

CIVIL SERVICE RETIREMENT ACT

ANALYSIS OF INCREASES GRANTED UNDER P. L. 89-205 and P. L. 89-314
(Participants in the CIA retirement system were first designated in
April 1965. Thus this analysis deals with increases accruing to
contemporary retirees and survivors under CSRA.)

I. Initial Adjustment

All existing annuities with a commencing date on or before 31 December
1965 were increased by 6.1 percent.

II. Subsequent Adjustment

All existing annuities commencing on or before 1 January 1967 were
increased by 3.9 percent and this is the increase in force for annuities
commencing on or between 1 January 1966 and 1 January 1967. However,
the increase in force for existing annuities with a commencing date earlier
than 1 January 1966 is 10.2 percent, $\sqrt{(6.1 \times 3.9) + 6.1 + 3.9}$.

III. Exception for Survivors

Generally the eligibility for cost of living increases is governed by the
commencing date of each annuity payable as of the effective date of
each increase. Exceptions for survivors do apply however.

- a. A retiree survivor (other than a child) receives whatever percentage
increase the retiree had been allowed at time of death.
 1. If the survivor annuity is derived from a retiree's annuity commencing
on or before 31 December 1965, the increase in force would be
10.2 percent to date. If it is derived from an annuity commencing
on or between 1 January 1966 and 1 January 1967, the increase in
force would be 3.9 percent to date.

b. Child survivor. All cost of living increases are built into the annuity benefit formula. The fixed dollar factors in the formula are increased in all cases by the total percentage increase granted under the adjustment plan. The formula factor dealing with the percentage of five year average salary is increased in deceased retiree cases by the total percentage of increase the retiree was receiving at time of death.

1. For example, the total percentage increase in force under P.L. 89-205 is 10.2 percent so that the dollar fixed factors \$1,800, \$600, \$2,160, and \$720 are increased to \$1,983.60, \$661.20, \$2,380.32 and \$793.44.

2. However, the average salary factor is raised only by the percent of cost-of-living increase allowed the deceased retiree while he was receiving an annuity. (See I and II above for specific percentages.)

The difference in b. 1. and b. 2. above is that average salary reflects living cost pay increments to the point of retirement whereas the fixed dollar factor does not.

IV. Summary

<u>For annuities commencing*</u>	<u>Increase in force</u>	<u>Effective date</u>
1. a. before 1 January 1966	6.1%	1 Dec 1965 - 31 Dec 1965
b. before 1 January 1966	10.2%	1 Jan 1967
2. on or between 1 Jan 66- 1 Jan 67	3.9%	1 Jan 1967

* including derivative survivor annuities