

TENTATIVE DETAILED DESCRIPTION
of
PROPOSED CIA RETIREMENT SYSTEM

I. EMPLOYEES COVERED

A. Definition of Coverage

1. Persons covered by the plan

(a) All Career Employees.

(b) Career Agents.

(c) Contract employees who have been Career Employees and who are still covered by the 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 appointive status in order to convey coverage by the Civil Service Retirement System, or 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 retirement
2. For computing annuity or other benefits
3. Credit for military service
4. Transfer privileges

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 System would apply.

(b) If employed, always after a technical break in service, as a covert contract employee for covert operations overseas, the conditions under paragraph 6 below, Reemployment elsewhere in Government, would be made applicable to this situation.

(c) Nothing in the CIA system would preclude the subsequent utilization as an independent contractor of a participant who has retired for age or disability.

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 to the Foreign Service System. This situation is not provided for in the Civil Service System.]

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

(b) Utilization by CIA as a covert contract employee as discussed in 5 (b) above, in every case after a technical break in service, would be possible and the same circumstances would apply, e.g., the sum of contract salary plus all or part of annuity from staff salary may not exceed terminal staff salary.

EXAMPLE

An individual retired from CIA at age 50 after 20 years total Government service, 10 of which were overseas service (military plus civilian). His "high-5" salary was \$10,000. His CIA terminal salary was \$11,000. His annuity would be:

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

If employed elsewhere in the Government or as a covert contract employee his ~~gross~~ ^{gross} income would be:

<u>New Government non-CIA Salary or CIA Covert Contract Salary</u>	<u>CIA Annuity Paid</u>	<u>CIA 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

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II. BENEFITS

A. Age and Service Retirement Provisions

QUALIFICATIONS	AMOUNT
<p>1. <u>Voluntary Retirement</u></p> <p>(a) With Full Annuity</p> <p>Age 50 after 20 years total Government service; 10 of which (military and civilian) shall have been spent in overseas service, 5 of the 10 shall have been spent in the service of CIA as a civilian. [Note: This is the "Ellsworth" formula] Permission of DCI required.</p>	<p>1. <u>Voluntary Retirement</u></p> <p>(a) Average "high-5" salary x creditable years of service x 2%. Maximum benefit of 70% average "high-5" salary. [Note: This is the "Ellsworth" - also the Foreign Service - formula]</p>
<p>2. <u>Involuntary Retirement</u></p> <p>(a) With Full Annuity</p> <p>At age 55 after 25 years total Government service. Retirement at discretion of DCI. [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.]</p> <p>(b) With Limited Annuity</p> <p>At age 45, and with 5 years creditable service, if separated as result of unsatisfactory performance or selection out.</p>	<p>2. <u>Involuntary Retirement</u></p> <p>(a) Same as 1(a) above provided participant has 10 or more years overseas service; 5 of which shall have been spent in the service of CIA as a civilian. If less than the required overseas service in 2(a) above, the Civil Service formula will apply, i.e. average "high-5" salary x 1-1/2% for the first 5 years of creditable service + 1-3/4% for the second 5 years of creditable service + 2% for the balance of creditable service.</p> <p>(b) Same as 2(a) above but not to exceed 25% of per annum salary at time of separation.</p>

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(c) With Severance Pay

Under age 45, and with 5 years creditable service, if separated as result of unsatisfactory performance or selection out; no criteria for overseas service.

(c) Severance pay equal to one year's salary or the return of contributions to the retirement fund, whichever is greater.

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

[Note: If involuntary retirement occurs under (b) limited annuity -- age between 45 and 55) or (c) with severance pay -- under age 45) and individual has less than 5 years creditable service, and annuity will not be paid and 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 DCI on a year-to-year basis because of special skill, up to age 70 but not beyond.

3. Compulsory Retirement

(a) Same as 2(a) above
(Involuntary Retirement)

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

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III. OTHER FACTORS

- A. 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

Method of Funding

- B. A determination will have to be made whether the administration of the CIA Retirement System will conform to that of the Civil Service Retirement System, which is controlled and administered by the Civil Service Commission, or whether it would be desirable for CIA to administer its retirement system in a manner similar to that used by the Department of State. Each method has certain advantages and disadvantages.

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