

11216306 File
**SURVIVOR ANNUITIES WITH RESPECT TO REEMPLOYED
ANNUITANTS**

HEARING
BEFORE THE
**SUBCOMMITTEE ON RETIREMENT, INSURANCE,
AND HEALTH BENEFITS**
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

S. 699

AN ACT TO AMEND THE CIVIL SERVICE RETIREMENT ACT
SO AS TO PROVIDE FOR INCLUSION OF CERTAIN PERIODS
OF REEMPLOYMENT OF ANNUITANTS FOR THE PURPOSE
OF COMPUTING ANNUITIES OF THEIR SURVIVING SPOUSES

SEPTEMBER 28, 1966

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**SURVIVOR ANNUITIES WITH RESPECT TO
REEMPLOYED ANNUITANTS**

WEDNESDAY, SEPTEMBER 28, 1966

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RETIREMENT, INSURANCE, AND
HEALTH BENEFITS OF THE COMMITTEE
ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 346, Cannon House Office Building, Hon. William J. Green presiding.

Mr. GREEN. The subcommittee will come to order.

The subcommittee is meeting this morning to consider the bill, S. 699, as amended, to amend the Civil Service Retirement Act so as to provide for inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouses.

Under present law, if the reemployment of a retired employee amounts to at least 1 year of full-time continuous service, he is entitled upon final separation to a supplemental annuity based on the service and salary during the period of reemployment. The law allows the payment of such supplemental annuity only as a single life annuity, and precludes providing any survivor benefits to the annuitant's spouse by virtue of the period of reemployment.

The proposal under consideration, while not creating a survivor annuity, would provide the qualifying reemployed annuitant, in lieu of electing a single life annuity, a supplemental annuity reduced by 10 percent, thus providing an additional survivor annuity equal to 55 percent of the single life rate to the spouse originally designated at the time of retirement.

At this time, without objection, the bill S. 699, the report from the Civil Service Commission, and the report from the Bureau of the Budget will be placed in the record.

(The bill and the reports are as follows:)

[S. 699, 89th Cong., 2d sess.]

AN ACT To amend the Civil Service Retirement Act so as to provide for inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouses

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13(b) of the Civil Service Retirement Act, as amended, is amended by striking out the third sentence and inserting in lieu thereof the following: "In the case of any annuitant who upon termination of employment is married to a wife or husband potentially entitled to annuity as surviving spouse by virtue of the annuitant's retirement, the benefit described in the proviso shall be reduced by 10 per centum and such wife or husband shall be paid an annuity equal to 55 per centum of such benefit commencing and terminating at the same times as the survivor annuity payable by virtue of the annuitant's retirement, unless at time of claiming the benefit under the proviso the

annuitant notifies the Commission in writing that he or she does not desire the wife or husband to receive such annuity."

SEC. 2. The amendments made by this Act shall apply only with respect to reemployed annuitants whose periods of reemployment expire on or after the date of enactment of this Act.

SEC. 3. The provisions under the heading "Civil Service Retirement and Disability Fund" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

Passed the Senate August 22, 1966.

Attest:

EMERY L. FRAZIER,
Secretary.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., September 27, 1966.

Hon. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives.*

DEAR MR. CHAIRMAN: This refers to your request for Commission report on S. 699, a bill "To amend the Civil Service Retirement Act so as to provide for inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouses."

Except for retired Members of Congress, disability retirees whose annuities have been terminated, and retirees with annuities based on involuntary separation (not for cause or age), section 13(b) of the Civil Service Retirement Act sets the conditions which apply to all annuitants reemployed in the Government service regardless of when retirement occurred. When an annuitant is reemployed subject to section 13(b) the following features apply:

1. Annuity continues during reemployment.
2. Salary in the reemployment position must be reduced by the annuity allocable to the period of actual employment.
3. No deductions for the retirement fund are taken, but the annuitant is deemed "covered by" the Retirement Act so as to exclude the employment from social security coverage.
4. If the final period of reemployment comprises at least 1 year of continuous full-time service (not under another Government retirement system or as President or a judge of the United States), the annuitant is entitled at separation to a supplemental annuity computed under current law on his years of service and salary in the full-time reemployment period. The supplemental annuity is specifically made a single life benefit and cannot be used to create an annuity for or to increase the potential annuity of any survivor.
5. If the final period of reemployment comprises at least 5 years of continuous full-time service (as described), the annuitant may at separation make deposit in the retirement fund covering the reemployment service and elect to have his annuity completely recomputed under current law based on his entire service. The complete recomputation operates as though he were retiring for the first time, with a new right of election as to type of annuity and the benefit of liberalizing provisions enacted since his original retirement.

