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THE WHITE HOUSE

ACTION

WASHINGTON

Last Day - October 29

October 25, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Enrolled Bill S. 628
Civil Service Survivor
Annuities

Attached for your consideration is Senate bill, S. 628, sponsored by Senator Moss, which provides that a civil service retirement annuity which had been reduced to provide for survivor benefits may be recomputed to allow full annuity to the retiree during period of non-marriage.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate bill, S. 628 (Tab B).

APPROVED
OCT 26 1974

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 22 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 628 - Civil service survivor annuities
Sponsor - Sen. Moss (D) Utah, and 5 others

Posted 10/28
To Archives 10/29

Last Day for Action

October 29, 1974 - Tuesday

Purpose

Provides that a civil service retirement annuity which had been reduced to provide for survivor benefits may be recomputed to allow full annuity to the retiree during periods of non-marriage.

Agency Recommendations

Office of Management and Budget

Approval

Civil Service Commission

Does not recommend veto

Discussion

Under civil service retirement law, the annuity of a retiring married Federal employee or Member of Congress is automatically reduced to provide survivor benefits to a widow or widower, unless at the time of retirement the employee elects in writing to receive an unreduced "single-life" annuity. If the employee or Member takes a reduced annuity, the designated survivor is entitled to 55 percent of the retiree's annuity upon his death.

The election which the employee makes at the time of retirement is irrevocable under current law. Accordingly, a reduction in annuity continues whether or not the retiree's spouse dies or the marriage is dissolved by



divorce. The result is that if the retiree does not subsequently remarry, he continues to get a reduced annuity to provide a survivor benefit when there is no survivor. (If he does remarry and the marriage lasts at least one year immediately before his death, or the spouse is the parent of a child by marriage to the retiree, this subsequent spouse qualifies for the survivor benefit.)

S. 628 would provide that if the marriage relationship upon which the survivor benefit rights were based is dissolved by the spouse's death or by divorce, the retiree's reduced annuity would be recomputed to the full single-life amount during any full months of non-marriage. This provision would apply to all annuities, existing and future, but any increase in payments as a result of recomputation would apply only prospectively.

The enrolled bill would also provide that upon remarriage of the retired employee or Member, the annuity would again be reduced by the same percentage reductions as were in effect at the time of retirement.

During congressional consideration, the Administration was opposed to S. 628, citing a lack of sufficient justification for restoring full annuity to warrant the accompanying increase in retirement costs. The Civil Service Commission pointed out that originally the reduction for survivor benefits was equal to the full actuarial cost of the survivor protection, taking into account that there would be instances where there would be no survivor beneficiary. However, this reduction has been decreased five times until now it is a nominal amount and equals only a fraction of the cost of the survivor protection. The reduction is now 2-1/2 percent of the first \$3,600 plus 10 percent of the remainder.

S. 628 as enrolled would increase the unfunded liability of the Civil Service Retirement Fund by \$137 million, requiring annual payments by Treasury to the Fund of \$8.5 million over 30 years to amortize the cost. Added budget outlays for the remainder of fiscal year 1975 are estimated at \$3.9 million. In fiscal year 1976, budget outlays would be increased by \$7.1 million, rising to \$8.6 million in fiscal year 1980.

As passed by the House of Representatives, this legislation contained a number of costly amendments, including the complete elimination of the reduction in annuity. The House-passed bill would have increased the unfunded liability of the Civil Service Retirement Fund by an estimated \$5.85 billion and would have required an estimated \$202 million in added budget outlays during the first year. The Administration strongly opposed the House amendments, and they were deleted in conference.

Recommendations

CSC does not recommend a veto, although it reported adversely on similar legislation in the past. The Commission states that "The enrolled bill will eliminate a continuing source of complaints from annuitants whose spouses have predeceased them and who feel they are paying a part of their annuity for nothing." CSC also indicates that the bill will reduce the difficult decision that now needs to be made by retiring employees on whether to take a permanent reduction in annuity.

* * * * *

S. 628 would provide the third liberalization within the past year in the already liberal civil service retirement system. Moreover, while the cost of this bill in itself is relatively small, its approval may well lead to enactment of a similar and more costly liberalization in survivor benefits provided by the military retirement system, which are patterned after the civil service system.

On the other hand, we believe the present situation is inequitable to annuitants who continue to receive a reduced annuity to provide a survivor benefit when there is, in fact, no survivor. In addition, the Congress has recognized the need for fiscal restraint by removing the very costly House amendments before final passage.

On balance, therefore, we recommend approval of S. 628.

Walter H. Rummel

Assistant Director for
Legislative Reference

Enclosures



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

October 21, 1974

CHAIRMAN

Honorable Roy L. Ash
Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for
Legislative Reference

Dear Mr. Ash:

This is in reply to your request for the Commission's views on enrolled bill, S. 628, "To amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married."

Enrolled bill S. 628 would provide for recomputing existing and future annuities that have been reduced to provide benefits to a surviving spouse as if the annuity had not been reduced, and, effective on or after the date of enactment, pay the recomputed amount during any full months in which the annuitant is not married. If the retiree remarries, the annuity would be reduced by the same percentage reductions as were in effect at the time of his (or her) retirement.

We estimate that if the enrolled bill becomes law, the unfunded liability of the Civil Service Retirement and Disability Fund would be increased by \$137 million, and the normal cost would be increased by .01% of payroll. Under the provisions of section 8348(f) of title 5, United States Code, this amount would be amortized by 30 equal annual installments of approximately \$8.5 million each.

We estimate additional outlays from the Civil Service Retirement Fund over the next five years to be:

<u>Fiscal Year</u>	<u>Outlay</u>
1975	\$3,900,000
1976	7,100,000
Transition	1,900,000
1977	7,400,000
1978	7,800,000
1979	8,200,000
1980	8,600,000

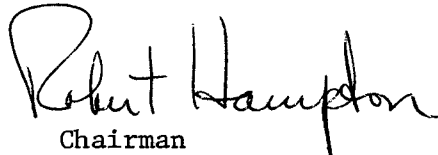
Although we have reported adversely on similar legislation in the past, there are several arguments in favor of this enrolled bill.

1. The enrolled bill will reduce the difficult decisions that need to be made by those retiring employees whose spouses are likely to predecease them because of their relatively older age or ill health. They understandably hesitate to gamble on a permanent reduction in annuity to provide what might be very temporary protection.
2. The enrolled bill will eliminate a continuing source of complaints from annuitants whose spouses have predeceased them and who feel they are paying a part of their annuity for nothing.
3. The enrolled bill has strong Congressional support. In fact, the House, on a much more liberal (and costly) bill which would have eliminated the reduction altogether, voted 296 for, 102 against, enactment.
4. Compared to the House-passed bill, the cost of the enrolled bill is small, \$8.5 million a year versus \$358 million a year.

Accordingly, while we did not support the enrolled bill, we do not recommend that it be vetoed by the President.

By direction of the Commission:

Sincerely yours,


Chairman

Last Day - October 19

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Enrolled Bill S. 628
Civil Service Survivor
Annuities

Attached for your consideration is Senate bill, S. 628, sponsored by Senator Moss, which provides that a civil service retirement annuity which had been reduced to provide for survivor benefits may be recomputed to allow full annuity to the retiree during period of non-marriage.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate bill, S. 628 (Tab B).

Last Day - October 29

MEMORANDUM FOR: THE PRESIDENT
FROM: KEN COLE
SUBJECT: Enrolled Bill S. 628
Civil Service Survivor
Annuities

Attached for your consideration is Senate bill, S. 628, sponsored by Senator Moss, which provides that a civil service retirement annuity which had been reduced to provide for survivor benefits may be recomputed to allow full annuity to the retiree during period of non-marriage.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate bill, S. 628 (Tab B).

Last Day - October 29

MEMORANDUM FOR: THE PRESIDENT
FROM: KEN COLE
SUBJECT: Enrolled Bill S. 628
Civil Service Survivor
Annuities

Attached for your consideration is Senate bill, S. 628, sponsored by Senator Moss, which provides that a civil service retirement annuity which had been reduced to provide for survivor benefits may be recomputed to allow full annuity to the retiree during period of non-marriage.

Ray Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate bill, S. 628 (Tab B).

THE WHITE HOUSE

WASHINGTON

October 23, 1974

MEMORANDUM FOR: MR. WARREN HENDRIKS

FROM: WILLIAM E. TIMMONS *pd*

SUBJECT: Action Memorandum - Log No. 688
Enrolled Bill S. 628 - Civil Service Survivor
Annuities

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 688

Date: October 22, 1974

Time: 6:30 p.m.

FOR ACTION: Geoff Shepard
Phil Buchen
✓ Bill Timmonscc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 25, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Bill S. 628 - Civil service survivor annuities

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 688

Date: October 22, 1974

Time: 6:30 p.m.

FOR ACTION: Geoff Shepard
✓ Phil Buchen
Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 25, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Bill S. 628 - Civil service survivor annuities

ACTION REQUESTED:

_____ For Necessary Action

XX For Your Recommendations

_____ Prepare Agenda and Brief

_____ Draft Reply

_____ For Your Comments

_____ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

*No objection
W.C.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

Rec'd 10/23

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 688

Date: October 22, 1974

Time: 6:30 p.m.

FOR ACTION: ✓ Geoff Shepard
Phil Buchen
Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 25, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Bill S. 628 - Civil service survivor annuities

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

Recommend Approval I CA for GCS

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE
WASHINGTON

10/22/74

TO: WARREN HENDRIKS

RDL
Robert D. Linder

MEMORANDUM

THE WHITE HOUSE

ACTION

WASHINGTON

Last Day - October 29

MEMORANDUM FOR: THE PRESIDENT
FROM: KEN COLE
SUBJECT: Enrolled Bill S. 628
Civil Service Survivor
Annuities

Attached for your consideration is Senate bill, S. 628, sponsored by Senator Moss, which provides ~~that~~ a civil service retirement annuity which had been reduced to provide for survivor benefits may be recomputed to allow full annuity to the retiree during periods of non-marriage.

