

Approved For Release 2000/08/15 : CIA-RDP80-00773A000100030069-4

14 January 1977

MEMORANDUM FOR: Deputy Director for Administration

FROM : F. W. M. Janney  
Director of Personnel

SUBJECT : Office of Personnel Report --  
Week Ending 14 January 1977

1. Summer Intern Program: The deadline for receipt of Summer Intern applications was 1 January, and the Program Coordinator reports that 700 files have been received to date. They will now be processed and evaluated by the various components against some 50 summer openings. Input has been especially heavy in political science, international relations and languages. It was predictably lower in economics, the sciences and engineering. The quality of applicants appears to be exceptionally high, and all sections of the country are well represented.

2. Briefing -- Clerical Selection: The Deputy Director of Personnel for Recruitment and Placement, [REDACTED] and members of his staff met with Personnel Officers of the FBI on Tuesday, 4 January, to continue discussions on the testing of clerical applicants. [REDACTED] of OMS/PSS briefed them on the validation of the Short Employment Test (SET) which has been in use by this Agency since the early 1950's and has served us well.

25X1A

25X1A

3. No Tax Seminar: An Employee Bulletin has been prepared announcing that there will be no tax seminar this year. (IRS conducts seminars only for the Armed Forces.) Federal and state tax forms will be obtained and stockpiled in the supply room on or about 1 February 1977.

4. Clerical Applicants: New clerical applicants placed in process during December 1976 numbered 100. This compares with 95 during December 1975. The highest number placed in process during FY 1976 was 204 during September.

Approved For Release 2000/08/15 : CIA-RDP80-00773A000100030069-4

Approved For Release 2000/08/15 : CIA-RDP80-00773A000100030069-4

5. Retirement Activity: The following figures show the extent to which employees are, as of this date, availing themselves of the options of discontinued service and involuntary retirement:

	<u>CSC</u>	<u>CIARDS</u>	<u>Total</u>
Signed Up to Go	12	7	19
Definite, but Not Signed	<u>0</u>	<u>10</u>	<u>10</u>
	12	17	29

In addition to these firm commitments, we have over 100 requests for annuity estimates -- but this should not be taken as an indication of eventual large-scale commitments. The availability of these two retirement options always results in many requests for annuity estimates.

6. Issuances: This week we sent the following issuances to Regulations Control Branch for publication:

- a. Headquarters Notice -- "Supervision and Evaluation of New Employees;"
- b. Employee Bulletin -- "CIA Retirement and Disability System;" and
- c. Employee Bulletin -- "Housing for Cooperative Education Students."

7. Personnel Officers' Meeting: The monthly Personnel Officers' Meeting was held on Wednesday, 12 January, in the Headquarters auditorium. Our guest speaker, [REDACTED], gave a very interesting talk on his experiences concerning FOI and Privacy Act requests.

25X1A

8. Rehired Annuitant: The following rehired annuitant case was terminated for the Directorate of Administration:

25X1A

[REDACTED] -- Independent Contractor,  
Office of Finance, terminated 31 December 1976.

9. Retirement Medallions: Effective immediately, we will cease preparing individual letters for transmitting Retirement Medallions to recipients. We will now enclose, in the box containing the Medallion, one of the Medallion Cards approved in lieu of the letter. Sample of the card is attached at Tab A.

Approved For Release 2000/08/15 : CIA-RDP80-00773A000100030069-4

Approved For Release 2000/08/15 : CIA-RDP80-00773A000100030069-4

10. CIARDS Annuitant I.D. Cards: The new plastic CIARDS annuitant I.D. card has been produced and will be ready for distribution as soon as we receive the machine for stamping names on the card (Tab B).

11. Information on Tax Reform Act: We have received a great number of questions from CIARDS disability annuitants about the effect of the Tax Reform Act of 1976. In order to provide what information we can to such interested parties, Retirement Affairs Division has prepared an information sheet and has proposed that the Office of Finance send it as a "flyer" with the W-2's to be sent to disability retirees. The flyer was coordinated with and cleared by OGC and Chief, Compensation and Tax Division/OF. The portion commenting on the Agency's medical staff was cleared by telephone with the Director of Medical Services. A copy of the flyer is attached at Tab C.

Coming Events:

1. The Annual Meeting of the Government Employees Health Association (GEHA) will be held at 2 p.m. on 24 January in the Headquarters auditorium. All GEHA members are urged to attend.

2. We will continue to review and revise Agency regulations -- primarily in the 20 Series.

3. Work will continue on developing position standards on the mail and file, nurse, reports officer, intelligence production, accounting technician, secretary, clerk-typist and clerk-stenographer series.