S. 699 would amend the supplemental annuity provision to make the otherwise single-life annuity amount available to increase the potential survivor annuity rate of the spouse of the reemployed retiree. Under the bill, if the retiree eligible for supplemental annuity provided survivor annuity for spouse at time of original retirement and is still married to that spouse, the supplemental annuity would be reduced by 10 percent and the spouse would be entitled to additional potential survivor annuity equal to 55 percent of the supplemental annuity amount. The reduced supplemental annuity with benefit to spouse would be payable automatically under these conditions unless the retiree elects in writing at time of claiming supplemental annuity to not provide the added survivor annuity for spouse. In case of such election and in all other types of cases, the supplemental annuity would remain a single-life benefit, increasing the retiree's rate only.

This change in the supplemental annuity provision would be prospective in its operation and would apply only to reemployed annuitants whose periods of full-time reemployment service end on or after date of the bill's enactment.

At the time the supplemental annuity provision was added to the Retirement Act in 1956, experience indicated that the reemployment periods of annuitants were relatively brief and the resulting supplemental annuity amounts were not large enough to provide a significant increase in a spouse's potential survivor rate. The supplemental annuity was thus made a single-life benefit. Over the years this has been a satisfactory arrangement in the great majority of cases.

However, there are instances in which the annuitant serves in reemployment for a substantial period and earns a supplemental annuity large enough to provide a meaningful increase in his spouse's survivor rate under a joint- and survivorship-supplemental annuity provision. S. 699 proposes an acceptable method of allowing use of supplemental annuity to increase potential widow and widower annuities in proper cases, and the Commission has no objection to its enactment.

We have no data on which to base a precise estimate of the retirement cost involved in this proposal. The number of reemployed annuitants who qualify for supplemental annuity is small. Considering the low volume of cases expected to be affected, the cost probably would not be material in terms of the total cost of the retirement system.

In connection with our report on S. 699 to the chairman of the Senate Committee on Post Office and Civil Service, the Bureau of the Budget advised that from the standpoint of the administration's program there is no objection to the submission of the report.

By direction of the Commission.

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., September 13, 1966.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service, House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to the committee's request for the views of the Bureau of the Budget respecting S. 699, an act "To amend the Civil Service Retirement Act so as to provide for inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouses," as passed the Senate August 22, 1966.

Under present law, reemployed annuitants continue to receive their annuities with salary for the reemployment position reduced by the amount of the annuity. Such persons reemployed full-time for at least 1 year are entitled, on re-retirement, to a supplemental, single-life annuity based on the salary and length of the re-employed service, computed under current law—that is the law in effect at the time of the second retirement. These employees make no contribution for the single-life annuity and it cannot be used to create an annuity for, or to increase the potential annuity of, a survivor.

The purpose of S. 699 is to provide a special formula to permit a reemployed annuitant to use single-life annuity to provide a spouse's survivor annuity. Under the terms of S. 699, the privilege would be available only in the case of an employee who made provision for survivor annuity at the time of his first retirement and would require a 10 percent reduction in the supplemental single-life annuity to pay for the added survivor benefit.

There would be no objection from the standpoint of the administration's program to enactment of S. 699.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

Mr. GREEN. Our first witness this morning is Mr. Andrew E. Ruddock, Director of the Bureau of Retirement and Insurance, Civil Service Commission.

Good morning, Mr. Ruddock. We are happy to have you here.

**STATEMENT OF ANDREW E. RUDDOCK, DIRECTOR, BUREAU OF
RETIREMENT AND INSURANCE, CIVIL SERVICE COMMISSION**

Mr. RUDDOCK. I have a very short statement, Mr. Chairman, and I would prefer to read it, with your permission.

