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MINUTES

CIA RETIREMENT BOARD MEETING

3:00 p.m., 25 March 1965

PRESENT: Mr. Emmett D. Echols - Chairman
 25X1A9a [REDACTED] - DDP
 [REDACTED] - DDP
 [REDACTED] - DDP
 25X1A9a Mr. Paul A. Borel - DDI
 [REDACTED] - DDI
 Mr. George C. Miller - DDS&T
 Mr. Alan M. Warfield - DDS
 25X1A9a [REDACTED] - DDS
 [REDACTED] - Technical Adviser
 [REDACTED] - Finance Adviser
 [REDACTED] - Recording Secretary
 [REDACTED] - Executive Secretary

1. The minutes of the last meeting of the Board were reviewed and the Chairman asked for comments or any suggested changes. There were none.

2. The Chairman suggested as a new course of action for the Board that the members undertake to develop an absolute unanimity of understanding with regard to what our retirement law says, the feelings and intentions of Congress when they wrote in certain provisions and limitations and, equally important, the same unanimity of understanding with regard to the Agency Regulation which prescribes the rules and procedures for the administration of our Retirement and Disability System. The Chairman stated that such an effort would require several hours a day for a number of days if done at Headquarters, or perhaps a day or two if accomplished where full-time could be devoted to the task. It was generally agreed however that whereas such an undertaking would be well worth while, it would be more convenient for the members if it could be accomplished at Headquarters as opposed to leaving the area.

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3. Mr. Echols made reference to his memorandum of 25 March 1965 addressed to Members of the CIA Retirement Board, subject: Role of the CIA Retirement Board, copies of which had been distributed to the members of the Board earlier in the meeting. He stated that such memorandum was in specific response to the request of [REDACTED] at the first meeting of the Board on 11 March 1965 for clarification regarding the kinds of

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questions that the Director of Personnel intended to refer to the Board for consideration and advice. Mr. Echols asked if there were any comments concerning the memorandum.

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[REDACTED] commented that what he had in mind basically was whether the Board was to be used as a rubber stamp or as a front for independent action.

In reply to this comment Mr. Echols stated that in his opinion the Board was going to have a vital role, a very active role, in the many difficult cases requiring subjective judgment that would come before the Board, many of which would in turn become precedent setting. He stated that in no way did he look upon the Board's activities as ever becoming a rubber stamp -- that he didn't see how it could and preserve the integrity of the Agency in the administration of the program.

4. The Chairman addressed himself to what he thought was a bothersome question to many people, i.e., whether participation in the program was to be optional. He expressed the view that in the eyes of Congress there is nothing optional about the program, and in the eyes of Agency officials who presented our program to Congress it was never contemplated that participation would be optional. He proceeded to read testimony from the House Armed Services Subcommittee hearings conducted on July 23, 1963 and from the Section Analysis in the Senate Report to substantiate his views. The Chairman went on to state that our retirement program was infinitely better than the Civil Service retirement system in two major respects, as noted below, and that it had only one minor disadvantage.

a. When a participant retires under our system he gets a higher multiplier -- a straight 2% times his high five salary for each year of service, a difference of 3.75% in his favor as compared to the Civil Service system.

b. The absence of any penalty for retirement between the ages of 50 and 60, as opposed to the Civil Service system which imposes a penalty of 1% for the first 5 years below age 60, and 2% for each year thereafter.

The Chairman described the minor disadvantage as being the fact that our retirement system has a maximum of 35 years of creditable service, as compared to a maximum of 40 years under the Civil Service system and, under the latter, continuing participation beyond the 40 year maximum is counted as voluntary contributions.

The Chairman stated that in his opinion the employee who would prefer to remain out of our system is either uninformed as to the advantages of our system and its comparison with the Civil Service system, or is very suspicious and fearful of the intentions of the Agency and fears, erroneously,

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that this new system, because of some of the wording in the legislation or regulation, offers him less job security or tenure than he has today under the Civil Service system. As a possible remedy to such a situation, the Chairman suggested:

a. A low key educational program.

b. Counselling by the Career Services whenever cases of misunderstanding or fear developed, reassuring the individual as to the intent of our program and explaining its advantages to him.

5. The Chairman commented concerning the election that a participant could make upon the completion of 15 years of service with the Agency to remain a participant in the system. He stated it was his opinion that if you have an election you must have a choice between at least two things, not just one. So the election, in his opinion, would be to remain in the system or to be returned to the Civil Service system. He expressed doubt, however, whether a participant would ever elect to leave the system unless:

a. he was completely uninformed relative to the benefits of the two systems, CIA and CSC;

b. some changes take place in the Civil Service system which suddenly makes it very advantageous to him; or,

c. at the time of election an individual is able to determine that it would be to his advantage to retire under the Civil Service system with a maximum of 40 years of creditable service as opposed to 35 years under our system.

