

ROUTING AND RECORD SHEET

SUBJECT: (Optional) Status of Annual Report
Administration of the CIA Retirement and Disability System

FROM: Hugh E. Price
Director of Personnel

EXTENSION

NO.

DD/A Registry

88-0071x

DATE

JAN 4 1988

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

DATE

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OFFICER'S INITIALS

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

1. D/OCA
7B24 HQS

05 JAN 1988

D/OCA

2. DDA
7D18 HQS

06 JAN 1988

WAD

3. Executive Registry
7E12 HQS

07 JAN 1988

[initials]

4. Executive Director

01 JAN 1988

GT

5. DDCI

125-48

8.

6. DCI

12 Jan 28 JAN 1988

[initials]

7. Executive Registry

28 Jan 88

KE

8.

9. D/Pers

10.

11. DD/Pers/EBS

12.

13. C/RD
906 Ames Building

14.

15.

1-7 Priority handling required for delivery to the House Permanent Select Committee on Intelligence. The report is sent to the Committee in early January each year.

7 Please detach the original of the Hustead Report and the letter to HPSCI for hand carry to OCA.



This memorandum may be downgraded to UNCLASSIFIED when separated from attachment.

P-100-1r

DDA -0071x - 88
JAN 4 1988

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Executive Director
Deputy Director for Administration
Director of Congressional Affairs

FROM: Hugh E. Price
Director of Personnel

SUBJECT: Review of the Administration of CIARDS (U)

1. Action Requested: That you transmit the annual report on the administration of the CIA Retirement and Disability System (CIARDS) to the House Permanent Select Committee on Intelligence. (U)

2. Background: Since 1978 the Agency has, pursuant to the requirement by the House Permanent Select Committee on Intelligence, submitted an annual report on the administration of CIARDS. The report for 1986 was prepared by Mr. Edwin C. Hustead, Senior Vice President, Hay/Huggins Company, and we were fortunate to have him again review our administration of CIARDS for the past year and prepare the report which is sent to the Committee in January. (U)

3. Staff Position: In his letter of transmittal to you, Mr. Hustead concludes that "the Agency administered the Central Intelligence Agency Retirement and Disability System in a manner wholly consistent with the intent of Congress." (U)

4. Recommendation: That you sign the attached letter transmitting the annual report to the Chairman of the House Permanent Select Committee on Intelligence. (U)

/s/ Hugh E. Price

Hugh E. Price
Director of Personnel

Attachments:

- A. Transmittal letter to Chairman, House Permanent Select Committee, House of Representatives
- B. Annual Review of Designation of Participants under Section 203 of the CIA Retirement Act

25X1
This memorandum may be downgraded to UNCLASSIFIED when separated from attachment.

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SUBJECT: Review of the Administration of CIARDS (U)

CONCUR:

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 Director of Congressional Affairs

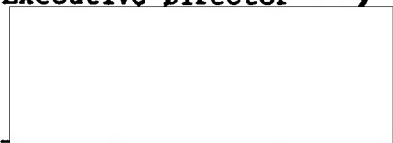
5 Jan 88
 Date

25X1 
 Deputy Director for Administration

6 Jan 88
 Date

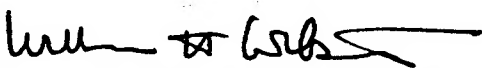
25X1 
 Executive Director

18 Jan 88
 Date

25X1 
 Deputy Director of Central Intelligence

12 Jan 88
 Date

APPROVED:


 Director of Central Intelligence

29 Jan 88
 Date

25X1 OP/RD/RB  (12 Dec 1987)

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S E C R E T

Central Intelligence Agency



Washington, D.C. 20505

28 JAN 1988

The Honorable Louis Stokes
Chairman
Permanent Select Committee on Intelligence
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Forwarded herewith is the annual report on the administration of the CIA Retirement and Disability System (CIARDS) for Fiscal Year 87. This report on the administration of CIARDS was prepared by Mr. Edwin C. Hustead, as was last year's report. We believe that having Mr. Hustead again prepare the report is advantageous in terms of the continuity and expertise which he is able to bring to this undertaking.

I am pleased that Mr. Hustead once more concludes that the Agency is continuing to administer CIARDS in conformity with the law, the regulations, and the intent of Congress.

Sincerely,

/s/ William H. Webster

William H. Webster
Director of Central Intelligence

Enclosure:

Annual Review of Designation of Participants
under Section 203 of the CIA Retirement Act,
by Edwin C. Hustead, December 1987.

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to UNCLASSIFIED when separated
from attachment.



