

# Federal Contributory Retirement Systems Other Than Civil Service

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THE CIVIL SERVICE RETIREMENT ACT<sup>1</sup> covers approximately 97.0 percent of the Federal employees who are now protected by a contributory retirement system, and the two other systems administered by the Civil Service Commission—the Canal Zone and the Alaska Railroad Retirement Act—bring the percentage up to 97.7. The remaining 2.3 percent are covered by five separate retirement systems.

The earliest of these systems<sup>2</sup> is the one authorized in the Foreign Service Retirement and Disability Act, which became effective in May 1924, 4 years after the Civil Service Retirement Act. This act, administered by the Secretary of State, covers officers of the Foreign Service, ambassadors and ministers, and diplomatic secretaries or consular officers appointed to positions in the Department of State.

The retirement system of the Federal Reserve Banks, which was established in March 1934 under the general authority of the Federal Reserve Act and of the Banking Act of 1933, covers employees of the Board of Governors of the Federal Reserve System and officers, clerks, and other employees of the Federal Reserve Banks. It is administered by a board of trustees representing the Board of Governors and each of the 12 Federal Reserve Banks and also the employees of the Board of Governors and of each Federal Reserve Bank.

In 1936 two other groups were covered by special provisions. Effective January 16, 1936, the civilian members of the staff of the United States Naval Academy were required to carry "a deferred annuity policy, having no cash surrender or loan provision, from a joint-stock life insurance corporation," and to register a monthly allotment of 10 percent of salary toward the purchase

of such an annuity, one-half of the allotment to be refunded by the Navy.<sup>3</sup> In the event that the amount of annuity so purchased is less than \$1,200 per annum, the Secretary of the Navy is empowered to pay the difference. Effective June 1, 1936, the employees of the Examining Division of the Bureau of the Comptroller of the Currency who receive their compensation from assessments on banks were covered by a special system administered by a board of trustees under rules and regulations prescribed by the Comptroller of the Currency.

The newest system is that of the Tennessee Valley Authority, effective November 1, 1939, which is administered by a board of directors of seven, three members representing the Authority, three the employees who are members of the system, and one elected by these six. The Tennessee Valley Authority retirement system was established by the Board of Directors of the Authority under the broad powers granted by the act creating this agency. It covers employees of the Authority who are employed at an annual rate of pay.

Employees covered by these five retirement systems aggregate 21,600, as follows:

Federal Reserve.....	12, 066
Tennessee Valley Authority.....	7, 710
Foreign Service.....	1 878
Comptroller of the Currency.....	887
Naval Academy.....	1 75

<sup>1</sup> Includes Foreign Service personnel transferred from the Departments of Commerce and Agriculture to the Department of State as of July 1, 1939.

<sup>2</sup> In addition to the 75 civilian instructors who are purchasing annuities under the special retirement plan, there were, in June 1941, 4 civilian instructors covered by the civil-service retirement system and 5 not covered by either system.

## Contributions

The rates of employee contributions under these special retirement systems are higher than the 3½ percent established in the Civil Service Retirement Act. Under the Foreign Service, the Canal Zone, and the Alaska Railroad retirement systems

<sup>3</sup> This provision (United States Code Annotated, Title 34, Navy, §1078-1073 (e)) affects so small a number that this system is included in only the more important analyses below.

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<sup>1</sup> See Reticker, Ruth, "Benefits and Beneficiaries Under the Civil Service Retirement Act," *Social Security Bulletin*, Vol. 4, No. 4 (April 1941), pp. 20-42.

<sup>2</sup> Congress had earlier passed the District of Columbia Policemen and Firemen's Relief Act (1885) and the District of Columbia Teachers' Retirement Act (1920). Since these systems correspond to municipal retirement systems for policemen and firemen and to State or municipal retirement programs for teachers, they are not discussed here.

the rate is 5 percent. In the systems of the Federal Reserve, Tennessee Valley Authority, and Comptroller of the Currency, the rates vary with the employee's sex and age upon entering the service. The minimum and maximum rates are as follows:

System	Men	Women
Federal Reserve Banks:		
Minimum, 18 years.....	3.77	3.72
Maximum, 64 years.....	9.09	9.94
Comptroller of the Currency:		
Minimum, 18 years.....	5.11	5.25
Maximum, 64 years.....	9.63	10.62
Tennessee Valley Authority:		
Minimum, 17 years.....	4.28	4.80
Maximum, 59 years.....	7.87	8.81

Each individual who was an employee and who became a member as of the date of establishment of the respective system pays a higher rate on account of his prior service. Under the first two systems listed above, the contribution rate is limited to 6 percent or the rate for a new entrant member at the same attained age, whichever is greater. Under the Tennessee Valley Authority, rates vary up to 55.09 for men and 61.67 for women, at age 59 and claiming the maximum prior service of 6 years, but contributions cease at age 60 unless a member wishes to continue them.

