

Calendar No. 333

91ST CONGRESS  
1ST SESSION

**S. 2754**

[Report No. 91-339]

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IN THE SENATE OF THE UNITED STATES

AUGUST 1 (legislative day, JULY 30), 1969

Mr. MCGEE (for himself, Mr. BOGGS, Mr. BURDICK, Mr. FANNIN, Mr. FONG, Mr. HOLLINGS, Mr. MOSS, Mr. RANDOLPH, Mr. STEVENS, and Mr. YARBOROUGH) introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

AUGUST 1 (legislative day, JULY 30), 1969

Reported by Mr. MCGEE, without amendment

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**A BILL**

To amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, 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       That this Act may be cited as the "Civil Service Retirement  
4       Amendments of 1969".

5               TITLE I—CIVIL SERVICE RETIREMENT

6                               FINANCING

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

9               (1) by striking out "and" at the end of paragraph  
10       (15);

1           (2) by striking out the period at the end of para-  
2           graph (16) and inserting a semicolon in lieu thereof;  
3           and

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

6           “(17) ‘normal cost’ means the entry-age normal  
7           cost computed by the Civil Service Commission in ac-  
8           cordance with generally accepted actuarial practice and  
9           expressed as a level percentage of aggregate basic pay;

10          “(18) ‘Fund balance’ means the sum of—

11           “(A) the investments of the Fund calculated  
12           at par value; and

13           “(B) the cash balance of the Fund on the  
14           books of the Treasury; and

15          “(19) ‘unfunded liability’ means the estimated ex-  
16           cess of the present value of all benefits payable from  
17           the Fund to employees and Members, and former em-  
18           ployees and Members, subject to this subchapter, and to  
19           their survivors, over the sum of—

20           “(A) the present value of deductions to be  
21           withheld from the future basic pay of employees  
22           and Members currently subject to this subchapter  
23           and of future agency contributions to be made in  
24           their behalf; plus

25           “(B) the present value of Government pay-

1           ments to the Fund under section 8348 (f) of this  
2           title; plus

3           “(C) the Fund balance as of the date the un-  
4           funded liability is determined.”.

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

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

8           “(a) (1) The employing agency shall deduct and with-  
9       hold 7 percent of the basic pay of an employee,  $7\frac{1}{2}$  percent  
10       of the basic pay of a Congressional employee, and 8 percent  
11       of the basic pay of a Member. An equal amount shall be con-  
12       tributed from the appropriation or fund used to pay the em-  
13       ployee or, in the case of an elected official, from an appro-  
14       priation or fund available for payment of other salaries of the  
15       same office or establishment. When an employee in the  
16       legislative branch is paid by the Clerk of the House of Rep-  
17       resentatives, the Clerk may pay from the contingent fund of  
18       the House the contribution that otherwise would be con-  
19       tributed from the appropriation or fund used to pay the  
20       employee.

21           “(2) The amounts so deducted and withheld, together  
22       with the amounts so contributed, shall be deposited in the  
23       Treasury of the United States to the credit of the Fund under  
24       such procedures as the Comptroller General of the United

1 States may prescribe. Deposits made by an employee or  
 2 Member also shall be credited to the Fund.”; and

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

4 “(c) Each employee or Member credited with civilian  
 5 service after July 31, 1920, for which retirement deduc-  
 6 tions or deposits have not been made, may deposit with  
 7 interest an amount equal to the following percentages of  
 8 his basic pay received for that service:

	“Percentage of basic pay	Service period
Employee---	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, 1946.
	6-----	August 2, 1946, to October 31, 1956.
	7½-----	November 1, 1956, to December 31, 1969.
	8-----	After December 31, 1969.

9 Notwithstanding the foregoing provisions of this subsec-  
 10 tion, the deposit with respect to a period of service re-  
 11 ferred to in section 8332 (b) (6) of this title performed  
 12 before January 1, 1969, shall be an amount equal to 55

1 percent of a deposit computed in accordance with such  
2 provisions.”.

3 (b) The amendment made by subsection (a) (1) of  
4 this section shall become effective at the beginning of the  
5 first applicable pay period beginning after December 31,  
6 1969.