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The Honorable Louis Stokes

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25X1 OP/RD/RBS 12Dec87)

S E C R E T

14 December 1987

The Honorable William H. Webster
Director of Central Intelligence
Washington, D.C. 20505

Dear Mr. Webster:

The Central Intelligence Agency Retirement Act of 1964 for Certain Employees authorized the Director of Central Intelligence to establish and maintain a special retirement system for a limited number of employees. Both the Congress and the Agency contemplated that the new retirement system would apply to about thirty percent of Agency employees.

In 1976 the House Armed Services Committee directed the Agency to make annual studies and to submit reports on its administration of the special retirement system, with particular reference to the manner in which the Agency has exercised its discretion to designate employees for participation. This is the twelfth in the series of studies and reports, which are now submitted annually to the House Permanent Select Committee on Intelligence.

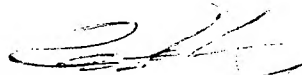
During the fiscal year 1987 the Director of Personnel, assisted by the Central Intelligence Agency Retirement Board, has continued to apply strict criteria in the exercise of discretion to determine what service is qualifying for participation in the CIA Retirement and Disability System (CIARDS). After extensive review, this writer has found no deviations from the law, the regulations, or established Agency policy.

Participation of Agency employees in CIARDS has dropped from almost 35% in 1974 to about 16.6% in 1987. Employees retiring under CIARDS are about six years younger than Agency employees retiring under the Civil Service Retirement System. A total of employees have retired under CIARDS since the system was established in 1964.

CIARDS continues to be a valuable tool of personnel management, helping to keep the intelligence service young by facilitating early retirement.

It is my opinion that during Fiscal Year 1987 the Agency administered the Central Intelligence Agency Retirement and Disability System in a manner wholly consistent with the intent of Congress.

Sincerely yours,



Edwin C. Hustead

S E C R E T

ANALYSIS OF DESIGNATION OF PARTICIPANTS
UNDER SECTION 203 OF THE CIA RETIREMENT ACT

Edwin C. Hustead

December 1987

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PART I

INTRODUCTIONWHY THIS STUDY WAS MADE

This report is primarily a review of the manner in which the Central Intelligence Agency exercises its discretion to designate employees for participation in the Central Intelligence Agency Retirement and Disability System (CIARDS). It is the twelfth in a series of reports which the Agency submits annually to appropriate Committees of the Congress on its administration of the Central Intelligence Agency Retirement Act for Certain Employees.

In 1964 the Congress enacted the Central Intelligence Agency Retirement Act for Certain Employees (50 U.S.C. 403). That Act authorized the Director of Central Intelligence to establish a retirement system that would apply to some, but not all, Agency employees. The law provided very broad guidelines under which the Director could exercise discretion to designate employees for participation. The Agency, by regulation, has made these guidelines more specific.

An employee must perform at least sixty months of qualifying service to be eligible for participation in CIARDS. All overseas service is qualifying regardless of location or of type of duties performed. Overseas means outside the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam. Domestic service is qualifying only if it meets rigid requirements involving hazard or the exercise of

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25X1 tradecraft, or if it is so sensitive or specialized that an employee cannot disclose his or her duties in order to qualify for other employment after retirement. ☐

25X1 During the hearings that led to enactment of the CIA Retirement Act, both the Congress and the Agency made it clear that not all employees would participate in the new retirement system. It was generally understood that the system would cover about one-fourth to one-third of all Agency employees. ☐

In 1976, in the course of a hearing on a pending Bill, HR 13615, some members of the House Armed Services Committee expressed concern that the Agency might be designating more employees for participation in CIARDS than the Congress had intended. This concern was expressed in a directive to the Agency contained in the committee report on HR 13615:

"When the CIA Retirement Act was originally considered by Congress in 1964 particular attention was focused on Section 203 of the Act, which authorizes the Director to designate 'such Agency officers and employees whose duties are determined by the Director to be (i) in support of Agency activities abroad hazardous to life or health or (ii) so specialized because of security requirements as to be clearly distinguishable from normal government employment, hereafter referred to as participants, who shall be entitled to the benefits of the system.' Essentially that provision was the basis for creating a separate retirement system, and it was the intent of Congress that this system should apply to the relatively small percentage of Agency employees who were actually subjected to these very special hazards.

"During the course of consideration of this legislation there have been indications that in recent years there may have been deviations on the part of the Agency in administering this separate system from a strict application of the provisions of Section 203 in designating officers and employees as participants in the CIA Retirement system in line with the original intent of Congress when that system was created.