Roy Ash recommends approval etc.

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate bill S. 628 (Tab B).

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 688

Date: October 22, 1974

Time: 6:30 p.m.

FOR ACTION: Geoff Shepard
 Phil Buchen
 Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 25, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Bill S. 628 - Civil service survivor annuities

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 22 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 628 - Civil service survivor annuities
Sponsor - Sen. Moss (D) Utah, and 5 others

Last Day for Action

October 29, 1974 - Tuesday

Purpose

Provides that a civil service retirement annuity which had been reduced to provide for survivor benefits may be recomputed to allow full annuity to the retiree during periods of non-marriage.

Agency Recommendations

Office of Management and Budget

Approval

Civil Service Commission

Does not
recommend veto

Discussion

- Under civil service retirement law, the annuity of a retiring married Federal employee or Member of Congress is automatically reduced to provide survivor benefits to a widow or widower, unless at the time of retirement the employee elects in writing to receive an unreduced "single-life" annuity. If the employee or Member takes a reduced annuity, the designated survivor is entitled to 55 percent of the retiree's annuity upon his death.

The election which the employee makes at the time of retirement is irrevocable under current law. Accordingly, a reduction in annuity continues whether or not the retiree's spouse dies or the marriage is dissolved by

10-
Warren Hastings
10-22-74
5:25 p.m.

SURVIVOR ANNUITIES OF CIVIL SERVICE RETIREES

JULY 27, 1973.—Ordered to be printed

Mr. McGEE, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany S. 628]

The Committee on Post Office and Civil Service, to which was referred the bill (S. 628) to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

STATEMENT AND JUSTIFICATION

Under the present civil service retirement law, a Federal employee is allowed to name a survivor beneficiary at the time of retirement. The designated survivor, usually the spouse, is then entitled to 55 percent of the retiree's annuity upon his death. The election which the employee makes at the time of his retirement is irrevocable and the reduction in annuity continues regardless of whether he or his spouse dies first. About 65 times out of 100, a male retiree dies before his wife dies; but more than one-third of the time, a male retiree will outlive his wife and will continue to pay a reduction in his annuity to provide a survivor benefit for which there is, by law, no beneficiary. The problem of providing adequate income for older citizens is national in scope.

The Committee believes that it is in the best interest of the government and the civil service retirement system to amend existing law to allow full annuity to an annuitant during periods when he is not married. This recommendation is consistent with previous policy established by the Congress in regard to survivor annuities.

In 1966, Congress changed the Civil Service Retirement Act to eliminate the termination of survivor annuity in the case of a spouse who remarried after her husband's death; and since the enactment of

that change, the provision was made partially retroactive to insure equitable treatment for all surviving spouses whose remarriage occurred on or after July 18, 1966.

In 1971 Congress enacted Public Law 91-658, which provided that when a spouse who had been designated a survivor to a civil service annuity dies first, the surviving spouse could designate a second spouse to receive those benefits, provided that marriage had been in effect two years at the death of the retiree. The bill likewise provided that if a survivor spouse died, the retiree could begin receiving a full annuity instead of a reduced annuity. The first part of the bill was passed and became public law, but the second part of the bill was dropped. It is the Committee's belief that enactment of S. 628 will complete an unfinished project of the 91st Congress.

HEARINGS

A hearing was held on S. 628 on June 6, 1973. Hearings were also held on similar bills in the 91st and 92d Congresses.

COST

If S. 628 was enacted, the unfunded liability would be increased by an estimated \$137 million with 30 equal annual installments of \$8.5 million each. The normal cost would be increased by 0.01 percent.

AGENCY VIEWS

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D.C., June 6, 1973.

HON. GALE W. MCGEE,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This refers to your request for the Commission's views on S. 626, a bill to provide increases in certain annuities payable under chapter 83 of title 5, United States Code, and for other purposes, and S. 628, a bill to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married. The Subcommittee on Compensation and Employee Benefits of the Senate Committee on Post Office and Civil Service has requested us to testify before them on June 6, 1973, concerning these two bills as well as S. 1866, a bill with the same title as (and rather similar to) S. 626. Accordingly, we are voluntarily including our views on S. 1866 in this report.

S. 628

As indicated earlier in this report, S. 628 would eliminate the reduction in annuity that a retiree takes to provide survivor benefits for his spouse during periods of nonmarriage.

Under the Civil Service Retirement law, the annuity of a retiring married employee is automatically reduced in order to offset a portion of the cost of providing survivor benefits for his wife (or her husband), unless at time of retirement the employee elects in writing to receive

an unreduced single-life annuity. The employee's decision in this matter is irrevocable; the law does not permit him to change his reduced survivor annuity to an unreduced single-life annuity should the marriage relationship upon which the survivor right was based be dissolved. However, a subsequent spouse of a retiree who elected a reduced annuity with survivor benefit to a spouse who is the parent of a child by marriage to the retiree, or who has been married to the retiree for at least two years, will qualify for the survivor benefit. S. 628 would add to this survivor annuity option the proviso that if the marriage relationship is dissolved, the retiree's reduced annuity would be recomputed, under the law in effect at the time he retired, as though he had not provided a survivor benefit for his spouse.

Originally, the reduction was equal to the full actuarial cost of the survivor protection computed over the lifetime of the retiree, taking into account that there will be instances where the survivor benefit will never be payable due to intervening death or divorce of the named survivor. As shown in the following table, though, this reduction has been decreased five times so that it now equals only a fraction of the cost of the survivor protection.

Retired between—	Reduction in retiree's annuity	Benefit to spouse named at retirement
Jan. 1, 1940 and Mar. 31, 1948	Full actuarial	50 or 100 percent of retiree's reduced annuity.
Apr. 1, 1948 and Sept. 29, 1949	10 percent, plus $\frac{3}{4}$ of 1 percent for any years spouse under age 60.	50 percent of retiree's unreduced annuity.
Sept. 30, 1949 and Sept. 30, 1956	5 percent of first \$1,500 and 10 percent of remainder, plus $\frac{3}{4}$ of 1 percent for any years spouse under age 60.	Do.
Oct. 1, 1956 and Oct. 10, 1962	$2\frac{1}{2}$ percent of first \$2,400 and 10 percent of any added amount used as base for survivor benefit.	50 percent of the amount used as survivor base.
Oct. 11, 1962 to present	$2\frac{1}{2}$ percent of first \$3,600 and 10 percent of any added amount used as base for survivor benefit.	55 percent of the amount used as survivor base.

Furthermore, the amount payable to a subsequent spouse is the same as would have been payable to the spouse designated at the time of retirement.

We estimate that if this bill is enacted the unfunded liability of the Civil Service Retirement and Disability Fund would be increased by \$137 million, and the normal cost would be increased by .01% of payroll. Under the provisions of section 8348(f) of title 5, United States Code, this amount would be amortized by 30 equal installments of approximately \$85 million.

The Commission does not believe there is sufficient justification for restoring full annuity to warrant this accompanying increase in retirement costs.

In summary, the Commission opposes enactment of S. 626, S. 628, and S. 1866 for the reasons discussed in this report.

In advising with respect to H.R. 1262 a House bill identical to S. 626 and similar to S. 1866, the Office of Management and Budget advised that enactment would not be in accord with the program of the President.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON,
Chairman.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law in which no change is proposed is shown in roman; existing law proposed to be omitted is enclosed in black brackets; new matter is shown in *italic*):

TITLE 5, UNITED STATES CODE

* * * * *

§ 8339. Computation of annuity

(a) Except as otherwise provided by this section, the annuity of an employee retiring under this subchapter is—

(1) $1\frac{1}{2}$ percent of his average pay multiplied by so much of his total service as does not exceed 5 years; plus

(2) $1\frac{1}{4}$ percent of his average pay multiplied by so much of his total service as exceeds 5 years but does not exceed 10 years; plus

(3) 2 percent of his average pay multiplied by so much of his total service as exceeds 10 years.

However, when it results in a larger annuity, 1 percent of his average pay plus \$25 is substituted for the percentage specified by paragraph (1), (2), or (3) of this subsection, or any combination thereof.

* * * * *

(j) The annuity computed under subsections (a)–(i) of this section for a married employee or Member retiring under this subchapter, or any portion of that annuity designated in writing for the purpose of section 8341(b) of this title by the employee or Member at the time of retirement, is reduced, *for any month during which that employee or Member is married for any portion of the month*, by $2\frac{1}{2}$ percent of so much thereof as does not exceed \$3,600 and by 10 percent of so much thereof as exceeds \$3,600, unless the employee or Member notifies the Civil Service Commission in writing at the time of retirement that he does not desire any spouse surviving him to receive an annuity under section 8341(b) of this title.

○

SURVIVING SPOUSE CIVIL SERVICE RETIREMENT AN-
NUITIES WITHOUT REDUCTION IN PRINCIPAL
ANNUITIES

MARCH 19, 1974.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. WALDIE, from the Committee on Post Office and Civil Service,
submitted the following

REPORT

[To accompany S. 628]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 628) to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendment to the text of the bill strikes out all after the enacting clause and inserts in lieu thereof a substitute which appears in the reported bill in italic type.

The other amendment modifies the title of the bill to make it conform to the changes made by the amendment to the text.

EXPLANATION OF AMENDMENTS

As passed by the Senate, S. 628 would eliminate, during periods when an annuitant is not married, the reduction in annuity that he accepts upon retirement in order to provide an annuity for his surviving spouse.

The Committee amendment to S. 628 substitutes an entirely new text which makes several substantive changes in the civil service retirement provisions. The title of the bill is amended to conform to the substitute text.

The explanation of the provisions of the substitute text is contained in the explanation of the bill as set forth hereinafter in this report.