Additional voluntary deposits for the purchase of additional annuity are provided under three acts: for the Foreign Service, in multiples of 1 percent of basic salary; in the Federal Reserve Banks and the Bureau of the Comptroller of the Currency, an increased percentage of regular contributions or lump-sum deposits.

Employee contributions for the most recent fiscal years <sup>4</sup> aggregated \$2,594,566, as follows:

Federal Reserve Banks.....	\$1, 248, 330
Foreign Service:	
Mandatory deductions.....	220, 037
Voluntary deductions.....	21, 121
Deposits for service credit <sup>1</sup> .....	74, 868
Tennessee Valley Authority.....	858, 846
Comptroller of the Currency.....	157, 640
Naval Academy.....	13, 724

<sup>1</sup> Deposits for service credit are high because of the transfer of former foreign commerce officers and agricultural officers to the Department of State.

During the first 5 years of the operation of the retirement system, the Federal Reserve Banks contributed almost \$12 million to cover the prior

<sup>4</sup> Data relate to fiscal years ended as follows: Federal Reserve Banks, February 24, 1941; Foreign Service, June 30, 1941; Tennessee Valley Authority, June 30, 1941; Comptroller of the Currency, May 31, 1941; Naval Academy, June 30, 1941.

service of their employees. They have also made special contributions of \$712,000 (\$65,000 in 1940-41) to increase the annuity allowances of retiring members.

### Statutory Retirement Ages

In general, the statutory retirement ages in the special Federal retirement systems correspond to the lower retirement ages provided in the Civil Service Retirement Act for groups in hazardous occupations. In the Foreign Service, under the act as amended in May 1941, retirement is automatic at age 65 for officers who have rendered at least 15 years of service, except that the period of service may be extended to age 70 at the discretion of the President. An officer with 30 years of service may, at the discretion of the Secretary of State, be retired on full annuity at age 50; an officer with 15 years' service who has reached the age of 50 may, at the instance of the Secretary, be retired on an annuity based on his actual period of service. The report of the Secretary of State recommending the amendment of the act to permit retirement at age 50, instead of 60 as previously, states that "experience has shown that the continued strain of 30 years or more of service representing this Government in foreign countries in widely different climates and environments makes it desirable both from the standpoint of the Government and of officers that retirements should be authorized by law, commencing at a minimum of 50 years of age."

In the Federal Reserve Banks and the Bureau of the Comptroller of the Currency, retirement is automatic 90 days after attainment of age 65, with a possibility of five 1-year extensions at the request of the employing bank or, under the latter system, of the Division Chief. In the latter system any employee with 30 years of service may retire at any age.

In the Tennessee Valley Authority, retirement is optional between the ages of 60 and 69 and compulsory at 70, except that, during the first 5 years the system is in operation, the service of any member over 70 may, if he desires, be extended at the request of the Authority for 1 year for each such request. For civilian teachers at the Naval Academy, retirement for age is effective on any day between the member's sixty-fifth birthday and the following 30th of June on which employ-

ment may be terminated, unless extended by the Secretary of the Navy "in individual and special cases," but not beyond the seventieth birthday.

The special systems contain more liberal provisions than the Civil Service Retirement Act for retirement prior to the regular retirement age or with less than the service required for full benefits. The plans of the Federal Reserve Banks, the Comptroller of the Currency, and the Tennessee Valley Authority provide for a special service retirement for involuntary separation after 10 years of service. The details vary as follows:

System	Age	Payment of annuity
Federal Reserve.....	60-64.....	Immediate or deferred.
	Under 60.....	Deferred to age 65.
Tennessee Valley Authority...	No specific requirement.	Immediate or deferred to age 60.
Comptroller of the Currency..	65.....	Immediate.

In 1941 such special service retirements represented 19.5 percent of all retirements under the Federal Reserve system. There were no special retirements of members of the Bureau of the Comptroller of the Currency or of the Tennessee Valley Authority system.

