



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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JUN 27 1979

The Honorable Abraham Ribicoff
Chairman, Committee on Governmental
Affairs
United States Senate

See 06600

Dear Mr. Chairman:

Your letter of March 7, 1979, requested ^[Comments on] our views on S. 99, a bill ~~"To Amend Title 5, United States Code, to eliminate an inequity in computing annuities of Federal law enforcement officers or firefighters"~~

Federal employees under the civil service retirement system are generally eligible for voluntary retirement at age 55 after 30 years of service, at age 60 after 20 years, or at age 62 after 5 years. Annuities are based on average annual pay earned during the 3 consecutive highest paid years ("high-3") and length of service. Annuities are computed at the rate of 1.5 percent of high-3 for each of the first 5 years of service, 1.75 percent for each of the next 5 years, and 2 percent for each year of service beyond 10 years.

A more liberal retirement plan applies to Federal employees whose primary duties are (1) investigating, apprehending, or detaining persons suspected or convicted of Federal crimes or (2) controlling and extinguishing fires or maintaining and using firefighting apparatus and equipment. These employees are permitted to voluntarily retire at age 50 after 20 years of such service. Their annuities are computed at the rate of 2.5 percent of high-3 for each of the first 20 years of service and 2 percent for each year of service thereafter. An employee must complete at least 20 years of qualifying service to receive these special retirement benefits.

The legislative objectives in providing earlier retirement to law enforcement and firefighter personnel was to improve the quality of these services by helping to maintain a young, vigorous workforce. The more generous annuity computation formula was designed to make it economically feasible to retire after 20 years of service. The preferential retirement benefits are to induce retirement after 20 years, not to reward these employees for performing hazardous or demanding services.

Letter

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S. 99 would extend the special annuity formula of 2.5 percent of high-3 to retiring employees who completed at least 5 but less than 20 years of law enforcement or firefighter service.

We believe that S. 99 is inconsistent with the legislative purpose of inducing earlier retirement of Federal law enforcement and firefighter personnel after 20 years, since it would, in essence, provide the special benefits only as a reward for previous performance of that particular type of Federal service. Since S. 99 would not contribute to a younger, more vigorous law enforcement or firefighter workforce, it would not result in improvements in the quality of those services.

At the request of the former Chairman, House Committee on Post Office and Civil Service, we evaluated the adequacy, effectiveness, reasonableness, and costs of the Government's policy of providing early and more generous retirement benefits to Federal law enforcement and firefighter personnel. In our February 24, 1977, report to the Committee entitled "Special Retirement Policy for Federal Law Enforcement and Firefighter Personnel Needs Reevaluation" (FPCD-76-97), we recommended that the Congress reevaluate the continued need for the special benefits and identified legislative revisions that should be considered if the special retirement policy continues.

After extensive oversight hearings on our report, the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service, (1) recommended that the Executive Branch reevaluate the existing special retirement policy for Federal law enforcement officers and firefighters and (2) urged the Executive Branch to consider the feasibility of abolishing the special benefits and extending the benefits now available to air traffic controllers (optional retirement at age 50 after 20 years' service with no special benefit formula but rather a guaranteed minimum benefit of 50 percent of high-3) to all Federal occupations which require young, vigorous incumbents. We believe, and the Subcommittee agreed, that, by only providing an economic incentive to those who retire early, the existing provisions for controllers would be more consistent with the intent of the special retirement law.

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In view of our earlier report, the findings and recommendations of the Subcommittee on Compensation and Employee Benefits, and the fact that S. 99 would not result in a younger, more vigorous work force, we recommend that S. 99 not be enacted.

Sincerely yours,

R.F.KELLER

Acting

Comptroller General
of the United States