6. The Chairman stated it was also his opinion that in addition to a participant electing to remain in the system or to leave it, we must offer him another election -- to switch over to Civil Service at the time of his ultimate retirement if such would be to his advantage. He stated that the retirement Bill doesn't make mention of this matter, but that the testimony given before the House Armed Services Subcommittee was quite conclusive on this point. He proceeded to read excerpts from such testimony.

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7. ██████████ stated his view that there were some misconceptions in the Agency which were going to need correcting. One was that the 701 exercise was not generally regarded by Management as a useful exercise -- General Carter has been quoted as saying "that as long as he is here there will never be another 701." ██████████ stated that this is an agreed idea -- maybe a false one, but one widely accepted. The second misconception, as stated by ██████████ is that the Director of Central Intelligence, who has had the authority to separate employees for a good number of years has no intention to use the authority for reduction in force purposes.

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Mr. Borel commented that a man in the new system now would expect to be retired early under that system, whereas if he were under the Civil Service retirement system, he would not be pressed out as easily.

The Chairman agreed that these were hurdles that would have to be overcome.

25X1A9a 8. [REDACTED] asked the Chairman if it was the intent of Agency management to use the Act for the specific purpose of cutting down our age 40 to 50 hump.

The Chairman replied that he would not be at all surprised if there were not some employees who would qualify for this system who have outlived their usefulness or have proven to be so marginal that their retirement on a voluntary basis should be encouraged and that he would suspect that such employees would probably retire voluntarily if this was the appraisal of their career prospects. He pointed out however that if enough persons voluntarily retired early there might never be a bind in the upper age bracket of overseas intelligence personnel.

25X1A9a 9. [REDACTED] asked whether under the Civil Service system it wasn't possible for the employee who is 50 years of age with 20 years of Federal service to be involuntarily separated. The Chairman replied that indeed it was. [REDACTED] added that only if the employee was involuntarily separated "not for cause," would he be eligible for an immediate annuity under Civil Service. There was general agreement with [REDACTED] conclusion that involuntary retirement would be easier to accomplish under the new Bill than it would be under the Civil Service 50 and 20 provision for an immediate annuity to an employee who has been involuntarily separated.

25X1A9a [REDACTED] commented that the psychological effect of this new system that is permeating the Agency arises from the fact that people have this conception that you can get them out faster under this system, and that really it is an easy tool that is being given to the Director. He felt that the educational program referred to earlier would have to be on a high key as opposed to the low key approach indicated earlier.

25X1A9a 10. [REDACTED] referred to the Chairman's previous comment concerning the election available to the participant with 15 years of Agency service, five of which are qualifying, and asked if the Chairman had interpreted that as meaning that a participant could elect to stay under this system or go back to the Civil Service? The Chairman replied that such interpretation reflected his thinking as of this point in time.

25X1A9a [REDACTED] queried the Chairman as to when a participant could make such a choice, when he finishes his 15th year, or when he has completed his five years of qualifying service after his 15th year, or does he stay under it until he is ready to retire. In other words does he make that

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choice early, or does he have to make it late? The Chairman replied that he would request the employee to make his election at the point when the participant completes his 15 years of service; that he thought that it was implied in the testimony before the House Armed Services Subcommittee; and that it wouldn't bother him to place the participant in the position of making such determination then because it would be an early indication of the participant's acceptance of the Agency's possible need to manage its manpower.

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█ further queried the Chairman as to whether the participant who elected not to remain under the system immediately after the 15th year, and goes under the Civil Service system, could come back into the Agency's system. The Chairman replied that it was his opinion there would have to be a new determination as a participant. The Chairman further commented that this early retirement system is for the people who are engaged in the conduct or support of foreign intelligence activities; that it has a compulsory retirement age of 60, or age 65 for participants in grade GS-18; and the only way that a participant is going to stay on past 60 is when the Director determines that it is in the interest of the Agency to keep him on.

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11. █ queried the Chairman as to whether it would be possible for a participant who completes 15 years of Agency service, five of which are qualifying, to elect to leave the system in order to retire under the Civil Service system at age 62 on the basis that he did not prefer to retire under the Agency system at age 60.

