

DCI BRIEFING ITEMS FOR
CABINET DISCUSSION OF RETIREMENT REFORMS

I. Introductory Points

- We are supportive of the Administration's efforts to cut government costs and reform certain aspects of the government's compensation and benefits program.
- I fear that the retirement age increase and annuity penalty reduction proposals will impede your effort to revitalize and enhance the Agency's intelligence capability and product.
- The CIA has a long established policy which encourages employees to retire at ages substantially earlier than elsewhere in government (56.9 under Civil Service and 52.8 under CIARDS).
- This policy has been based on the recognition that the Agency's vital missions require the recruitment and retention of a corps of careerists performing their operational, analytical or support duties with substantial dynamism, high motivation and unflagging dedication throughout a career of 20 to 30 years.
- The early retirement provisions of the Civil Service Retirement and CIARDS systems have served the Agency exceedingly well by providing management tools to attract new recruits, provide timely career progression, and encourage retirement of personnel when CIA management prefers that they retire.
- Extending the retirement age would seriously impair the ability of Agency management to maintain employee progression and "flow through" so essential to maintaining maximum effectiveness in meeting requirements.
- The combined attractiveness of the Agency's current career opportunity and benefits package has greatly assisted in the recruitment and retention of critically needed professionals and offsets the relatively lower starting salaries that we can offer as compared to what the private sector offers these high calibre individuals.

II. Specific Impacts of Increase Retirement Age and Penalty Proposals

- Loss of early retirement incentives will severely reduce on-board employee rotations and retirements and dry up promotion opportunities for all employee levels.
- Loss of many of our more senior and most valuable employees now eligible for early retirement when faced with the loss of opportunities for further advancement.
- Loss of the most promising of our mid-level and younger officers who would seek careers elsewhere when blockages for assignments and advancement occur.

- Increased turnover in the ranks of intelligence personnel will make it increasingly difficult to safeguard national security information.
- Loss of sufficient inducement to effectively compete with the private sector for high level talent in critical scientific and technical areas, specialized analysts, computer specialists, and similar "hard to get" categories.
- Approximately 20 percent of the Agency's employees are covered by the CIA Retirement and Disability System (CIARDS). This special retirement system offers voluntary nonreduced annuities for members at age 50 with 20 years of service. The system was instituted in 1964 in recognition of the frequently dangerous and adverse work and living conditions and early "burnout" faced by individuals serving the overseas activities of the CIA.
- Termination of the ability to offer the operational cadre retirement with full benefits at age 50 would have a devastating impact of the clandestine service both as regards recruitment of young officers and retention of the on-board cadre.
- By the time they reach early retirement eligibility many CIA officers are compromised and are encouraged to retire with the diminution of their effectiveness.