) Any participant who separates from the Agency after having performed not less than five years of service with the Agency, may, upon separation from the Agency or at any time prior to becoming eligible for an annuity, elect to have his contributions to the fund returned to him in accordance with the provisions of section 241, or (except in cases where the Director determines that separation was

based in whole or in part on the ground of disloyalty to the United States) to leave his contributions in the fund and receive an annuity, computed as prescribed in section 221, commencing at the age of sixty-two years.

(b) If a participant who has qualified in accordance with the provisions of paragraph (a) of this section to receive a deferred annuity commencing at the age of sixty-two dies before reaching the age of sixty-two his contributions to the fund, with interest, shall be paid in accordance with the provisions of sections 241 and 281.

MANDATORY RETIREMENT

SEC. 235. (a) The Director may in his discretion place in a retired status any participant who has completed at least twenty-five years of service, or who is at least fifty years of age and has completed at least twenty years of service, provided such participant has not less than ten years of service with the Agency of which at least five shall have been qualifying service. If so retired, such participant shall receive retirement benefits in accordance with the provisions of section 221.

(b) Any participant in the system receiving compensation at the rate of grade GS-18 or above shall be automatically separated from the Agency upon reaching the age of sixty-five. Any participant in the system receiving compensation at a rate less than grade GS-18 shall be automatically separated from the Agency upon reaching the age of sixty. Such separation shall be effective on the last day of the month in which a participant reaches age sixty or sixty-five, as specified in this section, but whenever the Director shall determine it to be in the public interest, he may extend such participant's service for a period not to exceed five years. A participant separated under the provisions of this section who has completed five years of Agency service shall receive retirement benefits in accordance with the provisions of section 221 of this Act.

LIMITATION ON NUMBER OF RETIREMENTS

SEC. 236. The number of participants retiring on an annuity pursuant to sections 233, 234, and 235 of this Act shall not exceed a total of four hundred during the period ending on June 30, 1969, nor a total of four hundred during the period beginning on July 1, 1969, and ending on June 30, 1974.

PART E—DISPOSITION OF CONTRIBUTIONS AND INTEREST IN EXCESS OF BENEFITS RECEIVED

SEC. 241. (a) Whenever a participant becomes separated from the Agency without becoming eligible for an annuity or a deferred annuity in accordance with the provisions of this Act, the total amount of contributions from his salary with interest thereon at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded annually to December 31, 1956 (or, in the case of a participant separated from the Agency before he has completed five years of service, to the date of separation) and proportionately for the period served during the year of separation including all contributions made during or for such period, except as provided in section 281, shall be returned to him.

(b) In the event that the total contributions of a retired participant, other than voluntary contributions made in accordance with the provisions of section 281, with interest at the rates provided in paragraph (a) of this section added thereto, exceed the total amount returned to

such participant or to an annuitant claiming through him, in the form of annuities, the excess of the accumulated contributions over the accumulated annuity payments shall be paid in the following order of precedence, upon the establishment of a valid claim therefor, and such payment shall be a bar to recovery by any other person:

- (1) To the beneficiary or beneficiaries designated by such participant in writing to the Director;
 - (2) If there be no such beneficiary to the surviving wife or husband of such participant;
 - (3) If none of the above, to the child or children of such participant and descendants of deceased children by representation;
 - (4) If none of the above, to the parents of such participant or the survivor of them;
 - (5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;
 - (6) If none of the above, to other next of kin of such participant as may be determined by the Director in his judgment to be legally entitled thereto.
- (c) No payment shall be made pursuant to paragraph (b) (6) of this section until after the expiration of thirty days from the death of the retired participant or his surviving annuitant.

PART F—PERIOD OF SERVICE FOR ANNUITIES

COMPUTATION OF LENGTH OF SERVICE

SEC. 251. For the purposes of this Act, the period of service of a participant shall be computed from the date he becomes a participant under the provisions of this Act, but all periods of separation from the Agency and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 751 et seq.), and leaves of absence granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

39 Stat. 742;
63 Stat. 854.

PRIOR SERVICE CREDIT

SEC. 252. (a) A participant may, subject to the provisions of this section, include in his period of service—

- (1) civilian service in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a participant; and
- (2) active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States prior to the date of the separation upon which title to annuity is based.

(b) A participant may obtain prior civilian service credit in accordance with the provisions of paragraph (a) (1) of this section by making a special contribution to the fund equal to the percentage of his basic annual salary for each year of service for which credit is sought specified with respect to such year in the table relating to employees contained in section 4(c) of the Civil Service Retirement Act (5 U.S.C. 2254(c)), together with interest computed as provided in section 4(e) of such Act (5 U.S.C. 2254(e)). Any such participant may, under such conditions as may be determined in each instance by the Director, pay such special contributions in installments.

70 Stat. 747.

(c) (1) If an officer or employee under some other Government retirement system becomes a participant in the system by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the fund effective as of the date such officer or employee becomes a participant in the system. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the system.