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

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

11 “(a) There is a Civil Service Retirement and Disability  
12 Fund. The Fund—

13 “(1) is appropriated for the payment of—

14 “(A) benefits as provided by this subchapter;  
15 and

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

20 “(2) is made available, subject to such annual limi-  
21 tation as the Congress may prescribe, for any expenses  
22 incurred by the Commission in connection with the ad-  
23 ministration of this chapter and other retirement and  
24 annuity statutes.”; and

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

3           “(f) Any statute which authorizes—

4           “(1) new or liberalized benefits payable from the  
5           Fund, including annuity increases other than under sec-  
6           tion 8340 of this title;

7           “(2) extension of the coverage of this subchapter  
8           to new groups of employees; or

9           “(3) increases in pay on which benefits are com-  
10          puted;

11          is deemed to authorize appropriations to the Fund to fi-  
12          nance the unfunded liability created by that statute, in  
13          30 equal annual installments with interest computed at  
14          the rate used in the then most recent valuation of the Civil  
15          Service Retirement System and with the first payment  
16          thereof due as of the end of the fiscal year in which each  
17          new or liberalized benefit, extension of coverage, or increase  
18          in pay is effective.

19          “(g) At the end of each fiscal year, the Commission  
20          shall notify the Secretary of the Treasury of the amount  
21          equivalent to (1) interest on the unfunded liability com-  
22          puted for that year at the interest rate used in the then most  
23          recent valuation of the System, and (2) that portion of  
24          disbursement for annuities for that year which the Commis-  
25          sion estimates is attributable to credit allowed for military

1 service. Before closing the accounts for each fiscal year, the  
2 Secretary shall credit to the Fund, as a Government con-  
3 tribution, out of any money in the Treasury of the United  
4 States not otherwise appropriated, the following percentages  
5 of such amounts: 10 percent for 1971; 20 percent for 1972;  
6 30 percent for 1973; 40 percent for 1974; 50 percent for  
7 1975; 60 percent for 1976; 70 percent for 1977; 80  
8 percent for 1978; 90 percent for 1979; and 100 percent  
9 for 1980 and for each fiscal year thereafter. The Commission  
10 shall report to the President and to the Congress the sums  
11 credited to the Fund under this subsection.”.

12 (b) (1) The provisions of subsection (g) of section  
13 8348 of title 5, United States Code, as contained in the  
14 amendment made by subsection (a) (2) of this section, shall  
15 become effective at the beginning of the fiscal year which  
16 ends on June 30, 1971.

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

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

24 SEC. 105. The proviso under the heading “CIVIL  
25 SERVICE COMMISSION” and under the subheading

1 "PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABIL-  
2 ITY FUND" in title I of the Independent Offices Appropria-  
3 tion Act, 1962 (75 Stat. 345; Public Law 87-141), is  
4 repealed.

5 TITLE II—CIVIL SERVICE RETIREMENT  
6 BENEFITS

7 SEC. 201. Paragraph (4) (A) of section 8331 of title  
8 5, United States Code, is amended to read as follows:

9 "(A) over any 3 consecutive years of creditable service  
10 or, in the case of an annuity under subsection (d) or (e) (1)  
11 of section 8341 of this title based on service of less than  
12 3 years, over the period of service; or".

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

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

17 (2) by striking out the period at the end of para-  
18 graph (4) and inserting in lieu thereof a semicolon and  
19 the word "or"; and

20 (3) by adding the following new paragraph im-  
21 mediately below paragraph (4) :

22 "(5) days of unused sick leave credited under sec-  
23 tion 8339 (m) of this title."

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

1           (1) by striking out of subsection (b) the words  
2           “so much of his service as a Congressional employee and  
3           his military service as does not exceed a total of 15  
4           years” and inserting in lieu thereof “his service as a Con-  
5           gressional employee, his military service not exceeding  
6           5 years,”;

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

9           “(2) his Congressional employee service;”;

10          (3) by striking out the last full sentence of sub-  
11          section (f) ;

12          (4) by striking out “(excluding any increase be-  
13          cause of retirement under section 8337 of this title)” in  
14          subsection (i) ; and

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

17          “(m) In computing any annuity under subsections  
18          (a) – (d) of this section, the total service of an employee  
19          who retires on an immediate annuity or dies leaving a sur-  
20          vivor or survivors entitled to annuity includes, without regard  
21          to the limitations imposed by subsection (e) of this section,  
22          the days of unused sick leave to his credit under a formal  
23          leave system, except that these days will not be counted in  
24          determining average pay or annuity eligibility under this  
25          subchapter.”.

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

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

6       “(2) For the purpose of computing the annuity of a  
7 child under section 8341 (c) of this title that commences on  
8 or after the first day of the first month that begins on or after  
9 the date of enactment of the Civil Service Retirement  
10 Amendments of 1969, the items \$900, \$1,080, \$2,700, and  
11 \$3,240 appearing in section 8341 (e) of this title shall be  
12 increased by the total percent increases allowed and in force  
13 under this section on or after such day and, in case of a de-  
14 ceased annuitant, the items 60 percent and 75 percent ap-  
15 pearing in section 8341 (e) of this title shall be increased  
16 by the total percent allowed and in force to the annuitant  
17 under this section on or after such day.”