The Chairman replied that it would be his opinion that if age 60 was indeed the compulsory retirement age for employees in this field of work, meaning the conduct or support of covert operations, then it should also be age 60 for the participant who elects to go under the Civil Service retirement system. He commented further that we had established a new set of rules for a certain group of people, and these rules in his opinion would automatically become policy with respect to those people who are eligible for that system.

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█ commented that in his opinion such an individual would be penalized for having elected to retire under the Civil Service system if he were required to retire at age 60, in comparison with the individual who never qualified for the Agency system, but could remain with the Agency until age 62.

The Chairman replied that the former individual constituted only one member of this special group of people for whom the Agency has said collectively that it cannot give a full working career; that we must reduce the average age of the retirees in this group; not only must the Agency limit the maximum age for retirement; and that in the recruitment of our young people we must make known to them that they are not assured of the normal Civil Service working span -- they may be among those who

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will have to do with a shortened career. We have to show them that should it become necessary for them to have a shorter career, the Agency has made compensatory provision for them in providing an immediate annuity computed at a higher rate and without the reduction for age in the Civil Service retirement system.

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12. [REDACTED] requested that a statement of his philosophy be incorporated in the record. He prefaced his statement by saying that when he used the words, clandestine operational activity, he was not speaking with prejudice, but with respect to any kind of overseas service, [REDACTED] etc.:

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"I believe it is of the utmost importance in the administration of the new Act that we preserve the idea or concept that we are establishing a system within the Agency which offers the individual employee who accepts the discipline of clandestine operational activity advantages, status, and compensation not available to other Agency employees. This is the thought that emerges clearly from reading both the Act and the testimony of Agency officials leading to the legislation. It must be a constant objective of Agency leadership and personnel management to further enhance and support the idea that the Agency give special recognition to the individual who undertakes a career in the type of service to which this Act relates. Thus, the intent of the Agency to develop additional career benefits recognizing the character of the service of this type must be implicit in the administration of the new Act, the first step in the history of CIA to give such recognition. To initiate an involuntary reduction-in-force directly and exclusively related to the new Act in the system would defeat at the outset the broader positive purposes of creating the system."

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[REDACTED] commented that if [REDACTED] did mean to include other than the Clandestine Services, why not rephrase that particular term so that it is apparent immediately to anybody that it is not exclusively the Clandestine Services.

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[REDACTED] indicated that the term "common and other qualifying service" would be acceptable to him.

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13. Mr. Borel commented that he would like to applaud [REDACTED] positive approach, but that he would prefer to get down to cases. He stated that he would like to see five cases at the next meeting that were ready to go and which could be discussed without any idea that the Board would dispose of them.

Mr. Echols addressed himself to this point and stated that there were some things that we would not know the answers to until we did consider individual cases.

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[REDACTED] endorsed Mr. Borel's proposal that the Board start discussing some specific cases, instead of the abstract discussions held

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thus far. It was his stated opinion that policy questions would emerge within the context of specific cases discussed, and that the Board members would learn by doing.

25X1A9a 14. [REDACTED] queried the Chairman concerning the former's proposal at the last Board meeting that some assumptions be developed against which the Directorates could arrive at a statistical appreciation of what the impact of the program would be.

25X1A9a The Chairman replied that he thought it was a little premature to say what these assumptions would be, and that he would prefer to suspend [REDACTED] proposal for a little while.

25X1A9a 15. [REDACTED] suggested that it would be well if various aspects of the Regulation could be discussed in order to obtain the advice of the Chairman and the thinking of the members of the Board.

The Chairman concurred in this suggestion and stated it was his opinion that one of the immediate tasks would be to go through the Regulation from A to Z, find out if there were any questions of interpretation, and attempt to develop a common understanding as to interpretation.

25X1A9a 16. At the suggestion of [REDACTED] the Chairman proceeded to review pages 7, 8, and 8a of [REDACTED] starting with paragraph e, Designation of Participants, on page 7. The comments of the Chairman as pertain to individual paragraphs follow:

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a. Paragraph e. (1)(c). Have signed a written obligation to serve anywhere and at any time according to the needs of the Agency.

(1) This requirement was based upon General Carter's testimony in response to the direct question: Are these people, like the people in the military and the Foreign Service, obliged to serve anywhere at any time. General Carter made it absolutely clear that they were. Consequently this requirement was incorporated in our regulation.

(2) It is hoped that the Service Agreement will ultimately be signed by persons at the time they enter a Career Service. But initially, for those employees who have been aboard for a good number of years, it appears that we will have to obtain a new certificate.

b. Paragraph c (1)(d). Be serving on a career basis in a field which normally requires the performance of qualifying service as an integral part of a career in that field.

