

GAO

Briefing Report to the Chairman,  
Subcommittee on Federal Services, Post  
Office, and Civil Service, Committee on  
Governmental Affairs, U.S. Senate

December 1992

# ARMY MATERIEL COMMAND

## Factors Influencing Retirement Decisions During 1990 Reduction in Force

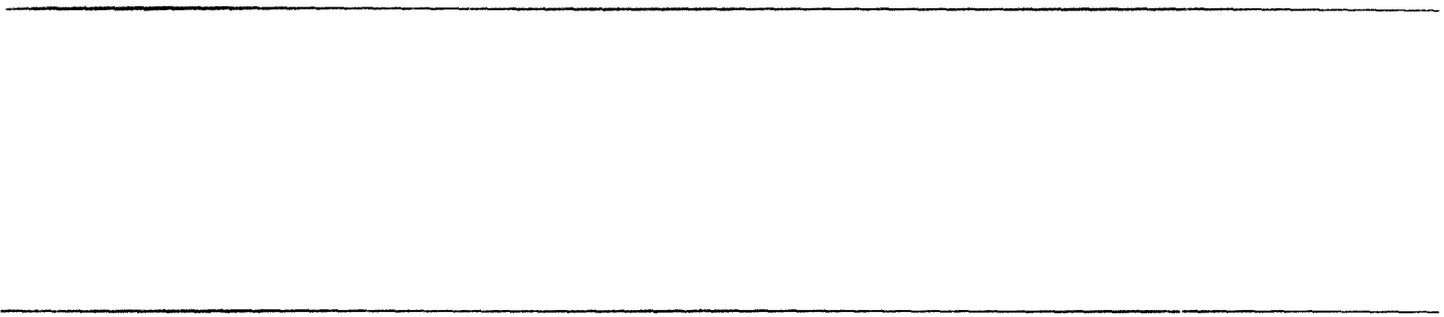


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United States  
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Washington, D.C. 20548

National Security and  
International Affairs Division

B-248802

December 31, 1992

The Honorable David Pryor  
Chairman, Subcommittee on Federal Services,  
Post Office, and Civil Service  
Committee on Governmental Affairs  
United States Senate

Dear Mr. Chairman:

Congress is evaluating proposed legislation that would encourage more early retirements during the reduction of the civilian work force in the Department of Defense (DOD). To assist Congress in its deliberations on this legislation, we studied the retirements experienced by the Army Materiel Command (AMC) in its 1990 reduction in force (RIF), during which specific authority known as the Voluntary Early Retirement Authority (VERA) was given to allow early retirements.

Our objectives were to (1) determine the extent to which early retirements may have helped avoid involuntary separations in AMC's 1990 RIF, (2) identify the major factors that differentiated employees who took early retirement in that RIF from those who did not, and (3) obtain some insights on retirement-eligible employees' stated reactions to hypothetical retirement incentives. In addition, we obtained the perspectives of employees already eligible for standard retirement at the time of AMC's RIF.

Our review included 21 of 40 VERAs used by AMC for its 1990 RIF and represented 97 percent of the 59,000 employees at the VERA locations. While this percentage provided us with a solid data base from which to meet our objectives, caution should be exercised when extrapolating the consolidated data because each individual VERA has unique characteristics. Also, significant economic or other changes that may have occurred from July 1990 through June 1991 should be considered.

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## Results in Brief

Early retirements helped reduce the number of involuntary separations during AMC's 1990 RIF, but they could not have prevented a large number of additional involuntary separations under AMC's initial force reduction goal. Only 11 percent of the AMC work force was eligible to retire early, and a small proportion (2 percent of the work force) chose to do so.

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During our review we sent a questionnaire to former AMC employees who retired during the 1990 RIF and to employees eligible for early and standard retirement.<sup>1</sup> Our analysis of the questionnaire data and retirement rates showed that the employees who retired were influenced by six factors:

- the financial ability to stop working,
- either the absence of a need to sell their house or the ability to sell their house at a favorable price,
- the expectation that the law would be changed to reduce future retirement benefits,
- poor health,
- pressure from family members, and
- dissatisfaction with their jobs.

Employees who indicated that they were less well off financially and would need additional outside income if they retired were less likely to take early retirement. Further, 65 percent of the population considered financial factors to be more important than personal factors in their retirement decision.

The questionnaire listed 10 hypothetical incentives, including cash payments, annuity increases, and a combination of both. From 10 to 32 percent of the early retirement-eligible employees who did not retire early said that they would have definitely or probably retired if they had been offered one or more of four cash incentives. From 6 to 51 percent of the retirement-eligible employees also said they would have definitely or probably retired if one of the four annuity-related incentives had been offered. Up to 75 percent of this group said they would have definitely or probably retired if a combination of an up-front cash incentive and an increased annuity had been offered. If these hypothetical incentives had been in place during the AMC 1990 RIF, AMC's 14-percent early retirement rate for those eligible to retire early might have increased by 4 to 64 percentage points, depending upon the type or combination of incentives offered and the extent to which responses to these hypothetical questions can predict behavior.

On the other hand, 46 percent of the employees who took early retirement said they definitely or probably would not have retired if the alternative form of annuity (the lump-sum payment of an amount equal to their retirement contributions in exchange for about an 8- to 10-percent annuity

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<sup>1</sup>Early retirement is retirement with 25 years of total federal service at any age or 20 years of federal service at age 50 or older. Standard retirement is retiring at age 55 with 30 or more years of federal service; age 60 with 20 years of service; or at age 62 with 5 years of service.

reduction) had not been available. (The alternative annuity option was suspended for 5 years in November 1990.) Similarly, 25 percent of the early retirees also said they definitely or probably would not have retired if the annual annuity cost-of-living adjustments in the Civil Service Retirement System were deferred until age 62. Had either of these policies been in effect during the AMC 1990 RIF, AMC's early retirement rate of 14 percent might have been decreased by 7 and 4 percentage points, respectively.

Questionnaire responses of employees who were eligible for standard retirement during the RIF were similar to those of the early retirement-eligible respondents in many areas. The standard retirement-eligible employee responses are shown in full in the appendixes.

## Background

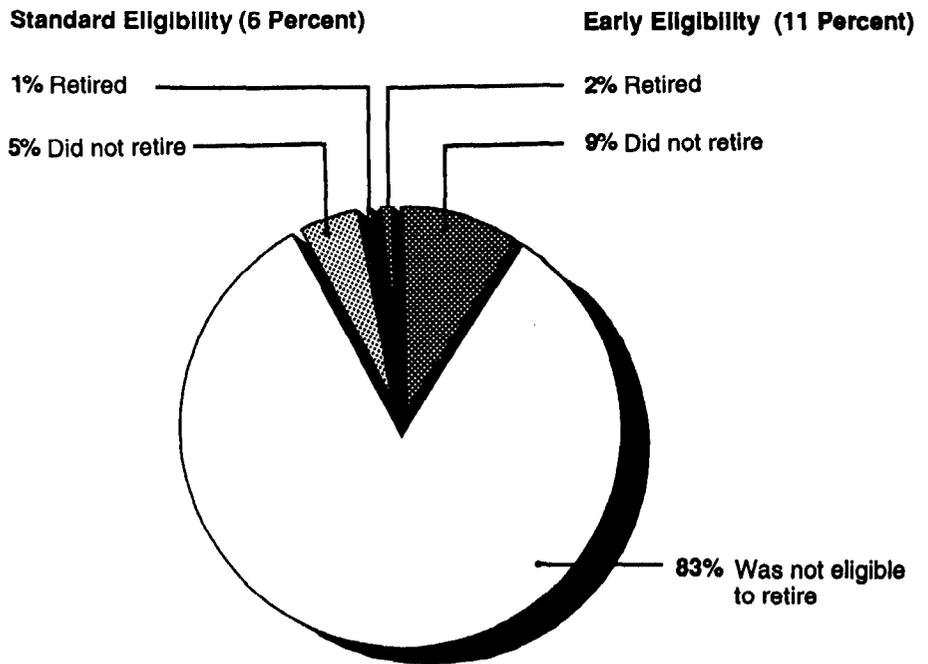
AMC directs the development, test and evaluation, procurement, distribution, maintenance, and disposal of nearly all Army equipment. In 1990, AMC had about 104,000 employees, of which about 59,000 were at locations subject to RIFs. In response to anticipated budget cuts, AMC planned a RIF that would reduce and demote its work force by about 10 and 13 percent, respectively, by mid-October 1990.

The command requested and received the authority (called a VERA) from the U.S. Office of Personnel Management to allow employees to retire before their normal eligibility dates who (1) had 25 years of service or more or (2) were 50 years of age or older and had 20 years of service. However, those who were not age 55 would have their annuity reduced by 2 percent for each year for which they were under age 55. AMC requested the VERA to limit the numbers of workers that would have to be involuntarily separated, and 41 individual VERAs were given by the Office of Personnel Management under the condition that each early retirement save a minimum of one employee from involuntary separation.

