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88TH CONGRESS  
1ST SESSION

# H. R. 8427

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IN THE SENATE OF THE UNITED STATES

OCTOBER 31 (legislative day, OCTOBER 22), 1963

Read twice and referred to the Committee on Armed Services

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## AN ACT

To provide for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, 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 TITLE I—SHORT TITLE AND DEFINITIONS

4 PART A—SHORT TITLE

5 SEC. 101. This Act may be cited as the “Central In-  
6 telligence Agency Retirement Act of 1963 for Certain  
7 Employees”.

II

PART B—DEFINITIONS

SEC. 111. When used in this Act, the term—

(1) "Agency" means the Central Intelligence Agency; and

(2) "Director" means the Director of Central Intelligence.

TITLE II—THE CENTRAL INTELLIGENCE AGENCY  
RETIREMENT AND DISABILITY SYSTEM

PART A—ESTABLISHMENT OF SYSTEM

RULES AND REGULATIONS

SEC. 201. (a) The Director may prescribe rules and regulations for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, referred to hereafter as the system; such rules and regulations to become effective after <sup>CONSULTATION WITH</sup> ~~approval by the chairmen and ranking minority members~~ of the Armed Services Committees of the House and Senate.

(b) The Director shall administer the system in accordance with such rules and regulations and with the principles established by this Act.

(c) In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 102 (d) (3) of the National Security Act of 1947, as amended (50 U.S.C. 403

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1 responsible for protecting intelligence sources and methods  
2 from unauthorized disclosure, and notwithstanding the pro-  
3 visions of the Administrative Procedure Act (5 U.S.C. 1001  
4 et seq. ) or any other provisions of law, any determinations  
5 by the Director authorized by the provisions of this Act shall  
6 be deemed to be final and conclusive and not subject to  
7 review by any court.

8 ESTABLISHMENT AND MAINTENANCE OF FUND

9 SEC. 202. There is hereby created a fund to be known  
10 as the Central Intelligence Agency Retirement and Disabil-  
11 ity Fund which shall be maintained by the Director. The  
12 Central Intelligence Agency Retirement and Disability Fund  
13 is referred to hereafter as the fund.

14 PARTICIPANTS

15 SEC. 203. The Director may designate from time to  
16 time such Agency officers and employees whose duties are  
17 determined by the Director to be (i) in support of Agency  
18 activities abroad hazardous to life or health or (ii) so special-  
19 ized because of security requirements as to be clearly dis-  
20 tinguishable from normal government employment, hereafter  
21 referred to as participants, who shall be entitled to the bene-  
22 fits of the system. Any participant who has completed  
23 fifteen years of service with the Agency and whose career at  
24 that time is adjudged by the Director to be qualifying for the  
25 system may elect to remain a participant of such system for

tion shall not be subject to review or approval by the Director.

ANNUITANTS

SEC. 204. (a) Annuitants shall be participants who are receiving annuities from the fund and all persons, including surviving wives and husbands, widows, dependent widowers, children, and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act.

(b) When used in this Act the term—

(1) "Widow" means the surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by marriage to the participant.

(2) "Dependent widower" means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by marriage to the participant, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

(3) "Child" means an unmarried child, including (i) an adopted child, and (ii) a stepchild or recognized natural child who received more than one-half his support from and lived with the participant in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support or such unmarried child between eighteen and twenty-one years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child whose twenty-first birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or

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training, shall be deemed for the purposes of this paragraph and section 221(e) of this Act to have attained the age of twenty-one on the first day of July following such birthday. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years if the interim does not exceed four months and if he shows to the satisfaction of the Director that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately following the interim.

## 5                   PART B—COMPULSORY CONTRIBUTIONS

6           SEC. 211. (a) Six and one-half per centum of the basic  
7 salary received by each participant shall be contributed to  
8 the fund for the payment of annuities, cash benefits, refunds  
9 and allowances. An equal sum shall also be contributed  
10 from the respective appropriation or fund which is used  
11 for payment of his salary. The amounts deducted and with-  
12 held from basic salary together with the amounts so contrib-  
13 uted from the appropriation or fund shall be deposited by  
14 the Agency to the credit of the fund.

15           (b) Each participant shall be deemed to consent and  
16 agree to such deductions from basic salary, and payment less  
17 such deductions shall be a full and complete discharge and  
18 acquittance of all claims and demands whatsoever for all  
19 regular services during the period covered by such payment,  
20 except the right to the benefits to which he shall be entitled  
21 under this Act, notwithstanding any law, rule, or regulation  
22 affecting the individual's salary.

## 23                   PART C—COMPUTATION OF ANNUITIES

24           SEC. 221. (a) The annuity of a participant shall be equal  
25 to 2 per centum of his average basic salary for the highest  
26 five consecutive years of service, for which full contributions

1 have been made to the fund, multiplied by the number of  
 2 years, not exceeding thirty-five, of service credit obtained in  
 3 accordance with the provisions of sections 251 and 252. In  
 4 determining the aggregate period of service upon which the  
 5 annuity is to be based, the fractional part of a month, if any,  
 6 shall not be counted.

