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Action Plan  
Implementation of Federal Employees Retirement System (FERS) Act of 1986

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Major System Element: FERS - Basic Annuity Plan.

Statutory References: Section 101 of the FERS Act amends Title 5, United States Code by adding a new Chapter 84 "Federal Employees Retirement System." Sections 8410 through 8425 establish the Basic Annuity Plan provisions of the FERS. The Basic Annuity Plan feature of the FERS becomes operational on 1 January 1987.

Comments: The Basic Annuity Plan provisions of the Act address not only the coverage criteria and benefits of the new system applicable to new Federal employees mandatorily subject to the new system but also establishes:

1. Coverage, provisions, and status of rehired employees with five or more years of prior service under special CSRS or CIARDS modified systems.
2. Transition provisions applicable to employees appointed on/after 1 January 1984 covered under the Federal Employee's Retirement contribution Temporary Adjustment Act of 1983.
3. Provisions for optional conversion of eligible CSRS participants to the FERS (and CIARDS participants to the FERS-CIA Special Category).
4. Special provisions under the FERS applicable to those CIA employees who meet eligibility criteria and are selected by the DCI for participation under provisions of the CIA Retirement and Disability System Act of 1964, as amended.

The various provisions of the Basic Annuity Plan section of the FERS Act establish different combinations of contribution rates, service computation formulas, annuity accrual rates, entitlements and options applicable to the differing status of CIA employees comprising the several categories above. CIA internal administration of the CSRS and FERS requires development and installation not only of the full range of Agency processes, data base and computer support, and regulations parallel to those being developed by OPM for general Federal government application but in addition must devise special provisions for handling security sensitive and/or unique circumstances that must be accommodated.

The attached "Implementation Requirements" cite a number of identifiable requirements, taskings, and sub-taskings relative to specific functional areas that must be addressed. These requirement listings are only "openers" and should be expanded and/or refined as experience indicates as action progresses. Similarly, the listed tasks and sub-tasks represent only those identified at this point in time and expectedly ~~with~~ expand as work continues. It is not necessary to formalize every task and sub-task undertaken to fully develop an operating system but it is important to recognize that a myriad of sub-tasks are inherent in completion of each identifiable requirement.

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Implementation Requirements

Major System Element: FERS - Basic Annuity Plan

Requirement 1 - Identify Retirement System coverage

Develop methodologies, and procedures to identify and effect appropriate retirement system coverage of Agency employees as prescribed under the FERS Act amendments.

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Task 1 - Designation of CIA employees as to appropriate retirement system coverage.

- Sub-Tasks -
1. Develop additional PERSIGN coding and OIT computer support to permit designation or change of designation of CIA employees as to retirement system coverage.
  2. Confirm employee's retirement system eligibility and verify creditable service.
  3. Provide Personnel specialists with guidance and instruction on inputting designation data.
  4. Prepare and disseminate information to Agency employees on providing designation actions.
  5. Initiate actions to effect designation of retirement system coverage.

Requirement 2 - Employee Deduction and Government Contribution

Establish new and/or modify existing procedures to accommodate employee payroll deductions and Government contributions as appropriate for retirement system coverage (FERS, FERS-Special Category (Firemen) FERS-CIA and CIARDS and CSRS-modified).

Task 1 - Provide OIT with specific data required to track and report basic annuity plan, Social Security employee deductions, and Government contributions.

