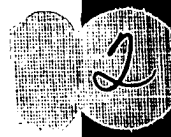


OGC 82-08235
9 September 1982



STAT MEMORANDUM FOR: [redacted]
Deputy Director of Personnel

STAT THROUGH: [redacted] *h*
Chief, Legislation Division, OGC

STAT FROM: [redacted]
Legislation Division, OGC

SUBJECT: Amendment to the Omnibus Budget
Reconciliation Act of 1982

1. Attached for your review is a draft of an amendment which seeks to remove participants in CIARDS from the provision in the Omnibus Budget Reconciliation Act of 1982 which reduces by one-half the cost-of-living increase for annuities of individuals who retire prior to age 62.

2. Discussions with the Office of Management and Budget (OMB) indicate that OMB is well aware of the inequitable impact this provision has on individuals mandatorily retired before age 62. OMB is also aware of the fact that CIARDS is not the only retirement system which faces this problem. We have learned that the military, FBI, DEA, Secret Service, and U.S. Marshall's Service retirement systems also have mandatory retirement prior to age 62. OMB is currently trying to decide whether the Administration should seek a savings clause which would apply to all mandatory retirees facing the reduction penalty.

3. It was interesting to note that at the monthly Intelligence Community legislation meeting yesterday several attendees were not even aware of the penalty provision. Those that were aware of it indicated that as of yet no ground swell of opposition had become evident within their respective agencies. It would appear that the existence of this penalty provision is simply not that well known.

4. Rather than wait for OMB to take the initiative, the attached amendment and sectional analysis have been drafted as a means of beginning the process of deciding how and when we should seek a correcting amendment. We welcome any comments or suggestions you may have concerning the amendment or our overall strategy.

STAT [redacted]

OGC:KAD:mw
Attachment
Distribution:

- Orig - Addressee
 - 1 - KAD Signer
 - 1 - GMC
 - 1 - OGC
 - 1 - LED File: CIARDS (permanent)
- Approved For Release 2008/09/16 : CIA-RDP86B00338R000400620055-2

97th Congress
2nd Session

A BILL

To amend the Omnibus Budget Reconciliation Act of 1982.

1 Be it enacted by the Senate and House of Representatives
2 of the United States of America in Congress assembled, That
3 section 301 of title III of the Omnibus Budget Reconciliation
4 Act of 1982 (P.L. 97-) is amended by --

5 (1) adding after paragraph (A) of subsection (a)(2) the
6 following new paragraph: "(B) the individual did not retire
7 under the mandatory retirement provisions of section 235 of
8 the Central Intelligence Agency Retirement Act of 1964 for
9 Certain Employees (50 U.S.C. 403 note);

10 (2) redesignating paragraph (B) as paragraph (C) and
11 paragraph (C) as paragraph (D); and

12 (3) inserting in subsection (c)(3) the word "Retirement"
13 following the word "Agency".

SECTIONAL ANALYSIS AND EXPLANATION

The proposed amendment to section 301 of the Omnibus Budget Reconciliation Act of 1982 is for the purpose of correcting an inadvertent anomaly in the original Act. Section 301 of the Act restricts the cost-of-living increase for annuities or retired or retainer pay for early retirees under "any Government retirement system" to one-half of the assumed increase in the price index for fiscal years 1983, 1984, and 1985. Early retirees are defined to be those individuals retiring before the age of 62 years. Subsection (c) of section 301 defines which Government retirement systems are covered by this restriction and paragraph (3) lists the Central Intelligence Agency [Retirement] Act of 1964 for Certain Employees (50 U.S.C. 403 note), commonly referred to as CIARDS. The inclusion of CIARDS within the provisions of section 301 creates a serious inequity due to the fact that section 235(b) of CIARDS provides for mandatory retirement at age 60 for covered individuals whose rate of compensation is less than grade GS-18. In addition, section 235(a) of CIARDS gives the Director of Central Intelligence the authority to retire any participant who has served at least 25 years or who is at least 50 years of age with a minimum of 20 years of service. Therefore, under section 301 as it now reads, individuals retired under the mandatory retirement provisions of CIARDS prior to age 62 would be penalized in the same manner as individuals voluntarily retiring prior to the age of 62.

To correct this inequity, it is proposed that the definition of an early retiree be amended to add a new paragraph specifically excluding those mandatorily retired prior to age 62 under CIARDS. In this way, individuals under CIARDS who voluntarily choose to retire before reaching age 62 would be subject to the cost-of-living increase restriction in section 301, while those who leave Government service under the mandatory retirement provisions of CIARDS would not be penalized.

The addition of "Retirement" to subsection (c)(3) of section 301 is a technical amendment to correct the citation to CIARDS.