7 (b) At the time of retirement, any married participant  
 8 may elect to receive a reduced annuity and to provide for  
 9 an annuity payable to his wife or her husband, commencing  
 10 on the date following such participant's death and terminat-  
 11 ing upon the death <sup>OR REMARRIAGE</sup> of such surviving wife or husband. The  
 12 annuity payable to the surviving wife or husband after such  
 13 participant's death shall be <sup>53</sup>/~~50~~ per centum of the amount  
 14 of the participant's annuity computed as prescribed in para-  
 15 graph (a) of this section, up to the full amount of such an-  
 16 nuity specified by him as the base for the survivor benefits.  
 17 The annuity of the participant making such election shall be  
 18 reduced by  $2\frac{1}{2}$  per centum of any amount up to ~~\$2,400~~ <sup>\$3,600</sup> he  
 19 specified as the base for the survivor benefit plus 10 per  
 20 centum of any amount over ~~\$2,400~~ <sup>\$3,600</sup> so specified.

21 (c) (1) If an annuitant dies and is survived by a wife  
 22 or husband and by a child or children, in addition to the  
 23 annuity payable to the surviving wife or husband, there shall  
 24 be paid to or on behalf of each child an annuity equal to the  
 25 smallest of: (i) 40 per centum of the annuitant's average  
 26 basic salary, as determined under paragraph (a) of this sec-

1 tion, divided by the number of children; (ii) \$600; or (iii)  
2 \$1,800 divided by the number of children.

3 (2) If an annuitant dies and is not survived by a wife  
4 or husband but by a child or children, each surviving child  
5 shall be paid an annuity equal to the smallest of: (i) 50 per  
6 centum of the annuitant's average basic salary, as determined  
7 under paragraph (a) of this section, divided by the number  
8 of children; (ii) \$720; or (iii) \$2,160 divided by the num-  
9 ber of children.

10 (d) If a surviving wife or husband dies or the annuity  
11 of a child is terminated, the annuities of any remaining  
12 children shall be recomputed and paid as though such wife,  
13 husband, or child had not survived the participant.

**(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the day after the participant dies, and such annuity or any right thereto shall terminate on the last day of the month before (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death, except that the annuity of a child who is a student as described in section 204(b)(3) of this Act shall terminate on the last day of the month before (1) his marriage, (2) his death, (3) his ceasing to be such a student, or (4) his attaining age twenty-one.**

19 ~~child is incapable of self-support by reasons of mental or~~  
20 ~~physical disability, the annuity shall be terminated only when~~  
21 ~~such child dies, marries, or recovers from such disability.~~

22 (f) Any unmarried participant retiring under the pro-  
23 visions of this Act and found by the Director to be in good  
24 health may at the time of retirement elect a reduced annuity,

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1 in lieu of the annuity as hereinbefore provided, and designate  
2 in writing a person having an insurable interest (as that term  
3 is used in 5 U.S.C. 2259 (h) ) in the participant to receive  
4 an annuity after the participant's death. The annuity pay-  
5 able to the participant making such election shall be reduced  
6 by 10 per centum of an annuity computed as provided in  
7 paragraph (a) of this section, and by 5 per centum of an  
8 annuity so computed for each full five years the person  
9 designated is younger than the participant, but such total  
10 reduction shall not exceed 40 per centum. The annuity of a  
11 survivor designated under this paragraph shall be 50 per  
12 centum of the reduced annuity computed as prescribed above.  
13 The annuity payable to a beneficiary under the provisions  
14 of this paragraph shall begin on the first day of the next  
15 month after the participant dies. Upon the death of the  
16 surviving beneficiary all payments shall cease and no further  
17 annuity payments authorized under this paragraph shall  
18 be due or payable.

19 **PART D—BENEFITS ACCRUING TO CERTAIN PARTICIPANTS**  
20 **RETIREMENT FOR DISABILITY OR INCAPACITY—MEDICAL**  
21 **EXAMINATION—RECOVERY**

22 **SEC. 231.** (a) Any participant who has five years of  
23 service credit toward retirement under the system, excluding  
24 military or naval service that is credited in accordance with  
25 provisions of section 251 or 252 (a) (2) , and who becomes

1 totally disabled or incapacitated for useful and efficient serv-  
2 ice by reason of disease, illness, or injury not due to vicious  
3 habits, intemperance, or willful misconduct on his part,  
4 shall, upon his own application or upon order of the Direc-  
5 tor, be retired on an annuity computed as prescribed in  
6 section 221. If the disabled or incapacitated participant has  
7 less than twenty years of service credit toward his retire-  
8 ment under the system at the time he is retired, his annuity  
9 shall be computed on the assumption that he has had twenty  
10 years of service, but the additional service credit that may  
11 accrue to a participant under this provision shall in no case  
12 exceed the difference between his age at the time of retire-  
13 ment and the mandatory retirement age applicable to his  
14 grade in the Agency.