An officer of the Foreign Service who is separated from the service for inefficiency after 15 years of service is eligible for an annuity equal to 25 percent of his salary at retirement, if he is 45 years of age or over; if he is under 45, he may receive a bonus of 1 year's salary or a return of his contributions with interest, whichever is greater.

### The Benefit Formula

The benefit formulas under these retirement systems vary in detail, but all are based on average salary and years of service and are not, therefore, weighted in favor of the lower-paid employee as is the civil-service retirement annuity. Foreign Service officers receive, for each year of service up to 30, 2 percent of their average annual basic salary for the 10 years preceding retirement. Employees of the Tennessee Valley Authority receive, for each year of service, approximately 1½ percent of their average compensation over any 10-year period, although the actual amount is determined by a formula similar in most respects to that of the following systems.

The formula used for employees of the Federal Reserve Banks and for those of the Comptroller of the Currency is more complicated. Their re-

tirement benefits consist of an annuity purchasable with the employee's accumulated contributions, a pension purchasable with the employer's contribution and equal to three-fourths of 1 percent of the average annual salary for each year of service after the establishment of the system and prior to age 65, and an allowance of 1½ percent for each year of service prior to the establishment of the system. Under all the systems, the formulas for disability retirement and special service retirement prior to the minimum statutory age yield smaller amounts per year of service; under the Federal Reserve system a disability allowance is ordinarily not less than 25 percent of the average salary.

### Retirement Annuities

According to the most recent data, almost 700 individuals are receiving monthly retirement or disability annuities under these special retirement systems. Their annual payments exceed \$760,000, as follows:

System	Number	Annual amounts payable
Federal Reserve Banks.....	550	\$409,050
Foreign Service.....	114	324,468
Comptroller of the Currency.....	17	17,667
Civilian Instructors at the Naval Academy.....	7	18,400
Tennessee Valley Authority.....	3	1,212

<sup>1</sup> Of this amount, \$1,536 represented annuities purchased by the members and \$6,864, amounts paid by the Secretary of the Navy to bring the total benefits up to the specified minimum of \$1,200 a year.

Tables 1 and 2 present data for the two larger systems in detail.

### Average Annuities

The average annuities paid retired employees of the Federal Reserve Banks are lower than those paid under the Civil Service Retirement Act. This disparity arises in part from the difference in benefit formula but also from the shorter potential length of service. The maximum service, including prior service, is now 27 years; the maximum period of contributions, less than 8 years. As of February 28, 1941, the end of the most recent year, the average annuity for members retiring at age 65 was \$845; for special retirements at an earlier age, \$639; and for disability annuitants, \$475.

In contrast, the average annuity for aged Foreign Service officers in 1940 was \$3,248; for disabled officers, \$2,320. These high averages

reflect the higher salaries of the Foreign Service officers and the longer potential length of service as well as a more liberal benefit formula. Charles B. Hosmer, Chief of the Office of Fiscal and Budget Affairs, in hearings on the Department of State Appropriation bill for 1941 called attention to the fact that "about a third of our people are located in posts where not only they, but also their families, are in actual danger. . . . Many of our people cannot obtain insurance of the ordinary kind . . . on account of the dangerous areas in which they serve, dangerous because of hostilities, earthquakes, and other catastrophes, and the tropical and unhealthy posts at which others serve, where in many instances good medical facilities are not even available."

The average annuity for age and disability retirements combined was \$1,039 in the fiscal year ended May 31, 1941, for former employees of the Examining Division of the Bureau of the Comptroller of the Currency. All retired civilian instructors of the Naval Academy are receiving the minimum annuity of \$1,200, because of the fact that in no case are the amounts purchasable by contributions since the initiation of the system higher than this sum.

### Disability Annuities

All the special contributory systems for Federal employees provide disability annuities. The requirements for such retirement vary markedly among the different systems. None requires the long service (30 years) or alternative age (60 years) of the Railroad Retirement Act. In the Foreign Service 15 years of service is required; in the Tennessee Valley Authority, 5 years; in

**Table 2.—Department of State, American Foreign Service retirement and disability system: Number on roll and annual amount payable, by type of annuity, 1937-41**

Fiscal year ended June 30	Total		Retirement annuities		Disability annuities		Survivors annuities	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1937.....	80	\$238,290	67	\$206,025	13	\$32,265	0	0
1938.....	84	271,007	72	240,365	12	30,642	0	0
1939.....	87	284,454	75	254,382	12	30,072	0	0
1940.....	97	295,782	79	256,581	18	34,800	3	\$4,395
1941.....	120	366,240	99	323,890	15	34,641	6	7,709

Source: Data supplied by U. S. Department of State, Division of Foreign Service Administration.

the Federal Reserve Banks and the Bureau of the Comptroller of the Currency, only 1 year.