	<u>TASK ACTION PERIOD</u>	<u>TASK COMPLETION DATE</u>
Task 2 - Develop interface procedures between retirement system designation or change of designation action by OP with OP to permit adjustments in deductions and contributions.		
Task 3 - Consult with OPM to ensure CIA procedures are consistent with procedures administered by OPM.		
<u>Requirement 3 - Annuity Supplement</u>		
Establish an internal CIA system to permit computation of annuity supplements for annuitants. Section 8421 prescribes statutory requirements for computing benefits.		
Task 1 - Enhance CIA actuarial data base, if required, and develop software that will provide computations of the amount of annuity supplement entitlements for individual employees.		
Task 2 - Establish procedures for effecting payment of annuity supplements.		
Task 3 - Establish procedures for monitoring earnings of annuitants while they are entitled to a supplement, notification to annuitants of reduction if required and effecting reduction when prescribed by Section 8421(a) of Chapter 84, Title 5, United States Code.		
<u>Requirement 4 - Special Retirement Accrual Rate</u>		
A. Establish a system to account for all CIA service abroad performed by employees who have not been designated for FERS - CIA Special Category.		
B. Establish procedures to confirm, record, and credit for annuity computation when employees eligible for the preferred accrual rate.		
Task 1 - Develop a mandatory documentation and certification system to record the beginning and ending of periods of CIA service abroad performed by Agency employees.		

**Requirement 5 - Alternative Form of Annuities**

Establish by regulation alternative forms of annuities that may be elected by CIA employees at the time of retirement. Such regulations must conform to the maximum extent possible with requirements specified in Section 8343(a) of Chapter 83, Title 5, United States Code.

	<u>TASK ACTION PERIOD</u>	<u>TASK COMPLETION DATE</u>
Task 1 - Consult with OPM to confirm guidelines and regulations prescribed by OPM relative to establishing alternatives for non-CIA Federal employees.		
Task 2 - Develop proposals for DCI policy decision on alternatives to apply to CIA employees.		
Task 3 - Establish, in consultation with OPM, CIA regulations on alternatives. Such regulations to be submitted to the House and Senate Intelligence Committees before regulations take effect.		

**Requirement 6 - Employee Orientation, Training and Counselling**

Establish employee orientation, training, and counselling programs on the new retirement system and other provisions of the FERS Act of 1986.

Task 1 - Develop orientation program and provide employees with information on the FERS and impacts on other retirement systems.		
Task 2 - Establish training program for OP retirement specialists and other Agency employees who are involved in implementation of the FERS.		
Task 3 - Arrange for OP retirement counselors to participate in the OPM training program for retirement counselors. Effective upon enactment of the Act the D/OPM is charged with establishing a Retirement Counselling training program on the administration and provisions of the FERS Act.		

	<u>TASK ACTION PERIOD</u>	<u>TASK COMPLETION DATE</u>
Sub-Task - 1.	1. Develop modifications of OPM's training program for internal training of retirement counselors on applications of statute that are peculiar to CIA employment.	
	2. Develop or obtain software to permit comparative analysis of future level of benefits, etc., under various elections available to CSRS and CIARDS.	
Requirement 7 -	<u>Disability and Survivor Affairs</u>	
	Establish, in consultation with OPM, procedures prescribed by regulations and patterned upon established comparable processes in CIARDS, for internal CIA administration of disability and survivors provisions applicable to CIA employees subject to the CSRS and FERS.	
Task 1 -	Establish internal disability and survivor procedures, delegations of authority to make determinations on disability and dependency, and adjudicate and process applications for disability and survivor benefits.	
Requirement 8 -	<u>Retirement and Annuitant Services</u>	
	Establish internal and external procedures relative to employee retirements and services for former employee annuitants	
Task 1 -	Establish internal procedures applicable to delegations of authority by DCI as appropriate for adjudication of applications for retirement, claims, and appeals.	
Task 2 -	Establish procedures relative to the retirement process.	
Sub-Task 1 -	OP and OF establish interim procedures for computing benefits and transferring the data for benefit payments until automated process is established and in operation.	