15 (b) In each case, the participant shall be given a  
16 medical examination by one or more duly qualified physi-  
17 cians or surgeons designated by the Director to conduct  
18 examinations, and disability shall be determined by the  
19 Director on the basis of the advice of such physicians or  
20 surgeons. Unless the disability is permanent, like examina-  
21 tions shall be made annually until the annuitant has reached  
22 the statutory mandatory retirement age for his grade in  
23 the Agency. If the Director determines on the basis of  
24 the advice of one or more duly qualified physicians or sur-

1 geons conducting such examinations that an annuitant has  
2 recovered to the extent that he can return to duty, the  
3 annuitant may apply for reinstatement or reappointment in  
4 the Agency within one year from the date his recovery is  
5 determined. Upon application the Director may reinstate  
6 any such recovered disability annuitant in the grade in which  
7 he was serving at time of retirement, or the Director may,  
8 taking into consideration the age, qualifications, and experi-  
9 ence of such annuitant, and the present grade of his con-  
10 temporaries in the Agency, appoint him to a grade higher  
11 than the one in which he was serving prior to retirement.  
12 Payment of the annuity shall continue until a date six months  
13 after the date of the examination showing recovery or until  
14 the date of reinstatement or reappointment in the Agency,  
15 whichever is earlier. Fees for examinations under this pro-  
16 vision, together with reasonable traveling and other expenses  
17 incurred in order to submit to examination, shall be paid out  
18 of the fund. If the annuitant fails to submit to examination  
19 as required under this section, payment of the annuity shall  
20 be suspended until continuance of the disability is satisfac-  
21 torily established.

22 (c) If a recovered disability annuitant whose annuity  
23 is discontinued is for any reason not reinstated or re-  
24 appointed in the Agency, he shall be considered to have been  
25 separated within the meaning of paragraphs (a) and (b) of

1 section 234 as of the date he was retired for disability and he  
2 shall, after the discontinuance of the disability annuity, be  
3 entitled to the benefits of that section or of section 241 (a)  
4 except that he may elect voluntary retirement in accordance  
5 with the provisions of section 233 if he can qualify under its  
6 provisions.

7 (d) No participant shall be entitled to receive an an-  
8 nuity under this Act and compensation for injury or dis-  
9 ability to himself under the Federal Employees' Compensa-  
10 tion Act of September 7, 1916, as amended (5 U.S.C. 751  
11 et seq.), covering the same period of time. This provision  
12 shall not bar the right of any claimant to the greater benefit  
13 conferred by either Act for any part of the same period of  
14 time. Neither this provision nor any provision of the said  
15 Act of September 7, 1916, as amended, shall be so construed  
16 as to deny the right of any participant to receive an annuity  
17 under this Act by reason of his own services and to receive  
18 concurrently any payment under such Act of September 7,  
19 1916, as amended, by reason of the death of any other  
20 person.

21 (e) Notwithstanding any provision of law to the con-  
22 trary, the right of any person entitled to an annuity under  
23 this Act shall not be affected because such person has re-  
24 ceived an award of compensation in a lump sum under sec-  
25 tion 14 of the Federal Employees' Compensation Act of

1 September 7, 1916, as amended (5 U.S.C. 764), except  
2 that where such annuity is payable on account of the same  
3 disability for which compensation under such section has  
4 been paid, so much of such compensation as has been paid  
5 for any period extended beyond the date such annuity be-  
6 comes effective, as determined by the Secretary of Labor,  
7 shall be refunded to the Department of Labor, to be paid  
8 into the Federal employees' compensation fund. Before  
9 such person shall receive such annuity he shall (1) refund  
10 to the Department of Labor the amount representing such  
11 commuted payments for such extended period, or (2) au-  
12 thorize the deduction of such amount from the annuity pay-  
13 able to him under this Act, which amount shall be trans-  
14 mitted to such Department for reimbursement to such fund.  
15 Deductions from such annuity may be made from accrued  
16 and accruing payments, or may be prorated against and paid  
17 from accruing payments in such manner as the Secretary of  
18 Labor shall determine, whenever he finds that the financial  
19 circumstances of the annuitant are such as to warrant such  
20 deferred refunding.

21 DEATH IN SERVICE

22 SEC. 232. (a) In case a participant dies and no claim  
23 for annuity is payable under the provisions of this Act, his  
24 contributions to the fund, with interest at the rates prescribed

13

1 in sections 241 (a) and 281 (a), shall be paid in the order  
2 of precedence shown in section 241 (b).

