

Passed 6/27/67

JSW

26 June 1967

NOTE FOR JSW:

1. Attached is the original bill reported out last Friday on Foreign Service cost-of-living adjustment.
2. The bill also increases maximum creditable service from 35 to 40 years thus putting the Foreign Service system on the same 80 percent maximum as applies to Civil Service.
3. The bill also requires Secretary of State to submit recommendations in case of an equivalent drop in the cost-of-living. This provision was in the Senate passed bill last year, S. 3247.
4. In the margin of page five of the bill I have placed the percentages we proposed to Braswell. They are higher because we included the 2 percent and 1 percent additional adjustment under P.L. 87-793 for 1965 and 1966 retirees. P.L. 87-793 did not cover Foreign Service retirees. Also in the case of surviving children we compounded the increases.
5. We also vary on dates a bit because of Uniform Retirement Date Act.



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*OS 27 June
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Calendar No. 338

90TH CONGRESS
1ST SESSION

S. 2003

[Report No. 352]

IN THE SENATE OF THE UNITED STATES

JUNE 23 (legislative day, JUNE 12), 1967

Mr. FULBRIGHT, from the Committee on Foreign Relations, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To provide certain increases in annuities payable from the Foreign Service Retirement and Disability Fund, 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 "Foreign Service Annuities
4 Adjustment Act of 1967".

5 SEC. 2. The first sentence of section 821 (a) of the
6 Foreign Service Act of 1946, as amended, is amended by
7 striking out "thirty-five" and substituting "forty".

8 SEC. 3. Section 882 of such Act is amended to read as
9 follows:

10 "(a) Each month after October 1966 the Secretary

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1 shall determine the per centum change in the Consumer
2 Price Index (all items—United States city average) pub-
3 lished monthly by the Bureau of Labor Statistics. Effective
4 the first day of the third month which begins after the price
5 index shall have equaled a rise of at least 3 per centum for
6 three consecutive months over the price index for the base
7 month, each annuity payable from the fund which has a
8 commencing date not later than such effective date shall be
9 increased by the per centum rise in the price index (calcu-
10 lated on the highest level of the price index during the three
11 consecutive months) adjusted to the nearest one-tenth of
12 1 per centum. The month of October 1966 shall be the base
13 month for determining the per centum change in the price
14 index until the next succeeding increase occurs.

15 “(b) Eligibility for an annuity increase under this sec-
16 tion shall be governed by the commencing date of each an-
17 nuity payable from the fund as of the effective date of an
18 increase, except as follows:

19 “(1) Effective from its commencing date, an an-
20 nuity payable from the fund to an annuitant's survivor
21 (other than a child under section 821 (c)), which an-
22 nuity commences after January 1, 1967, shall be in-
23 creased by the total per centum increase the annuitant
24 was receiving under this section at death; or if death
25 occurred between January 1, 1967, and date of enact-

1 ment, the per centum increase the annuitant would have
2 received;

3 “(2) For purposes of computing an annuity which
4 commences after January 1, 1967, to a child under
5 section 821 (c), the items \$600, \$720, \$1,800, and
6 \$2,160 appearing in section 821 (c) shall be increased
7 by 10 per centum and thereafter by any increases that
8 accrue under section 882 (a), as amended, and in case
9 of a deceased annuitant, the items 40 per centum and
10 50 per centum appearing in section 821 (c) (1) and
11 (2) shall be increased by 10 per centum and thereafter
12 by any increases which accrue under section 882 (a),
13 as amended, and in force under this section to the
14 annuitant at death.

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

18 “(d) The monthly installment of annuity after adjust-
19 ment under this section shall be fixed at the nearest dollar,
20 except that such installment shall after adjustment reflect an
21 increase of at least \$1.”

22 SEC. 4. Such Act is amended by adding after section
23 882 a new section as follows:

24 “SEC. 883. Each month after July 1967 the Secretary
25 shall note any change in the Consumer Price Index (all

1 items--United States city average) published monthly by
2 the Bureau of Labor Statistics. In the event the price index
3 declines to a level which is at least 3 per centum less than
4 the price index for the last month for which the price index
5 showed a per centum rise forming the basis for a cost-of-
6 living increase in annuities payable from the fund, and holds
7 at or below such level for three consecutive months, the
8 Secretary shall make a detailed study to determine whether
9 or not the annuities payable from the fund should be adjusted
10 to reflect the percentage increase in the price index. In
11 making such study the Secretary shall consider the specific
12 items for which prices decreased, the likelihood of any fur-
13 ther consecutive decreases in the price index, the type or
14 types of annuities which should be adjusted, if any, and the
15 extent of any such adjustment, and all other factors perti-
16 nent to whether or not any such annuities should be adjusted.
17 Upon completion of any such study, the Secretary shall
18 transmit to the President and Congress a full report thereon,
19 together with his determination as to whether or not any
20 such annuities should be adjusted and his recommendations
21 for any legislation which he deems to be necessary or
22 appropriate."

23 SEC. 5. (a) Annuities paid from the Foreign Service
24 Retirement and Disability Fund on the date of enactment of

1 this Act shall be increased effective on January 1, 1967, in
2 accordance with the following schedules:

3 (1) The first schedule is applicable to annuities of

4 (A) former participants; and

5 (B) survivors, ~~except children,~~ of participants who
6 died in service.

If annuity commenced—		Annuity shall be increased by—
Prior to January 2, 1965-----		5.7 per centum.
January 2, 1965, through December 31, 1965-----		10.0 per centum.
January 1, 1966, through January 1, 1967-----		3.9 per centum.

7 (2) The second schedule is applicable to annuities of
8 survivors, except children, of deceased annuitants when the
9 survivor annuity commenced on or before January 1, 1967:

If the former participant's annuity commenced—		Annuity shall be increased by—
Prior to January 2, 1965-----		5.7 per centum.
January 2, 1965, through December 31, 1965-----		10.0 per centum.
January 1, 1966, through January 1, 1967-----		3.9 per centum.

10 (3) The annuities of all surviving children whose an-
11 nuities commenced on or before January 1, 1967, shall be
12 increased by 5.7 per centum.

13 (b) Survivor annuities, except children's, which be-
14 come payable subsequent to January 1, 1967, shall be
15 increased on the commencing date of the survivor annuity
16 by the percentage received by the former participant under
17 the above schedule; or if death of the annuitant occurred
18 between January 1, 1967, and date of enactment of this

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1 Act, the percentage the annuitant would have received under
2 the above schedule.

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

6 (d) The monthly installment of annuity after adjust-
7 ment under this section shall be fixed at the nearest dollar,
8 except that such installment shall after adjustment reflect
9 an increase of at least \$1.

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