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25X1 "Accordingly, in the exercise of its oversight function the Committee has directed that the CIA conduct a careful analysis of the application of the qualifying provisions of Section 203 of the CIA Retirement Act in designating participants with reference to the special circumstances justifying their inclusion, and that the results of such analysis be reported to the Committee by the Director of Central Intelligence not later than October 1, 1976, and on an annual basis thereafter."

25X1 In 1976 and 1977 reports were submitted to the House Armed Services Committee. Reports for later years were submitted to the House Permanent Select Committee on Intelligence, which now is charged with an oversight function with respect to the Central Intelligence Agency and which has expressed a desire that annual reports be continued.

SCOPE OF THIS REPORT

25X1 This report covers the fiscal year beginning 1 October 1986 and ending 30 September 1987. It is intended primarily as a review of the discretion exercised by the Agency in designating employees for participation in the special CIARDS system, with particular reference to the law, the regulations, and Agency policy as established by decisions made over the years. Attention is focused on the handling of employee requests for approval of domestic service as qualifying for CIARDS.

25X1 Statistical tables reflecting the end results of the Agency's operation of CIARDS show clearly that the system is consistently maintained for a limited number of Agency employees.

25X1 Although not intended to be a complete historical presentation of CIARDS, the report deals briefly with some of the events during the year that affect administration of the System.

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HOW THE STUDY WAS CONDUCTED

25X1 The writer had unrestricted access to all files and records containing information related to the Agency's administration of CIARDS. This includes individual case records and the minutes, as well as the verbatim transcripts of meetings of the CIA Retirement Board. The recorded information was supplemented by personal contact with Agency officials and employees whose duties and responsibilities include aspects of CIARDS Administration.

HOW THE REPORT IS ORGANIZED

The report consists of five parts:

PART I INTRODUCTION

PART II QUALIFYING SERVICE

PART III REVIEW OF 1987

PART IV STATISTICAL DATA

25X1 PART V FINDINGS AND CONCLUSION

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PART II

QUALIFYING SERVICE

The Central Intelligence Agency Retirement Act of 1964 for Certain Employees contained very broad criteria for determining what service is qualifying for participation in this special retirement system. Section 203 reads in part as follows:

"The Director may designate from time to time such Agency officers and employees whose duties are determined by the Director to be (i) in support of Agency activities abroad hazardous to life or health or (ii) so specialized because of security requirements as to be clearly distinguishable from normal government employment, hereafter referred to as participants, who shall be entitled to the benefits of the system."

These criteria have been refined and made more specific by Agency Regulation which now reads as follows:

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From 1964 to 1976 employees were designated for participation in CIARDS with as little as eighteen months of qualifying service. They were later removed unless they continued to perform additional months of qualifying service. []

The large majority, 86 percent, of the [] employees who have retired since CIARDS began have had more than 60 months of service overseas. Another [] 4 percent, had exactly 60 months overseas. Disability retirees have only been included in the tabulations after 1984 since in earlier years they may have been able to retire under CIARDS with less than 60 months of service. The accumulated total retirees do not include [] employees who became disabled before 1985. []

Another [] 8 percent, had some months of service overseas and used enough months of qualifying domestic service to bring the total to []

Only [] of the [] retirees in the 23 years since CIARDS began have retired using only domestic service as qualifying. []

[] retirees have served overseas for more than 20 years; [] for more than 25 years; one retiree holds the Agency record of 30 years and 7 months overseas.

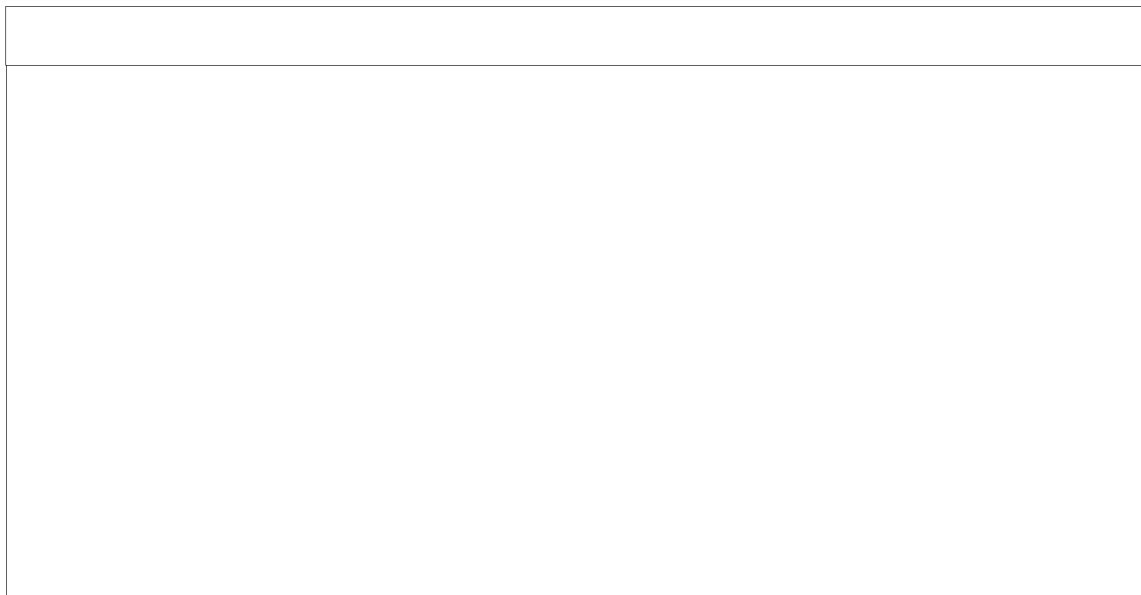
[] employees retired during the year under the provisions of CIARDS. Of these [] 91 percent had completed 60 or more months of service overseas, and used no domestic service to qualify. []

