

Supplemental Retirement

Introductory Points

A. Status of OP/Hay Associates Study of Supplemental Retirement

1. Major part of study of data completed with actuarial valuations in process on multiple alternatives to valuate most promising for Agency needs and determination of cost factors as to feasibility.
2. Basis now established as to how best to now proceed and evaluate compatibility with CIA needs of Senate and House proposals as they are developed and known.

B. Status of Senate and House Efforts on Supplemental Retirement

1. Senate and House efforts still in early research phase (per Ed Husted of Hay Associates who is doing House studies and is monitoring Senate progress).
2. Public hearings scheduled by Senate and House committees for February through July 1984 to provide information and receive input from interested and effected parties.

What Might Be Expected From Congressional
Efforts In Their Proposals

A. Basic Concepts and Provisions

1. A deferred benefit plan integrated with Social Security pension coverage.
2. A mandatory low cost employee contribution plan producing a low benefit basic annuity coupled with options for voluntary contributions to a "Thrift Plan" with or without matching government contribution.

B. Cost to Employees and the Government

1. Total employee costs for both mandatory supplemental plan and Social Security will match employee costs of current systems.
2. Government contributions set at considerably lower levels than current systems cost levels needed to sustain current annuity levels.

C. Early Retirement and Benefit Levels

1. Provisions can be anticipated that provide for early retirement but income replacement rate of annuity would be so low as to preclude younger age retirement unless substantial contributions made to voluntary Thrift Plan.
2. Full annuity/Social Security pension benefits designed to accrue at age 65 or later. This will be designed to discourage early retirement and reduce governmental contribution costs.

D. Attitude Toward Enhancement or Retention of Current Benefit Levels

1. Reduction of retirement benefit levels will be a primary objective of Congressional efforts.
2. Agency must strongly defend retention of CIARDS benefits at or near-below current level.
3. Agency must be prepared to accept some reductions in less vital provisions to support adequate levels in critical areas.

E. Impact of Supplemental Plan Provisions on Current Retirement Systems

Eventual supplemental plan provisions in government-wide system will stimulate Congressional interest in adaptation to current system provisions when politically expedient (some possibly in 1985).