Disability is defined variously also. In the Foreign Service it is "total disability for useful and efficient service by reason of disease or injury, not due to vicious habits, intemperance, or wilful misconduct." In the Federal Reserve Banks and the Bureau of the Comptroller of the Currency, the definition is more strict in view of the minimum service required; a Medical Board must certify that the claimant is "totally incapacitated mentally or physically for further performance of duty [and] that such incapacity is likely to be permanent." The Tennessee Valley Authority definition is similar—"permanently incapacitated mentally or physically for further performance of duty." In the Federal Reserve Banks and the Tennessee Valley Authority, a disability annuitant may be required to "submit to a disability examination at least once in each calendar year for the purpose of determining his condition."

For all but one system the proportion of disability retirements is smaller than under the civil-service

**Table 1.—Federal Reserve Banks, retirement system: Number on roll and annual amount payable, by type of annuity, 1935-41**

Fiscal year ended February 28	Total <sup>1</sup>		Retired members						Survivors	
			Age and service		Special service		Disability			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1935.....	87	\$38,594	74	\$30,320			13	\$8,274		
1936.....	204	106,322	152	81,547	8	\$1,965	43	22,645	1	\$105
1937.....	361	257,080	241	194,315	63	30,271	64	32,002	3	601
1938.....	441	324,107	292	242,095	67	44,770	79	30,741	3	601
1939.....	489	357,318	317	262,760	86	54,419	83	39,638	3	601
1940.....	521	383,427	337	279,204	95	62,016	80	41,700	3	601
1941.....	554	400,674	351	296,787	108	69,041	91	43,252	4	624

<sup>1</sup> Excludes deferred allowances payable at future dates; in 1941 there were 9 such allowances.

Source: Retirement System of the Federal Reserve Banks, *Annual Reports* 1-7, 1934-35 to 1940-41.

retirement system (25 percent); this difference is due, in part, to the lower ages at which ago and service retirement is provided. As of February 28, 1941, 17 percent of all retired annuitants under the Federal Reserve system and, as of June 30, 1941, 16 percent under the Foreign Service system were disability annuitants. There were 3 disability annuitants out of a total of 17 retired members of the system of the Comptroller of the Currency as of May 31, 1941. Two of the three retirements to June 30, 1941, under the Tennessee Valley Authority retirement system have been disability retirements.

### Survivor Benefits

None of the miscellaneous Federal retirement systems makes provisions for survivors of employees or annuitants comparable with those of the old-age and survivors insurance program under the Social Security Act, but several are more liberal than the civil-service retirement system in their provisions for survivors of employees who die while in active service. All provide for lump-sum payments equal to contributions and interest. The Federal Reserve system adds a year's salary (payable in installments in its discretion at the request of a member or of his beneficiary); that of the Tennessee Valley Authority adds one-half of the last year's salary; and that of the Comptroller of the Currency, one-fifth of the last year's salary.

All the systems provide for election of various joint and survivor options, under which the amount of the retirement annuity is reduced in accordance

**Table 4.—Department of State, American Foreign Service retirement and disability system: Payments by types, 1937-41**

Fiscal year ended June 30	Total	Annuities	Refunds to separated employees <sup>1</sup>		Lump-sum death payments			
			Number	Amount	Deceased employees <sup>2</sup>		Deceased annuitants <sup>3</sup>	
					Number	Amount	Number	Amount
1937....	\$267,453	\$228,307	4	\$8,637	3	\$19,728	9	\$10,781
1938....	310,202	257,038	7	25,747	2	23,208	5	13,209
1939....	316,230	274,801	6	13,510	7	20,046	5	7,282
1940....	341,035	297,230	12	30,408	2	12,799	2	1,198
1941....	352,598	330,772	10	18,533	4	3,293	0	0

<sup>1</sup> Includes refunds to employees who resigned in fiscal years other than year for which the amounts are furnished. Refunds are not made until a balance settlement of the employee's final accounts is received from the General Accounting Office. Refund not necessarily made in fiscal year in which employee was separated from the Service.