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25X1 [] employees used domestic service to qualify. [] of
25X1 these employees had some overseas service. The [] employees who used a
25X1 combination of overseas and domestic service, had an average of 33 months
25X1 overseas. Only [] employees, or 2 percent of the [] retiring employees,
25X1 had no overseas service but met the requirements by having completed 60
25X1 months of qualifying domestic service. []

The use of domestic service for retirement under CIARDS does not vary
25X1 greatly from year to year. Last year, FY 1986, [] retirees used domestic
25X1 service to qualify, and of those only [] had no overseas service. Those
25X1 who used a combination of overseas and domestic had an average of 39
25X1 months overseas. []



25X1 During 1987, [] employees applied to the CIA Retirement Board for
25X1 participation in CIARDS based at least in part of domestic service. All
25X1 [] were approved.

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25X1 The Board has approved 76 percent of the applications for
25X1 domestic service that it has considered since CIARDS began. Of the
25X1 disapproved, have appealed. The finding of the CIA Retirement Board
25X1 has been reversed on 5 times.

25X1 Additional data on qualifying service are shown in TABLES A through G
that follow.

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PART III

REVIEW OF 1987

The Fiscal Year 1987 was relatively uneventful so far as changes affecting designations under Section 203 are concerned, but a major change in the benefits for employees hired since 1983 was implemented.



The CIA Retirement Board continued to function effectively despite some turnover of both Members and Staff.



There are no changes in law, regulations, or Agency policy that will affect the exercise of discretion to designate employees under Section 203 or to determine what service is qualifying.



The percentage of Agency employees who are participants in CIARDS continued to drop and reached a new low of 16.6 percent as of 30 September 1987. This compares with participation of 34.6 percent in 1974.



The Central Intelligence Agency Spouses Retirement Equity Act of 1982 has not yet been amended to recognize certain more liberal provisions enacted in 1984 for employees who are under the Civil Service Retirement System. The Agency has prepared proposed legislation, to be introduced in 1988, that would amend CIARDS to be consistent with CSRS.



Annuitants will receive a cost-of-living adjustment of 4.2 percent, effective 1 December 1987 and first reflected in check issued in January 1988.



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A landmark change in the retirement system resulted from the introduction of Social Security coverage for employees hired since 1983. A new retirement system, the Federal Employees' Retirement System (FERS), now provides benefits for Federal employees who also have Social Security coverage. In the future Agency employees designated under Section 203, who also are covered by Social Security, will receive benefits from FERS. The designated employees will receive benefits under the FERS Special provision of FERS. Employees who are in CIARDS, or are currently in the Civil Service Retirement System (CSRS) but will eventually be designated to CIARDS, have had an opportunity to transfer to FERS since 1 July 1987. The open season will close on 31 December 1987. ☐

25X1 The open season presented special problems to Agency employees who did not have the 60 months of qualifying service but might expect to qualify in the future. Their immediate choice was between CSRS and FERS but the long-term choice might be between CIARDS and FERS Special. Unfortunately, in many cases, CSRS might be better than FERS but FERS Special might be better than CIARDS. And, these employees will not have a chance to revisit that decision when and if they accumulate 60 months of qualifying service.

The Agency is very concerned about the fact that employees are being called on to make a lifetime decision without knowing whether they will eventually accumulate the 60 months of qualifying service. This problem could be solved by permitting employees to make a second election within six months of the time that they receive the 60 months of qualifying

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service. The same mechanism is already in place for employees who return to the government after 1987 with more than five years of service. Accordingly, the Agency is preparing a legislative proposal to correct this problem.