I appreciate this opportunity to appear on behalf of the Commission in this hearing on the bill S. 699. The purpose of this amendment to the Retirement Act is to allow a retiree to provide for a survivor annuity based on his supplemental annuity earned by reemployment service.

Under present law, if a retiree is reemployed under conditions not terminating his annuity entitlement, his salary is reduced by the amount of his annuity, and he is considered covered by the Retirement Act but no deductions for the retirement fund are withheld from his salary. If he completes between 1 and 5 years of continuous full-time reemployment service, he is entitled upon separation to a supplemental annuity computed on the basis of his years of service and salary during the reemployment period. The supplemental annuity thus earned is a single-life benefit which cannot increase the benefit payable to any survivor.

S. 699 would amend the act to make the supplemental annuity amount available to increase the potential survivor rate of the husband or wife of the reemployed annuitant. Under the bill, additional survivor annuity is available if the retiree elected a survivor annuity at the time of his original retirement and if he is still married to the same husband or wife. The supplemental annuity would be reduced by 10 percent and the husband or wife would be entitled to an increased survivor benefit equaling 55 percent of the supplemental annuity amount. The reduction with the increased survivor benefit would be automatic unless the retiree elected to take a single-life supplemental annuity.

At the time the supplemental annuity provision was added to the act in 1956, experience indicated that the reemployment periods of annuitants were relatively brief and that the resulting supplemental annuity amounts were not large enough to provide a significant increase in a spouse's potential survivor rate. The supplemental annuity was accordingly made a single-life benefit. Over the years this has been a satisfactory arrangement in the vast majority of cases. However, we now recognize that there are instances of an annuitant working for an extended period and earning a supplemental annuity large enough to provide a meaningful increase in the potential survivor rate of his husband or wife. S. 699 provides a workable method of allowing use of supplemental annuity to increase widow or widower annuities in proper cases, and the Commission has no objection to its enactment.

Because of the small number of reemployed annuitants who qualify for supplemental annuity, we would anticipate that the probable cost of S. 699 will not be material in terms of the total cost of the retirement system.

At this point, Mr. Chairman, I would add that over the years since 1956, the number of reemployed annuitants who do earn a supplemental annuity averages slightly less than 200 a year. I believe the number we had last year actually was 171. So, we are talking about a very small number of potential beneficiaries of this legislation.

I thank you for permitting me to express the views of the Commission on this legislation, and I will be happy to answer any questions.

Mr. GREEN. Thank you, Mr. Ruddock, for coming before our committee today and presenting a very fine statement.

I would like to recognize the other members of the committee for any questions they might wish to ask at this time.

Mr. MATSUNAGA. I do not quite understand when you say that the supplemental annuity would be reduced by 10 percent and the husband or wife would be entitled to an increased survivor benefit equaling 55 percent of the supplemental annuity amount. Do you mean the regular entitlement for the additional salary which he would be earning would be reduced by 10 percent?

Mr. RUDDOCK. Yes. Let us assume a hypothetical case. Let us assume an annuitant is reemployed for 1 year's continuous full-time employment at a salary of \$10,000. At the end of that 1 year of service he leaves employment and applies for a supplemental annuity. The supplemental annuity would be 2 percent of the annual salary rate during that period of employment multiplied by the years of service. So, in his case, 2 percent of \$10,000 would be \$200 times 1 year of service. He would have earned a supplemental annuity of \$200 a year. If S. 699 is enacted and he is an individual who, on his original retirement, elected reduced annuity with benefits to a survivor, then unless he affirmatively elects not to provide survivor annuity from this supplemental annuity, the \$200 would be reduced by \$20, so he would then receive a supplemental annuity at the rate of \$180. After his death, the survivor annuity of his wife would be increased by \$110, or 55 percent of the \$200 unreduced rate. The 10-percent reduction in his annuity is essentially the price he pays for the survivor annuity. From an actuarial basis, that is a bargain to the employee. That is considerably less than the actuarial cost of providing a survivor annuity.

Mr. MATSUNAGA. But he would have to act positively in order to avoid the new provisions of S. 699.