### Voluntary Early Retirements Reduced the Number of Involuntary Separations but Would Not Have Been Sufficient to Offset Them Under the Original Reduction Target

To meet anticipated budget reductions, AMC's original plan was to (1) reduce its work force by about 10 percent (6,061 employees—4,144 through involuntary separation, 1,254 through voluntary early retirement, 599 through attrition, and 64 through transfer) and (2) demote about 13 percent of the work force (7,771 employees). However, due to a combination of events, including the Persian Gulf War, the RIF was generally curtailed by about 2 weeks before the scheduled mid-October 1990 RIF date. AMC's work force was reduced by 3,003 employees (about 5 percent) and demotions numbered 1,067. The reduction included 940 employees who retired early and 181 who were involuntarily separated. Attrition—employees' voluntarily leaving, normal retirement, and deaths—accounted for 63 percent of the reduction (1,882 employees). Figure 1 shows that although 11 percent of AMC's work force was eligible to retire early, only 2 percent (1.5-percent rounded) chose to do so.

Figure 1: Retirement Decisions of AMC's 59,000-Member Work Force During the 1990 RIF



Source: GAO analysis of data supplied by AMC and the Defense Manpower Data Center.

We believe the actual rates for early retirement, attrition, and relocation were not likely to have been affected by AMC's change in reduction targets. Most of the employees who wanted to retire early had the opportunity to do so because the RIF/VERA effectively ran its planned 90-day period.

The potential for early retirements to minimize the number of involuntary separations in a RIF depends primarily on the size of the reduction, the extent of voluntary attrition, and the available pool of potential retirees (including both those eligible to retire early and those already eligible for normal retirement). In the 1990 AMC RIF, 14 percent of the personnel eligible to retire early did so. These retirements, with a significantly higher-than-projected attrition rate, were sufficient to hold involuntary separations down to 181 employees (6 percent of the reduction).

If, however, AMC's original reduction and demotion targets had not been reduced, the early retirements attained would have provided relatively little assistance in avoiding a large number of involuntary separations. An increase in the size of the reduction would likely have increased the number of involuntary separations. For example, on the basis of AMC's original reduction target, there could have been as many as 3,058 additional involuntary separations, about 17 times as many as were actually experienced.

The Office of Personnel Management reported that, on average, 17 percent of the workers eligible for early retirement governmentwide retired under the VERAS authorized from 1983 through 1989 and that the average rate dropped to 15 percent in 1990. The agency's data shows that the early retirement rate for 1991 dropped to about 5 percent, indicating even less potential for early retirements to offset involuntary separations.

## Six Factors Affected Early Retirement Rates

Our review indicated that financial security, the ability to obtain needed funds from the sale of a home, expectations regarding retirement laws, health concerns, pressure from family members, and job satisfaction were the most influential factors in determining whether an employee chose to retire. Each of these factors correspond to at least a 10-percent difference between responses from employees who chose to retire early and those who did not. For example, in response to a question as to whether their health would have been better by leaving work as compared with staying, the 24 percent of the retirement-eligible population who believed their health would have been much better if they left, retired at a 30-percent rate. Those who believed that their health would be unaffected whether

they stayed or retired—about 69 percent of the population—retired at a 9-percent rate—a 21-percentage-point difference from those who believed their health would be affected.

The factors had different impacts on the retirement-eligible population: economic and health factors appeared to affect these decisions the most. For example, eligible retirees who believed they could have afforded to stop working early—14 percent of the retirement population—retired at a rate about 300 percent greater than the average retirement rate. Those who did not believe they could live on their retirement income—79 percent of the population—retired at 64 percent of the average early retirement rate.

Most retirement-eligible workers were satisfied with their work at AMC (felt their work was satisfying, could be controlled, and that their contributions were recognized) and retired at about 86 percent of the average retirement rate. However, about 15 percent of the population indicated they were dissatisfied with their work and they retired at about 150 percent of the average early retirement rate. Similarly, about 28 percent of the population believed they would obtain more personal satisfaction from a new job rather than their current job. This group retired at a rate about 144 percent of the average retirement rate. Table 1 summarizes appendix II, which shows how the six factors affected retirement decisions of retirement-eligible employees who shared certain demographic- and annuity-related characteristics.

**Table 1: Relationship Between Six Factors and the Decision to Retire Early**

Factor	Percentage of population	Percentage who retired
<b>1. Financial security</b>		
Could have afforded to stop working:		
Yes	14	41
No	79	9
Ability to live within income:		
Usually had extra	61	18
Only sometimes had extra or just enough to get by	34	8
Could not make ends meet	3	4

(continued)

Factor	Percentage of population	Percentage who retired
<b>2. Funds needed from home sale</b>		
Sale of home not needed	72	17
Needed to sell home and expected a price that was:		
Favorable	3	16
Unfavorable	10	3
<b>3. Expectations regarding retirement policies</b>		
Believed future laws and regulations would be:		
More beneficial	26	6
About the same	21	10
Less beneficial	42	21
Believed that lump-sum payment (refund of employees retirement contributions) would end:		
Yes	74	17
No	25	5
<b>4. Health</b>		
Had a health or physical condition that affected either the kind or amount of work that could be done:		
Yes	9	29
No	90	13
Amount of sick days taken in the 12 months before retirement decision:		
10 days or fewer	87	13
11 to 20 days	8	20
21 or more	3	33
The anticipated effect on health that staying or leaving work would have had:		
Better if stayed	6	4
No difference either way	69	9
Better if left	24	30
<b>5. Pressure from family members</b>		
To what extent did your spouse or anyone else at home try to pressure you to:		
Stay	17	7
Neither stay or leave	76	13
Leave	6	43

(continued)

Factor	Percentage of population	Percentage who retired
<b>6. Job satisfaction</b>		
Comparison of personal satisfaction to be gained from new employment with that from current job:		
More from new job	28	20
About the same for both	20	11
More from current job	34	10
Satisfied with work at AMC:		
Agree	76	12
Neutral	10	17
Disagree	11	21
Contributions were recognized at AMC:		
Agree	60	12
Neutral	16	15
Disagree	11	20
Could control the work:		
Agree	65	12
Neutral	16	13
Disagree	15	23

We analyzed employees' views on which of three factors—financial, health, or other personal issues—had the most influence on their retirement decision. Respondents who indicated that financial factors were more important than health or other personal considerations retired at rates below those who cited health or other personal considerations as more important than financial factors. For example, 65 percent indicated that financial factors had more influence than personal factors on their decision to retire or not retire and only 5 percent of these people retired (about 36 percent of the average voluntary early retirement rate). About 21 percent cited health as more important than financial factors in their retirement decision, of whom about 25 percent retired (about 178 percent of the average retirement rate). Appendix III provides more detail about the respondents' views.

## External Factors May Have Affected Retirement Rates During the 1990 AMC RIF/VERA

AMC's experience in the 1990 RIF/VERA may have been affected by several external factors. The Office of Personnel Management governmentwide reports for AMC VERAS with 50 or more eligible retirees show that early retirement rates varied from 5 to 23 percent during calendar year 1990. External factors that may have discouraged AMC employees from retiring include (1) the U.S. economic recession in the second half of 1990, which reduced alternative employment opportunities for those depending upon supplemental income after retiring, and (2) the Desert Shield buildup.

Another factor that may have discouraged employees from retiring during the AMC RIF/VERA was the speculation of more favorable retirement benefits in the future. The Congress introduced a bill (H.R. 4531) that would have added 5 years of service or age, or a combination of each for up to 5 years, to an employee's retirement calculation, thus either making the employee eligible to retire up to 5 years earlier or increasing his or her annuity by up to 10 percent. About one-quarter of the VERA employees believed that retirement laws would be more favorable in the future. Such a belief may have prompted some eligible employees to forego early retirement in the 1990 RIF/VERA in hopes of obtaining more favorable benefits at some later date. Forty-two percent of the employees expected retirement laws to become less favorable in the future.

The then-pending proposal to suspend the lump-sum cash option may have prompted some to retire. The subsequent act (P.L. 101-508, dated Nov. 5, 1990) imposed a 5-year suspension of the popular option of employees' electing to receive a lump-sum cash amount equivalent to their retirement fund contributions in exchange for about an 8- to 10-percent reduction to their annuity. About 46 percent of the employees who retired early indicated that they definitely or probably would have continued to work had the lump-sum option not been available.

