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8 September 1969

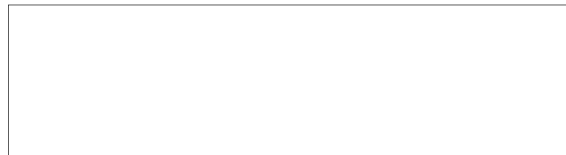
MEMORANDUM FOR: Career Service Panel Members/ORD

SUBJECT : Agency Retirement Report

1. The Career Service Panel, Office of Research and Development, at the meeting of 2 June 1969, raised questions concerning the Agency's implementation of the retirement system of the Civil Service Commission. A committee, appointed to study the questions as they applied to ORD employees, made its report to the Panel on 8 July 1969. A resolution was passed by the Panel instructing the Executive Secretary/CSP to obtain answers to the questions raised by the committee.

2. The answers to the questions were obtained from Agency regulations, brochures supplied by the Retirement Branch/OP, Civil Service Retirement brochures, and from conferences with various individuals from the Office of Personnel and from the Retirement Branch/OP. The first draft of this report was submitted to the Retirement Branch for comments and a subsequent meeting was held with the Chief, Retirement Affairs Division/OP to discuss his comments on the report.

3. Part I of the attached report is a general discussion of the Agency's retirement policies. Part II deals with the questions raised by the committee.

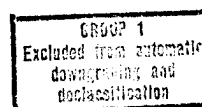


Executive Secretary
Career Service Panel/ORD

Attachment:
As stated

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SECRETPART I

1. Agency employees are covered by one of two retirement programs. The first, Central Intelligence Agency Retirement and Disability System was established by Public Law 88-643. The Central Intelligence Agency Retirement Act of 1964 for Certain Employees requires a minimum of 5 years "qualifying service" and sufficient additional service to total 20 years for membership. The "qualifying service" refers to overseas assignments or certain unusual types of domestic assignments and is reviewed by the Retirement Board for applicability to rather flexible criteria. The second program conforms to the Federal Civil Service Act and covers those employees not qualified for CIARDS. Retirement at age 60 is mandatory under CIARDS and the Civil Service program; however, under the latter, if an employee does not have sufficient service to entitle him to immediate annuity, he may continue his employment until he has completed sufficient service to so entitle him. The second program conforms to the Federal Civil Service Act and covers those employees not qualified for CIARDS.

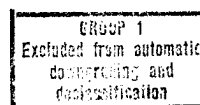
2. The rationale behind the mandatory policy is, basically, to provide an attrition rate which will promote the continuing acquisition of young personnel, i.e., "keeping the Agency young." The policy was initiated in 1962, and became a part of the Agency's planning in 1964. [redacted] In a meeting between the DCI and the Deputy Directors on 30 April 1968, the retirement policy was re-affirmed and a "Limited Distribution" memorandum to that effect was signed by the DCI on 30 April 1968. Distribution of the memorandum is limited to the DCI, DDCI, and Deputy Directors.

3. The retirement programs of the Agency are not unique. Basically, the CIARDS recognizes certain, "out of the normal" service by providing some additional compensation to individuals who have had such service.

4. A comparison of the two Agency programs with three non-Agency programs is shown below. The examples show the basic compensation for an individual who has had 20 years service at age 50 and whose "high five" average is \$13,000.

Age at Retirement	CIARDS	A N N U I T Y (\$/mo)			
		Agency CSC	FBI	FSO	Veterans Admin.
50	(1) \$ 433	\$ *	\$433	\$433	*
55	542	501	542	542	501
60	650	609	650	650	609
65	-	-	-	-	718
70	-	-	-	-	-

(1) Can retire at this time
* Cannot retire at this time

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PART I (Continued)

5. Civil Service basic retirement annuity is calculated at 1.5% of the high five salary x 5 years of service, 1.75 of the high five x years of service over 5 and up to 10 years of service, plus 2% of the high five x the years of service over 10.

CIARDS, FBI and FSO annuities are calculated at a straight 2% of the high five x years of service.

PART II

The questions to which the CSP special committee requested answers are listed below, with their answers:

- a. What is the purpose of the Agency's unique treatment of the retirement policy of the Federal government?

The retirement policy of the Agency is not unique. Certain agencies can, and have established similar policies. Basically, the current policy was established to provide for a controlled attrition rate in order to continue a flow of "young blood" into the Agency.

- b. When was the practice, as quoted in initiated?

Assuming the practice in question is the one contained in paragraph 2, the retirement policy was established in 1962 and became a part of the Agency's planning in 1964. It has been reviewed periodically by the DCI and was reaffirmed as Agency policy by the DCI on 30 April 1968.

- c. Is any action planned to adjust the general policy to eliminate present injustices?

This question was asked of several people in the Retirement Division and in Personnel. The consensus was that the question could be considered of the, "when did you stop beating your wife" variety, and that they were aware of no gross injustices. One acknowledged inequity penalizes members of CIARDS, but there are no immediate plans to rectify it. The inequity involves a break in service not covered by retirement.

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PART II (Continued)

- d. On request, can any employee hired prior to the use of the Retirement Understanding statement, get an explicit statement of his service future, including extension of service term beyond minimums, to assist him in personal planning?

No, except possibly by divination. Information concerning retirement benefits and the possibility of extension of service beyond minimums may be obtained from the Retirement Benefits Division/OP.

- e. What are the criteria for the granting of exceptions to the general policy on retirement?

Requests for exceptions to the retirement policy are reviewed on an individual basis by the DCI. In general, such requests may be granted for operational necessity or for humanitarian reasons.

- f. What is the interpretation and usage of the Retirement Understanding forms now executed by new employees?

The two forms are used to notify the two types of employees of the Agency's retirement policy. Form A is used for applicants who are under 40 years of age, or who have some prior government or military service. Form B is used for persons over 40 who have no prior military or government service.

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