

TABLE 2.—Estimated number of families and beneficiaries receiving benefits and average monthly benefit in current-payment status at end of June 1960, for selected family groups, by starting date used in benefit computation

[Numbers in thousands]

Family classification of beneficiaries for selected family groups	Total			Based on earnings after 1950			Based on earnings after 1936		
	Number of families	Number of beneficiaries	Average monthly amount per family	Number of families	Number of beneficiaries	Average monthly amount per family	Number of families	Number of beneficiaries	Average monthly amount per family
<b>Retired-worker families:</b>									
Worker only.....	5,539.3	5,539.3	\$69.50	3,643.1	3,643.1	\$78.30	1,896.2	1,896.2	\$52.70
Male.....	2,843.8	2,843.8	79.20	1,928.3	1,928.3	89.10	915.5	915.5	58.40
Female.....	2,695.5	2,695.5	59.30	1,714.8	1,714.8	66.20	980.7	980.7	47.40
Worker and aged wife.....	2,084.4	4,168.8	123.40	1,583.6	3,167.2	132.60	500.8	1,001.6	94.20
<b>Survivor families:</b>									
Aged widow.....	1,456.0	1,456.0	57.20	553.4	553.4	68.40	902.6	902.6	50.40
Widowed mother and 2 children.....	109.6	328.8	173.00	75.6	226.8	198.90	34.0	102.0	106.10
<b>Disabled-worker families:</b>									
Worker only.....	298.2	298.2	88.20	225.3	225.3	93.70	72.9	72.9	71.10
Male.....	220.8	220.8	92.30	171.0	171.0	97.60	49.8	49.8	74.10
Female.....	77.4	77.4	76.40	54.3	54.3	81.40	23.1	23.1	64.60
Worker, young wife, and 1 or more children.....	36.0	142.7	186.10	28.9	114.4	199.70	7.1	28.3	130.10

after 1950. This low proportion reflects the large number of benefits payable to (1) widows aged 62 and over whose husbands had died before April 1952 and (2) widows whose husbands had retired as old-age beneficiaries before April 1952 and have since died with no employment after March 1952. Benefits cannot be based on earnings after 1950 in either case.

Among disabled-worker families, the average benefits based on post-1950 earnings were \$97.60 for a man with no dependents, \$81.40 for a woman with no dependents, and \$199.70 for a disabled worker, his young wife, and one or more children.

### Civil Service Retirement Act Amendments, 1960\*

Several laws affecting the civil-service retirement system were enacted during the second Session of the Eighty-Sixth Congress. They include provisions (1) liberalizing treatment of employee contributions after attainment of sufficient service to build up a maximum annuity, (2) liberalizing the final annuity computation for reemployed annuitants, (3) revising the system of starting and ending dates for accrual of annuities, (4) providing health benefits for retired employees, (5) changing coverage provisions for certain minor groups, and (6) liberalizing benefits for Members of Congress and their employees.

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### EMPLOYEE CONTRIBUTIONS

Public Law 86-622, approved July 12, 1960, provides that if the employee is credited with sufficient service to receive the maximum annuity (80 percent of the highest 5-year average salary) his contributions are credited thereafter toward any deposit due for noncontributory service. About 41 years and 11 months of service are ordinarily required to earn the maximum annuity; slightly less service is required if the average salary is less than \$5,000.

If the employee has no noncontributory service or if contributions made after earning the maximum annuity exceed the total deposits due, the remaining contributions are used to purchase additional annuities in the same manner as under the existing provisions for voluntary purchase of additional annuities. Contributions made after earning the maximum annuity will earn interest at 3 percent. (Regular employee contributions do not earn interest after December 31, 1956, if the employee has 5 or more years of service.) This law is applicable to contributions by present employees made before the date of enactment; it does not apply to employees retired before the date of enactment.

### ANNUITY COMPUTATION FOR REEMPLOYED ANNUITANTS

Public Law 86-622 also liberalized provisions for benefits payable on the final retirement of reemployed annuitants, who generally continue to receive their annuity check during reemploy-

ment but do not contribute to the retirement fund. Previously, the reemployed annuitant serving full time and continuously for at least 1 year would become entitled to a special supplemental annuity, based on the period of reemployment only and depending on the average salary earned during reemployment.

If the annuitant's full-time reemployment extends for a period of at least 5 years, he now may choose between the existing provision and a new option that provides for a complete recomputation of the annuity, using all the employee's service and his highest 5-year average salary, which may be improved by his salary as a reemployed annuitant. By choosing the recomputation, the annuitant may increase benefits payable to his surviving family; the supplemental annuity cannot be used to provide or increase survivor benefits.

Under either option full credit for the period of reemployment requires deposit of an amount equal to normal employee contributions for the period of reemployment, with interest at 3 percent.