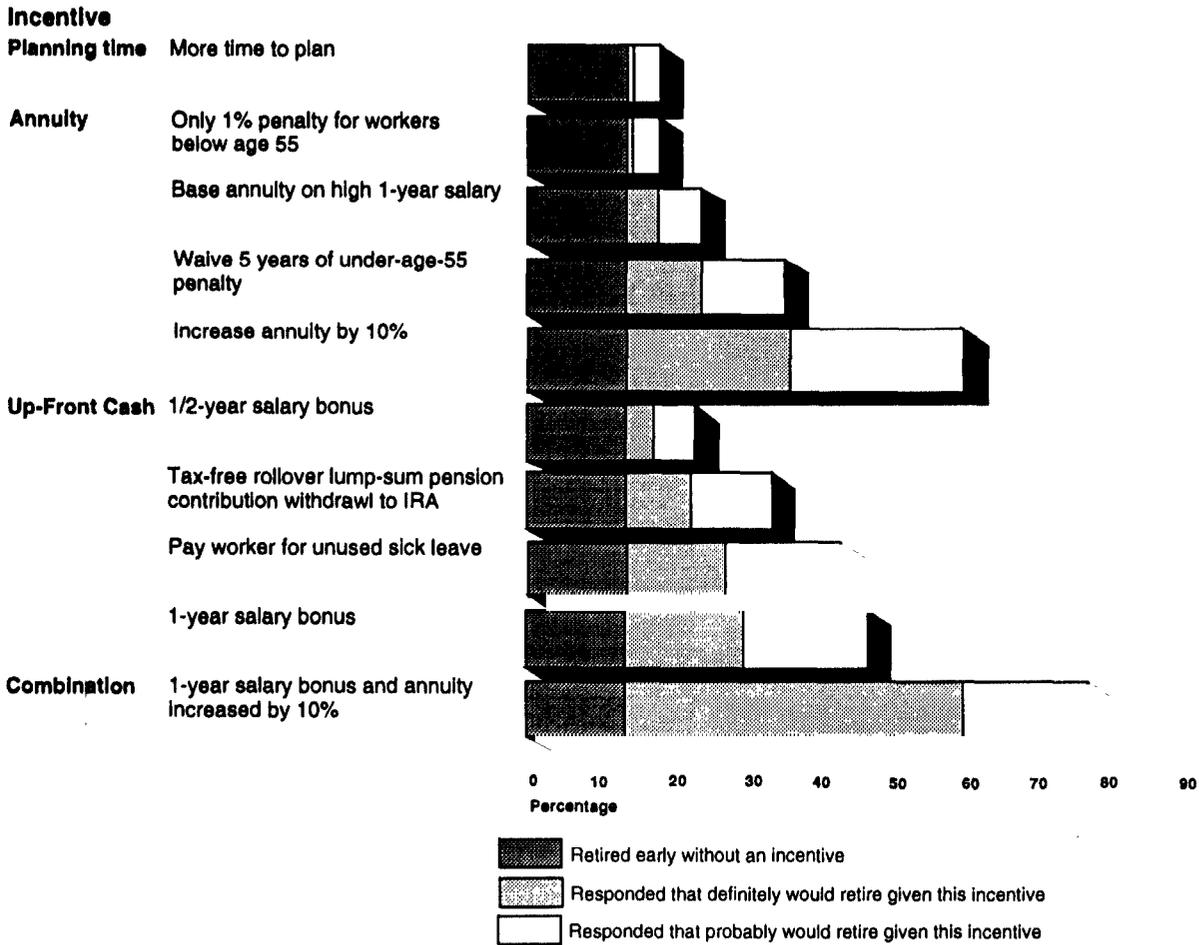
The Office of Personnel Management has also reported that the governmentwide results for calendar year 1991 show that only about 5 percent of those eligible took early retirement under VERAS. A DOD official expressed concern that the substantial drop in the percentage opting for early retirement might indicate a problem with the results of our data. While there is reason to believe that retirement rates would vary under different economic conditions, there is no reason to believe that the relative preferences among factors associated with choosing to retire or the hypothetical policy options would differ.

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**Some Employees  
Indicate That They  
Would Have  
Voluntarily Retired If  
They Had Been  
Offered Incentives**

Our questionnaire asked respondents whether they would have retired if each of 10 different hypothetical incentive retirement policies or laws had been in place during the VERA period. Figure 2 shows the percentage of VERA-eligible employees who retired or said they would definitely or probably have retired had each of the policies been in effect.

**Figure 2: Percentage of Early Retirement-Eligible Employees Who Retired or Stated They Would Have Definitely or Probably Retired Under Each of 10 Hypothetical Retirement Incentives**



Source: AMC employees' responses to our survey questionnaire.

A cost-benefit study of the hypothetical policy issues was beyond the scope of this report. However, it is important to note that because incentives would be available to all early retirement-eligible employees,

the cost of implementing the incentives would also include the cost of providing them for employees who would have retired without them. For example, the half-year salary bonus that, according to our survey, would result in a potential 10-percentage point increase in the early retirement rate would also have had to be paid to the 14 percent who retired without any incentive. There are also numerous other assumptions and issues, such as whether early retirees are to be replaced, that would need to be considered in determining costs and benefits.

### Some Employees Indicate They Would Not Have Retired If Certain Actions Under Consideration Had Been in Effect

At the time of our review, some actions had been discussed that would appear to discourage early retirement. One was a 5-year suspension of the retirees' option to take an alternative annuity (recoup all contributions made to the retirement fund in a lump-sum payment in exchange for about an 8- to 10-percent annuity reduction) and the other was the deferment of cost-of-living increases to early retiree annuities until an employee was 62 years of age. Of those who retired early, 46 percent said that they definitely or probably would not have retired had the alternative annuity option been eliminated and 25 percent said that they definitely or probably would not have retired if the cost-of-living adjustments were delayed.

### Scope and Methodology

We obtained information about those employees eligible for early and standard retirement by analyzing automated personnel files from the Defense Manpower Data Center, interviewing AMC headquarters and local unit personnel, and mailing a questionnaire (see appendix V) to a sample of retirement-eligible AMC employees.

Our study population included 7,919 Civil Service Retirement System prospective retirees—2,456 who were eligible for standard retirement and 5,463 who were eligible for early retirement. We received 1,089 completed questionnaires (about an 80-percent response rate) from a stratified, variable probability sample of these potential retirees. In addition, we analyzed demographic information and retirement rates during the VERA period for the entire study population.

The questionnaires were administered in July 1991. The answers to the questionnaires represent the respondents' recollections of their attitudes, perceptions, and circumstances at the time of the VERA. The passage of about a year's time between the VERA and the questionnaire may have distorted some recollections.

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To identify the factors most closely associated with decisions to retire, we used a stepwise logistic regression analysis. Logistic regression is a statistical procedure that is especially suited for evaluating the relative impact of several factors on a dichotomous outcome (e.g., the decision to retire or not retire). The logistic regression analysis removed the effects of other factors.

While some data subsets are based on a relatively small number of respondents and therefore lack the precision for definitive conclusions, we believe the information offers meaningful insights and perspectives on early retirement and the utility of incentives to increase its use.

Our review was performed from October 1990 to June 1992 in accordance with generally accepted government auditing standards. As requested, we did not obtain DOD or Office of Personnel Management comments on this report. However, we have discussed the information in this report with program officials within these agencies, and their comments have been incorporated where appropriate.

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As agreed with your office, unless you publicly announce this report's contents earlier, we will make no further distribution of this report until 30 days from its issue date. At that time, we will send copies to the appropriate congressional committees; the Secretary of the Army; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request.

Please contact me at (202) 275-3990 if you or your staff have any questions concerning this report. Other major contributors to this report are listed in appendix VI.

Sincerely yours,



Paul L. Jones  
Director, Defense Force  
Management Issues

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**Abbreviations**

AMC	Army Materiel Command
COLA	cost-of-living adjustment
CSRS	Civil Service Retirement System
DOD	Department of Defense
RIF	reduction in force
VERA	Voluntary Early Retirement Authority



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# Retirement Rates That Correspond With Several Demographic-and Annuity-Related Characteristics

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Our analysis of nine demographic- and annuity-related characteristics for the early retirement-eligible population showed that employees who chose not to retire, compared with those who did retire, generally tended to (1) be younger, (2) receive higher job performance ratings, (3) earn higher salaries, and (4) work in white-collar occupations. Also, women were more likely to retire than men and whites were more likely to retire than minorities. The differences between the retirement rates for these subgroups, however, were small. For example, the retirement rate for men was 13 percent, compared with 17 percent for women. The retirement rate for whites was 15 percent, compared with 12 percent for other races.

Table I gives the percentages of eligible employees that retired who belonged to each of the subgroups formed by nine demographic-and annuity-related characteristics. We calculated these retirement rates using data from the study population of 7,919 employees. The characteristics of these employees come from the Defense Manpower Data Center's personnel files.