3 (b) If a participant, who has at least five years of serv-  
4 ice credit toward retirement under the system, excluding  
5 military or naval service that is credited in accordance with  
6 the provisions of section 251 or 252 (a) (2), dies before  
7 separation or retirement from the Agency and is survived by  
8 a widow or a dependent widower, as defined in section 204,  
9 such widow or dependent widower shall be entitled to an an-  
10 nuity equal to 50 per centum of the annuity computed in  
11 accordance with the provisions of paragraph (e) of this  
12 section and of section 221 (a). The annuity of such widow  
13 or dependent widower shall commence on the date following  
14 death of the participant and shall terminate upon death<sup>or at the time of death</sup> of  
15 the widow or dependent widower, or upon the dependent  
16 widower's becoming capable of self-support.

17 (c) If a participant who has at least five years of service  
18 credit toward retirement under the system, excluding mili-  
19 tary or naval service that is credited in accordance with the  
20 provisions of section 251 or 252 (a) (2), dies before sepa-  
21 ration or retirement from the Agency and is survived by a  
22 wife or a husband and a child or children, each surviving  
23 child shall be entitled to an annuity computed in accordance

1 with the provisions of section 221 (c) (1). The child's an-  
2 nuity shall begin and be terminated in accordance with the  
3 provisions of section 221 (e). Upon the death of the surviv-  
4 ing wife or husband or termination of the annuity of a child,  
5 the annuities of any remaining children shall be recomputed  
6 and paid as though such wife or husband or child had not  
7 survived the participant.

8 (d) If a participant who has at least five years of  
9 service credit toward retirement under the system, exclud-  
10 ing military or naval service that is credited in accordance  
11 with the provisions of section 251 or 252 (a) (2), dies be-  
12 fore separation or retirement from the Agency and is not  
13 survived by a wife or husband, but by a child or children,  
14 each surviving child shall be entitled to an annuity computed  
15 in accordance with the provisions of section 221 (c) (2).  
16 The child's annuity shall begin and terminate in accordance  
17 with the provisions of section 221 (e). Upon termination  
18 of the annuity of a child, the annuities of any remaining  
19 children shall be recomputed and paid as though that child  
20 had never been entitled to the benefit.

21 (e) If, at the time of his or her death, the participant  
22 had less than twenty years of service credit toward retire-  
23 ment under the system, the annuities payable in accordance  
24 with paragraph (b) of this section shall be computed in  
25 accordance with the provisions of section 221 on the assump-

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1 tion he or she has had twenty years of service, but the ad-  
2 ditional service credit that may accrue to a deceased partici-  
3 pant under this provision shall in no case exceed the differ-  
4 ence between his or her age on the date of death and the  
5 mandatory retirement age applicable to his or her grade in  
6 the Agency. In all cases arising under paragraphs (b),  
7 (c), (d), or (e) of this section, it shall be assumed that the  
8 deceased participant was qualified for retirement on the date  
9 of his death.

10

## VOLUNTARY RETIREMENT

11 SEC. 233. Any participant in the system who is at least  
12 fifty years of age and has rendered twenty years of service  
13 may on his own application and with the consent of the  
14 Director be retired from the Agency and receive benefits in  
15 accordance with the provisions of section 221 provided he  
16 has not less than <sup>TEN</sup> ~~five~~ years of service with the Agency.

17

## DISCONTINUED SERVICE RETIREMENT

18 SEC. 234. (a) Any participant who separates from the  
19 Agency after obtaining at least five years of service credit  
20 toward retirement under the system, excluding military or  
21 naval service that is credited in accordance with the pro-  
22 visions of section 251 or 252 (a) (2), may, upon separation  
23 from the Agency or at any time prior to becoming eligible  
24 for an annuity, elect to have his contributions to the fund  
25 returned to him in accordance with the provisions of section



1 241, or (except in cases where the Director determines that  
2 separation was based in whole or in part on the ground of  
3 disloyalty to the United States) to leave his contributions in  
4 the fund and receive an annuity, computed as prescribed in  
5 section 221, commencing at the age of sixty years.

6 (b) If a participant who has qualified in accordance  
7 with the provisions of paragraph (a) <sup>or (c)</sup> of this section to re-  
8 ceive a deferred annuity commencing at the age of sixty dies  
9 before reaching the age of sixty his contributions to the fund,  
10 with interest, shall be paid in accordance with the provisions  
11 of sections 241 and 281.

12 ~~(c) The Director may in his discretion retire participants~~  
13 ~~in grade GS 14 and above. If so retired they shall receive~~  
14 ~~retirement benefits in accordance with the provisions of sec-~~  
15 ~~tion 221, provided they have in each case not less than five~~  
16 ~~years of qualifying and a total of ten years of service with~~  
17 ~~the Agency. Any individual so retired who does not meet~~  
18 ~~these service requirements shall receive the benefits pro-~~  
19 ~~vided for individuals in grade GS 13 as set out in paragraph~~  
20 ~~(d) of this section.~~

21 ~~(d) The Director may in his discretion retire partici-~~  
22 ~~pants in grade GS 13 and below, and each such participant~~  
23 ~~shall receive—~~

24 ~~(1) one twelfth of a year's salary at his then cur-~~  
25 ~~rent salary rate for each year of service and proportion-~~