Mr. RUDDOCK. Yes; that is right. Under the provisions of law, for an individual who is retiring, if he is married, the law provides a reduced annuity with benefit to the widow unless he furnishes the Commission in writing a statement that he does not want the survivor annuity. This is primarily for the protection of the widow and is to avoid misunderstandings. It also takes care of the situation where the individual perhaps dies or suffers some kind of disabling accident during the process of retiring and is unable to perfect his election.

The present law for regular annuities and, similarly, this provision in S. 699, where the individual is unable to perfect an election, would provide the survivor protection, rather than deprive the widow of the survivor protection.

Mr. MATSUNAGA. I would like to know what the exact meaning of "single-life benefit" is.

Mr. RUDDOCK. This is an annuity to the retiring employee only, and with no provision for annuity to a surviving widow or widower.

Mr. MATSUNAGA. I have no further questions.

Mr. GREEN. Mr. Buchanan?

Mr. BUCHANAN. I appreciate your testimony, Mr. Ruddock. I am delighted to find there is some benefit coming to the Federal employees which is not opposed by the administration.

Mr. RUDDOCK. I am happy to be in that position this morning, sir.

Mr. BUCHANAN. Fine.

Mr. GREEN. Mr. Hanley?

Mr. HANLEY. Mr. Ruddock, do you have an estimate of the cost of this legislation?

Mr. RUDDOCK. No. We have been unable to calculate any cost. In terms of the total cost of the retirement system, this is so small that it is infinitesimal. We are talking of a potential 200 or less customers a year. We do not have detailed information on how many of them have spouses currently living. We would have information at the time the man originally retired as to whether he was married or single, but we do not receive notice of the death of a spouse unless it is a case in which we are paying an annuity to that person.

Mr. HANLEY. I have no further questions, Mr. Green.

Mr. GREEN. I have no questions, Mr. Ruddock. Unless there are further questions, I want to thank you once again for giving us the benefit of your views on this legislation.

Mr. RUDDOCK. Thank you, Mr. Chairman.

Mr. GREEN. Our next witness is Mr. C. L. Dorson, president of the Retirement Federation of Civil Service Employees.

STATEMENT OF C. L. DORSON, PRESIDENT, RETIREMENT FEDERATION OF CIVIL SERVICE EMPLOYEES

Mr. GREEN. It is certainly a pleasure to welcome you before the committee.

Mr. DORSON. Thank you kindly, Mr. Chairman.

I have no written statement. The organization which I am proud to represent favors the enactment of the legislation before you, and hopes this committee will act speedily and favorably. Thank you very much.

Mr. GREEN. Thank you very much, Mr. Dorson.

If there are no other witnesses, we will keep the record open for several days, without objection, so anyone who should like to submit a statement on this particular piece of legislation may do so.

The meeting is adjourned.

(Whereupon, at 10:30 a.m., the subcommittee adjourned.)

(The following statements and letter were submitted for inclusion in the record:)

STATEMENT OF HON. JOEL T. BROYHILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. Chairman, I am most grateful to the subcommittee in affording me the opportunity to express my keen interest in and strong support for the bill under consideration, S. 699.

The Civil Service Retirement Act permits, and has for the past 10 years, the allowance of a supplemental annuity to reemployed retirees who subsequently perform at least 1 continuous year of full-time reemployment with the Government. In 1956, when the supplemental annuity provision was adopted, experience indicated that periods of reemployment of retirees were somewhat short, and the resultant benefits would not be substantial enough to significantly increase the spouse's eventual rate of annuity. Thus, the supplemental annuity was limited to a single life rate, for the sole benefit of only the retired employee.

However, a decade of experience discloses instances in which retirees perform reemployment service for substantial periods, thereby earning supplemental benefits large enough to furnish meaningful increases in the spouses' survivor rates.

S. 699 proposes amending the supplemental annuity provision so as to make the additional annuity available to increase the rate of the potential survivor annuitant. It proposes, if the reemployed annuitant who becomes eligible for a supplemental annuity had designated a survivor annuity for the spouse upon initial retirement and is still married to that particular spouse, to reduce the supplemental annuity by 10 percent and entitle the spouse to an additional potential survivor benefit amounting to 55 percent of the supplemental annuity. Such reduced annuity and additional survivor protection would be automatically payable by operation of law, unless the retiree elects to accept the single life benefit.