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**Appendix I  
Retirement Rates That Correspond With  
Several Demographic and Annuity-Related  
Characteristics**

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**Appendix I  
Retirement Rates That Correspond With  
Several Demographic-and Annuity-Related  
Characteristics**

**Table I.1: Retirement Rates for AMC Retirement Eligible Employees in Subgroups Formed by Nine Demographic- and Annuity-Related Characteristics**

Characteristic	Under 55		
	Percent retired	Subgroup size 4,325	Percent of group
Age of employee			
40-49	9	1,631	38
50-54	13	2,694	62
55-59		0	0
60 or more		0	0
<b>Total</b>			<b>100</b>
Sex			
Male	11	3,326	77
Female	13	999	23
<b>Total</b>			<b>100</b>
Race			
White	12	3,438	79
Nonwhite	9	887	21
<b>Total</b>			<b>100</b>
Years of education completed			
Under 12	24	185	4
12 (High school graduate)	13	2,167	50
13-15	11	1,105	26
16 (College graduate)	7	402	9
17 or more	5	466	11
<b>Total</b>			<b>100</b>

**Appendix I  
Retirement Rates That Correspond With  
Several Demographic and Annuity-Related  
Characteristics**

<b>Early</b>								
<b>55 and over</b>			<b>All ages</b>			<b>Standard</b>		
<b>Percent retired</b>	<b>Subgroup size 1,138</b>	<b>Percent of group</b>	<b>Percent retired</b>	<b>Subgroup size 5,463</b>	<b>Percent of group</b>	<b>Percent retired</b>	<b>Subgroup size 2,456</b>	<b>Percent of group</b>
	0	0	9	1,631	30		0	0
	0	0	13	2,694	49	29 <sup>a</sup>	63 <sup>a</sup>	3 <sup>a</sup>
23	1,138	100	23	1,138	21	18	717	29
		0			0	17	1,676	68
		<b>100</b>			<b>100</b>			<b>100</b>
21	796	70	13	4,122	75	18	1,753	71
26	342	30	17	1,341	25	16	703	29
		<b>100</b>			<b>100</b>			<b>100</b>
23	887	78	15	4,325	79	17	1,942	79
21	251	22	12	1,138	21	20	514	21
		<b>100</b>			<b>100</b>			<b>100</b>
34	106	9	27	291	5	30	271	11
27	549	48	16	2,716	50	20	1,181	48
16	238	21	12	1,343	25	13	529	22
16	109	10	9	511	9	9	238	10
13	136	12	7	602	11	9	237	10
		<b>100</b>			<b>100</b>			<b>100</b>

(continued)

**Appendix I  
Retirement Rates That Correspond With  
Several Demographic and Annuity-Related  
Characteristics**

Characteristic	Under 55		
	Percent retired	Subgroup size 4,325	Percent of group
Federal salary grade level			
1-5	19	203	5
6	16	149	3
7	22	178	4
8	16	169	4
9	13	479	11
10	14	460	11
11	12	810	19
12	11	769	18
13	7	565	13
14	7	328	8
15	7	183	4
16-18	3	32	1
<b>Total</b>			<b>100</b>
Occupation group			
Blue collar	15	1,523	35
White collar	10	2,802	65
<b>Total</b>			<b>100</b>
Years of federal service completed			
Under 20	0	0	
20-24	13	791	18
25-29	11	2,724	63
30 or more	14	810	19
<b>Total</b>			<b>100</b>
Annuity rate (percent of annual salary)			
Under 30		0	0
30-39	12	661	15
40-49	11	2,482	57
50-59	14	933	22
60 or more	14	249	6
<b>Total</b>			<b>100</b>

**Appendix I  
Retirement Rates That Correspond With  
Several Demographic-and Annuity-Related  
Characteristics**

<b>Early 55 and over</b>			<b>All ages</b>			<b>Standard</b>		
<b>Percent retired</b>	<b>Subgroup size 1,138</b>	<b>Percent of group</b>	<b>Percent retired</b>	<b>Subgroup size 5,463</b>	<b>Percent of group</b>	<b>Percent retired</b>	<b>Subgroup size 2,456</b>	<b>Percent of group</b>
30	116	10	23	319	6	25	301	12
35	63	6	22	212	4	17	140	6
33	67	6	25	245	4	22	169	7
25	68	6	19	237	4	23	132	5
19	127	11	15	606	11	19	275	11
28	125	11	17	585	11	23	214	9
25	186	16	14	996	18	17	373	15
17	161	14	12	930	17	12	371	15
10	117	10	7	682	12	10	248	10
15	80	7	9	408	7	11	157	6
18	28	2	9	211	4	14	64	3
	0	0	3	32	1	33	12	0
		<b>100</b>			<b>100</b>			<b>100</b>
30	456	40	18	1,979	36	27	845	34
18	682	60	12	3,484	64	13	1,611	66
		<b>100</b>			<b>100</b>			<b>100</b>
0	0		0	0		14	427	17
21	512	45	16	1,303	24	18	321	13
24	626	55	13	3,350	61	21	399	16
	0	0	14	810	15	18	1,309	53
		<b>100</b>			<b>100</b>			<b>100</b>
	0	0		0	0	14	310	13
24	157	14	14	818	15	16	203	8
21	616	54	13	3,098	57	20	382	16
25	365	32	17	1,298	24	18	499	20
	0	0	14	249	5	18	1,062	43
		<b>100</b>			<b>100</b>			<b>100</b>

(continued)

**Appendix I  
Retirement Rates That Correspond With  
Several Demographic and Annuity-Related  
Characteristics**

<b>Characteristic</b>	<b>Under 55</b>		
	<b>Percent retired</b>	<b>Subgroup size 4,325</b>	<b>Percent of group</b>
Annual rating of employee's performance			
Outstanding	10	1,245	29
Exceed fully successful	11	1,869	43
Fully successful	16	1,200	28
Below fully successful	0	3	0
[Not apply/no data]	25	8	0
<b>Total</b>			<b>100</b>

**Appendix I  
Retirement Rates That Correspond With  
Several Demographic and Annuity-Related  
Characteristics**

Early			All ages			Standard		
55 and over								
Percent retired	Subgroup size 1,138	Percent of group	Percent retired	Subgroup size 5,463	Percent of group	Percent retired	Subgroup size 2,456	Percent of group
19	278	24	11	1,523	28	17	679	28
23	474	42	13	2,343	43	18	999	41
25	383	34	18	1,583	29	18	774	32
0	2	0	0	5	0	0	3	0
0	1	0	22	9	0	0	1	0
<b>100</b>			<b>100</b>			<b>100</b>		

\*These individuals turned age 55 during the RIF period.

In the first line of table I.1 under age characteristic 40-49, the first number, 9 percent, denotes the percentage of the employees retired from among the 1,631 personnel (second column) in that age group who were eligible for early retirement. The 38 percent in the next column denotes the percentage that the 1,631 employees that make up the total 4,325 personnel under age 55 who were eligible for early retirement. The remaining entries in the first line provide like information for the other designated subgroups and totals. The three "All ages" columns combine the information from the preceding columns to provide combined information for all of the early eligible respondents. The "All ages" rates are similar to the "under 55" age rates because most (4,325) of the early retirement-eligible population (5,463) are under age 55.

The retirement rates show which subgroups were most likely to accept retirement at AMC during this period. For the "All ages" early retirement subgroups, for example, the retirement rates clearly increase from the youngest group, at 9 percent, to the oldest, at 23 percent. This increase shows that older employees were more likely to retire than younger employees. This relationship could suggest that some employees are more financially able to retire as they get older. We believe the older employees may retire mainly because the combination of their ages and years of service qualifies them for their desired amount of annuity payments.

Three cautions should be considered in interpreting the results in this table. First, other unspecified correlated factors may cause the differences

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**Appendix I  
Retirement Rates That Correspond With  
Several Demographic and Annuity-Related  
Characteristics**

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between the retirement rates in the specified subgroups; second, the sample sizes for some subgroups are small; and third, there is no assurance that the 90-day VERA period represents a typical 90-day retirement period for standard retirees. In reference to sample size, for example, the 28-percent retirement rate for "standard-eligible" personnel of 50 to 54 years of age is based on only 64 employees out of a 2,456 group. If this information were used to estimate the retirement rate of another similar population, the 95-percent confidence interval for the 28-percent estimate would extend from 19 to 38 percent. For computations of sampling errors, the data are assumed to be clustered into 21 VERAS. Simple random assumptions are not appropriate. All sampling errors were calculated using the jackknife repeated replication technique.

The rates for the standard-eligibility group should be interpreted especially cautiously, because most of its members have had other opportunities to retire. The usual governmentwide pattern for on-time retirement is for about half of the standard eligible employees to retire in the first year of eligibility and the balance to retire as a percentage of their age groupings in subsequent years. Retirement rates may also be seasonally affected by yearly tax considerations and employees' timing their retirement to take advantage of the beginning-of-the-year annuity cost-of-living adjustment.

While some data subsets lack the precision for definitive conclusions, we believe the data offers meaningful insights and perspectives on early retirement and the utility of incentives to increase its use.

# Relationship Between Six Factors and Retirement Decisions

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This appendix provides the relationship between six factors and the retirement rates of employees with similar demographic- and annuity-related characteristics. Our survey questionnaires from 1,089 respondents provide the information about the respondents' characteristics that are used in this appendix. The information about whether employees retired was obtained from AMC. All results have been weighted to represent the population of 7,919 employees.