PURPOSE

The primary purposes of this legislation are:

- (1) To provide an automatic annuity to the surviving spouse of a future civil service retiree without any reduction in the retiring employee's annuity;
- (2) To recompute the annuity of a current retiree so as to eliminate the reduction in annuity which the retiree had elected in order to provide his spouse a survivor annuity;
- (3) To provide an automatic annuity to the spouse of a current retiree who did not have the opportunity or failed to provide an annuity for his surviving spouse; and
- (4) To provide that the basic annuity of a surviving spouse shall equal 55 percent of the retiree's single life rate of annuity, including survivor annuitants whose annuities are less than 55 percent under existing vested rights.

COMMITTEE ACTION

S. 628, as amended, was unanimously approved by the Subcommittee on Retirement and Employee Benefits and ordered reported by a unanimous voice vote of the full Committee. A hearing (Hearing No. 93-11) on H.R. 30, a bill similar to S. 628, as passed by the Senate, was held on June 28, 1973.

EXPLANATION OF S. 628

Future retirees.—Existing law (section 8339(j) of title 5, United States Code) provides a retiring married employee or Member two types of annuities; a reduced annuity with survivor benefit to a widow or widower or an unreduced annuity without survivor benefit.

The married retiree is automatically granted an annuity with survivor benefit unless he elects, in writing, an annuity without survivor benefit. By electing the latter, he precludes payment of a benefit to any spouse surviving him.

In lieu of using the single-life rate of his annuity upon which to base the rate of survivor annuity, the retiree may elect to use only a portion of his annuity as a base for survivor purposes.

His single life rate of annuity, or any portion of that rate designated for survivor purposes, currently is reduced by 2½ percent of so much thereof as does not exceed \$3,600 and by 10 percent of so much thereof as exceeds \$3,600.

The surviving spouse's annuity is 55 percent of the retiree's unreduced single life rate or 55 percent of the amount elected by the retiring employee as a base for survivor benefits.

The reported bill proposes to repeal this requirement for reducing the annuity of a retiree in order to provide a survivor annuity for a spouse and eliminates the provisions under which the married retiree may either deny his spouse a survivor benefit or provide an amount less than that based upon his maximum rate. It also amends the "supplemental" annuity provisions (section 8344 of title 5, United States Code) to grant a reemployed annuitant an unreduced annuity

benefit earned during reemployment, and an automatic increase in the survivor benefit attributable to such reemployment.

With respect to the unmarried retiree who elects a reduced annuity in order to provide a survivor annuity for an individual having an insurable interest, the reductions prescribed by present law (section 8339 (k) (1) of title 5, United States Code, redesignated as 8339(j) by this Act) are retained. However, the provision under which such retiree may substitute a subsequently acquired spouse as the survivor annuitant and accept a lesser reduction in his annuity (section 8339 (k) (2), redesignated as 89(j) by this Act), is changed by the bill to authorize payment of a single life rate of annuity. Rather than recomputing and reducing such a retiree's annuity by 2½ percent of \$3,600 and 10 percent of the excess, the annuity would be recomputed to eliminate any reduction to provide a benefit for his spouse.

Present retirees.—The majority of married retirees have accepted reductions in their annuities so as to provide continuing retirement incomes to their spouses subsequent to their deaths. Such reductions amount to hundreds of dollars each year, with many of the older retirees having forfeited up to 25 percent of their annuity payments to guarantee their dependent spouses survivor benefits. In fact, in some cases the cumulative amounts forfeited during the lifetime of the retiree exceed the total amount of annuity paid during the remainder of the surviving spouse's lifetime.

Acceptance of the reduced benefit is irrevocable under present law and the reduction in annuity continues irrespective of whether the spouse predeceases the retiree or the marriage is terminated by divorce. In one out of three cases a male retiree survives his designated wife and continues to suffer a reduction in annuity even though a survivor benefit will never become payable (unless he subsequently remarries).

The bill would extend to present retirees the same benefits accorded by the bill to future retirees. The annuity of a present retiree who is drawing a reduced benefit in order to provide an annuity for a surviving spouse, regardless of the provisions of law in effect upon his retirement, would be recomputed by eliminating the percentage reduction which was applied upon retirement. The annuity would be payable at the single life rate, plus any statutory or cost of living increases applicable thereto which were authorized prior to the date of enactment of this legislation.

Similar treatment is proposed by the bill for a retiree who has substituted, or may in the future substitute, a spouse acquired after retirement in lieu of a person with an insurable interest. Such an annuitant's benefit will be recomputed, effective upon enactment of this legislation or the first day of the month after a change in election is executed, whichever is later, to eliminate any reduction for surviving spouse annuity purposes.

Surviving spouses' benefits.—For survivor annuity purposes, existing law (section 8341(a) of title 5, United States Code) defines a widow or widower as the surviving wife or husband of an employee who was married to him (or her) for at least two years immediately before his death, or is the mother or father of issue by that marriage. Either requirement must be met by the survivor of an employee whose

death occurs in service or the survivor of a post-retirement marriage in order to qualify for an annuity benefit.

However, the surviving spouse of a retiree, married at the time of retirement, does not have to fulfill either requirement for entitlement.

The bill proposes to modify these requirements with respect to the spouses of employees or members who die in service, or after retiring from service, on or after the date of enactment. To qualify for a survivor annuity the spouse would have to have been married to the employee or retiree for at least one year prior to his death (or be the parent of issue by that marriage).

Thus, the existing two-year marriage requirement would be reduced to a one-year requirement. The present provisions which grants a survivor annuity to a spouse who was married to the retiree on the date of his retirement will be revised so as to require that such marriage be in effect for at least one year preceding the retired employee's death. Accordingly, a uniform one-year length of marriage requirement will apply in cases of employees and present and future retirees whose deaths occur on or after the date of enactment, except that a spouse who was married to a retiree at the time of his retirement before enactment would not be required to meet the one-year requirement in order to receive a survivor annuity.

Under present law (section 8341(b) of title 5, United States Code) the eligible spouse is generally entitled to a survivor annuity equal to 55 percent of the single life rate which would have been payable to the deceased retiree, or 55 percent of such portion thereof as he may have designated for survivorship purposes.

The bill amends the present provision to provide that the annuity payable to an eligible spouse will be equal to 55 percent of the annuity otherwise payable to the employee who retires on or after the date of enactment. As under existing law, no survivor annuity would be paid to the spouse acquired after retirement in the case of the retiree who which makes several substantive changes in the civil service retiree-interest.

Such change would also apply to present survivor annuitants whose basic benefits are equal to less than 55 percent of the deceased retiree's single life rate of annuity, regardless of the provisions of law in effect upon the retirees' separation from service. The basic annuities of such surviving spouses would be recomputed, if necessary, and paid in an amount equal to 55 percent of the maximum rate of annuity to which the deceased employee or retiree would have been entitled, plus any annuity increases applicable to such survivor annuity which were previously authorized by law.

This change applies equally to the surviving spouses of annuitants who retired or separated before the date of enactment and whose deaths occur subsequent thereto. Not only would the change affect those spouses with vested rights to future annuities, but it will vest entitlement in certain spouses who presently have no annuity rights. With respect to the latter, in many instances—particularly in cases of separations prior to October 1, 1956—annuity computation formulas were so low and survivorship reduction percentages so high that the retiring employee could not afford to provide his spouse survivor-

ship protection. Additionally, those separated with entitlement to deferred annuity were precluded by law from providing a survivor annuity.

However, the right to a survivor annuity granted under the bill would vest only in the spouse of an annuitant who dies on or after the date of enactment. No benefits would be payable to a spouse who otherwise had no entitlement if the annuitant has died prior to the date of enactment.

STATEMENT

The joint and survivorship annuity option was first added to the civil service retirement law effective January 1, 1940, and originally required a full actuarial reduction in the retired employee's annuity to provide survivor annuity entitlement. The option has been amended, as follows, to progressively decrease the annuity reduction cost to the retiree:

Amendment	Retired between	Reduction in retiree's annuity	Benefit to spouse named at retirement
Public Law 76-263 Aug. 4, 1939	Jan. 1, 1940 to Mar. 31, 1948.	Full actuarial	50 or 100 percent of retiree's reduced annuity.
Public Law 80-426 Feb. 28, 1948	Apr. 1 1948 to Sept. 29, 1949.	10 percent, plus $\frac{3}{4}$ of 1 percent for any years spouse under age 60.	50 percent of retiree's unreduced annuity. Do.
Public Law 81-310, Sept. 30, 1949	Sept. 30, 1949 to Sept. 30, 1956.	5 percent of 1st \$1,500 and 10 percent of remainder, plus $\frac{3}{4}$ of 1 percent for any years spouse under age 60.	
Public Law 84-854, July 31, 1956	Oct. 1, 1956 to Oct. 10, 1962.	2 $\frac{1}{2}$ percent of 1st \$2,400 and 10 percent of any added amount used as base for survivor benefit.	50 percent of the amount used as survivor base.
Public Law 87-793, Oct. 11, 1962	Oct. 11, 1962 to present.	2 $\frac{1}{2}$ percent of 1st \$3,600 and 10 percent of any added amount used as base for survivor benefit.	55 percent of the amount used as survivor base.

The foregoing table is indicative of the direction in which the option has been going toward providing automatic, cost-free survivorship protection to retirees, comparable to the existing provisions under which automatic payment of survivor annuity is made to spouses where death occurs while actively employed.

It is the consensus of the Committee that its amendment makes more economic sense than the provisions of S. 628, as passed by the Senate. While restoration of the full, single life rate of annuity would be a valuable benefit for the retiree whose spouse has predeceased him, or whose marriage otherwise has been terminated, the Committee recognizes that such restoration would result in the payment of higher total benefits to the retiree alone than had been paid to him during his spouse's lifetime; thus, creating the anomalous situation of providing the retiree more benefits at a time when his economic need is less.