One result will be that there may be less reason for employees to decline Section 203 designation. Currently employees sometimes prefer CSRS over CIARDS because there is a higher limit on the maximum benefit or because there is no mandatory retirement age in CSRS (the CIARDS age is 60). Under FERS Special there will be no maximum benefit, but there will still be a mandatory retirement age. Employees will have to contribute 0.5 percent of pay more for FERS Special than for FERS, but the potential benefit is higher by 14 percent of high-three pay. CIARDS is only higher than CSRS by 3.75 percent of high-three pay.

S E C R E T

CIA RETIREMENT BOARD

When the CIA Retirement Act was passed in 1964, the Director of Central Intelligence delegated to the Director of Personnel authority to act for him in a number of areas of administration of the new retirement system. These include authority to:

- (a) determine what services of employees are qualifying for CIARDS participation;
- (b) designate employees for participation, and
- (c) approve retirements under CIARDS. ☐

The CIA Retirement Board was established in 1964 to assist the Director of Personnel in exercising authority delegated to him. Technically the CIA Retirement Board does not make final decisions on CIARDS matters, but makes recommendations that become decisions when approved by the Director of Personnel. ☐

The Director of Personnel appoints a Chairman and four other members of the Board. Each member is a senior official of the Agency, and each represents a Directorate. ☐

The Board is assisted by staff consisting of

- (a) a Legal Advisor
- (b) a Technical Advisor
- (c) an Executive Secretary, and
- (d) a Recording Secretary who produces verbatim transcript of the proceedings of each meeting.

All of the staff members attend Board meetings but do not have a vote.



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The most difficult task assigned to the CIA Retirement Board is the determination of whether a period of service is qualifying for CIARDS purposes. This requires a knowledge of the law and the regulations as well as some familiarity with how individual cases have been decided over the 23 year history of the system. Turnover can be a substantial problem for an advisory board dealing with highly technical subject matter with which new Members have little or no background or experience.

During the fiscal year that ended 30 September 1987, two Members were replaced. The Board now consists of a Chairman appointed in May of 1987 and four other Members appointed in August 1983, April 1984, July 1986 and December 1986.

The Director of Personnel and one Member of the Board are participants in CIARDS, while the Chairman and the other three Members are in the Civil Service Retirement System.

The current Executive Secretary was appointed in FY 1983, the current Legal Advisor was appointed in FY 1985, and the current Recording Secretary has assisted the Board for at least the past 12 years. The Technical Adviser was replaced during FY 1987.

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ACTIONS OF BOARD

The CIA Retirement Board held six regular meetings during the year, ranging in length from 30 minutes to two hours and thirty-five minutes. Total Board meeting time was six hours and fifteen minutes.

Recommendations to Director of Personnel resulted in the following actions:

25X1 [] designations for CIARDS participation
25X1 [] domestic service cases allowed
[] retirements. []

25X1 In most cases, the designation has become routine because 23 years have elapsed since the enactment of CIARDS; and it has been 11 years since the change to designation only after 60 months of service. []

25X1 For each period of overseas service, a form is submitted to the Qualification Section for maintaining records of total overseas service performed by Agency employees. For PCS overseas periods, the overseas service is the elapsed time between the beginning and ending date of the PCS duty. For TDY, credit is given from date of arrival at post to date of departure from post. []

25X1 With one exception, the designation is based on the overseas location of the PCS or TDY assignment. The exception, implemented in 1986, is to permit full-time overseas service for [] employees serving as "Rovers." These employees spend over 90 percent of their time overseas,

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but since they rove among different posts for relatively short periods, their official station is designated to an "overseas, undetermined" category. The location of duty of the rovers will be monitored by the Agency to assure that the proportion overseas remains the 90 percent.

The overseas service is accumulated by computer, and when it totals more than five years is reported to the Executive Secretary of the Board. The Executive Secretary reviews the case for satisfaction of other criteria and then prepares a list for routine approval at the succeeding Board meeting.

Employees who need domestic service to meet the 60 months criteria follow a different procedure. The employee prepares a request for certification and channels the request through the employee's office head and head of the Directorate who has career responsibility for the position, to the Director of Personnel. The Director of Personnel sends the request to the Executive Secretary who then reviews the case to make sure that all domestic service is supported by the facts of the case and that any overseas service is identified. These cases are then presented to the Board for review and approval or disapproval.