I believe that S. 699 proposes a highly desirable and workable method of permitting use of the supplemental annuity for survivor purposes. I urge the committee's prompt and favorable consideration of the bill, and will exert my best efforts to obtain its early and successful consideration by the House.

STATEMENT OF HON. JOHN O. PASTORE, A SENATOR FROM THE STATE OF RHODE ISLAND

Mr. Chairman, first of all I want to thank you for giving me this opportunity to explain to the members of the subcommittee the facts which led me to introduce S. 699. This bill would amend the Civil Service Retirement Act to provide for the inclusion of certain periods of reemployment of annuitants for the purpose of computing the annuities of the surviving spouses.

S. 699 will provide relief to Dr. Otto Reitlinger and a very few other civil servants who are in a position similar to his.

Dr. Reitlinger is a 75-year-old scientist of great distinction. He received the U.S. Navy Distinguished Civilian Service Award for his development of a safe nonexplosive monopropellant used in our naval torpedoes.

This economical fuel bears his name—Otto Fuel II. It is the propellant used in one torpedo now being distributed to our fleet for evaluation and will be used in another torpedo still under development.

Dr. Reitlinger is employed at the present time at the Naval Propellant Plant in Indian Head, Md. He is doing research now on a fuel which would allow the operation of our torpedoes at even greater depths. This is of significant interest in the field of modern underwater warfare.

Because of his eminence in his field the Civil Service Commission, at the request of the Bureau of Naval Weapons, exempted Dr. Reitlinger three times from mandatory retirement. The third extension terminated in December of 1964. His work did not terminate, however. Dr. Reitlinger was retired on December 31 of that year and immediately reemployed to continue his classified experiments.

This brings me to the problem which led to the drafting of S. 699. Under the provisions of the Civil Service Retirement Act, Dr. Reitlinger's spouse, in the event she survives him, will be deprived of additional survivor's benefits for the years of his reemployment.

S. 699 will remedy the inequity. The bill provides that a reemployed annuitant may elect a survivor annuity which will be based on his supplemental annuity provided that he meets with certain conditions which were recommended by the Civil Service Commission.

I understand that a minimum number of reemployed civil servants will be affected by the proposed legislation—perhaps less than 50.

In the next 5 years Dr. Reitlinger's fuel will save the Government approximately \$80 million. This economy will result from the use of Reitlinger's monopropellant in one torpedo model alone. Others will follow and the savings will grow.

In comparison the cost of this legislation is infinitesimal.

I am certain that the committee will act with equity—aware of Dr. Reitlinger's contribution to our national defense and economy in Government—when you consider S. 699.

STATEMENT OF THE GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. Chairman and members of the subcommittee, the Government Employees' Council desires to endorse the proposal under consideration by the subcommittee.

Basically, the bill permits a retired Federal worker who is reemployed to obtain an increased annuity for his surviving spouse, if he elects that type of shared pension at the time of his original retirement.

The Civil Service Retirement Act now entitles the reemployed retired worker to secure a supplemental annuity upon completion of 1 year's reemployment. A reemployed retiree, who acquires 5 additional years of service, may have it added to his original length of service and have his entire pension recomputed. Of course, to accomplish this, he must make the appropriate contribution to the retirement fund. But, in either case, the additional retirement credit cannot be used to increase the amount of annuity due his survivor upon the employee's death.

Retired Federal workers who are reemployed perform very useful services for their agencies. Their years of experience and knowledge of technical matters and procedures in many cases lead the departments to request their return to duty following retirement. Since their services are valuable to the Federal Government, they should not incur any diminution of their equity in the retirement system. To deny them the opportunity to augment the annuities of their surviving spouse in proportion to their own entitlement is in our view unfair.

The bill approved by the Senate allows the reemployed retiree to choose a survivor annuity if he made such a choice at the time of his initial retirement. To do so, he would have to accept a 10-percent reduction in his own augmented pension. This is the amount of reduction in effect for those who elect a survivorship annuity when they retire initially for any part of the pension exceeding \$3,600.