Further, the Committee considers it anomalous to provide the spouse of a Federal employee automatic survivor annuity protection in the event of his death in service, but, upon retiring on only a portion of his earnings, to require the retirement income to be reduced further in order to continue to furnish such protection.

In the judgment of the Committee, the improvements proposed in the amended bill are consistent with the trend developing in private pension plans and more closely parallel recent liberalizations in related provisions of the social security program. Although this legislation will not grant the civil service retiree a dependent's "allowance", it will permit him to have the full annuity during a period of marriage as well as during periods when he may not be married.

SECTION ANALYSIS

FIRST SECTION

Subsection (a) of the first section of the bill consists of several amendments to section 8339 of title 5, United States Code, relating to the computation of civil service retirement annuities.

Paragraph (1) of subsection (a) repeals the existing provisions of subsection (j) of section 8339. Under those provisions, the annuity of a married employee or Member retiring under subchapter III (Civil Service Retirement) of chapter 83 of title 5, automatically is reduced by 2½ percent of the first \$3,600 of such annuity and by 10 percent of any amount in excess of \$3,600, unless the employee or Member notifies the Civil Service Commission in writing at the time of retirement that he does not wish to provide an annuity under section 8341(b) of title 5 for any spouse surviving him. Under the current provisions of subsection (j) the retiring employee or Member is granted the option of using the single-life rate of his annuity as the basis for computing a survivor annuity or using only a portion of his annuity for survivor annuity purposes. The percentage reductions discussed above are applied against whatever portion of his annuity the retiring employee or Member elects to use as a basis for a survivor annuity. The decision of a married employee or Member to accept a reduced annuity with survivor benefit or an unreduced annuity with no survivor benefit is irrevocable under existing law. If the married employee or Member decides at the time of retirement to accept a reduced annuity with survivor benefit, such reduction continues in effect irrespective of whether his spouse predeceases him or the marriage is terminated by divorce.

The effect of repealing subsection (j) of section 8339 is to eliminate from the law those provisions which now require a reduction in the annuity of a retiring employee or Member who desires to provide an annuity for his surviving spouse and those provisions which now permit a retiring employee or Member to deny his spouse entitlement to a survivor annuity. This amendment will apply to employees or Members who separate with title to a deferred annuity under 5 U.S.C. 8338, or retire with an immediate annuity under subchapter III of chapter 83 of title 5, on or after the date of enactment of this legislation. Under section 2 of the bill, discussed below, benefits are provided for annuitants who currently are receiving reduced annuities and for employees who separated under 5 U.S.C. 8338 prior to the date of enactment of this legislation.

Paragraph (2) of subsection (a) redesignates subsections (k) to (n) of section 8339 as subsections (j) to (m), respectively. This is a technical change made necessary by the repeal of section 8339 (j) under paragraph (1) of subsection (a), discussed above.

Paragraph (3) of subsection (a) amends the redesignated subsection (j) of section 8339, formerly subsection (k).

No change is made in the provisions of paragraph (1) of subsection (j), formerly (k), which permit an unmarried employee or Member to elect, at the time of retirement, a reduced annuity in order to provide a survivor annuity under section 8341(c) of title 5 for an individual having an insurable interest in the retiring employee or Member. The annuity of an employee or Member who makes such an election is reduced by 10 percent, and by five percent for each full five years the individual having the insurable interest is younger than the retiring employee or Member.

As a result of the repeal of the existing subsection (j) of section 8339, discussed above, paragraph (2) of the redesignated subsection (j), formerly (k), is amended to eliminate that language which now provides for a reduction in the annuity of a retired employee or Member who acquires a spouse after retirement and who elects to provide a survivor annuity for that spouse in lieu of the survivor benefit which he previously elected under paragraph (1) for a person having an insurable interest.

Under existing law (section 8339(k)(2)), the annuity of a retired employee or Member who elects to provide a survivor annuity for his newly acquired spouse in lieu of the annuity for a person with an insurable interest is reduced in accordance with the existing provisions of section 8339(j). Of course, such reduction is less than that required under the existing section 8339(k)(1). Under the amended provisions of subsection (j)(2), formerly (k)(2), the annuity of an employee or Member who makes such an election will be restored to the full single-life rate. Such reduced annuity is effective the first day of the month after the employee's or Member's election is received by the Civil Service Commission.

Paragraph (4) of subsection (a) makes a technical correction in the language of the redesignated subsection (k), formerly subsection (l), of section 8339. The correction is necessitated by the repeal of section 8339(j).

Subsection (b) of the first section of the bill consists of several amendments to section 8341 of title 5, United States Code, relating to survivor annuities.

Paragraph (1) of subsection (b) deletes the existing paragraphs (1) and (2) of section 8341(a) and inserts a new paragraph (1) in lieu thereof.

Paragraphs (1) and (2) of section 8341(a) now define the terms "widow" and "widower" for the purposes of the survivor annuity provisions. Under existing law the widow or widower of an employee or Member who dies in service, or of an annuitant who acquires a spouse after retirement, is entitled to a survivor annuity only if such widow or widower had been married to the employee, Member, or annuitant for at least two years immediately preceding his death or is the parent of issue by that marriage. A spouse to whom an annuitant was married at the time of retirement does not have to satisfy either of such requirements and is entitled to a survivor annuity (unless the retiring employee has elected not to provide such an annuity) regardless of the duration of the marriage relationship.

The amendment made by paragraph (1) of subsection (b) substitutes a definition of "spouse" in lieu of the definitions of "widow" and "widower". The term "spouse" is defined as meaning the surviving wife or husband of any employee, Member, or annuitant who was married to the employee, Member, or annuitant for at least one year immediately before the death of the employee, Member, or annuitant or who is the parent of issue by that marriage. The effect of this amendment is to require any surviving spouse, including a spouse to whom an annuitant was married at the time of retirement, to satisfy at least one of the two conditions specified in the new definition in order to be eligible for entitlement to a survivor annuity. The application of this amendment is discussed below under the analysis of section 2 of the bill.

Paragraph (2) of subsection (b) is a technical amendment redesignating paragraph (3) of section 8341(a) as paragraph (2) of such section.

Paragraph (3) of subsection (b) deletes the existing paragraphs (1) and (2) of section 8341(b) and substitutes a new paragraph (1) in place thereof. Under the existing paragraph (1) of section 8341(b), the surviving spouse of an employee or Member who dies after having retired is entitled to an annuity equal to 55 percent (or 50 percent if the employee or Member retired before October 11, 1962) of the single-life rate of annuity which was payable to the deceased employee or Member or 55 percent of such portion thereof as the employee or Member may have designated for survivorship purposes under the existing provisions of section 8339(j), unless the employee or Member elected at the time of retirement not to provide an annuity for his surviving spouse.

The existing provisions of paragraph (2) of section 8341(b) provide that the widow or widower of an annuitant who retired before April 1, 1948, or an annuitant who elected a reduced annuity under paragraph (2) of section 8339(k), is entitled to an annuity in an amount which would have been paid had the annuitant been married to such widow or widower at the time of retirement.

In lieu of the existing paragraphs (1) and (2) of section 8341(b), the new paragraph (1) provides that when an annuitant dies and is survived by a spouse, the spouse is entitled to an annuity equal to 55 percent of the maximum annuity to which the annuitant was entitled as computed under section 8339(a) (i) of title 5. However, no annuity is payable to the surviving spouse of an annuitant who failed to elect to provide a survivor annuity for his spouse under section 8339(j) (2), as amended by this bill, in lieu of a survivor benefit for a person having an insurable interest.

This amendment will apply to the surviving spouse of any annuitant who separates with title to a deferred annuity under 5 U.S.C. 8338, or who retires under subchapter III of chapter 83 of title 5, on or after the date of enactment of this legislation. However, under section 2 of this bill, discussed below, comparable benefits are provided for surviving spouses who currently are in receipt of survivor annuities and surviving spouses of annuitants who retired or separated prior to the date of enactment of this legislation and who die on or after such date of enactment.

The amendments made by paragraphs (4), (5), (6), and (7) of subsection (b) are technical changes which are necessitated by the substantive amendments made by provisions of the bill discussed above.

Subsection (c) of the first section of the bill deletes that provision in section 8344(a) of title 5 (annuities and pay on reemployment) which now requires a ten percent reduction in the supplemental annuity earned by a reemployed annuitant who is receiving a reduced annuity and provides for an increase in the survivor annuity payable under section 8341(b), unless the reemployed annuitant notifies the Civil Service Commission that he does not desire the survivor annuity to be increased. In lieu of that provision, subsection (c) inserts new language which, in effect, provides an unreduced benefit for the annuitant based on his period of reemployment and increases the survivor annuity by 55 percent of the supplemental annuity earned by the reemployed annuitant,

SECTION 2

Generally, the rights and benefits of employees who retire under the civil service retirement provisions, and the rights and benefits of their survivors, are governed by the provisions of law which are in effect at the time of retirement or at the time of separation with title to a deferred annuity. Therefore, in the absence of provisions to the contrary, the amendments made by the first section of this bill would apply only to those employees or Members who separate or retire on or after the date of enactment of this legislation. However, it is the Committee's intent to extend certain of the benefits authorized under this legislation to annuitants and certain survivors of annuitants who retired or separated prior to the date of enactment. Section 2 of the bill contains the provisions necessary to carry out the Committee's intent.

Subsection (a) of section 2 applies to annuitants who presently are receiving reduced annuities in order to provide annuities for their surviving spouses. Under subsection (a), the annuity of a retired employee or Member who, immediately before the date of enactment of this Act, was receiving such a reduced annuity shall be recomputed and paid as if the annuity had not been so reduced. The intent of this provision merely is to eliminate the percentage reduction in the retired employee's annuity which is required under existing law in order to provide a survivor benefit for a surviving spouse. This provision corresponds to the amendment made by paragraph (1) of subsection (a) of the first section of the bill which repeals section 8339(j) of title 5. The annuities covered under this provision will be recomputed to eliminate the reductions which were in effect, but no increase resulting from such recomputation will be paid for any period prior to date of enactment of this legislation.