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

**Table II.1: the Relationship Between  
Health and Retirement Rates**

	<b>Under 55</b>		
	<b>Percent retired</b>	<b>Sample size 472</b>	<b>Percent of group<sup>a</sup></b>
<b>Question: Effect of retiring on health.</b>			
<b>To what extent, if at all, did you feel your health might be affected by staying or leaving AMC?</b>			
<b>Answer</b>			
Very much better if stayed	7	5	1
Much better if stayed	0	5	2
Moderately better if stayed	0	6	2
<b>Subtotal—better if stayed</b>	<b>1</b>	<b>16</b>	<b>5</b>
Little or no difference either way	8	291	70
Moderately better if left	19	73	13
Much better if left	31	55	7
Very much better if left	39	35	4
<b>Subtotal—better if left</b>	<b>26</b>	<b>163</b>	<b>25</b>
[No answer]	13	2	0
<b>Total</b>	<b>12</b>		<b>100</b>
<b>Question: Effect of health on work.</b>			
<b>When you were making your retirement decision did you have a health or physical condition which affected either the kind or amount of work you could do?</b>			
<b>Answer</b>			
Yes	25	53	8
No	11	418	91
[No answer]	0	1	0
<b>Total</b>			<b>100</b>

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

<b>Early</b>									
<b>55 and over</b>			<b>All ages</b>			<b>Standard</b>			
<b>Percent retired</b>	<b>Sample size 373</b>	<b>Percent of group<sup>b</sup></b>	<b>Percent retired</b>	<b>Sample size 845</b>	<b>Percent of group<sup>c</sup></b>	<b>Percent retired</b>	<b>Sample size 244</b>	<b>Percent of group<sup>d</sup></b>	
17	18	5	13	23	2	15	14	6	
0	11	4	0	16	2	4	6	3	
5	7	3	1	13	2	5	10	6	
<b>8</b>	<b>36</b>	<b>12</b>	<b>4</b>	<b>52</b>	<b>6</b>	<b>9</b>	<b>30</b>	<b>15</b>	
17	222	65	9	513	69	14	153	67	
36	47	11	22	120	13	42	29	8	
63	39	7	37	94	7	46	14	4	
50	25	5	41	60	4	28	16	5	
<b>47</b>	<b>111</b>	<b>22</b>	<b>30</b>	<b>274</b>	<b>24</b>	<b>38</b>	<b>59</b>	<b>17</b>	
24	4	1	17	6	1	19	2	1	
<b>23</b>		<b>100</b>	<b>14</b>		<b>100</b>	<b>18</b>		<b>100</b>	
39	58	13	29	111	9	25	35	12	
20	311	86	13	729	90	16	207	87	
24	4	1	9	5	1	19	2	1	
		<b>100</b>			<b>100</b>			<b>100</b>	

(continued)

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

	Under 55		
	Percent retired	Sample size 472	Percent of group <sup>a</sup>
<b>Question: Sick leave taken in last 12 months. Approximately how many days of sick leave did you take in the 12 months before you made your retirement decision?</b>			
<b>Answer</b>			
5 days or less (40 hours or less)	11	316	66
6 to 10 days (41 to 80 hours)	10	89	21
10 days or less	11	405	87
11 to 15 days (81 to 120 hours)	18	29	5
16 to 20 days (121 to 160 hours)	10	10	2
11 to 20 days	15	39	8
21 days or more (161 hours or more)	26	19	3
[Don't know]		0	0
[No answer]	9	7	1
<b>Total</b>			<b>99</b>

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

Early			All ages			Standard		
55 and over								
Percent retired	Sample size 373	Percent of group <sup>b</sup>	Percent retired	Sample size 845	Percent of group <sup>c</sup>	Percent retired	Sample size 244	Percent of group <sup>d</sup>
18	214	62	13	530	65	13	141	64
27	87	22	13	176	21	30	43	14
20	301	84	13	706	87	16	184	78
36	25	6	22	54	5	24	24	9
24	12	3	14	22	3	35	10	3
32	37	9	19	76	8	27	34	12
49	24	5	33	43	3	28	19	6
100	1	0	100	1	0		0	0
20	9	2	12	16	2	4	7	4
		<b>100</b>			<b>100</b>			<b>100</b>

<sup>a</sup>Group size, 4,325.

<sup>b</sup>Group size, 1,138.

<sup>c</sup>Group size, 5,463.

<sup>d</sup>Group size, 2,456.

Some percents do not total 100 percent due to rounding.

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

**Table II.2: the Relationship Between  
Pressure From Home to Retire and  
Retirement Rates**

	Under 55		
	Percent retired	Sample size 472	Percent of group <sup>a</sup>
<b>Question:</b>			
To what extent, if at all, did your spouse or anyone else at home try to pressure you to stay or leave AMC during the RIF/VERA period?			
<b>Answer:</b>			
Great extent to stay	3	29	9
Moderate extent to stay	7	37	9
<b>Subtotal—Some pressure to stay</b>	<b>5</b>	<b>66</b>	<b>17</b>
Little or no pressure either way	11	357	76
Moderate extent to leave	38	30	4
Great extent to leave"	39	16	2
<b>Subtotal—Some pressure to leave</b>	<b>39</b>	<b>46</b>	<b>6</b>
[No answer]	7	3	1
<b>Total</b>			<b>100</b>

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

<b>Early</b>			<b>All ages</b>			<b>Standard</b>		
<b>Percent retired</b>	<b>Sample size</b>	<b>Percent of group<sup>b</sup></b>	<b>Percent retired</b>	<b>Sample size</b>	<b>Percent of group<sup>c</sup></b>	<b>Percent retired</b>	<b>Sample size</b>	<b>Percent of group<sup>d</sup></b>
	<b>373</b>			<b>845</b>			<b>244</b>	
7	30	10	4	59	9	13	15	7
31	17	4	9	54	8	10	18	9
<b>14</b>	<b>47</b>	<b>14</b>	<b>7</b>	<b>113</b>	<b>17</b>	<b>12</b>	<b>33</b>	<b>16</b>
21	285	78	13	642	76	17	184	77
50	25	5	41	55	4	29	14	5
78	12	2	46	28	2	53	12	3
<b>58</b>	<b>37</b>	<b>7</b>	<b>43</b>	<b>83</b>	<b>6</b>	<b>38</b>	<b>26</b>	<b>7</b>
10	4	1	8	7	1	100	1	0
		<b>100</b>			<b>100</b>			<b>100</b>

<sup>a</sup>Group size, 4,325.

<sup>b</sup>Group size, 1,138.

<sup>c</sup>Group size, 5,463.

<sup>d</sup>Group size, 2,456.

Some percents do not total 100 percent due to rounding.

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

**Table II.3: the Relationship Between  
Job Attitude and Retirement Rates**

	Under 55		
	Percent retired	Sample size 472	Percent of group <sup>a</sup>
<b>Question:</b>			
<b>As far as personal job satisfaction, did you think that you could have actually obtained more personally satisfying employment from a new job or more from AMC?</b>			
<b>Answer:</b>			
Definitely more if new	30	56	8
Probably more if new	13	101	22
<b>Subtotal—More at new job</b>	<b>17</b>	<b>157</b>	<b>30</b>
Probably about same	9	83	19
Probably more if AMC	6	89	21
Definitely more if AMC	10	56	13
<b>Subtotal—More at present job</b>	<b>8</b>	<b>145</b>	<b>34</b>
Never considered it	14	85	17
[Not apply/no answer]	0	2	0
<b>Total</b>			<b>100</b>
<b>Question:</b>			
<b>How did you feel about your general employment situation at AMC before the RIF/VERA? [Indicate agreement or disagreement . . . ]</b>			
<b>I was satisfied with the work.</b>			
<b>Answer:</b>			
Strongly agree	10	149	35
Agree	10	195	41
<b>Subtotal—Agree</b>	<b>10</b>	<b>344</b>	<b>76</b>
Neither agree nor disagree	16	51	10
Disagree	16	38	7
Strongly disagree	21	27	5
<b>Subtotal—Disagree</b>	<b>18</b>	<b>65</b>	<b>12</b>
Don't know		0	0
[No answer]	17	12	3
<b>Total</b>			<b>100</b>