As a matter of equity to highly qualified retired employees who accept reemployment to assist their agencies, the bill approved by the Senate has appeal. Acceptance of the measure by the House will eliminate the present deficiency in the statute.

The council solicits the cooperation of the subcommittee in presenting a favorable report to the full committee on S. 699 at an early date.

We are grateful for this occasion to offer our reactions to the pending bill.

STATEMENT OF AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

The bill, S. 699, which has been approved by the Senate, has the support of the American Federation of Government Employees as a measure which merits early enactment.

This bill would benefit the annuitant who has been reemployed by the Federal Government after retirement from a position in the Federal service. It would permit the reemployed annuitant to provide a survivor retirement benefit based on the supplemental annuity to which he became entitled by reason of his reemployment.

The survivor annuity would be 55 percent of the employee annuity in the case of the survivorship growing out of the service during reemployment. To furnish this survivor annuity, the retiree's supplemental annuity is to be reduced 10 percent to cover the cost of the survivorship benefit. This reduction parallels the reduction of 10 percent of that part of an annuity in excess of \$3,600 of an employee who is retiring from his regular employment for the first time.

Present law requires the reduction of a reemployed annuitant's salary by the amount of his annuity. Deductions are not withheld from his salary; but if the reemployment continues for 1 year of continuous service, he is entitled to a supplemental annuity computed according to the usual formula. If the additional service continues for 5 years, the retiree may pay into the retirement fund a sum equal to the deduction for the period of additional service. For this payment, he may receive a recomputation of his retirement benefit for his entire service both before and after retirement. From the employee's standpoint, the shortcoming of the present law is that the recomputed benefit would not increase the survivorship annuity payable to his spouse based on the earlier service.

In its original form, the bill permitted an annuitant who had been reemployed to make a deposit in the retirement fund equal to the deduction which ordinarily would have been made from the salary received after reemployment. It was required that he must have elected a survivor annuity at the time of retirement. By way of further benefit, the annuitant would have been able to combine his regular annuity with the supplemental annuity for the purpose of computation of the survivor annuity as well as the reduction in his own annuity.

A significant feature of the original bill was the reduction from 5 to 2 years of the period of reemployment required for a new computation of annuity based on the combined periods of service. We do not agree with the objection of the Civil Service Commission that this provision was unreasonable and dispropor-

tionate to the value of the services performed or salary received during the short reemployment periods. Two years do not constitute a particularly "short" period. If a position is compensated according to the principles of classification and in conformance with budgetary requirements, the resultant annuity should not be disproportionate to the value of the individual's services. What the Government is paying for is experience gained through many 30 years of Federal service.

It is our desire to express our gratitude to this committee for an opportunity to express our views.

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Chairman and members of the subcommittee, I am president of the National Federation of Federal Employees, the oldest and largest independent union of Federal employees. Our organization has a long record of supporting constructive retirement legislation, going back to the original Retirement Act of 1920, the enactment of which was a major objective of the NFFE when our organization was founded back in 1917.

I am happy to have this opportunity to express support of S. 699. S. 699 permits an annuitant, who is reemployed, to count under certain conditions such service in the recomputation of the annuity of a surviving spouse. This would provide benefits to survivor annuitants comparable to those enjoyed by annuitants. The rationale involved in granting increases to annuitants is even more compelling for granting increases to their survivors due to the reduction built in the system. As the fiscal soundness of the retirement fund will not be endangered, the NFFE believes the annuitant should have the option provided by S. 699. Accordingly NFFE recommends that favorable action be taken on S. 699.

Thank you for your courtesies and for the opportunity to express these views.

STATEMENT OF PATRICK J. NILAN, LEGISLATIVE DIRECTOR, UNITED FEDERATION OF POSTAL CLERKS, AFL-CIO

Mr. Chairman and members of the committee, the United Federation of Postal Clerks appreciates this opportunity to support S. 699 which proposes to include certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouse.

