

14 July 1958

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TENTATIVE DETAILED DESCRIPTION
of
PROPOSED AGENCY RETIREMENT SYSTEM

I. EMPLOYEES COVERED

A. Definition of Coverage

1. Persons covered by the plan

(a) Staff Employees and Staff Agents who are Career Employees.

(b) Career Agents.

(c) Contract Employees who have been Career Employees and who are still covered by the Civil Service Retirement System by reason of no break-in-service between previous appointive status and present contract status.

2. Persons not covered by the plan(a) Staff Employees and Staff Agents who are not Career Employees.

(b) Foreign nationals who have received appointive status in order to convey (1) coverage by the Civil Service Retirement System or (2) other benefits.

(c) Other personnel such as Consultants, persons employed by limited or temporary appointments, Contract Employees other than those in 1(c) above, Independent Contractors, etc.

B. Definition of Creditable Service

1. For determining eligibility for retirement2. For computing annuity or other benefits3. Credit for military service4. Transfer privileges

Note: For the above four situations the requirements and criteria would be the same as those under the Civil Service Retirement System.

5. Reemployment after retirement

(a) If reemployed as a Career Employee, the conditions applicable under the Civil Service Retirement System would apply.

(b) If reemployed, always after a technical break-in-service, as a special contract employee for operational reasons of a long-range nature, the conditions under paragraph 6 below, Reemployment elsewhere in Government, would be made applicable to this situation.

(c) Nothing in the Agency Retirement System would preclude the subsequent utilization as an Independent Contractor of a participant who has retired for longevity.

6. Reemployment elsewhere in the Government

[Note: The following proposal is similar to one currently put forward by the Department of State as an amendment, which has been cleared by the Bureau of the Budget, to the Foreign Service Retirement Act. This situation is not provided for in the Civil Service Retirement System.]

(a) A participant who has retired under the Agency Retirement System may be employed elsewhere in the U. S. Government and retain that part of his annuity which would equal the difference between his terminal Agency salary and his base salary in his new non-Agency Government job. His gross income from his new Government job plus his Agency annuity may not exceed his terminal Agency salary unless the salary of his new Government job exceeds his terminal Agency salary in which case all of his Agency annuity would be suspended. After retirement from his new non-Agency Government job his Agency annuity would be resumed in full plus any other annuity he might have earned as a result of his new employment.

(b) Utilization by the Agency as a special contract employee, as discussed in paragraph IB 5 (b) above, in every case after a technical break-in-service, would be possible and the same circumstances as in paragraph 6(a) above would apply, e.g., the sum of contract salary plus all or part of annuity earned as a Career Employee may not exceed terminal Career Employee salary.

EXAMPLE

A Career Employee retires from the Agency at age 50 after 20 years total creditable service, 10 of which were overseas service (military plus civilian) 5 of the 10 having been as an Agency Career Employee. His "high-5" salary was \$10,000. His terminal Agency salary was \$11,000. His annuity would be:

$$20 \text{ years} \times 2\% \times \$10,000 = \$4,000$$

If employed elsewhere in the Government or as a special contract employee his gross income would be:

<u>New Government non-Agency salary or Agency contract salary</u>	<u>Agency Annuity Paid</u>	<u>Agency Annuity Suspended</u>	<u>Gross Income</u>
\$ 4,000	\$4,000	--	\$ 8,000
\$ 5,000	\$4,000	--	\$ 9,000
\$ 6,000	\$4,000	--	\$10,000
\$10,000	\$1,000	\$3,000	\$11,000
\$12,000	--	\$4,000	\$12,000

II. BENEFITS

A. Age and Service Retirement Provisions

QUALIFICATIONS	AMOUNT
<p>1. <u>Voluntary Retirement</u></p> <p>(a) With Full Annuity</p> <p>At age 50 or more after 20 years or more total creditable service; at least 10 of which (military and civilian) shall have been spent in overseas service, at least 5 of the 10 shall have been spent in the service of the Agency as a Career Employee. <input type="checkbox"/> Note: This is the "Ellsworth" formula. <input type="checkbox"/> Permission of the Director required.</p>	<p>1. <u>Voluntary Retirement</u></p> <p>(a) With Full Annuity</p> <p>Average "high-5" salary x creditable years of service x 2%. Maximum benefit, 70% average "high-5" salary. <input type="checkbox"/> Note: This is the "Ellsworth" - also the Foreign Service - formula. <input type="checkbox"/></p>
<p>2. <u>Involuntary Retirement</u></p> <p>(a) With Full Annuity</p> <p>At age 55 or more after 25 years or more total creditable service. Retirement at discretion of the Director. <input type="checkbox"/> Note: In order to establish this formula, with equity to present personnel, it would be necessary to install on a phased basis to reduce the age level of 62 to 55. <input type="checkbox"/></p> <p>(b) With Limited Annuity</p> <p>At age 45 or more and with 5 years or more creditable service, if separated as result of unsatisfactory performance or selection-out.</p>	<p>2. <u>Involuntary Retirement</u></p> <p>(a) With Full Annuity</p> <p>Same as 1(a) above provided participant has 10 years or more overseas service, 5 of which shall have been spent in the service of the Agency as a Career Employee. If less than the required overseas service, the Civil Service formula will apply, i.e. average "high-5" salary x 1 1/2% for the first 5 years of creditable service plus 1 3/4% for the second 5 years of creditable service plus 2% for the balance of creditable service.</p> <p>(b) With Limited Annuity</p> <p>Same as 2(a) above but not to exceed 25% of per annum salary at time of separation.</p>

(c) With Severance Pay

Under age 45, and with 5 or more years creditable service, if separated as result of unsatisfactory performance or selection-out.

(c) With Severance Pay

Severance pay equal to one year's salary or the return of required contributions to the retirement fund, whichever is greater. Compound interest on required contributions plus voluntary contributions and compound interest added.

[Note: Such a provision does not exist in the Civil Service Retirement System. It is similar to that in the Foreign Service Retirement System.]

[Note: If involuntary retirement occurs under (b) With Limited Annuity (age between 45 and 55) or under (c) With Severance Pay (under age 45) and individual has less than 5 years creditable service, an annuity will not be paid but the required and voluntary contributions will be returned with compound interest.]

3. Compulsory Retirement

(a) With Full Annuity

At age 60 regardless of years of creditable service; no requirements for overseas service. Employee may be reappointed by the Director on a year-to-year basis because of special skill, up to age 70 but not beyond.

3. Compulsory Retirement

(a) With Full Annuity

Same as Involuntary Retirement With Full Annuity, see paragraph 2 (a) above.

RECAPITULATION

<u>Type of Retirement</u>	<u>Reason</u>	<u>Age</u>	<u>Annuity</u>
Involuntary	Cause	under 45	None; severance pay or return of contributions whichever is greater
Involuntary	Cause	45 - 55	limited; immediate
Voluntary	Choice	50 - 55	full; immediate
Involuntary	Longevity	55-(70)	full; immediate
Compulsory	Longevity	60-(70)	full; immediate

III. OTHER FACTORS

The following factors would be controlled or administered as they are in the Civil Service Retirement System:

Disability Provisions

Survivor Provisions

Separation Provisions

Adjustment of Benefits for Retired Employees

Alternative and Duplicate Benefits

Taxation of Benefits

Definition of basic salary, pay or compensation

Basis of required contributions

Provisions for additional contributions

Employer Contributions