17

1 ~~ately for a fraction of a year, but not exceeding a total~~  
2 ~~of one year's salary at his then current salary rate, pay-~~  
3 ~~able without interest, from the fund, in three equal in-~~  
4 ~~stallments on the 1st day of January following the par-~~  
5 ~~ticipant's retirement and on the two anniversaries of this~~  
6 ~~date immediately following: *Provided*, That in special~~  
7 ~~cases, the Director may in his discretion accelerate or~~  
8 ~~combine the installments; and~~

9 ~~(2) a refund of the contributions made to the fund,~~  
10 ~~with interest as provided in section 241 (a), except that~~  
11 ~~in lieu of such refund such participant, if he has at least~~  
12 ~~five years of service credit toward retirement under the~~  
13 ~~system, excluding military or naval service that is~~  
14 ~~credited in accordance with the provisions of section 251~~  
15 ~~or 252 (a) (2), may elect to receive retirement benefits~~  
16 ~~on reaching the age of sixty in accordance with the pro-~~  
17 ~~visions of section 221. In the event that a participant~~  
18 ~~who was separated from grade GS 13 or GS 12 and who~~  
19 ~~has elected to receive retirement benefits dies before~~  
20 ~~reaching the age of sixty, his death shall be considered a~~  
21 ~~death in service within the meaning of section 232. In~~  
22 ~~the event that a participant who was separated from~~  
23 ~~grade GS 11 or below and who has elected to receive~~  
24 ~~retirement benefits dies before reaching the age of sixty,~~

1 ~~the total amount of his contributions made to the fund,~~  
2 ~~with interest as provided in section 241 (a), shall be~~  
3 ~~paid in accordance with the provisions of section~~  
4 ~~241 (b).~~

5 <sup>(d)</sup> Notwithstanding the provisions of section 3477 of  
6 the Revised Statutes, as amended (31 U.S.C. 203), or the  
7 provisions of any other law, a participant who is retired in  
8 accordance with the provisions of paragraph <sup>(c)</sup> ~~(d)~~ of this sec-  
9 tion shall have the right to assign to any person or corpora-  
10 tion the whole or any part of the benefits receivable by him  
11 pursuant to paragraph <sup>(c)</sup> ~~(d)~~ (1) of this section.

12 MANDATORY RETIREMENT FOR AGE

13 SEC. 235. (a) Any participant in the system in grade  
14 GS-18 or above shall upon reaching the age of sixty-five be  
15 retired from the Agency and receive retirement benefits in  
16 accordance with the provisions of section 221, but whenever  
17 the Director shall determine it to be in the public interest,  
18 he may extend such a participant's service for a period not to  
19 exceed five years.

20 (b) Any participant in the system, other than in grade  
21 GS-18 or above, shall upon reaching the age of sixty be re-  
22 tired from the Agency and receive retirement benefits in ac-  
23 cordance with the provisions of section 221, but whenever the  
24 Director shall determine it to be in the public interest, he

*5510 years?*  
*Retirement Service*

1 may extend such a participant's service for a period not to  
2 exceed five years.

*Insert  
new Sec. 236*

3 PART E—DISPOSITION OF CONTRIBUTIONS AND INTEREST  
4 IN EXCESS OF BENEFITS RECEIVED

5 SEC. 241. (a) Whenever a participant becomes sepa-  
6 rated from the Agency without becoming eligible for an  
7 annuity or a deferred annuity in accordance with the pro-  
8 visions of this Act, the total amount of contributions from his  
9 salary with interest thereon at 4 per centum per annum,  
10 compounded annually as of December 31, and propor-  
11 tionately for the period served during the year of separation  
12 including all contributions made during or for such period,  
13 except as provided in section 281, shall be returned to him.

14 (b) In the event that the total contributions of a retired  
15 participant, other than voluntary contributions made in  
16 accordance with the provisions of section 281, with interest  
17 at 4 per centum per annum compounded annually as is pro-  
18 vided in paragraph (a) of this section added thereto, exceed  
19 the total amount returned to such participant or to an annui-  
20 tant claiming through him, in the form of annuities, accumu-  
21 lated at the same rate of interest up to the date the annuity  
22 payments cease under the terms of the annuity, the excess  
23 of the accumulated contributions over the accumulated an-  
24 nuity payments shall be paid in the following order of

1 precedence, upon the establishment of a valid claim therefor,  
2 and such payment shall be a bar to recovery by any other  
3 person:

4 (1) To the beneficiary or beneficiaries designated  
5 by such participant in writing to the Director;

6 (2) If there be no such beneficiary to the surviving  
7 wife or husband of such participant;

8 (3) If none of the above, to the child or children  
9 of such participant and descendants of deceased children  
10 by representation;

11 (4) If none of the above, to the parents of such  
12 participant or the survivor of them;

13 (5) If none of the above, to the duly appointed  
14 executor or administrator of the estate of such  
15 participant;

16 (6) If none of the above, to other next of kin  
17 of such participant as may be determined by the Director  
18 in his judgment to be legally entitled thereto.