Subsection (b) of section 2 applies to an employee or Member who separated with title to a deferred annuity under 5 U.S.C. 8338 (or any prior applicable provision of law) prior to the enactment date of this legislation but whose annuity commences on or after such date of enactment. Under existing law (section 8339(j) of title 5) the annuity of such an employee or Member would be reduced unless he elects at the time of retirement not to provide an annuity for his surviving spouse.

This subsection provides that the annuity of an employee or Member covered under the subsection shall be paid as if the amendment made by paragraph (1) of subsection (a) of the first section of this Act (i.e. the repeal of section 8339(j) of title 5) had been in effect at the time of the employee's or Member's separation. Thus, such an employee or Member will be entitled to receive an unreduced annuity with survivor benefits payable to his spouse.

Subsection (c) of section 2 provides that the amendments made by paragraph (3) of subsection (a) of the first section of this Act shall apply to annuities commencing before, on, or after the date of enactment of the Act. Paragraph (3) of subsection (a) amends the redesignated subsection (j) of section 8339, formerly subsection (k). As discussed above, paragraph (2) of the redesignated subsection (j) was amended to eliminate that language which now provides for a reduction in the annuity of a retired employee or Member who acquires a spouse after retirement and who elects to provide a survivor annuity for such spouse in lieu of the survivor annuity which he previously elected under paragraph (1) for a person having an insurable interest. Under the amended language of the new subsection (j) (2), the annuity of an employee or Member who makes such an election will be restored to the full single-life rate. Under the provisions of subsection (c) of section 2, the above-discussed amendment will apply to any retired employee or Member regardless of the commencing date of his annuity. If the retired employee or Member currently is receiving a reduced annuity under the existing provisions of section 8339(k) (2), the annuity will be recomputed to eliminate such reduction, but no increase resulting from such recomputation will be paid for any period prior to the date of enactment of this Act.

Subsection (d) of section 2 provides that the amendment made by paragraph (1) of subsection (b) of the first section of this Act shall apply in the cases of employees, Members, or annuitants who die on or after the date of enactment of the Act. However, the amendment does not apply to a spouse to whom an annuitant was married at the time of retirement if such retirement occurred prior to the date of enactment. The amendment made by paragraph (1) of subsection (b) substitutes a definition of "spouse" in lieu of the definitions of "widow" and "widower" for survivor annuity purposes. Since the term "spouse", as defined under the amendment, includes requirements which under existing law do not have to be met by a spouse to whom an annuitant was married at the time of retirement, the amendment has been made inapplicable to such a spouse of an annuitant who retired prior to the date of enactment of this Act. The amendment will apply to all other surviving spouses of employees, Members, or annuitants who die on or after the date of enactment.

Subsection (e) of section 2 authorized recomputation of annuities of surviving spouses who currently are receiving survivor annuities. Specifically, subsection (e) provides that the annuity of a surviving spouse who, immediately before the date of enactment of this Act was receiving a survivor annuity under subchapter III of chapter 83 of title 5, United States Code, or any prior applicable provision of law, shall be recomputed, if necessary, and paid in an amount equal to 55 percent of the maximum annuity to which the former employee or

Member was entitled at the time of his retirement or separation plus any annuity cost-of-living adjustments applicable to such survivor annuity which were authorized by law prior to the date of enactment of this Act.

Under existing law an eligible surviving spouse generally is entitled to a survivor annuity equal to 55 percent of the single-life rate of annuity to which the deceased retiree was entitled or 55 percent of such portion thereof as the retiree may have designated for survivorship purposes. Under this subsection of section 2, all existing surviving spouse annuities will be recomputed, where necessary, and paid in an amount equal to 55 percent of the maximum rate of annuity to which the retiree would have been entitled at the time of retirement plus any cost-of-living adjustments applicable to such survivor annuity which were authorized by law prior to the date of enactment of this legislation. Thus, in effect, the surviving spouses covered under this subsection will be entitled to annuities in an amount which would have been paid if the amendments made by the first section of this bill had been in effect at the time of the former employee's or Member's separation or retirement. Increases resulting from the recomputation of annuities under this subsection will not be paid for any period prior to the date of enactment of this legislation.

Subsection (f) of section 2 applies to spouses of annuitants who retired or separated prior to the date of enactment of this legislation and who die on or after such date of enactment. Under this subsection such a spouse is entitled to an annuity equal to 55 percent of the maximum annuity to which the former employee or Member was entitled at the time of his retirement or separation plus any cost-of-living adjustments applicable to the former employee's or Member's annuity which were authorized by law prior to the enactment date of this Act. The right to a survivor annuity under this subsection is not limited to those spouses who currently have a vested right to a survivor annuity under existing law but extends to certain spouses who now have no annuity entitlement. For example, the spouse of an annuitant who elected not to provide an annuity for a surviving spouse at the time of his retirement, or the spouse of an annuitant who was precluded by law from providing a survivor annuity, nevertheless will be entitled to a survivor annuity under this subsection if the annuitant dies on or after the date of enactment of this Act. No benefits are payable under this subsection to the spouse of an annuitant who dies prior to the enactment date of this Act.

For the purpose of subsection (f) the term "spouse" is defined to mean the surviving wife or husband, (1) to whom an annuitant was married at the time of his retirement; (2) to whom an annuitant was married for at least one year immediately before his death; or (3) who is the parent of issue by the marriage to the annuitant.

Subsection (g) of section 2 provides that no annuity or increase in annuity resulting from the application of any of the provisions of section 2 of this Act shall be paid for any period before the date of enactment of this Act or for any period before the commencing date of an annuity, whichever is later. Thus, while the provisions of section 2 retroactively vest entitlement to new or increased benefits in certain annuitants and surviving spouses, the actual payment of such benefits will be made prospectively only from the date of enactment.

Cost

It is estimated that the bill, as amended, will increase the unfunded liability of the Civil Service Retirement System by approximately \$5.85 billion. Amortization of such amount, including the interest, would require annual appropriations of approximately \$362 million in each of the 30 years following enactment.

The normal cost of the system would be increased by an estimated 0.37 percent of payroll.

AGENCY REPORTS

The reports of the United States Civil Service Commission and the Office of Management and Budget on S. 628, as passed by the Senate, and the report of the United States Civil Service Commission dated February 7, 1974, on the Committee amendment thereto, are set forth below:

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., October 4, 1973.

HON. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for the Commission's views on S. 628, a bill "To amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married." S. 628 passed the Senate on July 31, 1973.

Under the Civil Service Retirement law, the annuity of a retiring married employee is automatically reduced in order to offset a portion of the cost of providing survivor benefits for his wife (or her husband), unless at time of retirement the employee elects in writing to receive an unreduced single-life annuity. The employee's decision in this matter is irrevocable; the law does not permit him to change his reduced survivor annuity to an unreduced single-life annuity should the marriage relationship upon which the survivor right was based be dissolved. However, a subsequent spouse of a retiree who elected a reduced annuity with survivor benefit to a spouse who is the parent of a child by marriage to the retiree, or who has been married to the retiree for at least two years, will qualify for the survivor benefit. S. 628 would, in effect, provide that if the marriage relationship is dissolved, the retiree's reduced annuity would be recomputed, under the law in effect at the time he retired, as though he had not provided a survivor benefit for his spouse.

Originally the reduction was equal to the full actuarial cost of the survivor protection computed over the lifetime of the retiree, taking into account that there will be instances where the survivor benefit will never be payable due to intervening death or divorce of the named survivor. As shown in the following table, though, this reduction has been decreased five times so that it now equals only a fraction of the cost of the survivor protection.

Retired between	Reduction in retiree's annuity	Benefit to spouse named at retirement
Jan. 1, 1940 and Mar. 31, 1948.....	Full actuarial.....	50 or 100 percent of retiree's reduced annuity.
Apr. 1, 1948 and Sept. 29, 1949.....	10 percent, plus $\frac{3}{4}$ of 1 percent for any years spouse under age 60.	50 percent of retiree's unreduced annuity.
Sept. 30, 1949 and Sept. 30, 1956.....	5 percent of first \$1,500 and 10 percent of remainder, plus $\frac{3}{4}$ of 1 percent for any years spouse under age 60.	50 percent of retiree's unreduced annuity.
Oct. 1, 1956 and Oct. 10, 1962.....	$2\frac{1}{2}$ percent of first \$2,400 and 10 percent of any added amount used as base for survivor benefit.	50 percent of the amount used as survivor base.
Oct. 11, 1962 and present.....	$2\frac{1}{2}$ percent of first \$3,600 and 10 percent of any added amount used as base for survivor benefit.	55 percent of the amount used as survivor base.

Furthermore, the amount payable to a subsequent spouse is the same as would have been payable to the spouse designated at the time of retirement.

We estimate that if the bill is enacted the unfunded liability of the Civil Service Retirement and Disability Fund would be increased by \$136.7 million and the normal cost would be increased by .01% of payroll. Under the provisions of section 8348(f) of title 5, United States Code, this amount would be amortized by 30 equal installments of approximately \$8.5 million.

In conclusion, the Commission opposes enactment of S. 628. We believe there is not sufficient justification for restoring full annuity, to warrant the accompanying increase in retirement costs.

The Office of Management and budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely yours,

ROBERT HAMPTON,
Chairman.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., November 5, 1973.

HON. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service, House of Representatives, 207 Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to the Committee's request for the views of this Office on S. 628, "To amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married," as passed the Senate July 31, 1973.

S. 628 would allow the annuity of a retired employee who originally elected a reduced annuity on behalf of a surviving spouse, to be recomputed and paid as a single-life, unreduced annuity where the marriage has been dissolved. In its report, the Civil Service Commission states its reasons for opposing enactment of S. 628.