(2) No participant, whose contributions are transferred to the fund in accordance with the provisions of paragraph (c) (1) of this section, shall be required to make contributions in addition to those transferred for periods of service for which full contributions were made to the other Government retirement fund, nor shall any refund be made to any such participant on account of contributions made during any period to the other Government retirement fund at a higher rate than that fixed for employees by section 4(c) of the Civil Service Retirement Act (5 U.S.C. 2254(c)) for contributions to the fund. 70 Stat. 747.

(3) No participant, whose contributions are transferred to the fund in accordance with the provisions of paragraph (c) (1) of this section, shall receive credit for periods of service for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the fund in accordance with the provisions of paragraph (b) of this section.

(d) No participant may obtain prior civilian service credit toward retirement under the system for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a) (2) of this section by applying for it to the Director prior to retirement or separation from the Agency. However, in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in line of duty during a period of war (as that term is used in chapter 11 of title 38, United States Code), or is awarded under chapter 67 of title 10 of the United States Code, the period of such military or naval service shall be included. No contributions to the fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a) (2) of this section. 38 USC 301-360.
10 USC 1331-1337.

(f) Notwithstanding any other provision of this section or section 253 any military service (other than military service covered by military leave with pay) performed by a participant after December 1956 shall be excluded in determining the aggregate period of service upon which an annuity payable under this Act to such participant or to his widow or child is to be based, if such participant or widow or child is entitled (or would upon proper application be entitled) at the time of such determination, to monthly old-age or survivors' benefits under section 202 of the Social Security Act, as amended (42 U.S.C. 402), 49 Stat. 623.

based on such participant's wages and self-employment income. If in the case of the participant or widow such military service is not excluded under the preceding sentence, but upon attaining age sixty-two, he or she becomes entitled (or would upon proper application be entitled) to such benefits, the aggregate period of service upon which such annuity is based shall be redetermined, effective as of the first day of the month in which he or she attains such age, so as to exclude such service.

CREDIT FOR SERVICE WHILE ON MILITARY LEAVE

SEC. 253. (a) A participant who, during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this Act, as separated from his Agency position by reason of such military service, unless he shall apply for and receive a refund of contributions under this Act: *Provided*, That such participant shall not be considered as retaining his Agency position beyond December 31, 1956, or the expiration of five years of such military service, whichever is later.

(b) Contributions shall not be required covering periods of leave of absence from the Agency granted a participant while performing active military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

PART G—MONEYS

ESTIMATE OF APPROPRIATIONS NEEDED

SEC. 261. The Director shall prepare the estimates of the annual appropriations required to be made to the fund, and shall cause to be made actuarial valuations of the fund at intervals of five years, or oftener if deemed necessary by him.

INVESTMENT OF MONEYS IN THE FUND

SEC. 262. The Director may, with the approval of the Secretary of the Treasury, invest from time to time in interest-bearing securities of the United States such portions of the fund as in his judgment may not be immediately required for the payment of annuities, cash benefits, refunds, and allowances, and the income derived from such investments shall constitute a part of such fund.

ATTACHMENT OF MONEYS

SEC. 263. None of the moneys mentioned in this Act shall be assignable either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process.

PART H—RETIRED PARTICIPANTS RECALLED, REINSTATED, OR REAPPOINTED IN THE AGENCY, OR REEMPLOYED IN THE GOVERNMENT

RECALL

SEC. 271. (a) The Director may, with the consent of any retired participant, recall such participant to duty in the Agency whenever he shall determine such recall is in the public interest.

(b) Any such participant recalled to duty in the Agency in accordance with the provisions of paragraph (a) of this section or reinstated or reappointed in accordance with the provisions of section 231(b)

shall, while so serving, be entitled in lieu of his annuity to the full salary of the grade in which he is serving. During such service, he shall make contributions to the fund in accordance with the provisions of section 211. When he reverts to his retired status, his annuity shall be determined anew in accordance with the provisions of section 221.

REEMPLOYMENT

SEC. 272. Notwithstanding any other provision of law, a participant retired under the provisions of this Act shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

REEMPLOYMENT COMPENSATION

SEC. 273. (a) Notwithstanding any other provision of law, any annuitant who has retired under this Act and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive his annuity payable under this Act, but there shall be deducted from his salary a sum equal to the annuity allocable to the period of actual employment.

(b) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed annuitant, or from any other moneys, including his annuity, payable in accordance with the provisions of this Act.

PART I—VOLUNTARY CONTRIBUTIONS

SEC. 281. (a) Any participant may, at his option and under such regulations as may be prescribed by the Director, deposit additional sums in multiples of 1 per centum of his basic salary, but not in excess of 10 per centum of such salary, which amounts together with interest at 3 per centum per annum, compounded annually as of December 31, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be—

- (1) returned to him in lump sum;
- (2) used to purchase an additional life annuity;
- (3) used to purchase an additional life annuity for himself and to provide for a cash payment on his death to a beneficiary whose name shall be notified in writing to the Director by the participant; or
- (4) used to purchase an additional life annuity for himself and a life annuity commencing on his death payable to a beneficiary whose name shall be notified in writing to the Director by the participant with a guaranteed return to the beneficiary or his legal representative of an amount equal to the cash payment referred to in subparagraph (3) above.