Since the designations based on 60 or more months overseas have become routine, the focus of this report is on the employees who have been designated with less than 60 months overseas.

In FY 87 there were no new designations based solely on category (b) - in support of Agency activities abroad requiring a substantial risk to life or health. of the cases involved some category (b) services.

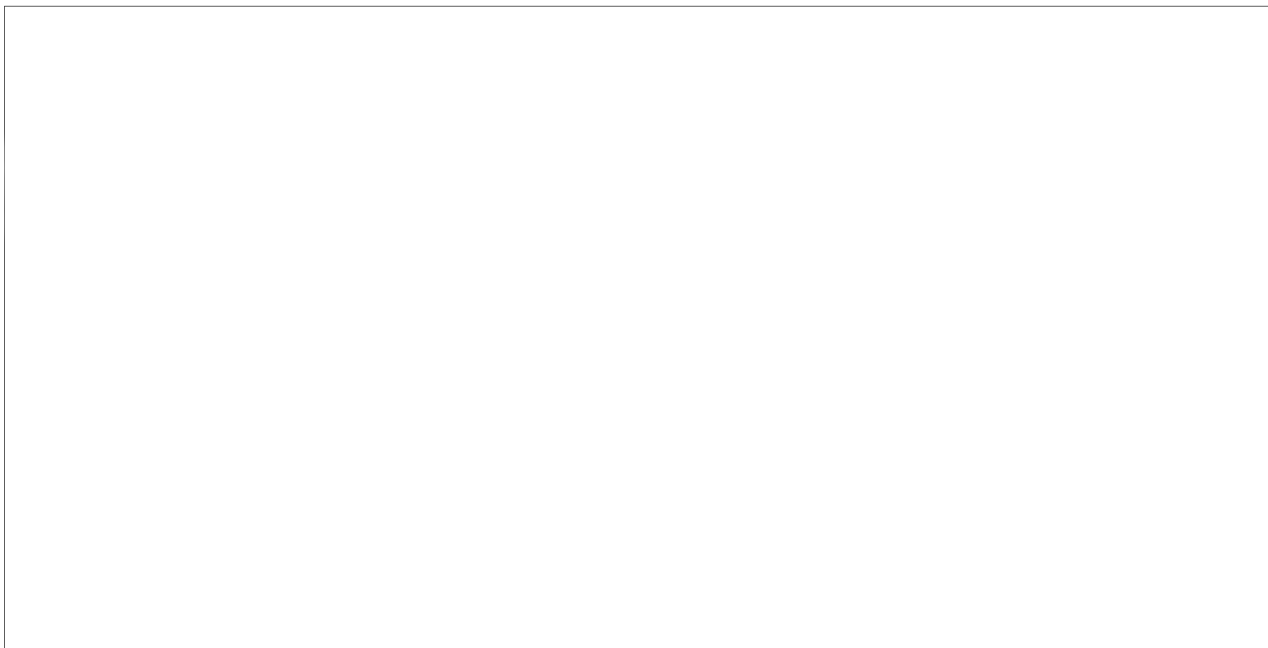
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One case involved some category (d) service. Category (d) is met if the duties were so sensitive as to forbid disclosure. As a result, the employee cannot include his or her primary qualifications on a Summary of Agency Employment (SAE), and as a result will find it difficult or impossible to obtain a comparable position outside the Agency. In these cases the Board is provided with a finding that the employee's duties cannot be disclosed, and in most cases, can look to similar precedents. A review of the discussion and selected case files confirms that there is clear support for these designations.

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The Board relies on the review process to establish the validity of the description of the service being claimed as qualifying service. For instance, the proportion of domestic service stated as being qualifying is reviewed by the employee's office head and the head of the Directorate. A final check is performed by the Executive Secretary. The facts of the case can usually be supported by the periodic performance reviews in the employee's file. In one category, DCI Protective Staff, the proportion has been established as 70 percent.

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One of the duties of the Executive Secretary is to make sure that the requirements are met. A review of the files and discussions with the Executive Secretary confirmed that these conditions were met.

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CHANGES IN THE CIA RETIREMENT ACT

The Central Intelligence Agency Retirement Act for Certain Employees
may be amended in either of two ways:

1. Directly by enactment of an Act of Congress, or
2. Indirectly by enactment of an amendment to the Civil Service Retirement Act, followed by issuance of an Executive Order to conform the CIA Retirement Act to the revised provisions.

The final step in the process of amendment is to revise Agency
Regulations to reflect the new provisions.

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EXECUTIVE ORDERS

25X1 There were no Executive Orders to conform CIARDS to legislation enacted to amend the Civil Service Retirement Act issued during fiscal year 1987.