19 (c) No payment shall be made pursuant to paragraph  
20 (b) (6) of this section until after the expiration of thirty  
21 days from the death of the retired participant or his sur-  
22 viving annuitant.

1           PART F—PERIOD OF SERVICE FOR ANNUITIES

2                   COMPUTATION OF LENGTH OF SERVICE

3           SEC. 251. For the purposes of this Act, the period of  
4 service of a participant shall be computed from the date he  
5 becomes a participant under the provisions of this Act, but  
6 all periods of separation from the Agency and so much of  
7 any leaves of absence without pay as may exceed six months  
8 in the aggregate in any calendar year shall be excluded,  
9 except leaves of absence while receiving benefits under the  
10 Federal Employees' Compensation Act of September 7,  
11 1916, as amended (5 U.S.C. 751 et seq.), and leaves of  
12 absence granted participants while performing active and  
13 honorable military or naval service in the Army, Navy,  
14 Air Force, Marine Corps, or Coast Guard of the United  
15 States.

16                           PRIOR SERVICE CREDIT

17           SEC. 252. (a) A participant may, subject to the pro-  
18 visions of this section, include in his period of service—  
19                   (1) civilian service in the executive, judicial, and  
20                   legislative branches of the Federal Government and in  
21                   the District of Columbia government, prior to becoming  
22                   a participant; and

1           (2) active and honorable military or naval service  
2           in the Army, Navy, Air Force, Marine Corps, or Coast  
3           Guard of the United States.

4           (b) A participant may obtain prior civilian service  
5           credit in accordance with the provisions of paragraph (a)  
6           (1) of this section by making a special contribution to the  
7           fund equal to 5 per centum of his basic annual salary for  
8           each year of service for which credit is sought prior to  
9           November 8, 1960, and at  $6\frac{1}{2}$  per centum thereafter with  
10          interest compounded annually at 4 per centum per annum to  
11          the date of payment. Any such participant may, under such  
12          conditions as may be determined in each instance by the  
13          Director, pay such special contributions in installments.

14          (c) (1) If an officer or employee under some other Gov-  
15          ernment retirement system becomes a participant in the sys-  
16          tem by direct transfer, such officer or employee's total con-  
17          tributions and deposits, including interest accrued thereon,  
18          except voluntary contributions, shall be transferred to the  
19          fund effective as of the date such officer or employee becomes  
20          a participant in the system. Each such officer or employee  
21          shall be deemed to consent to the transfer of such funds and  
22          such transfer shall be a complete discharge and acquittance  
23          of all claims and demands against the other Government  
24          retirement fund on account of service rendered prior to  
25          becoming a participant in the system.

1       (2) No participant, whose contributions are transferred  
2 to the fund in accordance with the provisions of paragraph  
3 (c) (1) of this section, shall be required to make contribu-  
4 tions in addition to those transferred for periods of service  
5 for which full contributions were made to the other Govern-  
6 ment retirement fund, nor shall any refund be made to any  
7 such participant on account of contributions made during any  
8 period to the other Government retirement fund at a higher  
9 rate than that fixed by section 211 of this Act for contribu-  
10 tions to the fund.

11       (3) No participant, whose contributions are transferred  
12 to the fund in accordance with the provisions of paragraph  
13 (c) (1) of this section, shall receive credit for periods of  
14 service for which a refund of contributions has been made,  
15 or for which no contributions were made to the other Gov-  
16 ernment retirement fund. A participant may, however,  
17 obtain credit for such prior service by making a special  
18 contribution to the fund in accordance with the provisions  
19 of paragraph (b) of this section.

20       (d) No participant may obtain prior civilian service  
21 credit toward retirement under the system for any period  
22 of civilian service on the basis of which he is receiving or  
23 will in the future be entitled to receive any annuity under  
24 another retirement system covering civilian personnel of the  
25 Government.



1 (e) A participant may obtain prior military or naval  
 2 service credit in accordance with the provisions of para-  
 3 graph (a) (2) of this section by applying for it to the  
 4 Director prior to retirement or separation from the Agency.  
 5 However, in the case of a participant who is eligible for and  
 6 receives retired pay on account of military or naval service,  
 7 the period of service upon which such retired pay is based  
 8 shall not be included, except that in the case of a participant  
 9 who is eligible for and receives retired pay on account of a  
 10 service-connected disability incurred in combat with an  
 11 enemy of the United States or caused by an instrumentality  
 12 of war and incurred in line of duty during a period of war  
 13 (as that term is used in chapter 11 of title 38, United States  
 14 Code), or is awarded under chapter 67 of title 10 of the  
 15 United States Code, the period of such military or naval  
 16 service shall be included. No contributions to the fund shall  
 17 be required in connection with military or naval service  
 18 credited to a participant in accordance with the provisions  
 19 of paragraph (a) (2) of this section.