	<u>TASK ACTION PERIOD</u>	<u>TASK COMPLETION DATE</u>
Sub-Task 2	- OP establish the automation of Retirement Division processes (including CIARDS) including capability to transfer data to OF for payment of benefits.	
Sub-Task 3	- OF provide OIT with specifications for making annuity payments.	
Sub-Task 4	- OIT will develop replication of current CIARDS system to assure operational capability by 1 January 1987 to compute benefit payments.	
Sub-Task 5	- Establish agreements and procedures with OPM for access to official personnel folders retained in OPM storage facilities.	
Sub-Task 6	- Establish and maintain a retiree file system for employees retired under CIA administrative authority.	
Sub-Task 7	- Establish a correspondence service for CSRS and FERS retirees/annuitants retired under CIA administrative authority.	
Requirement 9	<u>Transitions and Transfers Between Retirement Systems</u> Establish procedures to effect conversion of retirement coverage from one system to another.	
Task 1	- Develop procedures to provide for "one time" transition of employee coverage under the CSRS "interim" system to the appropriate system to which they are subject.	
Task 2	- Provide informational program for employees under the CSRS and CIARD systems on option to transfer to FERS and FERS - CIA Special Category.	
Task 3	- Establish procedures to effect transfer of coverage from CSRS to FERS and CIARDS to FERS - CIA Special Category status.	
Sub-Task 1	- Institute procedures for Social Security coverage; changes in basic annuity deduction amounts, change thrift account account status (eligible for Government contribution) etc.	

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Implementation of Federal Employees Retirement System (FERS) Act of 1986

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**Major System Element:** DCI's statutory authority to administer the CSRS and FERS as they apply to CIA employees who are subject to these Federal retirement systems.

**Statutory References:** The FERS Act of 1986 contains two separate citations that provide the Director of Central Intelligence with authority to internally administer the CSRS and FERS as they apply to CIA employees:

1. Section 207 of the FERS Act amends Section 8347, Chapter 83 of Title 5, United States Code. This amendment provides the DCI with authority to administer the CSRS with respect to CIA employees subject to that system.
2. Section 101 of the FERS Act adds a new Federal retirement system through amendment of Title 5, United States Code with the addition of a new Chapter 84 to Title 5. Section 8461 (j) (1) of Chapter 84 - "Federal Employees Retirement System" provides the Director of Central Intelligence with the authority to administer the FERS with respect to CIA employees who are subject to that system.

**Comments:** 1. The amendments to existing statutes applicable to the current Civil Service Retirement System provide the DCI with specific authority to administer the CSRS as applicable to CIA employees. These amendments were sponsored by the Senate Select Committee for Intelligence as a means of improving the security of intelligence sources, methods and activities through reduction of unnecessary dissemination within the Government of intelligence personnel information. It is interpreted that these amendments become effective on 1 January 1987.

The comparable administrative authorities provided the DCI elsewhere in the Act specifically relate to the new FERS and are construed as effective on 1 January 1987 when the FERS becomes an operational Federal retirement system.

The wording of these amendments authorizes the DCI to elect to exercise his administrative authority at his discretion when he determines it appropriate. In the absence of the DCI's decision to internally administer certain functions and/or provisions of the CSRS, the Director of the Office of Personnel Management would continue to be responsible for CSRS administration applicable to effected CIA employees.

In recognition of this the new amendments require that the DCI will consult with the Director of the Office of Personnel Management in developing regulations prescribing procedures for implementing the DCI's decision to exercise his administrative authority relative to CSRS affairs.

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2. The thrust of the requirements in this major element is focused on the need to establish agreements, processes, and procedures prescribed by regulation pertinent to the DCI's authority to administer CSRS and FERS affairs and is not directed at the many procedural requirements for administration of the operational elements of the CSRS and FERS themselves. These specific requirements are presented in other major element segments of the implementation action plan.

The DCI's authority to elect to administer the CSRS and FERS within the CIA is the base foundation influencing the scope and breadth of functions, currently and prospectively administered by OPM, which will be handled internally within the CIA. While the Agency has not been responsible for final adjudication of CSRS cases nor authorized to disburse from the CSRS Fund, internal administration of the CIARDS has established a body of experience and an "in place" operating system that parallels all primary features of the OPM system.

An updated knowledge of the internal "Director, OPM administrator" functions is required but it appears that the CIARDS mechanisms provide an excellent model for adaptation for CSRS and FERS administration.



