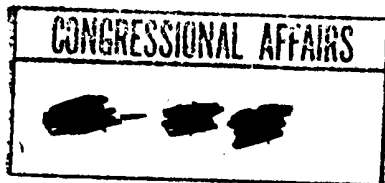


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CENTRAL INTELLIGENCE AGENCY

Office of Congressional Affairs
Washington, D.C. 20505
Telephone: 351-6136

TO: Mr. Frank Degnan
General Accounting Office
Washington, D.C. 20548

Frank:

Per our conversation this morning, enclosed is a recent letter our Director of Personnel forwarded to Representative Frank Wolf, addressing the same questions as those posed in your recent request.

The other requested briefing on Near East/Southwest Asia Economics is scheduled for 28 May.



Executive Officer

Enc.

21 May 1986

FORM 2-86 **1533** OBSOLETE PREVIOUS EDITIONS.

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Central Intelligence Agency



Washington, D.C. 20505

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The Honorable Frank R. Wolf
House of Representatives
Washington, D.C. 20515

Dear Congressman Wolf:

This is in response to your letter of 29 January 1986, requesting information on retirements at this Agency and the potential impact from enactment of changes to income tax laws affecting annuities.

First, I am sure you will appreciate that we are precluded from providing in this format some of the specific figures you have requested because they are classified. However, we can provide some of the general data which may be useful. At present, approximately seven percent of our Agency population are eligible or will be eligible to retire by 1 July 1986. Far more importantly, however, is the fact that over 36 percent of our Senior Intelligence Service (the Agency's equivalent to the Senior Executive Service) are currently eligible to retire as are 15 percent of our GS-14 and 15 officer cadre. In our very important overseas oriented categories, these latter figures rise dramatically to 57 percent and 31 percent, respectively.

In general, between 26 and 28 percent of employees eligible to retire in a given year will do so. This ratio has worked well for the Agency in the past, allowing for the timely and proper training and development of our up-and-coming junior officers. Any significant deviation from this trend, particularly at the senior levels, could have a very serious impact on our ability to carry out our national intelligence mission. While we cannot predict exactly how many additional employees would leave if the tax laws affecting annuities are changed, I can tell you that our employees are keenly aware of this issue and indications are that a significant number would retire to avoid the changes. These are officers who would not otherwise be leaving at this time. The potential loss of experience in our intelligence cadre and

senior officer core would require the premature elevation of officers who would lack the desirable degree of experience to equip them to handle the added responsibilities in the same manner as their predecessors.

Although we cannot respond in full to your questions, I hope the above is helpful to you. We are, of course, available should you need any further assistance.

Sincerely

/s/

Robert W. Magee
Director of Personnel

GAH huc

~~We have~~ been asked by Representatives Vic Fazio and Michael D. Barnes to conduct a survey to evaluate the potential impact on selected government operations of an increase in retirements which might occur if Congress eliminates the 3-year tax exempt period during which government retirees recoup their retirement contributions. The Central Intelligence Agency was among the agencies we were requested to include in the survey.

To fulfill this request, we need to talk with personnel and operations officials and obtain information in the following areas.

- The percentage of the agency's workforce currently eligible to retire.
- The typical percentage of retirement eligible employees who retire in an ordinary year.
- The additional percentage of employees who would be expected to retire immediately before the effective date of the proposed change, if it were approved.
- The ~~perceived~~ ^{*perceived*} impact on agency operations if a large increase in the number of retirements occurs.