**Sec. 252. (f).** Notwithstanding any other provision of this section  
 any military service (other than military service covered by military  
 leave with pay) performed by a participant after December 1956 shall be  
 excluded in determining the aggregate period of service upon which an  
 annuity payable under this Act to such participant or to his widow or  
 child is to be based, if such participant or widow or child is entitled  
 (or would upon proper application be entitled) at the time of such  
 determination, to monthly old-age or survivors' benefits under Section  
 402 of Title 42 based on such participant's wages and self-employment  
 income. If in the case of the participant or widow such military  
 service is not excluded under the preceding sentence, but upon attaining  
 age 62, he or she becomes entitled (or would upon proper application be  
 entitled) to such benefits, the aggregate period of service upon which  
 such annuity is based, shall be redetermined, effective as of the first  
 day of the month in which he or she attains such age, as if such  
 such service.

1       **Sec. 253. (a)** Notwithstanding Subsection (f) of Section 252 a  
2       participant who leaves his position to enter the military service  
3       shall not be considered, for the purposes of this Act, as separated  
4       from his Agency position by reason of such military service, unless  
5       he shall apply for and receive a refund of contributions under this  
6       Act: Provided, That such participant shall not be considered as  
7       retaining his Agency position beyond December 31, 1956, or the  
8       expiration of five years of such military service, whichever is  
9       later.

10       **(b)** Contributions shall not be required covering periods of  
11       leave of absence from the Agency granted a participant while per-  
12       forming active military or naval service in the Army, Navy, Air  
13       Force, Marine Corps, or Coast Guard of the United States.

14       the annual appropriations required to be made to the fund,  
15       and shall cause to be made actuarial valuations of the fund at  
16       intervals of five years, or oftener if deemed necessary by  
17       him.

18                               **INVESTMENT OF MONEYS IN THE FUND**

19       **SEC. 262.** The Director may, with the approval of the  
20       Secretary of the Treasury, invest from time to time in  
21       interest-bearing securities of the United States such portions  
22       of the fund as in his judgment may not be immediately re-  
23       quired for the payment of annuities, cash benefits, refunds,  
24       and allowances, and the income derived from such invest-  
25       ments shall constitute a part of such fund.

26                               **ATTACHMENT OF MONEYS**

27       **SEC. 263.** None of the moneys mentioned in this Act  
28       shall be assignable either in law or equity, or be subject to  
29       execution, levy, attachment, garnishment, or other legal  
30       process, except as provided in section 234(e).

1 PART H—RETIRED PARTICIPANTS RECALLED, REIN-  
2 STATED, OR REAPPOINTED IN THE AGENCY, OR  
3 REEMPLOYED IN THE GOVERNMENT RECALL

4 SEC. 271. (a) The Director may recall any retired par-  
5 ticipant to duty in the Agency <sup>with the consent of such participants,</sup> whenever he shall determine  
6 such recall is in the public interest.

7 (b) Any such participant recalled to duty in the  
8 Agency in accordance with the provisions of paragraph (a)  
9 of this section or reinstated or reappointed in accordance  
10 with the provisions of section 231 (b) shall, while so serv-  
11 ing, be entitled in lieu of his annuity to the full salary of the  
12 grade in which he is serving. During such service, he shall  
13 make contributions to the fund in accordance with the pro-  
14 visions of section 211. When he reverts to his retired sta-  
15 tus, his annuity shall be determined anew in accordance with  
16 the provisions of section 221.

17 REEMPLOYMENT

18 SEC. 272. Notwithstanding any other provision of law,  
19 a participant retired under the provisions of this Act shall  
20 not, by reason of his retired status, be barred from employ-  
21 ment in Federal Government service in any appointive  
22 position for which he is qualified. An annuitant so re-  
23 employed shall serve at the will of the appointing officer.

1 REEMPLOYMENT COMPENSATION

2 SEC. 273. (a) Notwithstanding any other provision of  
3 law, any annuitant who has retired under this Act and who  
4 is reemployed in the Federal Government service in any  
5 appointive position either on a part-time or full-time basis  
6 shall be entitled to receive the salary of the position in which  
7 he is serving plus so much of his annuity payable under this  
8 Act which when combined with such salary does not exceed  
9 during any calendar year the basic salary such annuitant  
10 was entitled to receive on the date of his retirement from the  
11 Agency. Any such reemployed annuitant who receives  
12 salary during any calendar year in excess of the maximum  
13 amount which he may be entitled to receive under this  
14 paragraph shall be entitled to such salary in lieu of benefits  
15 hereunder.

16 (b) When any such retired annuitant is reemployed,  
17 the employer shall send a notice to the Agency of such re-  
18 employment together with all pertinent information relating  
19 thereto, and shall pay directly to such annuitant the salary  
20 of the position in which he is serving.