We concur in the views expressed by the Civil Service Commission and, accordingly, recommend against enactment of S. 628.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., February 7, 1974.

HON. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service, House of
Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for the Commission's views on S. 628 (as amended), a bill "To amend title 5, United States Code, to provide for annuities for surviving spouses under the civil service retirement system without reduction in principal annuities, and for other purposes."

The main features of S. 628 would:

1. Provide for automatic survivor benefit to a surviving spouse after 1 year (now generally 2 years) of marriage;
2. Eliminate the reduction in annuity (now 2½% of the first \$3,600 plus 10% of the remainder) that a retiree takes in order to provide a survivor benefit for a spouse;
3. Prospectively restore the full single-life annuity for any already-retired annuitant whose benefit had been reduced to provide survivor annuity for a spouse; and
4. Prospectively increase the basic amount upon which the annuity is computed for any surviving spouse currently receiving an annuity based on less than the maximum amount which the deceased annuitant could have elected.

With respect to the first feature mentioned above, the 2-year marriage requirement now imposed by law applies to surviving spouses of (1) employees who die in service and (2) annuitants who marry after retirement. No duration-of-marriage requirement applies to the surviving spouse of a deceased annuitant if the marriage existed on the date the annuitant retired. As we construe the 1-year marriage requirement in section 1(b) of S. 628, it would apply to all surviving spouses and therefore would have the effect of deliberalizing the duration-of-marriage requirement for a surviving spouse who was married to the deceased annuitant at the time of retirement. The Commission is not opposed to reducing the duration-of-marriage requirement from 2 years to 1 year but because of the deliberalizing effect of section 1(b) of S. 628, we prefer that S. 2174 be enacted. S. 2174 simply reduces the 2-year requirement to 1 year only in cases where the requirement is now applicable.

The third and fourth features of S. 628 mentioned above are predicated on the second, which would, for a future retiree, eliminate the reduction in the primary annuity now required when the retiree accepts an annuity with a surviving spouse benefit based wholly or partially on the primary annuity. The third and fourth features would prospectively put past retirees and their surviving spouses in the same position as future retirees. The Commission, however, very strongly objects to the second feature—elimination of the reduction for future retirees—and, it follows, to the last two features which are premised on it.

The Commission believes that the present reduction in annuity which a retiree takes in order to provide survivor benefits for a spouse represents an equitable sharing of the cost of survivor protection. Originally, the reduction was equal to the full actuarial cost of the

survivor protection computed over the lifetime of the retiree, taking into account that there will be instances where the survivor benefit will never be payable due to intervening death or divorce of the named survivor. As shown in the following table, though, this reduction has been decreased five times so that it now equals only a fraction of the cost of the survivor protection.

Retired between	Reduction in retiree's annuity	Benefit to spouse named at retirement
Jan. 1, 1940 and Mar. 31, 1948.....	Full actuarial.....	50 or 100 percent of retiree's reduced annuity.
Apr. 1, 1948 and Sept. 29, 1949..	10 percent, plus ¼ of 1 percent for any years spouse under age 60.	50 percent of retiree's unreduced annuity.
Sept. 30, 1949 and Sept. 30, 1956..	5 percent of first \$1,500 and 10 percent of remainder plus ¼ of 1 percent for any years spouse under age 60.	50 percent of retiree's unreduced annuity.
Oct. 1 1956 and Oct. 10, 1962.....	2½ percent of first \$2,400 and 10 percent of any added amount used as base for survivor benefit.	50 percent of the amount used as survivor base.
Oct. 11, 1962 and present.....	2½ percent of first \$3,600 and 10 percent of any added amount used as base for survivor benefit.	55 percent of the amount used as survivor base.

Federal salary rates have been raised substantially in recent years because of the adoption of the comparability principle. As a result of these salary increases and retirement law liberalizations (for example, a high-3 instead of a high-5 average salary is now used in computing annuities), the amounts of primary, as well as survivor annuities, have also increased. Also, since 1962 the retirement law has provided for cost-of-living adjustments which have resulted in annuity increases of 61.8% for primary and survivor annuitants. The most recent cost-of-living increase of 5.5% became effective just last January 1. Thus the purchasing power of all original annuities has been maintained and the Commission sees no compelling reason for substantially increasing past and future annuities at this time by eliminating the reduction for survivor protection at prohibitive cost to taxpayers.

Insofar as cost is concerned, enactment of S. 628 (as amended) would increase the unfunded liability of the Civil Service Retirement System by an estimated \$5.85 billion. Under the provisions of section 8348(f) of title 5, United States Code, this amount would be amortized by 30 equal installments of approximately \$362 million. S. 628 (as amended) would increase the normal cost of providing future retirement benefits by 0.37% of payroll.

The President again emphasized the urgent need for budgetary discipline in his January 30, 1974 message on the State of the Union in which Congress was urged to cooperate in holding down the cost of Government to help win the fight against inflation. In view of the very substantial (almost \$6 billion) cost of this proposal, as well as as the equities involved, the Commission very strongly opposes enactment of S. 628, as amended.

The Office of Management and Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON,
Chairman.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

TITLE 5, UNITED STATES CODE

* * * * *

CHAPTER 83—RETIREMENT

* * * * *

SUBCHAPTER III—CIVIL SERVICE RETIREMENT

* * * * *

§ 8339. Computation of annuity

(a) Except as otherwise provided by this section, the annuity of an employee retiring under this subchapter is—

- (1) $1\frac{1}{2}$ percent of his average pay multiplied by so much of his total service as does not exceed 5 years; plus
- (2) $1\frac{3}{4}$ percent of his average pay multiplied by so much of his total service as exceeds 5 years but does not exceed 10 years; plus
- (3) 2 percent of his average pay multiplied by so much of his total service as exceeds 10 years.

However, when it results in a larger annuity, 1 percent of his average pay plus \$25 is substituted for the percentage specified by paragraph (1), (2), or (3) of this subsection, or any combination thereof.

(b) The annuity of a Congressional employee, or former Congressional employee, retiring under this subchapter is computed under subsection (a) of this section, except, if he has had—

- (1) at least 5 years' service as a Congressional employee or Member or any combination thereof; and
- (2) deductions withheld from his pay or has made deposit covering his last 5 years of civilian service;

his annuity is computed, with respect to his service as a Congressional employee, his military service not exceeding 5 years, and any Member service, by multiplying $2\frac{1}{2}$ percent of his average pay by the years of that service.

(c) The annuity of a Member, or former Member with title to Member annuity, retiring under this subchapter is computed under subsection (a) of this section, except, if he has had at least 5 years' service as a Member or Congressional employee or any combination thereof, his annuity is computed with respect to—

- (1) his service as a Member and so much of his military service as is creditable for the purpose of this paragraph; and
 - (2) his Congressional employee service;
- by multiplying $2\frac{1}{2}$ percent of his average pay by the years of that service.

(d) The annuity of an employee retiring under section 8336(c) of this title is 2 percent of his average pay multiplied by his total service.

(e) The annuity of an employee retiring under section 8336(e) of this title is computed under subsection (a) of this section. That annuity may not be less than 50 percent of the average pay of the employee.

(f) The annuity computed under subsections (a)–(e) of this section may not exceed 80 percent of—

- (1) the average pay of the employee; or
- (2) the greater of—

(A) the final basic pay of the Member; or

(B) the final basic pay of the appointive position of a former Member who elects to have his annuity computed or recomputed under section 8344(b)(1) of this title.

(g) The annuity of an employee or Member retiring under section 8337 of this title is at least the smaller of—

- (1) 40 percent of his average pay; or
- (2) the sum obtained under subsections (a)–(c) of this section after increasing his service of the type last performed by the period elapsing between the date of separation and the date he becomes 60 years of age.

(h) The annuity computed under subsections (a), (b), and (f) of this section for an employee retiring under section 8336(d) of this title is reduced by $\frac{1}{4}$ of 1 percent for each full month the employee is under 55 years of age at the date of separation. The annuity computed under subsections (c) and (f) of this section for a Member retiring under the second or third sentence of section 8336(g) of this title or the third sentence of section 8338(b) of this title is reduced by $\frac{1}{12}$ of 1 percent for each full month not in excess of 60 months, and $\frac{1}{6}$ of 1 percent for each full month in excess of 60 months, the Member is under 60 years of age at the date of separation.

(i) The annuity computed under subsections (a)–(h) of this section is reduced by 10 percent of a deposit described by section 8334(c) of this title remaining unpaid, unless the employee or Member elects to eliminate the service involved for the purpose of annuity computation.

[(j) The annuity computed under subsections (a)–(i) of this section for a married employee or Member retiring under this subchapter, or any portion of that annuity designated in writing for the purpose of section 8341(b) of this title by the employee or Member at the time of retirement, is reduced by $2\frac{1}{2}$ percent of so much thereof as does not exceed \$3,600 and by 10 percent of so much thereof as exceeds \$3,600, unless the employee or Member notifies the Civil Service Commission in writing at the time of retirement that he does not desire any spouse surviving him to receive an annuity under section 8341(b) of this title.]

[(k) (1) (j) (I) At the time of retiring under section 8336 or 8338 of this title, an unmarried employee or Member who is found to be in good health by the Commission may elect a reduced annuity instead of an annuity computed under subsections (a)–(i) of this section and name in writing an individual having an insurable interest in the employee or Member to receive an annuity under section 8341(c) of this

title after the death of the retired employee or Member. The annuity of the employee or Member making the election is reduced by 10 percent, and by 5 percent for each full 5 years the individual named is younger than the retiring employee or Member. However, the total reduction may not exceed 40 percent.