Implementation of Federal Employees Retirement System (FERS) Act of 1986  
Implementation Requirements

Major System Element: DCI's new statutory authority to administer the CSRS and FERS as they apply to CIA employees who are subject to these Federal retirement systems.

Requirement 1 - Applicable to CSRS administration.

Develop, in consultation with OPM, external and internal agreements, processes, procedures and regulations relative to DCI's administration of CSRS affairs within the CIA.

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- Task 1 - (A) Conduct review of current CSRS processes relative to active CIA employees, separated employees and annuitant beneficiaries under current jurisdictional system and identify functions that should be administered under the DCI's new statutory authority.
- (B) Establish Agency policy position on use of DCI's authority to administer all or selected aspects of CSRS administration effecting CIA employees.

Primary Action Offices - OP, OF, OIT

- Task 2 - (A) Arrange with OPM to review their current CSRS processes, delegations of authority, etc., relative to functions that will be administered internally by CIA.
- (B) Develop new and/or modify Agency procedures, processes, and regulations for selected functions patterned on the current OPM system.

Note: Even if CIA policy decision is to phase-in the administration of certain functions to a future date, early actions should include developing CIA/OPM agreements and developed methodology for:

1. DCI to authorize and disburse from the CSRS Fund.
2. DCI to collect deposits to the Fund.
3. Recovery of sensitive personnel records now retained at OPM.

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Primary Action Offices - OP, OF

Task 3 - Establish a system under which the Director, OPM shall furnish information and, on a reimbursable basis, provide such services to the DCI as the DCI requests to carry out his administrative authorities under the FERS Act of 1986 amendments.

Primary Action Offices - OP, OF OIT

Task 4 - Establish procedures by regulation for the D/OPM to inspect and audit disbursements from the CSRS Fund authorized by the DCI.

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Requirement 2 - Applicable to FERS and FERS-CIA Administration

Develop, in consultation with OPM, external and internal agreements, processes, procedures, and regulations relative to DCI's administration of FERS and FERS-CIA affairs within the CIA.

Note: This requirement is treated separately from CSRS administration in that:

1. CSRS OPM Systems, statutes, and regulations are fully operational. OPM has not yet developed their internal/external processes, guidelines, nor regulations for FERS.
2. Results of consultation with OPM on CSRS affairs (e.g. agreements, inter Agency processes, etc.) can serve as model for application to FERS administration.
3. FERS provisions require that CIA administration of the system must be consistent with the OPM administration of FERS.

4. It is probable that OPM will not be prepared to provide guidance until late in the pre-operational period (i.e. system is operational 1 January 1987).
- 5 Action must be initiated now by CIA to establish capabilities to support the FERS provisions laid out in the Act. Should OPM not be ready to promulgate instructions on implementing FERS prior to early fall 1986, it may be necessary to establish interim procedures (after consultation with OPM) to accommodate essential statutory provisions of the Act.

	<u>TASK ACTION PERIOD</u>	<u>TASK COMPLETION DATE</u>
<u>Task 1</u> - Conduct on-going analysis and interpretation of the FERS Act of 1986 and identify requirements that must be satisfied prior to, upon, and after effective date of FERS on 1 January 1987.		
<u>Sub-Task 1</u> - Maintain liaison with OPM to keep currently abreast of their actions on FERS, attend briefings, etc. on the provisions of the act.		
<u>Sub-Task 2</u> - Identify functional requirements specifically pertinent to the DCI's authority to administer the FERS within the CIA.		
<u>Sub-Task 3</u> - Establish priorities for phase-in of FERS administrative functions under CIA control.		
<u>Task 2</u> - Develop, in consultation with OPM, interim if necessary and permanent where possible, agreements and procedures prescribed by regulation for DCI to administer the FERS within the CIA.		
<u>Sub-Task 1</u> - Submit regulation to the House and Senate Intelligence Committees prior to their going into effect.		