21 (c) In the event of any overpayment under this section,  
22 such overpayment shall be recovered by withholding the  
23 amount involved from the salary payable to such reemployed

1 annuitant, or from any other moneys, including his annuity,  
2 payable in accordance with the provisions of this Act.

3 PART I—VOLUNTARY CONTRIBUTIONS

4 SEC. 281. (a) Any participant may, at his option and  
5 under such regulations as may be prescribed by the Director,  
6 deposit additional sums in multiples of 1 per centum of his  
7 basic salary, but not in excess of 10 per centum of such  
8 salary, which amounts together with interest at 3 per centum  
9 per annum, compounded annually as of December 31, and  
10 proportionately for the period served during the year of his  
11 retirement, including all contributions made during or for  
12 such period, shall, at the date of his retirement and at his  
13 election, be—

- 14 (1) returned to him in lump sum; or  
15 (2) used to purchase an additional life annuity; or  
16 (3) used to purchase an additional life annuity for  
17 himself and to provide for a cash payment on his death  
18 to a beneficiary whose name shall be notified in writing  
19 to the Director by the participant; or  
20 (4) used to purchase an additional life annuity for  
21 himself and a life annuity commencing on his death  
22 payable to a beneficiary whose name shall be notified in  
23 writing to the Director by the participant with a guar-  
24 anteed return to the beneficiary or his legal repre-

1       sentative of an amount equal to the cash payment re-  
2       ferred to in subparagraph (3) above.

3       (b) The benefits provided by subparagraphs (2), (3),  
4       or (4) of paragraph (a) of this section shall be actuarially  
5       equivalent in value to the payment provided for by sub-  
6       paragraph (a) (1) of this section and shall be calculated  
7       upon such tables of mortality as may be from time to time  
8       prescribed for this purpose by the Director.

9       (c) In case a participant shall become separated from  
10      the Agency for any reason except retirement on an annuity,  
11      the amount of any additional deposits with interest at 3  
12      per centum per annum, compounded as is provided in  
13      paragraph (a) of this section, made by him under the provi-  
14      sions of said paragraph (a) shall be refunded in the manner  
15      provided in section 241 for the return of contributions and  
16      interest in the case of death or separation from the Agency.

17      (d) Any benefits payable to a participant or to his  
18      beneficiary in respect to the additional deposits provided  
19      under this section shall be in addition to the benefits other-  
20      wise provided under this Act.

*INSERT NEW PART J. (over)*

Passed the House of Representatives October 30, 1963.

Attest:

RALPH R. ROBERTS,

*Clerk.*

**PART J - COST-OF-LIVING ADJUSTMENT OF ANNUITIES**

**Sec. 291. (a)** On the basis of determinations made by the Civil Service Commission pursuant to section 18 of the Civil Service Retirement Act, as amended, pertaining to per centum change in the price index, the following adjustments shall be made:

(1) Effective April 1, 1966, if the change in the price index from 1964 to 1965 shall have equaled a rise of at least three per centum, each annuity payable from the fund which has a commencing date earlier than January 2, 1965, shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of one per centum.

(2) Effective April 1 of any year other than 1966 after the price index change shall have equaled a rise of at least three per centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of one 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 the date of the first increase under this section, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221 (c)), which annuity commenced the day after the annuitant's death, shall be increased as provided in subsection (a)(1) or (a)(2) if the commencing date of annuity to the annuitant was earlier than January 2 of the year preceding the first increase.

(2) 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 the annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death.

(3) For purposes of computing an annuity which commences after the effective date of the first increase under this section 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 the total per centum increase allowed and in force under this section 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. Effective from the date of the first increase under this section, the provisions of this paragraph shall apply as if such first increase were in effect with respect to computation of a child's annuity under section 221(c) which commenced between January 2 of the year preceding the first increase and effective date of the first increase.

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

(d) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar.

88TH CONGRESS  
1ST SESSION

**H. R. 8427**

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**AN ACT**

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To provide for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, and for other purposes.

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OCTOBER 31 (legislative day, OCTOBER 22), 1963  
Read twice and referred to the Committee on  
Armed Services



Briefing Material

(c) The Director may in his discretion retire participants and if retired they shall receive retirement benefits in accordance with the provisions of section 221, provided they have in each case not less than seven years of qualifying and a total of twelve years of service with the Agency. Any individual so retired who does not meet these service requirements shall receive the benefits provided below:

(1) one-sixth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of two years' salary at his then current salary rate, payable without interest, from the fund, in three equal installments on the 1st day of January following the participant's retirement and on the two anniversaries of this date immediately following: Provided, That in special cases, the Director may in his discretion accelerate or combine the installments; and

(2) a refund of the contributions made to the fund, with interest as provided in section 241(a), except that in lieu of such refund such participant, if he has at least five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a)(2), may elect to receive retirement benefits on reaching the age of sixty in accordance with the provisions of section 221.

Sec. 236. The number of participants retiring on an immediate annuity pursuant to sections 233 and 234 of this Act shall not exceed a total of four hundred prior to June 30, 1969.