4. CEMLOC: The CEMLOC Control Monitor has sent out invitations to 50 supervisors to attend a one and one-half hour CEMLOC briefing on 19 January. This briefing will be followed by a three and one-half hour workshop on 27 January for the nearly 80 CEMLOC Control Officers.

5. We will continue our collation of APP.

[Redacted]  
F. W. M. Janney

25X1A

Dist:

- 0 & 2 - Add
- 1 - DD/Pers/SP
- 1 - DD/Pers/R&P
- 1 - DD/Pers/P&C
- 1 - C/SAS
- 1 - Subject File

Approved For Release 2000/08/15 : CIA-RDP80-00773A000100030069-4

25X1A

OD/Pers/ [Redacted] jmm (14 Jan 77)

*The Retirement Medallion  
of the Central Intelligence Agency*



*is awarded as a tangible form of recognition and appreciation of service  
dedicated to the vital role of national intelligence  
and as a lasting reminder of an honorable career and rewarding associations  
in that important calling*

*Federal Civilian Retiree*

*The person named above, whose signature  
appears on the reverse side,  
has retired from the civilian service  
of the United States Government*

Tax Reform Act of 1976 - Impact on Disability Annuitants

1. The purpose of this "flyer" is to describe to you some of the effects of the Tax Reform Act of 1976 on disability annuities and the eligibility of disability annuitants to claim the sick-pay exclusion of \$5,200.00 a year.

2. The Tax Reform Act, although enacted into law late in 1976, is retroactively effective for payments made after 31 December 1975. Thus, the changes described below affect disability annuitants for the complete 1976 tax year.

3. Disability retirement is awarded based on the finding that an employee is disabled from performing the official duties of the position to which he is assigned at time of retirement. Until the Tax Reform Act of 1976, this was sufficient to qualify for sick-pay exclusion of \$5,200.00 per year. The new Act has changed extensively the rules for eligibility for sick-pay exclusion. Now, in order to qualify for sick-pay exclusion, a disability retiree must prove that he is totally and permanently incapacitated from engaging in any substantial gainful employment. The burden for proving such total and permanent incapacity rests on the disability retiree who, with supporting statements from his private physician, must present his claim to the Internal Revenue Service. We emphasize here that our medical records will not support such a claim; our records show only that the retiree was disabled to the extent that he could not perform the duties of the position he held at time of retirement; this is vastly different from being totally and permanently incapacitated in the sense of the requirement in the Tax Reform Act. The Agency Medical Staff cannot provide any records to assist a disability retiree in his claim to the IRS for sick-pay exclusion.

4. The Tax Reform Act contains another drastic provision affecting disability annuitants. Even if a disability annuitant does obtain a ruling from IRS that he is totally and permanently disabled, the new tax law requires that the sick-pay exclusion of \$5,200.00 per year be reduced, dollar for dollar, for income (including annuity income) in excess of \$15,000.00 per year. In the case of husband and wife filing a joint tax return, the combined amount will be used to determine annual income in excess of \$15,000.00.

5. A disability retiree who loses his eligibility to claim sick-pay exclusion may decide for tax purposes

retirement fund. The recovery of these contributions is free of Federal tax.

6. The new definition of disability for tax purposes precludes us from showing any amount of a disability annuity as excludable as "sick pay" on the 1976 tax statements, W-2. The 1976 W-2 will indicate only "DISABILITY RETIREE." Disability retirees are reminded that the annuity statements which they received at time of retirement show the total contributions made to the Retirement Fund.

7. It is important to note that the information supplied in this document does not constitute the new IRS regulations or procedures which will be issued to implement the Tax Reform Act of 1976. The IRS has sole authority over Federal income tax matters. We do not have precise information on how the law will be implemented or its impact on any individual annuitant. It is also important to note that we cannot supply tax advice or instructions, nor can we supply IRS forms and publications.

8. The best advice we can give you is to obtain official IRS publications concerning the changes made by the Tax Reform Act as they become available. The instructions which will accompany your 1976 tax returns (IRS form 1040) will contain official, updated information. You should review these instructions carefully. If they do not answer your questions or if you desire more detailed information, you may wish to obtain IRS publication 522, "Information on the Disability/Sick Pay Income Tax Exclusion," or IRS Publication 17, "Your Federal Income Tax." Be sure you obtain the new 1977 editions for the 1976 tax year. If you still have questions after reviewing these publications, contact the IRS. They have toll-free numbers listed in your phone book or available from the telephone operator.

9. CIARDS disability retirees who are approved for sick-pay exclusion by the IRS are reminded that sick-pay exclusion cannot be claimed beyond the date of mandatory retirement set for the System: age 60 for all, except GS-18's for whom it is at age 65.