<sup>2</sup> Includes refunds to estates of deceased employees. Such payments are not made until a balance settlement of the deceased employee's final accounts is received from the General Accounting Office. Refund not necessarily made in fiscal year in which employee was separated by death in active service.

<sup>3</sup> Includes annuities paid to annuitants prior to death (which occurred during current fiscal year) plus refund of any excess of contributions over annuity payments paid to estates of deceased annuitants.

with the proportion of the annuity elected for the survivor and the ages of the two persons. If a survivor annuity is not elected (or a life annuity which forfeits any balance of the employee's contributions to the fund), any unexpended balance of deductions is paid to the designated beneficiary or legal representative of an annuitant under all systems except that of the Tennessee Valley Authority. A special provision in the Foreign Service act, effective July 1, 1939, gives the widow of an officer who dies before retirement, after 15 years of service and after 5 years of marriage, an annuity equal to the maximum annuity which she would have received had the officer been retired on the

**Table 3.—Federal Reserve Banks, retirement system: Payments by type, 1935-41**

Year ended February 28	Retirement allowances paid	Death benefits, retired members		Death benefits, active members		Deferred death benefits <sup>5</sup>	Death benefits pending <sup>6</sup>	Refunds to separated employees	
		Number <sup>1</sup>	Amount awarded <sup>2</sup>	Number <sup>3</sup>	Amount awarded <sup>4</sup>			Number <sup>7</sup>	Amount
1935.....	\$22,621	4	\$11,760	54	\$167,577	.....	\$2,372	1,070	\$27,087
1936.....	82,271	7	59,835	35	82,045	\$301	.....	1,300	102,017
1937.....	197,830	18	68,140	32	70,906	7,523	7,207	2,316	265,277
1938.....	250,921	9	29,200	34	118,889	23,604	7,809	1,350	170,176
1939.....	333,583	13	89,321	37	146,228	111,201	2,223	1,031	143,069
1940.....	365,161	21	109,600	30	123,894	166,654	7,958	1,629	181,048
1941.....	389,885	15	51,581	36	100,780	164,175	1,467	1,787	226,826

<sup>1</sup> Represents number of annuitants to whose survivors lump-sum death benefits were awarded, not number of deceased retired members. Many retired members elected a forfeiture option, with no rights for survivors.

<sup>2</sup> For years 1938 on, includes benefits payable to beneficiaries of members who elected lump-sum payments in combination with other benefits; also includes death benefits payable in deferred installments shown also under "Deferred death benefits" and unsettled claims at year end, shown also under "Death benefits pending."

<sup>3</sup> Number of deceased employees.

<sup>4</sup> Includes active members' death benefits payable in deferred installments,

shown also under "Deferred death benefits" and any death claims for active members not settled at year end, shown also under "Death benefits pending."

<sup>5</sup> Represents that portion of the cumulative amounts awarded in deferred death benefits remaining at end of year, to be paid in future years.

<sup>6</sup> Represents any active or retired death claims not settled at year end.

<sup>7</sup> Includes temporary employees with less than 1 year of service (826 in 1941).

Source: Retirement System of the Federal Reserve Banks, *Annual Reports* 1-7, 1934-35 to 1940-41.

date of his death and had he elected a reduced joint and survivor annuity with maximum survivor allotment. In addition, the Foreign Service employees participate, on a voluntary basis, in a group life insurance plan with a commercial insurance company.

The survivors' benefits currently payable under these various systems are inconsiderable. For the Foreign Service, \$7,709 to six annuitants; for the Federal Reserve Banks, \$624 to four annuitants, as of the end of the fiscal year 1941.

More substantial amounts are paid in lump-sum death benefits. The amounts paid in the most recent fiscal year for which data are available are as follows:

System	Number <sup>1</sup>	Amount
Federal Reserve Banks:		
Deceased employees.....	30	\$106,780
Deceased annuitants.....	15	51,581
Foreign Service:		
Deceased employees.....	4	3,293
Deceased annuitants.....	0	0
Tennessee Valley Authority: Deceased employees.....	9	11,411
Comptroller of the Currency:		
Deceased employees.....	13	13,993
Deceased annuitants.....	1	4,319

<sup>1</sup> Number of deceased annuitants on whose account lump-sum payments were made.

<sup>2</sup> Represents amounts awarded. At end of 1940-41, death benefits of \$164,176 were being paid in installments.