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

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

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

25           (3) who, immediately before such remarriage, was

1 receiving annuity from the Civil Service Retirement  
2 and Disability Fund;  
3 except that no annuity shall be paid by reason of this  
4 section for any period prior to the enactment of this sec-  
5 tion. No annuity shall be terminated solely by reason of  
6 the enactment of this section. Notwithstanding the prohibition  
7 contained in the first sentence of this section on the payment  
8 of annuity for any period prior to the enactment of this sec-  
9 tion, in any case in which the Civil Service Commission  
10 determines that—

11 (1) the remarriage of any widow or widower de-  
12 scribed in such sentence was entered into by the widow  
13 or widower in good faith and in reliance on erroneous  
14 information provided by Government authority prior to  
15 that remarriage that the then existing survivor annuity  
16 of the widow or widower would not be terminated be-  
17 cause of the remarriage; and

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

20 then payment of annuity may be made by reason of this sec-  
21 tion in such case, beginning as of the effective date of the  
22 termination because of the remarriage.

23 SEC. 206. (a) The first sentence of subsection (d) of  
24 section 8341 of title 5, United States Code, is amended to  
25 read as follows: "If an employee or Member dies after com-

1 pleting at least 18 consecutive months of civilian service, the  
2 widow or dependent widower of the employee or Member is  
3 entitled to an annuity equal to 55 percent of an annuity com-  
4 puted under section 8339 (a) + (e) and (h) of this title as  
5 may apply with respect to the employee or Member, except  
6 that in the computation of the annuity under such section,  
7 the annuity of the employee or Member shall be at least the  
8 smaller of (i) 40 percent of his average pay, or (ii) the sum  
9 obtained under such section after increasing his service of the  
10 type last performed by the period elapsing between the date  
11 of death and the date he would have become 60 years of  
12 age.”

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

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

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

22 “(B) \$900; or

23 “(C) \$2,700 divided by the number of children;

24 subject to section 8340 of this title. If the employee or

1 Member is not survived by a spouse, each surviving child  
2 is entitled to an annuity equal to the smallest of—

3 “ (i) 75 percent of the average pay of the employee  
4 or Member divided by the number of children;

5 “ (ii) \$1,080; or

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

8 SEC. 207. Section 8345 of title 5, United States Code,  
9 is amended by adding at the end thereof the following new  
10 subsection:

11 “ (f) An amount, not to exceed \$3,000 each year, which  
12 is received by an annuitant or a survivor annuitant under  
13 this subchapter and, except for this subsection, which would  
14 be included as gross income for purposes of the Federal  
15 income tax laws, shall not be included as gross income under  
16 such laws.”

17 SEC. 208. (a) The amendments made by sections 201,  
18 202, 203, and 206 (a) of this Act shall not apply in the  
19 cases of persons retired or otherwise separated prior to the  
20 date of enactment of this Act, and the rights of such persons  
21 and their survivors shall continue in the same manner and  
22 to the same extent as if such sections had not been enacted.

23 (b) The amendments made by section 204 (a) of this  
24 Act to section 8340 of title 5, United States Code, shall apply

1 only to annuity increases which become effective under such  
2 section 8340 after the date of enactment of this Act.

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

6 (2) The annuity of each surviving child receiving an  
7 annuity under section 8341 (e) of title 5, United States Code,  
8 or comparable provision of a prior law, immediately prior  
9 to the effective date of such amendment shall be recomputed,  
10 effective on such date, in accordance with such amendment.  
11 No increase allowed and in force prior to such date under  
12 section 8340 of such title shall be included in the recomputa-  
13 tion of any such annuity, and this paragraph shall not oper-  
14 ate to reduce any annuity.

15 (d) The amendment made by section 207 shall apply  
16 with respect to amounts received on or after the first day of  
17 the first calendar year beginning on or after the date of en-  
18 actment of this Act.

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91st CONGRESS  
1st Session

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## **A BILL**

To amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

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By Mr. MCGEE, Mr. BOGGS, Mr. BURDICK, Mr. FANNIN, Mr. FONG, Mr. HOLLINGS, Mr. MOSS, Mr. RANDOLPH, Mr. STEVENS, and Mr. YARBROUGH

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Read twice and referred to the Committee on Post Office and Civil Service

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