

3434
80-10904

24 September 1980

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Harry E. Fitzwater
Director of Personnel
Policy, Planning, and Management

SUBJECT: DCI Concerns re Payment of Rank Stipend and
Performance Award Monies in January 1981

Issue #1

By delaying payment of Rank Stipend and Performance Award monies, will the Agency be subject to criticism regarding the integrity of the SIS Rank Stipend and Performance Award Program?

We have discussed this matter with the Office of Personnel Management (OPM) and found no cause for concern if CIA permits stipend and award recipients to choose between receiving their bonus payments in January 1981 rather than in December 1980. OPM is aware of the Department of State's published procedures permitting their Senior Executive Service (SES) members to so choose and has no objections. OPM's only caveat is that stipend/award payments be made in the same fiscal year for which programmed, budgeted, and approved. This has always been our intent.

Issue #2

Would payment of Rank Stipend and Performance Award monies in January 1981 provide an incentive to the SIS recipient to retire?

CIA's experience with pension cost-of-living increases and anticipated changes in the Federal retirement systems has been that relatively few senior officers have decided to retire based on short-run financial considerations. While there are tax advantages in receiving stipend or award payment in one's first year of retirement while the annuity is not taxed, we doubt that this will prove to be a significant factor in a senior officer's decision to retire or to continue working. In any case, the following breakdown of the number and amounts of stipends/awards which may be approved indicates that only SIS officers can receive payments of \$9,000 or more:

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-- A potential CIA SIS officers are affected.

Dollar Amounts Payable for Stipends and Awards

	<u>SIS-6</u> (\$52,750)	<u>SIS-1 through SIS-5</u> (\$50,112,50)
<u>RANK STIPENDS</u>		
Distinguished Officer	\$16,880*	\$19,517.50*
Meritorious Officer	\$10,000	\$10,000
<u>PERFORMANCE AWARDS</u>		
20%	\$10,550	\$10,022.50
18%	\$ 9,495	\$ 9,020.25
15%	\$ 7,912.50	\$ 7,516.87
11%	\$ 5,802.50	\$ 5,512.37
7%	\$ 3,692.50	\$ 3,507.87

*Reduced to comply with statutory limitation on total remuneration (\$69,630).

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ROUTING AND RECORD SHEET

80-1090/4

SUBJECT: (Optional)
SIS Stipend/Performance Awards

HAND CARRY

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FROM: Harry E. Fitzwater
Director of Personnel
Policy, Planning, and Management

EXTENSION

NO.

Per 80-3434

DATE

24 September 1980

TO: (Officer designation, room number, and building)

DATE

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COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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1. Deputy Director of Central Intelligence

25 SEP 1980

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3. DCT

Rec'd 25 Sept 26 SEP 1980

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5. O/Per 29 Sept 80

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