

MEMORANDUM FOR THE RECORD

SUBJECT: Retirement Policy Group Meeting  
22 January 1987

Summary: The meeting was held to bring people up-to-date on developments since the last meeting on 7 November 1986. It was attended by [redacted] Office of General Counsel; [redacted] Office of Finance; [redacted], Office of the Comptroller; [redacted] Retirement Working Group; [redacted] Office of Information Technology; [redacted] Retirement Division, Office of Personnel; and me. Each provided a report on one or more of the following issues.

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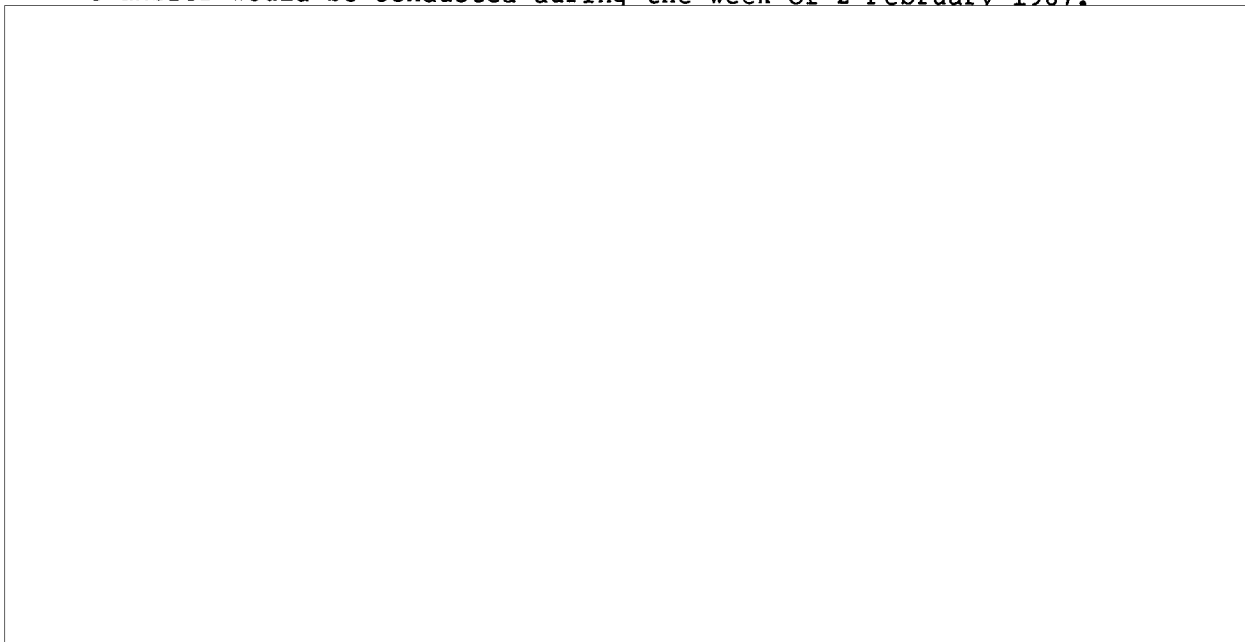
1. Retirement Education Program - I briefly outlined the education program on the new retirement system that the Office of Personnel would be undertaking in the next year. I particularly emphasized the new program to reach field personnel. The only question raised was the availability of the comparison software to field personnel. I provided a copy of the general outline of the program to all the members with the proviso that it not be made generally available.

2. Report of Working Group Chairman - [redacted] discussed the activities of the Working Group and advised on the following:

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- o The majority of the records transferred from OPM had been completed prior to the Christmas holidays. A second trip to complete the transfer would be conducted during the week of 2 February 1987.

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[redacted] and that a meeting was

scheduled for 29 January 1987 with FBIS to finalize the retirement and Thrift procedures for TCN's. The group was advised that two of the Vendors, National FSI in Dallas and ERISCO in New York had invited the Agency/Working Group to their facilities for site visits to observe their Thrift software packages. The group was advised that the trips were tentatively being planned for mid to late February.

Finally, the Group was informed that [redacted] had worked together and [redacted] had developed a prototype software program which will compute the lump-sum option for employees. Plans are for continued testing and review by tax experts in OGC.

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3. Meetings with OPM - [redacted] discussed his session with John Webster and Jerome Julius indicating that details for the transfer of funds between agencies had been worked out. He described the willing cooperation shown by these officials. Because [redacted] had not yet arrived, I described the trip to [redacted] to retrieve files and the problems that were encountered. I also outlined Hythia Young's meetings with OMS and OPM officials on our handling of disability cases. The meetings had been used to discuss OPM procedures and criteria for handling disability cases; OPM had no problem with our assuming responsibility in this area. I indicated that there was a problem in our using fitness for duty as a criteria for declaring someone disabled for retirement purposes. [redacted] said that we would not want to adopt OPM's practice in such situations. He said that we wanted to preserve the Director's authority for dealing with situations of this type. Laws providing these authorities would take precedent. He said that he would assist us in developing legal justification for being at variance with OPM on some disability cases; I asked [redacted] on these issues.

