

27 JAN 1967

67-370

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Policy Regarding Retirement of Employees Under
Civil Service Retirement System

1. This memorandum submits recommendations for your approval; such recommendations are contained in paragraph 11.

2. In 1959 the Agency adopted a policy which "encourages employees to retire voluntarily as soon as they are eligible to do so under the Civil Service Retirement System. Employees are, therefore, expected to retire upon completing 30 years service at the age of 60, or after five or more years at the age of 62, except when requested by the Agency to remain in service." (Reference: [redacted] Deputy Directors and Heads of independent offices are authorized to make exceptions to this policy based on the need to retain the services of an employee with difficult-to-replace skills or experience; an Agency Retirement Board has been established to consider exceptions based on "compassionate grounds" . . . that is those involving unusual financial hardship.

3. When this policy was adopted, the Civil Service Retirement System had three provisions for optional retirement: at age 60 with 30 years of service, at age 62 with five years of service, and at age 55 with 30 years of service but with a reduction in annuity (reduction of one per cent for each year under age 60). It should be noted that CIA did not invoke the provision for optional retirement at age 55 with 30 years of service. Our policy as applied to Civil Service retirees can accurately be restated as expecting retirement as soon after attainment of age 60 as the employee can receive an immediate annuity without reduction.

4. Legislation enacted in 1966 amended the Civil Service Retirement Act to permit optional retirement without a reduction in annuity at age 55 with 30 years of service and at age 60 with 20 years of service, in addition to the previous provision for retirement at age 62 with five years of service. These changes have prompted a review of the Agency's present policy as it applies to employees covered under the Civil Service Retirement System.

5. Applied literally, the language of our present policy would "expect" and in effect require retirement of an employee under the Civil Service Retirement System at age 55 with 30 years of service. By contrast, our own CIA Retirement System, which was obtained to permit "early" retirement for employees who have served under certain special circumstances,

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provides a mandatory retirement age of 60 for those employees in grade GS-17 or below and of 65 for those in grade GS-18 and above. It would seem incongruous to require an employee who does not qualify for our special "early" retirement system to retire at a lower age, i.e., 55, than specified for employees who are covered by our "early" retirement system. On this basis alone, it would seem inappropriate to apply the new "55-30" rule to employees under the Civil Service Retirement System without an equivalent application under the CIA Retirement System.

6. Moreover, the Administration's legislative proposal which resulted in the changes in the Civil Service Retirement System noted above included a provision for involuntary retirement at age 55 with 30 years of service for employees in grade GS-13 or above. This provision was attacked in the Congress and eliminated. Thus, it would appear that there has been a clear statement of Congressional policy in opposition to mandatory-involuntary retirement at age 55--even with full earned annuity. This reaction by the Congress reinforces the conclusion that we should not adopt as general policy involuntary 55-30 retirement. (It should be noted that Congress did legislate directed early retirement at age 50 with 20 years service for the CIA Retirement System.)

7. In the final analysis the feasibility of requiring employees to retire at age 55 must be evaluated in terms of the effect upon employee morale, attrition and recruitment. Although socioeconomic trends are running toward earlier retirement and larger annuities, I know of no government agency or industry which has set so low a retirement age except when justified by special demands of the work and then only with compensatory inducements in the form of enhanced retirement benefits. One is led to the conclusion that such a policy would be an unacceptable condition of employment to both present and prospective employees.

8. There remains the question of whether or not the Agency's present Civil Service retirement policy should be modified to reflect in any degree the changes made in the optional retirement provisions of the Civil Service Retirement Act. Except for those cases of employees who had less than 30 years service at age 60 and thus would not have qualified for an immediate annuity until age 62 or more, the Agency has in effect established age 60 as the "normal" retirement age for its employees. Since an employee may now retire at age 60 with 20 years of service, it seems reasonable to apply the "age 60 retirement rule" to employees meeting this requirement. Age 62 should logically be retained as the retirement age for employees with at

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least five years but less than 20 years of service since they otherwise can receive no annuity.

9. When we adopted our present policy, we were most lenient in granting exceptions to those employees immediately affected if they needed time to work out their retirement plans. Certainly, if we adopted a "60-20 rule," a grace period of two years should be allowed for those individuals who would have contemplated retirement at age 62 but who would now qualify for retirement at age 60.

10. Reaffirmation of age 60 as the Agency's "normal" retirement age raises the question of applying the mandatory retirement age of 65 for employees in grade GS-18 or above who are participants in the CIA Retirement System. There appears to be no reason for distinguishing between our two retirement systems with respect to the mandatory retirement age at this grade level. Under either system there is adequate provision to retain any employee, regardless of grade, if his services are needed or if compassionate circumstances exist. As a matter of background, it is noted that the difference in mandatory retirement age under the CIA Retirement Act at GS-18 and above in comparison to GS-17 and below is a feature which was inherited from the Foreign Service Retirement Act at a time when we were obliged to propose a system similar to the Foreign Service Retirement System. The Agency had developed no rationale for such distinction.

11. It is recommended that:

a. the Agency's current policy for employees under the Civil Service Retirement System be modified to "expect" employees to retire at age 60 with 20 or more years of service or at age 62 with five but less than 20 years of service;

b. implementation of the revised Civil Service Retirement policy be phased gradually over the next two years with liberal exceptions to give full consideration to its impact on individuals with less than 30 years service who might have reasonably expected to continue in employment until age 62;

c. participants in the CIA Retirement System be subject to "mandatory" retirement at age 60 regardless of grade level, but that implementation of this policy be phased over a two-year period with liberal exceptions; and,

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d. the Director of Personnel be directed to prepare appropriate revision of the regulations pertaining to both Civil Service and CIA retirement.

/s/ Emmett D. Echols

Emmett D. Echols
Director of Personnel

The recommendations in paragraph 11 are approved.

/s/ Richard Helms

Richard Helms
Director of Central Intelligence

23 FEB 1967

Date

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MEMORANDUM FOR: Mr. Helms via
Admiral Taylor

Because of recent amendments to the Civil Service Retirement Act, it has been necessary that we re-examine and update the CIA retirement policy as stated in [redacted]

The Director of Personnel has completed such an examination and submitted the attached recommendations which have been concurred in by each of the Deputy Directors and Heads of Independent Offices.

Request your approval.

[redacted]
R. L. Bannerman

30 Jan. 67
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

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