

INSERT FOR PROPOSED COST-OF-LIVING ADJUSTMENT AMENDMENT

This insert is necessary to offset annuity increases payable 1 April 1967 under existing law which may become effective prior to enactment of the proposed cost-of-living adjustment amendment. The following subsection should be inserted as Subsection 291(a)(2) and the present 291(a)(2) will become 291(a)(3).

Insert either:

"SEC. 291. (a) ...

(1) ...

(2) Those annuities increased by the cost-of-living provisions of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees prior to the enactment of this amendment shall be adjusted to reflect the percentage increase under subsection (1)."

or:

"SEC. 291. (a) ...

(1) ...

(2) The annuities increased by subsection (1) shall be decreased by the amount of any increases granted pursuant to Sec. 291 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees prior to enactment of this amendment.

SEC. 291. (a) On the basis of determinations made by the Director pertaining to per centum change in the price index, the following adjustments shall be made:

(1) Each annuity payable from the fund on January 1, 1967, shall be increased on that date by (a) 12.4 per centum for annuities which commence on or before January 1, 1966, or (b) 4.9 per centum for annuities which commence on or between January 2, 1966, and January 1, 1967.

(2) Each month beginning with November 1966 the Director shall determine the per centum change in the price index. Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price

index during the three consecutive months)
adjusted to the nearest one-tenth of 1 per
centum.

(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221 (c)), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by the total per centum increase the annuitant was receiving under this section at death.

(2) Effective from its commencing date, an annuity payable from the fund to a child under section 221 (c), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by (a) 2 per centum if the annuity from which it is derived commenced on or before January 1, 1966, or (b) 1 per centum if the annuity from which it is derived commenced on or between January 2, 1966 and January 1, 1967.

(3) For the purposes of computing an annuity which commences after January 1, 1967, to a child under section 221 (c), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 221 (c) shall be increased by 10.2 per centum plus the total per centum increase allowed and in force under section 291 (a) (2) for employee annuities, and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 221 (c) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death.

(c) The term 'price index' shall mean the Consumer Price Index (all items--United States city average) published monthly by the Bureau of Labor Statistics. The term 'base month' shall mean the month of October 1966 for the first increase under section 291 (a) (2) and thereafter the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase.

(d) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

(e) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least one dollar.