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

<b>Early</b>									
<b>55 and over</b>			<b>All ages</b>			<b>Standard</b>			
<b>Percent retired</b>	<b>Sample size 373</b>	<b>Percent of group<sup>b</sup></b>	<b>Percent retired</b>	<b>Sample size 845</b>	<b>Percent of group<sup>c</sup></b>	<b>Percent retired</b>	<b>Sample size 244</b>	<b>Percent of group<sup>d</sup></b>	
52	40	8	34	96	8	35	10	3	
23	51	14	14	152	20	14	22	10	
<b>34</b>	<b>91</b>	<b>21</b>	<b>20</b>	<b>248</b>	<b>28</b>	<b>19</b>	<b>32</b>	<b>13</b>	
18	77	22	11	160	20	11	47	23	
24	75	20	10	164	21	18	66	27	
11	53	17	10	109	14	23	58	21	
<b>18</b>	<b>128</b>	<b>37</b>	<b>10</b>	<b>273</b>	<b>34</b>	<b>20</b>	<b>124</b>	<b>48</b>	
26	75	19	17	160	17	19	41	16	
0	2	1	0	4	1		0	0	
		<b>100</b>			<b>100</b>			<b>100</b>	

16	113	34	11	262	34	24	104	37	
25	171	44	13	366	42	11	90	43	
<b>21</b>	<b>284</b>	<b>78</b>	<b>12</b>	<b>628</b>	<b>76</b>	<b>17</b>	<b>194</b>	<b>80</b>	
19	43	12	17	94	10	19	26	10	
29	16	4	18	54	6	22	9	3	
45	18	4	25	45	5	10	3	1	
<b>37</b>	<b>34</b>	<b>8</b>	<b>21</b>	<b>99</b>	<b>11</b>	<b>19</b>	<b>12</b>	<b>5</b>	
100	1	0	100	1	0		0	0	
46	11	2	23	23	2	24	12	4	
		<b>100</b>			<b>100</b>			<b>100</b>	

(continued)

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

	Under 55		
	Percent retired	Sample size 472	Percent of group <sup>a</sup>

**Question:**  
How did you feel about your general employment situation at AMC before the RIF/VERA? [Indicate agreement or disagreement . . . ]  
My contributions were recognized.

**Answer:**

Strongly agree	10	94	22
Agree	9	165	37
<b>Subtotal—Agree</b>	<b>10</b>	<b>259</b>	<b>59</b>
Neither agree nor disagree	11	77	16
Disagree	13	64	13
Strongly disagree	28	54	8
<b>Subtotal—Disagree</b>	<b>19</b>	<b>118</b>	<b>20</b>
Don't know	13	5	1
[No answer]	11	13	3
<b>Total</b>			<b>100</b>

**Question:**  
How did you feel about your general employment situation at AMC before the RIF/VERA? [Indicate agreement or disagreement . . . ]  
I could control how I did my work. .

**Answer:**

Strongly agree	14	98	19
Agree	8	193	47
<b>Subtotal agree</b>	<b>10</b>	<b>291</b>	<b>66</b>
Neither agree nor disagree	11	74	16
Disagree	17	59	10
Strongly disagree	31	33	5
<b>Subtotal—Disagree</b>	<b>21</b>	<b>92</b>	<b>15</b>
[No answer]	18	15	3
<b>Total</b>			<b>100</b>

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

Early			All ages			Standard		
Percent retired	Sample size 373	Percent of group <sup>b</sup>	Percent retired	Sample size 845	Percent of group <sup>c</sup>	Percent retired	Sample size 244	Percent of group <sup>d</sup>
	Early						Standar	d
16	81	24	12	175	23	23	67	25
19	145	41	11	310	38	15	75	33
<b>18</b>	<b>226</b>	<b>65</b>	<b>12</b>	<b>485</b>	<b>60</b>	<b>18</b>	<b>142</b>	<b>58</b>
34	58	13	15	135	16	16	44	19
25	37	10	15	101	12	16	22	9
27	35	9	28	89	8	25	20	7
<b>26</b>	<b>72</b>	<b>18</b>	<b>20</b>	<b>190</b>	<b>20</b>	<b>20</b>	<b>42</b>	<b>16</b>
14	3	1	13	8	1	0	4	3
54	14	3	19	27	3	19	12	5
		<b>100</b>			<b>100</b>			<b>100</b>

	Early						Standar	rd
15	80	24	14	178	20	24	69	25
24	153	40	11	346	45	16 1	14	48
<b>21</b>	<b>233</b>	<b>64</b>	<b>12</b>	<b>524</b>	<b>66</b>	<b>19</b>	<b>183</b>	<b>73</b>
19	63	18	13	137	16	11	28	13
27	45	11	19	104	11	19	10	4
43	17	4	33	50	4	14	12	5
<b>30</b>	<b>62</b>	<b>15</b>	<b>23</b>	<b>154</b>	<b>15</b>	<b>16</b>	<b>22</b>	<b>9</b>
47	15	3	24	30	3	21	11	4
		<b>100</b>			<b>100</b>			<b>100</b>

(continued)

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

	Under 55		
	Percent retired	Sample size 472	Percent of group <sup>a</sup>
<b>Question:</b>			
How did you feel about your general employment situation at AMC before the RIF/VERA? [Indicate agreement or disagreement.]			
My work at AMC was interesting.			
<b>Answer:</b>			
Strongly agree	12	178	39
Agree	10	221	46
<b>Subtotal—Agree</b>	<b>11</b>	<b>399</b>	<b>85</b>
Neither agree nor disagree	18	34	7
Disagree	12	19	4
Strongly disagree	16	8	2
<b>Subtotal—Disagree</b>	<b>13</b>	<b>27</b>	<b>6</b>
Don't know	0	1	0
[No answer]	21	11	2
<b>Total</b>			<b>100</b>

<b>Question:</b>			
How did you feel about your general employment situation at AMC before the RIF/VERA? [Indicate agreement or disagreement. . . .]			
My work was important.			
<b>Answer:</b>			
Strongly agree	13	214	46
Agree	10	206	44
<b>Subtotal—Agree</b>	<b>11</b>	<b>420</b>	<b>90</b>
Neither agree nor disagree	20	26	4
Disagree	10	13	3
Strongly disagree	0	3	1
<b>Subtotal—Disagree</b>	<b>7</b>	<b>16</b>	<b>4</b>
Don't know	100	1	0
[No answer]	16	9	2
<b>Total</b>			<b>100</b>

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

Percent retired	Early 55 and over		All ages			Standard			
	Sample size 373	Percent of group <sup>b</sup>	Percent retired	Sample size 845	Percent of group <sup>c</sup>	Percent retired	Sample size 244	Percent of group <sup>d</sup>	
	Early			Standard					
21	136	37	14	314	39	23	119	43	
23	172	46	13	393	46	12	95	44	
<b>22</b>	<b>308</b>	<b>83</b>	<b>13</b>	<b>707</b>	<b>85</b>	<b>17</b>	<b>214</b>	<b>88</b>	
18	34	10	18	68	7	20	19	7	
21	11	3	13	30	4	10	3	1	
14	6	2	15	14	2	100	1	0	
<b>18</b>	<b>17</b>	<b>5</b>	<b>14</b>	<b>44</b>	<b>6</b>	<b>19</b>	<b>4</b>	<b>2</b>	
24	2	1	20	3	0		0	0	
61	12	2	29	23	2	15	7	3	
		<b>100</b>			<b>100</b>			<b>100</b>	

24	169	45	15	383	45	21	127	48
21	159	44	12	365	44	12	90	42
<b>22</b>	<b>328</b>	<b>88</b>	<b>14</b>	<b>748</b>	<b>89</b>	<b>17</b>	<b>217</b>	<b>90</b>
14	23	7	19	49	5	41	12	3
24	6	2	12	19	2	10	3	1
49	4	1	7	7	1	0	1	1
<b>32</b>	<b>10</b>	<b>2</b>	<b>10</b>	<b>26</b>	<b>4</b>	<b>7</b>	<b>4</b>	<b>2</b>
0	1	0	38	2	0	0	1	1
59	11	2	24	20	2	19	10	4
		<b>100</b>			<b>100</b>			<b>100</b>

<sup>a</sup>Group size, 4,325.

<sup>b</sup>Group size, 1,138.

<sup>c</sup>Group size, 5,463.

<sup>d</sup>Group size, 2,456.

Some percents do not total 100 percent due to rounding.