This legislation proposes to make it possible for a retired postal employee subsequently reemployed by the Government to obtain for his surviving spouse an increased annuity. This opportunity would be available if such an employee elected that type of shared pension at the time of his original retirement.

Mr. Chairman, we believe this legislation would be a benefit, not only to the employee and his spouse, but also to the Government agency, such as the Post Office Department, in which a worker is reemployed. It is entirely possible the Government would on occasion encourage a retired employee to request reinstatement to the active employee rolls. It is entirely possible the services and experience of this employee would be most beneficial to the Government service.

S. 699, previously approved by the U.S. Senate, would permit a reemployed retired worker to select a survivor annuity providing he made such an election at the time of his initial retirement. The employee would, of course, have to accept the basic 10 percent reduction in his own increased pension.

Thank you, Mr. Chairman and members of the committee, for this opportunity to present the views of the United Federation of Postal Clerks in support of this legislation. We urge the committee to favorably report S. 699 to the U.S. House of Representatives and sincerely hope the House of Representatives will approve the legislation and send it to the President for enactment into law.

STATEMENT OF JAMES H. RADEMACHER, VICE PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS

The National Association of Letter Carriers, which represents over 200,000 employees in the letter carrier craft, and an additional 25,000 retirees, widows, and potential survivors, strongly endorses S. 699, legislation by Senator Pastore,

which would provide for inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouses.

We have a twofold purpose in endorsing this meritorious proposal: (1) the very minute number of those involved need spokesmen for their cause, and we are pleased to serve in that capacity; and (2) in our era of realistic retirement programs, the Government cannot sit idly by and permit laws to remain on the books which cause an injustice to even one widow or widower of a former Government worker.

It is the responsibility of all of us today to seek corrections and point out injustices and inequities in existing legislation which tend to place the Government worker and his family in a class of second-rate citizens.

Since there apparently is so little involved financially in the enactment of S. 699, when compared to the overwhelming value of the legislation, Congress should see fit to act promptly in this area.

Generally the reemployed annuitant is a Government worker who has found it necessary to leave his agency, and upon return he finds that there does exist a serious inequity which is injurious to his survivor annuity. Therefore, simple justice alone dictates the need of enactment of S. 699, and we hope that the House subcommittee will report the legislation favorably to the full committee where subsequently it will be enacted into law.

NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES,
Washington, D.C., September 22, 1966.

HON. DOMINICK V. DANIELS,
Chairman, Subcommittee on Retirement, Insurance, and Health Benefits, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. DANIELS: We thank you for your invitation to present our views on S. 699, a bill by Hon. John O. Pastore of the U.S. Senate, "To amend the Civil Service Retirement Act so as to provide for inclusion of certain periods of reemployment of annuitants for the purpose of computing annuities of their surviving spouses." This bill has passed the Senate and is now pending before your subcommittee of the House.

Under present law, when a retired Federal employee is reemployed his annuity remains unchanged. His salary is reduced by the amount of the annuity payments received, and if his reemployment terminates within a year, that is all there is to it. If his reemployment continues for more than 1 year, he is given a supplemental retirement annuity, but this does not operate to increase the survivor annuity he had designated for his spouse. If his reemployment continues for 5 years, his retirement is redetermined, and he may make a new election for a survivor annuity.

S. 699, as amended in the Senate, would change the law with respect to survivor annuities arranged by retiring Federal employees who are subsequently reemployed and whose reemployment service continues for more than 1 year but less than 5 years. Upon termination of such reemployment periods, the retirees would be permitted to increase the survivor annuities previously authorized, and to elect corresponding additional reductions from their annuities. The bill would not apply to grant additional survivor annuities in the cases of reemployed annuitants whose reemployment had terminated prior to the date of its approval.

This bill is very limited in its application and would affect only a relatively few persons. However, it is a benefit to the few people who would be affected, and we recommend its approval by your subcommittee and the Congress. We regret that it does not provide retroactive relief for persons similarly situated in the past, but we recognize the difficulty of trying to have it amended at this late season and still receive approval. For this reason, we urge that the bill be approved in its present language, and reserve for the future any attempt to secure retroactive application of the principle it establishes.

Sincerely,

CLARENCE M. TARR, *President.*

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