(2) An employee or Member, who [is unmarried] at the time of retiring under [a provision of law which permits election of a reduced annuity with a survivor annuity payable to his spouse and who] *section 8336 or 8338 of this title elects a reduced annuity under paragraph (1) of this subsection and later marries*, may irrevocably elect, in a signed writing received in the Commission within 1 year after [he marries, a reduction in his current annuity as provided in subsection (j)] *the marriage, and annuity computed under sections (a)-(i) of this section. [His reduced annuity is effective the first day of the month after his] Such latter annuity is effective the first day of the month after such elections is received in the Commission. The election voids prospectively any election previously made under paragraph (1) of this subsection.*

[(1)] (k) The annuity computed under subsections (a)-[(k)] (j) of this section for an employee who is a citizen of the United States is increased by \$36 for each year of service in the employ of—

(1) the Alaska Engineering Commission, or The Alaska Railroad, in Alaska between March 12, 1914, and July 1, 1923; or

(2) The Isthmian Canal Commission, or the Panama Railroad Company on the Isthmus of Panama between May 4, 1904, and April 1, 1914.

[(m)] (l) In determining service for the purpose of computing an annuity under each paragraph of this section, 45 per centum of each year, or fraction thereof, of service referred to in section 8332(b)(6) which was performed prior to the effective date of the National Guard Technicians Act of 1968 shall be disregarded.

[(n)] (m) In computing any annuity under subsections (a)-(e) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity includes, without regard to the limitations imposed by subsection (f) of this section, the days of unused sick leave to his credit under a formal leave system, except that these days will not be counted in determining average pay or annuity eligibility under this subchapter.

§ 8341. Survivor annuities

(a) For the purpose of this section—

[(1) "widow" means the surviving wife of an employee or Member who—

[(A) was married to him for at least 2 years immediately before his death; or

[(B) is the mother of issue by that marriage;

[(2) "widower" means the surviving husband of an employee or Member who—

[(A) was married to her for at least 2 years immediately before her death; or

[(B) is the father of issue by that marriage; and]

(1) "spouse" means the surviving wife or husband of any employee, Member, or annuitant who—

(A) was married to the employee, Member, or annuitant for at least 1 year immediately before the death of the employee, Member, or annuitant; or

(B) is the parent of issue by that marriage; and

[(2) "child" means—

(A) an unmarried child under 18 years of age, including (i) an adopted child, and (ii) a stepchild or recognized natural child who lived with the employee or Member in a regular parent-child relationship, and (iii) a child who lived with and for whom a petition of adoption was filed by an employee or Member, and who is adopted by the surviving spouse of the employee or Member after his death;

(B) such unmarried child regardless of age who is incapable of self-support because of mental or physical disability incurred before age 18; or

(C) such unmarried child between 18 and 22 years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution.

For the purpose of this paragraph and subsection (e) of this section, a child whose 22nd birthday occurs before July 1 or after August 31 of a calendar year, and while he is regularly pursuing such a course of study or training, is deemed to have become 22 years of age on the first day of July after that birthday. A child who is a student is deemed not to have ceased to be a student during an interim between school years if the interim is not more than 5 months and if he shows to the satisfaction of the Civil Service Commission that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately after the interim.

[(b)(1) Except as provided in paragraph (2) of this subsection, if an employee or Member dies after having retired under this subchapter and is survived by a spouse to whom he was married at the time of retirement, or by a widow or widower whom he married after retirement, the spouse, widow, or widower is entitled to an annuity equal to 55 percent, or 50 percent if retired before October 11 1962, of an annuity computed under section 8339(a)-(i) of this title as may apply with respect to the annuitant, or of such portion thereof as may have been designated for this purpose under section 8339(j) of this title, unless the employee or Member has notified the Commission in writing at the time of retirement that he does not desire any spouse surviving him to receive his annuity.

[(2) If an annuitant—

[(A) who retired before April 1, 1948; or

[(B) who elected a reduced annuity provided in paragraph

(2) of section 8339(k) of this title;

dies and is survived by a widow or widower, the widow or widower is entitled to an annuity in an amount which would have been paid had

the annuitant been married to the widow or widower at the time of retirement.]

(b) (1) *When an annuitant, except an annuitant who did not elect an annuity as provided in paragraph (2) of section 8339(j) of this title, dies and is survived by a spouse, the spouse is entitled to an annuity equal to 55 percent of an annuity computed under section 8339(a)-(i) of this title as may apply with respect to the annuitant.*

[(3)] (2) A spouse acquired after retirement is entitled to a survivor annuity under this subsection only upon electing this annuity instead of any other survivor benefit to which he may be entitled under this subchapter or another retirement system for Government employees. The annuity of the spouse [widow, or widower] under this subsection commences on the day after the annuitant dies. This annuity and the right thereto terminate on the last day of the month before the spouse [widow, or widower]—

(A) dies; or

(B) remarries before becoming 60 years of age.

(c) The annuity of a survivor named under section [8339(k)] 8339(j) (1) of this title is 55 percent of the reduced annuity of the retired employee or Member. The annuity of the survivor commences on the day after the retired employee or Member dies. This annuity and the right thereto terminate on the last day of the month before the survivor dies.

(d) If an employee or Member dies after completing at least 18 months of civilian service, his [widow or widower] spouse is entitled to an annuity equal to 55 percent of an annuity computed under section 8339(a)-(f) and (i) of this title as may apply with respect to the employee or Member, except that, in computation of the annuity under such section, the annuity of the employee or Member shall be at least the smaller of—

(1) 40 percent of his average pay; or

(2) the sum obtained under such section after increasing his service of the type last performed by the period elapsing between the date of death and the date he would have become 60 years of age.

The annuity of the [widow or widower] spouse commences on the day after the employee or Member dies. This annuity and the right thereto terminate on the last day of the month before the [widow or widower] spouse—

(A) dies; or

(B) remarries before becoming 60 years of age.

* * * * *

§ 8344. Annuities and pay on reemployment

(a) If an annuitant receiving annuity from the Fund, except—

(1) a disability annuitant whose annuity is terminated because of his recovery or restoration of earning capacity;

(2) an annuitant whose annuity is based on an involuntary separation from the service other than an automatic separation; or

(3) a Member receiving annuity from the Fund; becomes employed after September 30, 1956, or on July 31, 1956, was

serving, in an appointive or elective position, his service on and after the date he was or is so employed is covered by this subchapter. Deductions for the Fund may not be withheld from his pay. An amount equal to the annuity allocable to the period of actual employment shall be deducted from his pay, except for lump-sum leave payment purposes under section 5551 of this title. If the annuitant serves on a full-time basis, except as President, for at least 1 year in employment not excluding him from coverage under section 8331 (1) (i) or (ii) of this title—

(A) his annuity on termination of employment is increased by an annuity computed under section 8339 (a), (b), (d), (e), (h), and (i) of this title as may apply based on the period of employment and the basic pay, before deduction, averaged during that employment; and

(B) his lump-sum credit may not be reduced by annuity paid during that employment.

[If the annuitant is receiving a reduced annuity as provided in section 8339(j) or section 8339(k) (2) of this title, the increase in annuity payable under subparagraph (A) of this subsection is reduced by 10 percent and the survivor annuity payable under section 8341(b) of this title is increased by 55 percent of the increase in annuity payable under such subparagraph (A), unless, at the time of claiming the increase payable under such subparagraph (A), the annuitant notifies the Commission in writing that he does not desire the survivor annuity to be increased.] *When an annuity is increased under subparagraph (A) of this subsection, then the survivor annuity payable under section 8341(b) of this title is increased by 55 percent of that increase payable under such subparagraph (A).* If the annuitant dies while still reemployed, the survivor annuity payable is increased as though the reemployment had otherwise terminated. If the annuitant dies while still reemployed and the described reemployment had continued for at least 5 years, the person entitled to survivor annuity under section 8341(b) of this title may elect to deposit in the Fund and have his rights redetermined under this subchapter.

* * * * *

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SURVIVING SPOUSE ANNUITIES

OCTOBER 7, 1974.—Ordered to be printed

Mr. DULSKI, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany S. 628]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 628) to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That section 8339(j) of title 5, United States Code, is amended by adding at the end thereof the following: "An annuity which is reduced under this subsection or any similar prior provision of law shall, for each full month during which a retired employee or Member is not married, be recomputed and paid as if the annuity had not been so reduced. Upon remarriage of the retired employee or Member, the annuity shall be reduced by the same percentage reductions which were in effect at the time of retirement."

SEC. 2. The amendment made by this Act shall apply to annuities which commence before, on, or after the date of enactment of this Act, but no increase in annuity shall be paid for any period prior to the first day of the first month which begins on or after the date of enactment of this Act.

And the House agree to the same.

That the House recede from its amendment to the title of the bill.

THADDEUS J. DULSKI,
DAVID N. HENDERSON,
DOMINICK V. DANIELS,
JEROME R. WALDIE,
LAWRENCE J. HOGAN,

Managers on the Part of the House.

GALE W. MCGEE,
QUENTIN BURDICK,
TED STEVENS,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 628) to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendments struck out all of the Senate bill after the enacting clause and inserted a substitute text and provided a new title for the Senate bill, and the Senate disagreed to the House amendments.

The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House to the text of the bill, with an amendment to the text of the bill. The committee of conference also recommends that the House recede from its amendment to the title of the bill.

The differences between the text of the Senate bill, the House amendment, and the amendment agreed to in conference are noted below.

ELIMINATION OF ANNUITY REDUCTION FOR SURVIVING SPOUSE ANNUITY PURPOSES

SENATE BILL

The first section of the Senate bill amended section 8339(j) of title 5, United States Code, so as to eliminate for any month during which an annuitant is not married the reduction in annuity that a retiring employee or Member accepts upon retirement in order to provide survivor benefits for his or her spouse. If the annuitant subsequently remarried, his or her annuity again would have been reduced in accordance with the percentage reductions specified in section 8339(j).

HOUSE AMENDMENT

Subsection (a) of the first section of the House amendment repealed section 8339(j) of title 5, United States Code. The effect of repealing section 8339(j) would have been to eliminate from the law those provisions which now require a reduction in the annuity of a retiring employee or Member who desires to provide an annuity for his or her surviving spouse and those provisions which now permit a retiring employee or Member to deny his or her spouse entitlement to a sur-

(3)

vivor annuity. Thus, an automatic annuity would have been provided for a surviving spouse without any reduction in the retiring employee's annuity.