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4. Status of Retirement Regulations - I described our efforts to get the Agency's regulations approved so the Agency could begin using the Director's new authority. I indicated that we had gotten OPM and Thrift Board concurrence before we submitted them to the Intelligence Oversight Committee. Their changes had been minor and primarily in the way of clarification. None of the Agency authorities were questioned. The thirty day waiting period for the regulations to go into effect was almost over and the regulations would soon go into effect. I emphasized that these were interim regulations pending some greater experience in using the Director's new authorities. [redacted] indicated that it would have been more proper to have sent the regulations to OMB for approval before sending them to the Hill. He assured us that the situation was taken care of. He explained to OMB that because there was such little time before the regulations were to take effect that we sent items to the Hill and OMB simultaneously.

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5. Status of Automation Effort. - [ ] provided a status report on OITs efforts to modify the payroll system to make the appropriate payroll deductions for the various retirement systems. He indicated that some problems had been encountered and that the system should be in operation by payroll period three. Since employee deductions are all 7%, employees would not be aware that their contributions might not be going into the proper account. There would be retroactive adjustments that would put the money in the right retirement system for those employees who were not properly coded.

[ ] said that the first test cycle of the special pay rates was complete and if the second test cycle was successful then it would be operational for the second pay period. With regard to the Thrift, the specifications were completed and [ ] anticipated finishing the programming in four weeks and that would allow five weeks for testing. [ ]

[ ] warned that unlike payroll deductions, if programming were not completed on the Thrift, the employee would be immediately aware of the problem. I asked [ ] to indicate if he thought he would have problems so we could go to OIT management for additional resources. [ ] said that he would let us know, but that there were not many people in OIT with the right background to be of help. I asked [ ] to look at the legal implication of not being able to make the correct deductions for Thrift in time for April.

6. Update on the Budget - [ ] indicated that the Deputy Director had approved \$2 million for retirement for fiscal year 87 and he felt sure that a similar amount would be used primarily for automation provided in 1988. [ ] said that the retirement initiative, however, covered only a request for positions at this point since we were already performing functions and needed money for automation today. The Deputy Director did not hesitate to approve the money requested recognizing that it was something that had to be done.

[ ] also said that OMB had directed all Federal agencies to return all money budgeted for CSRS retirement matters, but not used for that purpose. OMB was afraid that agencies might receive a windfall of substantial members of employees transferred to FERS. He said that this request posed a problem for the Agency because the Agency did not identify retirement as a specific budget item, but included it under a broad general heading. He said that he would be working on this breakout.

7. Update on Thrift Savings - [ ] recounted some of the information that he had learned from meetings of the Thrift Savings Plan Investment Board. He cited the following items:

- A brochure that the Board will make available by the first open season.
- The rate of return for the Government Security Investment Fund which will be average rate of return for marketable Treasury securities during the previous month.
- The issue of when new employees could begin participating in the Thrift. It is still not clear if the Board will consider its first open season as a regular one and if not, what impact that will have on new 1987 employee participation.
- The Thrift Board will begin holding bi-weekly meetings with Agency representatives to answer questions.
- Thrift Fund Statement will be mailed to all participating employees every six months.

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I promised to provide the members with a copy of a memorandum for the record prepared by [redacted] on the most recent meeting of the Thrift Board.

8. Memorandum of Understanding with OPM - [redacted] in discussing his meeting with John Webster and Jerome Julius, mentioned their desire for more on the responsibilities that we were assuming. I recounted the meeting that had been scheduled with OPM officials to review their responsibilities but cancelled by OPM. I mentioned the subsequent conversations with Jean Barber and Mr. Webster in which they reiterated their desire for a Memorandum of Understanding (MOU), but it was decided that a detailed MOU did not need to be prepared immediately. [redacted] indicated that a high level MOU which did not go into a lot of detail would be sufficient at this time. Amendments could be added later to cover specific activities. [redacted] indicated that he would take a try at drafting such on MOU. [redacted] indicated that the Office of Personnel should be the office officially responsible for holding these MOU's and that none should be drafted unilaterally.

9. Policy Issues - No policy issues were reinforced. [redacted] indicated that a number of policy issues would be reinforced on the Thrift Savings Plan after the Retirement Working Group had met to develop some recommendations.

10. NSA Contacts - I recounted some phone calls that had been received from several NSA representatives, regarding our handling of in-house administering of FERS. Calls had been received from [redacted] Assistant Comptroller; [redacted] NSA's General Counsel's Office; [redacted] NSA ADP shop; and [redacted] NSA, Policy Analysis and Evaluation shop inquiring about how the Agency was going to handle Thrift accounts for our employees. [redacted] said that he thought the calls were related to our policy discussion on whether or not to seek similar authority to the Agency for administering Thrift accounts for its people. It was agreed that all such calls should be funneled to me and that I would assemble the appropriate office representatives to meet with NSA officials to discuss these issues.

[redacted]  
Associate Deputy Director of Personnel  
for Employee Benefits and Services

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