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

**Table II.4: the Relationship Between  
Attitudes on Future Retirement Laws  
and Retirement Rates**

	<b>Under 55</b>		
	<b>Percent retired</b>	<b>Sample size 472</b>	<b>Percent of group<sup>a</sup></b>
<b>Question:</b>			
Try to recall the changes you expected, if any, in relevant government retirement regulations over the next few years. To what extent did you expect that new regulations would make it more or less beneficial to wait to retire in the future?			
<b>Answer:</b>			
Much more beneficial in future	5	34	10
Somewhat more beneficial in future	5	71	17
<b>Subtotal—More beneficial</b>	<b>5</b>	<b>105</b>	<b>26</b>
About same in future	9	97	21
Somewhat less beneficial in future	13	120	25
Much less beneficial in future	25	109	18
<b>Subtotal—Less beneficial</b>	<b>18</b>	<b>229</b>	<b>43</b>
Never considered it	8	41	10
[No answer]		0	0
<b>Total</b>	<b>12</b>		<b>100</b>
<b>Question:</b>			
At the time you were making your retirement decision, did you believe that the Civil Service Retirement System (CSRS) retirement lump-sum payment would be eliminated in the near future? [Note: The retirement lump-sum payment was eliminated in the fall of 1990.]			
<b>Answer:</b>			
<b>Yes</b>	14	375	74
<b>No</b>	4	95	26
[Don't know]		0	0
[No answer]	13	2	0
<b>Total</b>			<b>100</b>

**Appendix II  
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Retirement Decisions**

<b>Early</b>			<b>All ages</b>			<b>Standard</b>		
<b>55 and over</b>								
<b>Percent retired</b>	<b>Sample size 373</b>	<b>Percent of group<sup>b</sup></b>	<b>Percent retired</b>	<b>Sample size 845</b>	<b>Percent of group<sup>c</sup></b>	<b>Percent retired</b>	<b>Sample size 244</b>	<b>Percent of group<sup>d</sup></b>
13	28	9	6	62	9	13	18	8
8	54	18	6	125	17	6	38	21
<b>10</b>	<b>82</b>	<b>27</b>	<b>6</b>	<b>187</b>	<b>26</b>	<b>8</b>	<b>56</b>	<b>29</b>
16	68	20	10	165	21	8	50	26
29	104	26	16	224	25	25	62	22
47	61	12	29	170	16	39	54	15
<b>34</b>	<b>165</b>	<b>38</b>	<b>21</b>	<b>394</b>	<b>42</b>	<b>31</b>	<b>116</b>	<b>37</b>
27	56	14	13	97	11	21	22	8
0	2	1	0	2	0		0	0
<b>23</b>		<b>100</b>	<b>14</b>		<b>100</b>	<b>18</b>		<b>100</b>

27	296	74	17	671	74	22	201	75
9	72	24	5	167	25	5	40	23
100	1	0	100	1	0		0	0
0	4	2	7	6	1	0	3	2
		<b>100</b>			<b>100</b>			<b>100</b>

<sup>a</sup>Group size, 4,325.

<sup>b</sup>Group size, 1,138.

<sup>c</sup>Group size, 5,463.

<sup>d</sup>Group size, 2,456.

Some percents do not total 100 percent due to rounding.

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

**Table II.5: the Relationship Between  
Home Sales and Retirement Rates**

	Under 55		
	Percent retired	Sample size 472	Percent of group <sup>a</sup>
<b>Questions:</b>			
<b>a. At the time you were making your decision, did you have your own home, were you renting or did you live in a home rent-free?</b>			
<b>b. [For homeowners] Had you thought that you would need to sell your present home if you retired?</b>			
<b>c. [For need-to-sell homeowners] Did you think you could have sold your house for a satisfactory amount at the time of the VERA?</b>			
<b>Answer:</b>			
a. Renting or living in a home rent-free	10	35	8
Did not need to sell home if retire	15	334	66
<b>Subtotal—No need to sell home</b>	<b>14</b>	<b>369</b>	<b>74</b>
b. Need to sell—think could have sold house for a satisfactory amount	8	16	3
c. Need to sell—think could not have sold house for a satisfactory amount	2	29	8
[Don't know]	4	51	13
[No answer]	5	7	1
<b>Total</b>	<b>12</b>		<b>100</b>

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

<b>Early</b>			<b>All ages</b>			<b>Standard</b>		
<b>55 and over</b>								
<b>Percent retired</b>	<b>Sample size 373</b>	<b>Percent of group<sup>b</sup></b>	<b>Percent retired</b>	<b>Sample size 845</b>	<b>Percent of group<sup>c</sup></b>	<b>Percent retired</b>	<b>Sample size 244</b>	<b>Percent of group<sup>d</sup></b>
35	32	7	15	67	8	24	26	9
29	224	55	17	558	64	24	144	52
<b>30</b>	<b>256</b>	<b>62</b>	<b>17</b>	<b>625</b>	<b>72</b>	<b>24</b>	<b>170</b>	<b>62</b>
51	13	2	16	29	3	15	9	4
7	44	15	3	73	10	12	21	10
8	53	18	6	104	14	6	32	17
11	7	2	7	14	2	2	12	7
<b>23</b>		<b>100</b>	<b>14</b>		<b>100</b>	<b>18</b>		<b>100</b>

<sup>a</sup>Group size, 4,325.

<sup>b</sup>Group size, 1,138.

<sup>c</sup>Group size, 5,463.

<sup>d</sup>Group size, 2,456.

Some percents do not total 100 percent due to rounding.

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

**Table II.6: the Relationship Between  
Financial Security and Retirement  
Rates**

	Under 55		
	Percent retired	Sample size 472	Percent of group <sup>a</sup>
<b>Question: Did you feel that you could have financially afforded to have stopped working altogether or did you financially need to keep working somewhere (not necessarily at AMC)?</b>			
<b>Answer:</b>			
Could have afforded to stop working	36	98	13
Needed to keep working (part or full time)	8	339	79
Don't know"	11	35	8
[No answer]			
<b>Total</b>			<b>100</b>
<b>Question: How would you describe your household's ability to get along on that monthly income at that time? [This question refers to time during RIF/VERA period.]</b>			
<b>Answer:</b>			
Usually had quite a bit extra	20	78	15
Usually had a little extra	14	236	48
<b>Subtotal—Usually some extra</b>	<b>15</b>	<b>314</b>	<b>63</b>
Only sometimes had some extra	6	88	20
Just had enough to get by	7	56	14
<b>Subtotal—Sometimes extra or just get by</b>	<b>6</b>	<b>144</b>	<b>34</b>
Couldn't make ends meet	2	9	3
[No answer]	7	5	1
<b>Total</b>	<b>12</b>		<b>100</b>

**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

Early			All ages			Standard		
55 and over								
Percent retired	Sample size 373	Percent of group <sup>b</sup>	Percent retired	Sample size 845	Percent of group <sup>c</sup>	Percent retired	Sample size 244	Percent of group <sup>d</sup>
56	90	16	41	188	14	36	73	21
14	250	76	9	589	79	11	141	68
38	32	7	16	67	7	27	29	10
0	1	0	0	1	0	0	1	1
		<b>100</b>			<b>100</b>			<b>100</b>

41	55	12	24	133	14	20	23	9
25	178	46	16	414	47	21	121	46
<b>29</b>	<b>233</b>	<b>58</b>	<b>18</b>	<b>547</b>	<b>61</b>	<b>21</b>	<b>144</b>	<b>55</b>
18	61	18	8	149	19	14	56	25
12	58	19	8	114	15	14	36	16
<b>15</b>	<b>119</b>	<b>36</b>	<b>8</b>	<b>263</b>	<b>34</b>	<b>14</b>	<b>92</b>	<b>41</b>
9	13	4	4	22	3	4	6	3
24	8	2	13	13	1	19	2	1
<b>23</b>		<b>100</b>	<b>14</b>		<b>100</b>	<b>18</b>		<b>100</b>

<sup>a</sup>Group size, 4,325.

<sup>b</sup>Group size, 1,138.

<sup>c</sup>Group size, 5,463.

<sup>d</sup>Group size, 2,456.

Some percents do not total 100 percent due to rounding.

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**Appendix II  
Relationship Between Six Factors and  
Retirement Decisions**

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The definitions of most column headings are the same as those set forth in appendix I. The "sample size" column in this appendix, however, represents the number of sample responses in each subgroup and thus, for these questionnaire characteristics, is the base for estimating the retirement rate.

The caveats about interpreting the data in appendix I also apply to the data in this appendix. Since the sample of 1,089 employees is used in this appendix, one additional caution applies. All results are estimates of the total AMC population's characteristics and are thus subject to sampling variability. Though these estimates are based on a representative scientific sample, the "sample size" column shows that some estimates are based on small numbers of respondents. For example, there are 39 employees age 55 or more in table II.1 who say their health would be much better if they left. The 95-percent confidence interval for their 63-percent retirement rate extends from 40 percent to 87 percent. Conversely, there are 729 early eligible employees whose answers, when aggregated, who responded that they had neither a health of physical condition, which effected either the kind or amount of work they could do. The 95-percent confidence level for the 13-percent retirement rate for this group extends from 9-percent to 16 percent. Also, for 589 employees who responded that they could not have afforded to stop working altogether, the 95-percent confidence level for the 9-percent retirement rate extends from 6 percent to 12 percent.

# The Relative Importance of Health, Financial, and Other Personal Factors on Retirement Decisions

In addition to posing specific questions about health, financial, and other personal factors, we asked the respondents to rank the relative importance of these factors on their retirement decision. Table III.1 shows the responses.