(b) The benefits provided by subparagraphs (2), (3), or (4) of paragraph (a) of this section shall be actuarially equivalent in value to the payment provided for by subparagraph (a) (1) of this section and shall be calculated upon such tables of mortality as may be from time to time prescribed for this purpose by the Director.

(c) In case a participant shall become separated from the Agency for any reason except retirement on an annuity, the amount of any additional deposits with interest at 3 per centum per annum, compounded as is provided in paragraph (a) of this section, made by him

under the provisions of said paragraph (a) shall be refunded in the manner provided in section 241 for the return of contributions and interest in the case of death or separation from the Agency.

(d) Any benefits payable to a participant or to his beneficiary in respect to the additional deposits provided under this section shall be in addition to the benefits otherwise provided under this Act.

PART J—COST-OF-LIVING ADJUSTMENT OF ANNUITIES

76 Stat. 869.
5 USC 2268.

SEC. 291. (a) On the basis of determinations made by the Civil Service Commission pursuant to section 18 of the Civil Service Retirement Act, as amended, pertaining to per centum change in the price index, the following adjustments shall be made:

(1) Effective April 1, 1966, if the change in the price index from 1964 to 1965 shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2, 1965, shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

(2) Effective April 1 of any year other than 1966 after the price index change shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

(1) Effective from the date of the first increase under this section, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commenced the day after the annuitant's death, shall be increased as provided in subsection (a)(1) or (a)(2) if the commencing date of annuity to the annuitant was earlier than January 2 of the year preceding the first increase.

(2) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commences the day after the annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death.

(3) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 221(c), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 221(c) shall be increased by the total per centum increase allowed and in force under this section and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 221(c) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death. Effective from the date of the first increase under this section, the provisions of this paragraph shall apply as if such first increase were

in effect with respect to computation of a child's annuity under section 221(c) which commenced between January 2 of the year preceding the first increase and the effective date of the first increase.

(c) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

(d) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar.

Approved October 13, 1964.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 763 (Comm. on Armed Services).

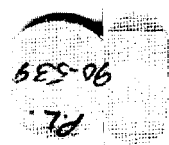
SENATE REPORT No. 1589 (Comm. on Armed Services).

CONGRESSIONAL RECORD:

Vol. 109 (1963): Oct. 30, considered and passed House.

Vol. 110 (1964): Sept. 25, considered and passed Senate,
amended.

Oct. 1, House concurred in Senate amendment.



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Public Law 90-539
90th Congress, H. R. 18786
September 30, 1968

An Act

To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 291 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended to read as follows:

Central Intelligence Retirement Act of 1964, amendment.

"Sec. 291. (a) On the basis of determinations made by the Director pertaining to per centum change in the Price Index, the following adjustments shall be made:

"(1) Each annuity payable from the fund on January 1, 1967, shall be increased on that date by (a) 12.4 per centum for annuities which commence on or before January 1, 1966, or (b) 4.9 per centum for annuities which commence on or between January 2, 1966, and January 1, 1967. 82 STAT. 902
82 STAT. 903

"(2) Each month beginning with November 1966, the Director shall determine the per centum change in the price index. Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

"(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

"(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by the total per centum increase the annuitant was receiving under this section at death; or if death occurred between January 1, 1967, and date of enactment, the per centum increase the annuitant would have received.

"(2) Effective from its commencing date, an annuity payable from the fund to a child under section 221(c), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by (a) 2 per centum if the annuity from which it is derived commenced on or before January 1, 1966, or (b) 1 per centum if the annuity from which it is derived commenced on or between January 2, 1966, and January 1, 1967.

"(3) For the purposes of computing an annuity which commences after January 1, 1967, to a child under section 221(c), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 221(c) shall be increased by 10.2 per centum plus the total per centum increase allowed and in force under section 291(a)(2) for employee annuities, and, in the case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 221(c) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death; or if death occurred between January 1, 1967, and date of enactment, the per centum increase the annuitant would have received.

"(c) Any annuity increased under this section shall be decreased by the amount of increase in force and effect with respect to that annuity under section 291 prior to the date of enactment of this subsection.

"(d) The term 'price index' shall mean the Consumer Price Index "Price index."

Pub. Law 90-539

- 2 -

September 30, 1968

82 STAT. 903

"Base month."

Bureau of Labor Statistics. The term 'base month' shall mean the month of October 1966 for the first increase under section 291(a)(2) and thereafter the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase.

"(e) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

"(f) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall, after adjustment, reflect an increase of at least \$1."

Approved September 30, 1968.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 1766 (Comm. on Armed Services).
SENATE REPORT No. 1504 (Comm. on Armed Services).
CONGRESSIONAL RECORD, 114 (1968):

July 25: Considered and passed House.
Sept. 19: Considered and passed Senate.