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Implementation of Federal Employees Retirement System (FERS) Act of 1986

Major system element - Thrift Savings Plan

**Statutory References:** Section 101 of the FERS Act amends Title 5, United States Code by adding a new Chapter 84, Sub-Chapter III "Thrift Savings Plan." Sections 8432 through 8440 establishes a voluntary capital accumulation plan as an option for augmentation of retirement income.

**Comments:** The FERS Act of 1986 establishes the Federal Retirement Investment Board (FRIB) as an off-budget agency to handle the investment and administration of the Thrift Savings Plan. An Executive Director will be appointed to administer the Thrift Savings Plan in accord with policy determinations of the FRIB. The statute charges the Executive Director with prescribing regulations relative to provisions of the Thrift Savings Plan as contained in the statute.

As with the FERS and CSRS, the statute provides authority to the DCI, in consultation with the Executive Director of the FRIB, to elect to administer certain functions (not to include investing sums) of the Thrift Savings Plan as applicable to CIA employees. Upon electing to use this authority, the DCI, after consulting with the Director, OPM and Executive Director, FRIB shall by regulation prescribe procedures to carry out administration of the Plan. Such regulations must, before they take effect, be sent to the House and Senate Intelligence Committees.

Implementation Requirements

Major System Element: Thrift Savings Plan

Requirement 1 - Institute a system (internal and external) to implement DCI's authority to administer the Thrift Savings Plan as applicable to CIA employees.

	<u>TASK ACTION PERIOD</u>	<u>TASK COMPLETION DATE</u>
Task 1 - Establish liaison contact with the Office of the Executive Director, Federal Retirement Investment Board (FRIB) when the FRIB is operational.		
Task 2 - Establish, in consultation with the Executive Director, FRIB and the Director, OPM, external and internal procedures prescribed by regulations to enable the DCI to administer the Thrift Savings Plan (TSP) as applicable to CIA employees.		
Sub-Task 1 - Review FRIB's TSP employee election forms (and others that may be developed) to determine utility by CIA and explore development of comparable CIA forms if required.		
Sub-Task 2 - OP develop procedures to control distribution, completion, receipt, and processing of election forms.		
Sub-Task 3 - OP and OF develop a manual system to transmit election and deduction data between their action offices.		
Sub-Task 4 - OP and OF initiate planning to automate the transfer of data.		
Sub-Task 5 - OF define functional requirements for maintaining individual accounts.		
Sub-Task 6 -		
° OF and OIT explore availability of commercial software package to support administration of the TSP.		
° OF assess functional capabilities of the commercial package.		
° OIT assess compatibility of CIA system with commercial package, confirm capability for modifications and maintenance.		

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Task 3 - Identify employees who by retirement system coverage are eligible for Government contributions to their TSP account and those eligible for voluntary participation but without Government contributions.

Sub-Task 1 - Establish a TSP account for each employee eligible for Government TSP contribution (e.g. mandatory 1% and matching).

Sub-Task 2 - Establish a "paper" file for each TSP participant as repository for pertinent documents (e.g. election forms for deductions, etc.)

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Implementation of Federal Employees Retirement System (FERS) Act of 1986

Major System Element: FERS-CIA Special Category and CIARDS

- Statutory References:
1. Section 101 of the FERS Act establishes new Chapter 84, Title 5, United States Code. Section 8461(j) (1) of new Chapter 84 provides DCI with authority to administer the FERS within the CIA.
  2. Title V of the FERS Act amends the CIARDS Act of 1964, as amended, and provides provisions accommodating the FERS-"CIA Special Category" statute applicable to CIA employees.

Comments: The Act includes amendments to the CIARDS Act of 1964, as amended, which provide CIARDS participants with certain entitlements (e.g. alternative forms of annuities, thrift savings plan participation, transfer rights to FERS - Special Category, etc) parallel to those provided Federal employees subject to CSRS and other systems. Most of the amendments to the CIARDS system focused on new provisions applicable to CIA employees covered by the FERS and/or Special Category status in FERS. The statute did not alter the status and provisions of CIARDS as a viable on-going system nor the status of CIARDS participants and the CIARDS Fund. CIARDS will continue for several years to get new participants from pre-1983 hires who eventually qualify. The post-1983 employees under FERS who eventually meet participant standards defined in the CIARDS Act and identified by the DCI for FERS-CIA Special Category status will be eligible for "CIARDS-type" early retirement and "law-enforcement" levels of annuity accrual rates but will not become CIARDS participants. Employee and Agency contributions will go to the CSRS Fund and benefit disbursements will come from the CSRS Fund.