25X1 The most recent Executive Order was Executive Order 12485 issued 13 July 1984, and this order brought CIARDS up to date with all CSRS amendments at that time.

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REGULATIONS

25X1 Agency regulations pertaining to CIARDS [] were completely
reissued 27 August 1984 to include clarifying and technical changes and
to reflect amendments to the law effected by eight Acts of Congress and
25X1 two Executive Orders. []

ANNUITY COLAS

25X1 During fiscal year 1987 there were no changes in the provisions of
law affecting cost-of-living annuity adjustments. []

The amount of COLA for any year is the increase of the average
Consumer Price Index (CPI) for the third calendar quarter of that year
over the average CPI for the third calendar quarter of the preceding
year. The average is obtained by addition the CPI for the months of
July, August, and September and dividing the sum by three. The increases
are granted effective December 1 of each year. Annuitants under CIARDS
will receive a 4.2 percent increase effective 1 December 1987 and first
paid in annuity checks issued in January of 1988. Most annuitants under
FERS Special will receive an increase of CPI less 1 percent on the part
of the annuity earned after transferring to FERS. This increase will be
25X1 3.2 percent effective 1 December 1987. []

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PART IV

STATISTICAL DATA

The tables which follow, most of which are self-explanatory, reflect the end results of the Agency's administration of CIARDS. In some instances statistics for the Fiscal Year 1987 are augmented by figures for other years for purposes of comparison or to show total experience since the System began.

PARTICIPATION IN CIARDS

While not prescribed by law or regulation, Congress and the Agency intended to limit participation in CIARDS or FERS Special to approximately 30 percent of employees.

All new employees of the Agency are under the Federal Employees' Retirement System or the Civil Service Retirement System until they qualify for participation in CIARDS or FERS Special Category.

From 1964, when CIARDS was established, until 1976 participation by employees required as little as 18 months of qualifying service. Employees were later removed from participation unless they performed additional qualifying service. Under this policy, participation grew until it peaked at 34.6 percent in 1974.

In 1976 the regulations were revised to require 60 months of qualifying service before an employee may be designated for participation. Once designated an employee continues to be a participant unless he or she elects to revert to coverage under CSRS or FERS.

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Participation has dropped sharply since the regulations were changed in 1976. As of 30 September 1987, only 16.6 percent of Agency employees are participants in CIARDS. This is the lowest participation since the original designations were processed in 1965. From 1970 through 1976, there were an average of [] designations a year. From 1977 through 1981, the number of designations averaged [] a year. This sharp drop reflected the fact that few employees would have accumulated 60 months within the five years after the change in policy.

Since 1981 there have been an average of [] designations a year. This increase over the earlier average of [] reflects a return to normality following the artificially depressed years of 1977 through 1981. There should be some increase in the number of designations in the future as the added hires which have increased Agency strength since 1981 move through the 60 months needed to qualify. However, there should not be any major long-term change in the average number of designations, because the basic 60 month rule has not changed since 1976. See

TABLE 1. []

CHANGE IN NUMBER OF CIARDS PARTICIPANTS

There have been an average of [] retirees and deaths-in-service in each of the last five years, compared to the average of [] designations a year in the same period. Table 1 shows that the number of participants has held steady over the last five years; with [] in 30 September 1982 and [] on 30 September 1987. Because of lags in reporting and the

fact that the data do not include terminations other than retirement,
Table 1 data do not directly correspond to the net change in
designations, but the trends of net changes and total CIARDS participants
is consistent.

CIARDS RETIREMENT ELIGIBILITY

Fifty-three percent of current CIARDS participants are eligible to
retire. This includes 29 percent who could retire voluntarily at their
own option, and another 24 percent who would be entitled to immediate
annuity if involuntarily separated. The remaining 47 percent have not
met eligibility requirements for either voluntary or involuntary
retirement. See TABLE 3.

RETIREMENTS IN FISCAL YEAR 1987

More Agency employees retired under the CIA Retirement and Disability
System than under the Civil Service Retirement System. The Directorates
of Operations and Administration provide 82 percent of CIARDS
retirements, but only 57 percent of retirements under CSRS. See
TABLE 4.

The primary argument for establishment of CIARDS was the perceived
need to retire certain employees at ages earlier than those experienced
under CSRS. CIARDS still meets that need was indicated by an average age
of 53.7 years at retirement, compared with the CSRS average age of 59.4
years.

Of all CIARDS retirements 2.0 percent were under age 50, 33.5 percent were at the age 50, 34.0 percent were at age 51 through 55, and 30.5 percent were age 56 or older. See TABLE 5.