(1) The term "on a career basis" would exclude contract type employees and agents with the possible exception of career

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agents. It would exclude many employees who had not yet been granted career status; reserve appointments; temporary employees, and WAE employees.

(2) The word "field" as used in this paragraph has not been defined. However, it is believed to be an area of vocational specialization which in most cases will be far more narrow than a Career Service. An example exists in the Finance Division where there is a corps of officers whose entire careers, by and large, have been spent in overseas financing and accounting in connection with Agency intelligence operations abroad. It is believed that this group of individuals can be identified as being career employees in a field of work or endeavor in which qualifying service is an integral part of their careers. An ultimate requirement exists that they shall regularly and recurrently be performing qualifying service. This substantive judgment concerning an individual and his career must be made by his Career Service. The Career Services are going to have to identify what they believe to be qualifying fields of work. By the time a case is reviewed by the Board there should be pretty good agreement that the individual concerned is serving in a qualifying field.

c. Paragraph e. (1)(c). Have performed qualifying service or be under official orders for an assignment requiring the performance of qualifying service.

(1) Historically this requirement is a holdover from the initial legislative proposal under which it would have been of significant advantage to the individual to put him into the System the minute he received his orders to go abroad. However, unless an individual is separated or desires to retire early, the benefits today under our System are no greater and no less than those under the Civil Service system -- except for the two percent annuity formula.

(2) With regard to the term "abroad" as used throughout the Regulation, the Board's Legal Adviser has tentatively stated that this is considered to be anywhere outside of the continental limits of the United States and the District of Columbia.

d. Paragraph e. (1)(f). Have sufficient time prior to completion of 15 years service with the Agency within which he could complete a minimum of 60 months of qualifying service or, if he has completed 15 years of service with the Agency, have performed 60 months of qualifying service.

(1) The House insisted that we give a participant a vested right to elect to remain in the System after he had completed

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15 years of service with the Agency. However, the law requires that a participant have at least 5 years of qualifying service before he can retire. So, to give a man a vested right in a retirement system under which he might never achieve the right to retire, because he might never serve the 5 years of qualifying service, would obviously create an anomaly. Therefore, the regulation requires that at the time a participant is about to complete 15 years of Agency service and acquire this vested right, he either have completed the 60 months of qualifying service so that there would be no future question about his being able to retire under the System, or there be sufficient time left for him before completing 15 years to fulfill the requirement of 60 months of qualifying service before he gets such vested right. At such time as an employee with more than 15 years of Agency service completes the 60 months of qualifying service he could immediately qualify, and if he were put in the System at that point he would acquire, if he so elected, a vested right to remain under it for the duration of his Agency employment.

(2) The language "prior to completion of 15 years service with the Agency..." and "if he has completed 15 years of service with the Agency..." is not intended to preclude the employee with 17 years of service, or 20 years of service, from being designated a participant in the System at such time that he completes 60 months of qualifying service.

e. Paragraph e. (2)(a). At intervals of not more than five years, the record of each participant shall be reviewed to determine that he meets the criteria under this regulation for continued coverage under the System. Normally, these reviews will be made within 90 days of the fifth and tenth anniversary of designation as a participant, and a final revision will be made six months prior to the fifteenth anniversary of appointment in the Agency. Such review must show that the individual, in addition to meeting the criteria for initial designation, is performing minimum periods of qualifying service throughout his career in relation to the following standards.

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The Chairman concurred in the comments of [REDACTED] that there was a degree of latitude provided in paragraph e.(2)(b) with regard to the performance of minimum periods of qualifying service in relation to the standards as outlined, to wit: "(1) he is then serving on an assignment which will satisfy the qualifying service requirement indicated for the review involved, or (2) he is under official orders to serve in such an assignment within 90 calendar days..." (emphasis supplied).

17. The Chairman queried the Board as to whether the major business for the coming week could be a study of the rest of the Regulation.

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a. [REDACTED] expressed his view that for the next two or three weeks we should meet more than once a week.

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b. [REDACTED] stated his preference to devote one full day to the matter, rather than have daily meetings.

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c. [REDACTED] proposed as a compromise that the next meeting comprise one full afternoon.

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d. [REDACTED] suggestion for all afternoon next Thursday, 1 April 1965, was accepted and it was agreed that such meeting would commence at 1:00 o'clock.

18. The meeting adjourned at 5:55 p.m.

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[REDACTED]
Executive Secretary

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