Subsection (b) of the first section of the House amendment amended section 8341 (a) of title 5 by eliminating the definitions of the terms "widow and widower" and substituting in lieu thereof a definition of the term "spouse". The effect of the House amendment would have been to require any surviving spouse of an employee, Member, or annuitant, including a spouse to whom an annuitant was married at the time of retirement, to have been married to the employee, Member, or annuitant for at least one year immediately before the death of the employee, Member, or annuitant, or to be the parent of issue by that marriage, in order to be eligible for entitlement to a survivor annuity.

The first section of the House bill also contained numerous conforming amendments to the retirement provisions of title 5 which were necessitated by the two substantive amendments discussed above.

CONFERENCE SUBSTITUTE

The conference substitute is substantially the same as the Senate bill in that it eliminates the annuity reduction for surviving spouse benefits only for months during which the annuitant is not married. However, the substitute provides that upon remarriage of the retired employee or Member, his or her annuity shall be reduced by the same percentage reductions which were in effect at the time of retirement. This provision takes cognizance of the fact that annuitants who retired prior to October 11, 1962, were subject to higher reduction rates for survivor annuity purposes. The conferees agreed that the annuity of a retiree who remarries after having his or her annuity restored to the full single-life rate should again be reduced by the same percentage formula that was in effect at the time of his or her retirement.

EFFECTIVE DATE

SENATE BILL

Section 2 of the Senate bill provided that the amendment made by the first section of the bill shall apply only with respect to monthly payments of annuities that are paid for any month commencing on or after the date of enactment of the Act. Thus, the amendment would be applicable to any annuity, regardless of its commencing date, but no increase in such annuity resulting from the application of the amendment would be paid for any month commencing prior to the date of enactment.

HOUSE AMENDMENT

Section 2 of the House amendment provided for the recomputation of annuities of present retirees and surviving spouses in accordance with the amendments made by the first section of the House amendment. In addition, annuities were provided for the spouses of retirees who did not have the opportunity or failed to provide annuities for their surviving spouses. Section 2 of the House amendment further

provided that no annuity or annuity increase resulting from the application of that section shall be paid for any period before the date of enactment of the Act, or the commencing date of annuity, whichever is later.

CONFERENCE SUBSTITUTE

The conference substitute provides that the amendment made by the Act shall apply to any annuity, regardless of its commencing date, but no increase in such annuity resulting from the application of the amendment shall be paid for any month commencing prior to the date of enactment of the Act.

THADDEUS J. DULSKI,
DAVID N. HENDERSON,
DOMINICK V. DANIELS,
JEROME R. WALDIE,
LAWRENCE J. HOGAN,

Managers on the Part of the House.

GALE W. MCGEE,
QUENTIN BURDICK,
TED STEVENS,

Managers on the Part of the Senate.



SURVIVING SPOUSE ANNUITIES

OCTOBER 7, 1974.—Ordered to be printed

Mr. MCGEE, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany S. 628]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 628) to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That section 8339(j) of title 5, United States Code, is amended by adding at the end thereof the following: "An annuity which is reduced under this subsection or any similar prior provision of law shall, for each full month during which a retired employee or Member is not married, be recomputed and paid as if the annuity had not been so reduced. Upon remarriage of the retired employee or Member, the annuity shall be reduced by the same percentage reductions which were in effect at the time of retirement."

SEC. 2. The amendment made by this Act shall apply to annuities which commence before, on, or after the date of enactment of this Act. but no increase in annuity shall be paid for any period prior to the first day of the first month which begins on or after the date of enactment of this Act.

And the House agree to the same.

That the House recede from its amendment to the title of the bill.

GALE W. MCGEE,
QUENTIN BURDICK,
TED STEVENS,

Managers on the Part of the Senate.

THADDEUS J. DULSKI,
DAVID N. HENDERSON,
DOMINICK V. DANIELS,
JEROME R. WALDIE,
LAWRENCE J. HOGAN,

Managers on the Part of the House.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 628) to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendments struck out all of the Senate bill after the enacting clause and inserted a substitute text and provided a new title for the Senate bill, and the Senate disagreed to the House amendments.

The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House to the text of the bill, with an amendment to the text of the bill. The committee of conference also recommends that the House recede from its amendment to the title of the bill.

The differences between the text of the Senate bill, the House amendment, and the amendment agreed to in conference are noted below.

ELIMINATION OF ANNUITY REDUCTION FOR SURVIVING SPOUSE ANNUITY PURPOSES

Senate Bill

The first section of the Senate bill amended section 8339(j) of title 5, United States Code, so as to eliminate for any month during which an annuitant is not married the reduction in annuity that a retiring employee or Member accepts upon retirement in order to provide survivor benefits for his or her spouse. If the annuitant subsequently remarried, his or her annuity again would have been reduced in accordance with the percentage reductions specified in section 8339(j).

House Amendment

Subsection (a) of the first section of the House amendment repealed section 8339(j) of title 5, United States Code. The effect of repealing section 8339(j) would have been to eliminate from the law those provisions which now require a reduction in the annuity of a retiring employee or Member who desires to provide an annuity for his or her surviving spouse and those provisions which now permit a retiring employee or Member to deny his or her spouse entitlement to a survivor annuity. Thus, an automatic annuity would have been provided for a surviving spouse without any reduction in the retiring employee's annuity.

Subsection (b) of the first section of the House amendment amended section 8341(a) of title 5 by eliminating the definitions of the terms "widow and widower" and substituting in lieu thereof a definition of the term "spouse". The effect of the House amendment would have been to require any surviving spouse of an employee, Member, or annuitant, including a spouse to whom an annuitant was married at the time of retirement, to have been married to the employee, member, or annuitant for at least one year immediately before the death of the employee, Member, or annuitant, or to be the parent of issue by that marriage, in order to be eligible for entitlement to a survivor annuity.

The first section of the House bill also contained numerous conforming amendments to the retirement provisions of title 5 which were necessitated by the two substantive amendments discussed above.

Conference Substitute

The conference substitute is substantially the same as the Senate bill in that it eliminates the annuity reduction for surviving spouse benefits only for months during which the annuitant is not married. However, the substitute provides that upon remarriage of the retired employee or Member, his or her annuity shall be reduced by the same percentage reductions which were in effect at the time of retirement. This provision takes cognizance of the fact that annuitants who retired prior to October 11, 1962, were subject to higher reduction rates for survivor annuity purposes. The conferees agreed that the annuity of a retiree who remarries after having his or her annuity restored to the full single-life rate should again be reduced by the same percentage formula that was in effect at the time of his or her retirement.

EFFECTIVE DATE

Senate Bill

Section 2 of the Senate bill provided that the amendment made by the first section of the bill shall apply only with respect to monthly payments of annuities that are paid for any month commencing on or after the date of enactment of the Act. Thus, the amendment would be applicable to any annuity, regardless of its commencing date, but no increase in such annuity resulting from the application of the amendment would be paid for any month commencing prior to the date of enactment.

House Amendment

Section 2 of the House amendment provided for the recomputation of annuities of present retirees and surviving spouses in accordance with the amendments made by the first section of the House amendment. In addition, annuities were provided for the spouses of retirees who did not have the opportunity or failed to provide annuities for their surviving spouses. Section 2 of the House amendment further provided that no annuity or annuity increase resulting from the application of that section shall be paid for any period before the date of enactment of the Act, or the commencing date of annuity, whichever is later.

Conference Substitute

The conference substitute provides that the amendment made by the Act shall apply to any annuity, regardless of its commencing date, but no increase in such annuity resulting from the application of the amendment shall be paid for any month commencing prior to the date of enactment of the Act.

GALE W. MCGEE,
QUENTIN BURDICK,
TED STEVENS,

Managers on the Part of the Senate.

THADDEUS J. DULSKI,
DAVID N. HENDERSON,
DOMINICK V. DANIELS,
JEROME R. WALDIE,
LAWRENCE J. HOGAN,

Managers on the Part of the House.

○

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8339 (j) of title 5, United States Code, is amended by adding at the end thereof the following: "An annuity which is reduced under this subsection or any similar prior provision of law shall, for each full month during which a retired employee or Member is not married, be recomputed and paid as if the annuity had not been so reduced. Upon remarriage of the retired employee or Member, the annuity shall be reduced by the same percentage reductions which were in effect at the time of retirement."

SEC. 2. The amendment made by this Act shall apply to annuities which commence before, on, or after the date of enactment of this Act, but no increase in annuity shall be paid for any period prior to the first day of the first month which begins on or after the date of enactment of this Act.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

HHH
HHH
HHH
HHH

October 17, 1974

Dear Mr. Director:

The following bills were received at the White House on October 17th:

S.J. Res. 236 ✓	S. 2840 ✓	H.R. 7768	H.R. 14225
S.J. Res. 250 ✓	S. 3007 ✓	H.R. 7780	H.R. 14597
S.J. Res. 251 ✓	S. 3234 ✓	H.R. 11221	H.R. 15148 ✓
S. 355 ✓	S. 3473 ✓	H.R. 11251 ✓	H.R. 15427
S. 605 ✓	S. 3698 ✓	H.R. 11452 ✓	H.R. 15540 ✓
S. 628 ✓	S. 3792 ✓	H.R. 11830 ✓	H.R. 15643 ✓
S. 1411 ✓	S. 3838 ✓	H.R. 12035 ✓	H.R. 16857 ✓
S. 1412 ✓	S. 3979 ✓	H.R. 12281 ✓	H.R. 17027 ✓
S. 1769 ✓	H.R. 6624 ✓	H.R. 13561 ✓	
S. 2348 ✓	H.R. 6642 ✓	H.R. 13631 ✓	

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.