#### **ANNUITY STARTING AND ENDING DATES**

Public Law 86-713, approved September 6, 1960, revises the basis for annuity starting and ending dates. All retirement annuities will now commence the day after separation or cessation of pay and will terminate on the day of death. Survivor annuities will begin the day after the death of the active or retired employee and will terminate as of the end of the month preceding death or other terminating event. Previously, retirement annuities began on the first of the month following separation or cessation of pay and ended as of the end of the month preceding death; survivor annuities commenced on the first day of the month of death of the employee annuitant (the first day of the month after death of the nonretired employee) and terminated as of the end of the month preceding death or other terminating event. For the retired worker and his family, the new method generally results in a larger total of annuity payments, since the retirement annuity is of longer duration and the survivor annuity (which generally is less in total than the retirement annuity) begins at the later date of termination of the retirement annuity.

#### **HEALTH BENEFITS FOR RETIRED WORKERS**

Public Law 86-724, approved September 8, 1960, provides health benefits (on an elective basis) to some 400,000 retired Government employees now on the civil-service or other Federal civilian retirement rolls. Coverage is provided under this act for those annuitants who would have been covered under the 1959 act for active employees<sup>1</sup> if they had not retired before the effective date. Survivor annuitants are similarly treated. The retiree generally must have had at least 12 years of Federal service (only 5 years is required for disability annuitants) and must have retired on an immediate annuity.

The Civil Service Commission administers the Government-wide health benefits program, entering into a contract for health benefits with a selected single carrier. The Government will contribute \$3 a month for a single retiree and twice this amount for a family; the annuitant's share, which will be deducted from his monthly check, is expected to be \$3 or more for each single individual and \$6 or more for each family. There will be a single scale of benefits, offering basic and major medical coverage.

The annuitant may choose, however, to continue the health plan he already has, if the carrier is qualified, or to obtain other qualified health insurance coverage. In this case, the Government will help pay for his private health plan by adding to his annuity checks the same Government contribution that will be paid in the Government-wide program, except that the amount may not exceed the monthly premium for his health program. The retired employee program becomes effective July 1, 1961. Sometime after March 1, 1961, annuitants will be given the opportunity to elect coverage under the Government-wide or private-plan options or to reject health coverage.

#### **COVERAGE PROVISIONS**

Two laws affecting general coverage provisions were enacted during 1960. Under Public Law 86-415 (approved April 8, 1960), after June 30, 1960, reserve officers of the Public Health Service are no longer covered under the civil-service retirement program but, instead, under the retire-

<sup>1</sup> See the *Bulletin*, November 1959, page 2.

ment system for commissioned officers of the Regular Corps of the Public Health Service. Public Law 86-568 (approved July 1, 1960) extends to agricultural stabilization and conservation county committee employees coverage under the civil-service retirement, Federal employees group life insurance, and Federal employees health benefit programs.

Public Health Service Reserve Officers will continue their old-age, survivors, and disability insurance coverage under the Servicemen's and Veterans' Survivor Benefits Act of 1956, which extended contributory coverage to military personnel beginning January 1, 1957. These officers may elect to use any service from January 1, 1957, through June 30, 1960, for civil-service annuity rights or old-age, survivors, and disability insurance benefits, but not both. County committee employees will no longer be covered under the old-age, survivors, and disability insurance program.

## **MEMBERS OF CONGRESS**

Minimum service requirements for payment of benefits to Members of Congress (who may elect to be covered under the Civil Service Retirement Act) were liberalized by two acts passed during 1960. Public Law 86-622 provides a special deferred retirement benefit for Members of Congress, with the annuity to begin at age 50. The Member must have had 20 years of service, including at least 10 years in Congress. The basic annuity is computed according to the special formula applying to Members of Congress, then reduced according to existing provisions of the Act, which require a 1-percent reduction for each year the retiring employee is under age 60, down to age 55, and then 2 percent per year—

or thus a 15-percent reduction for retirement at age 50. The previously existing provision for immediate involuntary retirement of Members at age 50 with 20 years of service is modified so that service in at least nine Congresses may be substituted for the 20-year service requirement.

Public Law 86-604 makes it possible for a retired Member of Congress to obtain credit for service as a Federal employee performed after his service as a Member. Previously, the wording of the law allowed retirement credit only for general service performed before service as a Member, unless subsequent service was for at least 5 years. In addition, minimum service requirements for annuity payments to Members are modified so that the previous requirement of 5 years of Member service is revised to 5 years of combined civilian service (including service as a Member, general employee, or congressional employee). The service requirement for payment of benefits to survivors of Members had previously been revised in similar manner (Public Law 85-772).

Public Law 86-604 also revises, for Members of Congress and their employees, the method of crediting additional service as a general employee. Previously, any general employee service of a Member or congressional employee would be credited to the three sections of the basic annuity formula (relating to the first 5 years of service, the second 5 years, and service in excess of 10 years) without reference to service as a Member or as a congressional employee. Now the period of service as a Member or as a congressional employee is counted in determining the appropriate section of the annuity formula, so that, for example, a Member with 10 or more years of Member service will receive credit in the third section of the formula for any additional service as a general employee.