Implementation Requirements

<u>TASK</u>	<u>TASK</u>
<u>ACTION PERIOD</u>	<u>COMPLETION DATE</u>

Requirement 1 - Applicable to FERS-CIA Special Category Status

Establish procedures to identify employees eligible for designation under FERS-CIA Special Category status and institute procedures to carry out special category processes established by the Act.

Task 1 - Establish capability to identify employees who meet basic eligibility (60 months of service abroad) for consideration for designation as FERS-CIA Special Category status.

Note: System required in Requirement 4 of the "FERS-Basic Annuity Plan" element to confirm all service abroad should be able to serve (with some modification) this requirement.

Task 2 - Establish procedures for designation as Special Category employees, increase employee contributions to basic annuity plan, and serve other special status requirements.

Requirement 2 - Applicable to CIARDS Status

Establish procedures to transfer retirement system coverage from CIARDS to FERS-CIA Special Category status for employees who elect to make this decision.

Sub-Task 1 - Institute Social Security coverage and contributions, change basic annuity deductions, change Thrift Savings Plan status (eligible for Government contributions).



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Major System Element: Miscellaneous Provisions

Statutory References: Non-specific

Comments: This elements identifies a mix of requirements. In some instances they flow from security considerations, others have common application in several functional areas of the FERS and some are specialized administrative requirements peculiar to the nature of intelligence functions.

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Implementation Requirements

<u>TASK</u>	<u>TASK</u>
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Requirement 1 - Regulations (new, changes, additions)

Draft and publish changes, additions, and new regulations as required to implement provisions of the FERS Act of 1986.

Note: There are several provisions in the FERS Act of 1986 which impose specific requirements as regards issuances of regulations. Treatment of regulations involve different circumstances for consideration:

1. Statute requires that procedures applicable to certain provisions must be prescribed by regulation;
2. Statute requires regulations applicable to certain provisions involving the DCI's use of his authority to administer retirement system affairs must be referred to the House and Senate Intelligence Committees before going into effect;
3. Provisions which the statute does not require to be prescribed by regulation but which are presented by internal regulations not subject to external review.

Task 1 - OP and OF will draft new regulations, and/or modify, adopt, or add to current regulations as required to implement primary provisions of the FERS Act.

Sub-Task 1 - OP will coordinate regulations internally and arrange for review by the congressional intelligence committees when so required.

Requirement 2 - Computer/Data Support

Institute actions to assure capability, currency and compatibility of systems.

Task 1 - OP, OF and other appropriate offices will identify needs for updating system to meet service requirements.

<u>TASK</u>	<u>TASK</u>
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Sub-Task 1 - OP and OF will determine historical file requirements for OIT.

Sub-Task 2 - OF will prepare new transaction codes.

Sub-Task 3 - OF will update GAS dictionaries.

Sub-Task 4 - OF will update chart of accounts.

Requirements 3 - Special Liaison Contacts and Procedures

Establish special procedures for administration of non-typical retirement system and thrift plan processes.

Task 1 - ° OP provide Social Security Administration liaison contacts with briefings on Agency applications of the FERS.

- ° Identify issues and jointly provide solutions.

- ° Establish inter-Agency agreements and procedures for informational exchanges, mutual actions, etc.

Task 2 - OP, OF and other CIA components of interest will jointly develop procedures to handle retirement and Thrift Savings Plan records for employees transferring between Government Agencies.

Task 3 - OP, OF, OGC and other CIA components of interest will establish liaison as required with IRS, Department of Labor and other Departments or Agencies responsible for some aspect of the FERS.