### Operating Statistics

The total payments under the various systems during the most recent fiscal year aggregated \$1,255,381, as shown in table 5. The growth of the two older systems is shown in tables 1-4. The Foreign Service retirement system is growing slowly; annual disbursements increased 31.8 percent from the fiscal year 1936-37 to 1940-41 (table 4). From the fiscal year 1936-37 to 1940-41, retirement allowances paid under the retirement system of the Federal Reserve Banks have increased 97 percent (table 3). Payments increased very rapidly during the first 4 years of the system but the rate of increase has slackened.

*Relationship with other retirement systems.*—None of these systems provides for the automatic transfer of retirement credits from one system to another when employees transfer in or out of employment covered by the systems. However, if prior to appointment as a Foreign Service officer an individual has served in the classified or unclassified civil service of the United States or of the District of Columbia (including service at different times in the regular departments, independent offices, or the legislative branch of the

Table 5.—Payments under Federal contributory retirement systems other than civil service, fiscal year 1940-41

System	Total	Em- ployee annuity pay- ments	Sur- vivor annuity pay- ments	Lump- sum death pay- ments	Refunds to sepa- rated em- ployees
Federal Reserve Banks.....	\$775,072	\$389,354	\$5,311	\$168,361	\$220,826
Foreign Service.....	352,598	324,468	6,304	3,293	18,533
Comptroller of the Cur- rency.....	52,770	15,762	0	18,222	18,802
Tennessee Valley Author- ity.....	66,535	505	0	11,411	54,619
Naval Academy.....	8,400	8,400	-----	-----	-----

<sup>1</sup> Amounts awarded.

Government, or service in the Army, Navy, Marine Corps, or Coast Guard of the United States) such service may be counted if the officer deposits 5 percent of his annual salary for each year of employment subsequent to the establishment of the Foreign Service retirement and disability fund. During the fiscal year 1939-40, 76 employees, principally foreign agricultural agents and foreign commerce agents transferred to the State Department on July 1, 1939, deposited \$204,000 for service credit, in amounts ranging from \$10 to \$9,578. Some portion of these amounts may have been refunds from the civil-service retirement and disability fund, covering deductions at 2½ percent prior to July 1, 1926, and 3½ percent after that date.

Several of the systems provide against duplication of coverage with the Civil Service Retirement Act. Civilian members of the teaching staffs of the Naval Academy who were covered by the Civil Service Retirement Act when the Naval Academy established its annuity policy in 1936 were allowed to continue under the former retirement system. Employees of the Tennessee Valley Authority who are covered by the Civil Service Retirement Act are specifically excluded from membership in the Tennessee Valley Authority retirement system, and the rules and regulations of the Federal Reserve retirement system provide that no employee may be a contributing member of the civil-service retirement and disability fund and of the Federal Reserve system at the same time. The Retirement Board of the Tennessee Valley Authority has established the policy that any amounts paid or payable by the United States Employees' Compensation Commission shall be deducted from any benefits payable from the Authority's retirement fund in case of death or disability.

### ***Special System of the Smithsonian Institution***

The Smithsonian Institution has a special retirement system for its employees (numbering about 50) who are paid in whole or in part from its private funds. Although the system has not been included here as a retirement system for Federal employees, it is of interest because it supplements the civil-service retirement system in much the same way as some private employers have supplemented the old-age and survivors insurance provisions of the Social Security Act.

Employees who are paid in part from the Federal Government and in part from the Smithsonian Institution contribute 3½ percent of their salary from the Federal Government to the civil-service retirement and disability fund and 3½ percent of the remaining salary to the Smithsonian Institution employees' retirement fund. Upon retirement, such an employee receives his regular civil-service retirement annuity and, in addition, bene-

fits based on his Smithsonian Institution salary computed as the appropriate proportion of the retirement allowance for his total salary on the Institution's benefit scale. Such benefits vary from 75 percent of the average salary for the last 10 years of service, for salaries of \$1,800 or less, to 33 percent for salaries of \$6,000 or more and 15 years of service; proportionately less is paid for less than 15 years of service.

This system also pays to certain employees who were blanketed into civil service on July 1, 1928, an allowance after retirement "of such amount as added to the Government allowance would produce a total equal to the maximum normal allowance he would have received had he served the necessary number of years under the civil service, provided that in no case shall such a total allowance exceed \$1,200." Such a provision does not apply to employees transferred from the pay roll of the Institution to the Federal pay roll.