There were 23 mandatory age retirements under CIARDS in FY 1987. Their service ranged from 17 years to 38 years.

retirees, or 85 percent of the total retired voluntarily. There were three disability retirements, two involuntary retirements and one who retired with rights to a deferred annuity.

Eighty-eight percent of CIARDS retirees had completed 25 or more years of service, and 55 percent had 30 years or more. CIARDS retirees in 1987 averaged 29.7 years of service. See TABLE 6.

Employees who are participants in CIARDS may retire voluntarily if they have attained age 50 and have at least 20 years of service. All of those who retired in FY 1987 under this provision had more than the required 20 years. The retiring employees who were age 50 had an average of 28.2 years of service. See TABLE 7.

RETIREMENTS FROM 1965 to 30 SEPTEMBER 1987

CIARDS retirements have totalled since the program began. As might be expected, the majority of retirements have been voluntary: or 71 percent have been voluntary. 12 percent have been involuntary, 8 percent were mandatory for age, 9

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25X1 percent were for disability. [] employees (less than one percent)
were not eligible for immediate annuity when separated, but later
25X1 qualified for deferred annuities. In additions, [] CIARDS participants
25X1 died in service. See TABLE 8. []

25X1 Of the [] employees who have retired under CIARDS, [] were
25X1 still receiving annuity as of 30 September 1987. [] survivors of CIARDS
employees and retirees were also receiving annuities at the end of the
25X1 fiscal year. []

25X1 From 1965 through 1987, [] Agency employees retired under the
25X1 Civil Service Retirement System. This is [] more than CIARDS
retirements for the same period. CSRS retirements break down into 48
percent under the optional provision, 25 percent for discontinued
service, 17 percent for disability, and 10 percent mandatory for age.
There is no longer a mandatory retirement provision under CSRS. See
25X1 TABLE 9. []

About half of retirements are under CIARDS. In the last two years,
more employees had retired under CIARDS than under CSRS. While only 16.6
percent of Agency employees are CIARDS participants, 52 percent of Agency
25X1 retirements in the fiscal year were under CIARDS. See TABLE 10. []

For Fiscal Year 1987 the average employee retiring under CIARDS was
almost six years younger than the average CSRS retiree. The objective of
maintaining a young and vigorous work force of employees assigned to
carry out the principal mission of the Agency is still being served well
25X1 by earlier retirements under CIARDS. See TABLE 11. []

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25X1 In Fiscal Year 1987, 35 percent of CIARDS retirees were age 50 and under, 52 percent were age 51 through 59, 12 percent were 60 and over. A total of 53 percent of CSRS retirees had reached age 60 or over. See TABLE 12.

25X1 Of all Agency employees retiring in FY 1987, 77 percent were at GS-12 or above, and 70 percent were at GS-13 or above. Eighty-six percent of CIARDS retirements were at GS-12 and above; 84 percent were at GS-13 and above. See TABLES 13 and 14.

AGE COMPARISONS

25X1 See TABLES 15, 16, 17, and 18 for comparisons of age and grade for active Agency employees including data for past years and projections for the future.

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PART V

FINDINGS AND CONCLUSIONFINDINGS

1. The number of Agency employees designated as participants continues to drop, reaching a new low of 16.6 in Fiscal Year 1987. Under current practice in staffing and designations, participation in future years will never exceed the thirty percent originally contemplated by the Agency and the Congress as the maximum proportion who should participate.

2. About half of current retirements by Agency employees are under CIARDS. Only one in six Agency employees are under CIARDS; but 52 percent of retirements in the fiscal year were under CIARDS.

3. An important justification for the CIARDS system is the need to retire certain employees at ages younger than are normally experienced under the Civil Service Retirement System. The success of this policy is shown by the fact that retirements under CIARDS averaged nearly six years younger than those under Civil Service Retirement. The average age of retirement under CIARDS during 1987 was 53.7 years.

4. During 1987 there were no changes in law, regulations, or Agency policy that will have any bearing on the Agency's discretion to designate employees for participation in CIARDS or the FERS Special.

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CONCLUSION

25X1 The Agency continues to administer the Central Intelligence Agency Retirement and Disability System as a system for a limited number of employees, as intended by Congress and by the Agency when the enabling legislation was enacted in 1964.

25X1 The CIA Retirement Board continues strict application of the law and the regulations when determining what service is qualifying for CIARDS purposes and observes Agency policy as established by precedent decisions.

25X1 Extensive review revealed no deviations or exceptions from law, the regulations, or established Agency policy during the fiscal year ending 30 September 1987.

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