**Table III.1: Responses to Question on the Relative Importance of Health, Financial, and Other Personal Factors on Retirement Decisions.**

	Did not retire	Retired	All
<b>Question: Which of three factors—financial, health, and other personal factors (i.e., outside interests, personal feelings about your job, etc.)—affected your retirement decision the most. In the grid below compare the first factor (A) to the second factor (B), and indicate the extent to which (A) or (B) most influenced your decision about whether or not to retire.</b>			
<b>(A) Financial and (B) Other Personal</b>			
<b>Answer:</b>			
<b>Employees eligible for early retirement:</b>	(Sample=482) (Pop.=4,696)	(Sample=363) (Pop.=767)	(Sample=845) (Pop.=5,463)
(A) much more important than (B)	59	12	53
(A) somewhat more important than (B)	13	7	12
(A) and (B) equally important	18	25	19
(B) somewhat more important than (A)	2	23	5
(B) much more important than (A)	2	24	5
Not answered/ascertained, or multiple answer	6	9	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Employees eligible for standard retirement:</b>	(Sample=126) (Pop.=2,024)	(Sample=118) (Pop.=432)	(Sample=244) (Pop.=2,456)
(A) much more important than (B)	53	31	49
(A) somewhat more important than (B)	11	11	11
(A) and (B) equally important	23	26	24
(B) somewhat more important than (A)	3	14	5
(B) much more important than (A)	2	10	3
Not answered/ascertained, or multiple answer	8	8	8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

(continued)

**Appendix III  
The Relative Importance of Health,  
Financial, and Other Personal Factors on  
Retirement Decisions**

	Did not retire	Retired	All
<b>(A) Health or (B) Financial</b>			
<b>Answer:</b>			
<b>Employees eligible for early retirement:</b>	(Sample=482) (Pop.=4,696)	(Sample=363) (Pop.=767)	(Sample=845) (Pop.=5,463)
(A) much more important than (B)	9	22	11
(A) somewhat more important than (B)	9	13	10
(A) and (B) equally important	26	27	26
(B) somewhat more important than (A)	16	15	16
(B) much more important than (A)	33	10	30
Not answered/not ascertained/multiple answer	7	12	7
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Standard retirement eligible:</b>	(Sample=126) (Pop.=2,024)	(Sample=118) (Pop.=432)	(Sample=244) (Pop.=2,456)
(A) much more important than (B)	14	15	14
(A) somewhat more important than (B)	5	12	6
(A) and (B) equally important	27	36	29
(B) somewhat more important than (A)	15	16	15
(B) much more important than (A)	27	14	25
Not answered/not ascertained/multiple answer	12	7	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

(continued)

**Appendix III  
The Relative Importance of Health,  
Financial, and Other Personal Factors on  
Retirement Decisions**

	Did not retire	Retired	All
<b>(A) Personal or (B) Health</b>			
<b>Answer:</b>			
<b>Early retirement:</b>	(Sample=482) (Pop.=4,696)	(Sample=363) (Pop.=767)	(Sample=845) (Pop.=5,463)
(A) much more important than (B)	20	27	21
(A) somewhat more important than (B)	14	15	14
(A) and (B) equally important	36	26	34
(B) somewhat more important than (A)	11	12	11
(B) much more important than (A)	12	11	12
Not answered/not ascertained/multiple answer	8	10	8
<b>Total</b>	<b>101</b>	<b>101</b>	<b>100</b>
<b>Standard retirement:</b>	(Sample=126) (Pop.=2,024)	(Sample=118) (Pop.=432)	(Sample=244) (Pop.=2,456)
(A) much more important than (B)	19	25	20
(A) somewhat more important than (B)	7	10	8
(A) and (B) equally important	31	38	32
(B) somewhat more important than (A)	17	11	16
(B) much more important than (A)	12	7	11
Not answered/not ascertained/multiple answer	14	9	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

# Reactions to 12 Hypothetical Retirement Laws or Policies

To gain insight into the effects of changes in retirement laws or policies, we asked respondents whether they would have retired during the RIF/VERA period, if certain hypothetical alternatives had been offered. Respondents then judged the likelihood of their having retired under each alternative. The complete results from the 12 questions are displayed in the following tables.

**Table IV.1: Response to a Policy That Provides More Time to Consider Early Retirement Decision**

	Early			Standard
	Under 55	55 and over	All ages	
	Percent retired			
	(Sample=288) (Pop.=3,815)	(Sample=194) (Pop.=881)	(Sample=482) (Pop.=4,696)	(Sample=126) (Pop.=2,024)
<b>Question: How likely, if at all, would you have been to have taken early retirement, if you had a longer time (9 months) to plan for retirement?</b>				
<b>Answer:</b>				
Definitely could have retired	1	2	1	
Probably retired	4	4	4	
About 50/50 chance	16	16	16	
Probably not retired	35	20	32	
Definitely not retired	22	21	22	
Don't know	5	7	6	
[Not answered]	17	32	19	
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	

\*Personnel in this subgroup were not asked this question.

**Appendix IV  
Reactions to 12 Hypothetical Retirement  
Laws or Policies**

**Table IV.2: Response to Five Annuity-Related Alternatives**

	Early			Standard
	Under 55	55 and over	All ages	
	Percent retired			
	(Sample=184) (Pop.=510)	(Sample=179) (Pop.=257)	(Sample=363) (Pop.=767)	(Sample=118) (Pop.=432)
<b>Question: Please consider what you might have done if the cost-of-living adjustment (COLA) had been delayed. If there had not been a COLA until age 62, how likely, if at all, would you have been to have retired?</b>				
<b>Answer:</b>				
Definitely would have retired	29	25	28	23
Probably retired	26	24	25	19
About 50/50 chance	12	16	13	9
Probably not retired	16	14	15	7
Definitely not retired	10	10	10	3
Don't know	7	9	8	3
[Not applicable-over 62 years]				36
[Not answered]	1	2	1	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Question: How likely would you have been to have taken early retirement, if the penalty on annuity for those under age 55 (currently set at 2 percent per year) had been reduced to 1 percent?</b>				
<b>Answer:</b>				
Definitely retired	2		2	
Probably retired	4		4	
About 50/50 chance	16		13	
Probably not retired	28		24	
Definitely not retired	30			
Don't know	1		1	
[Not answered]	19		34	
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(continued)

**Appendix IV  
Reactions to 12 Hypothetical Retirement  
Laws or Policies**

	Early			Standard
	Under 55	55 and over	All ages	
	Percent retired			
	(Sample=184) (Pop.=510)	(Sample=179) (Pop.=257)	(Sample=363) (Pop.=767)	(Sample=118) (Pop.=432)

**Question: How likely would you have been to have retired during the RIF/VERA period, if an annuity based on single highest year's salary (currently based on three highest) had been offered?**

**Answer:**

Definitely retired	6	7	6	10
Probably retired	8	10	9	10
About 50/50 chance	31	27	30	22
Probably not retired	28	23	27	22
Definitely not retired	18	18	18	17
Don't know	5	7	5	7
[Not answered]	5	8	5	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Question: How likely would you have been to have taken early retirement, if up to 5-years of the annuity penalty (currently set a 2 percent per year for each year under age 55) had been waived?**

**Answer:**

Definitely retired	13	10
Probably retired	15	12
About 50/50 chance	19	16
Probably not retired	21	17
Definitely not retired	10	8
Don't know	2	2
[Not answered]	20	35
<b>Total</b>	<b>100</b>	<b>100</b>

(continued)

**Appendix IV  
Reactions to 12 Hypothetical Retirement  
Laws or Policies**

	Early			Standard
	Under 55	55 and over	All ages	
	Percent retired			
	(Sample=184) (Pop.=510)	(Sample=179) (Pop.=257)	(Sample=363) (Pop.=767)	(Sample=118) (Pop.=432)
<b>Question: How likely would you have been to have retired during the RIF/VERA period if 5 years of service were added to compute your retirement annuity?</b>				
<b>Answer:</b>				
Definitely retired	24	31	25	25
Probably retired	27	23	26	19
About 50/50 chance	19	20	19	18
Probably not retired	15	8	13	9
Definitely not retired	7	8	7	9
Don't know	3	4	3	5
[Not answered]	5	7	5	15
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

<sup>a</sup>Not applicable.

**Table IV.3: Response to Five Up-Front  
Cash Alternatives**

	Early			Standard
	Under 55	55 and over	All ages	
	Percent retired			
	(Sample=184) (Pop.=510)	(Sample=179) (Pop.=257)	(Sample=363) (Pop.=767)	(Sample=118) (Pop.=432)
<b>Question: If you had not received the lump-sum payment how likely would you have been to have retired? [Asked of those who took the lump-sum CSRS retirement payment when they retired]</b>				
<b>Answer:</b>				
Definitely retired	16	17	17	14
Probably retired	11	16	13	8
About 50/50 chance	11	11	11	13
Probably not retired	30	20	26	25
Definitely not retired	20	21	20	28
Don't know	1	4	2	4
[Not applicable- Did not take lump sum]	10	8	9	7
[Not answered]	1	3	1	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Appendix IV  
Reactions to 12 Hypothetical Retirement  
Laws or Policies**

	Early			Standard
	Under 55	55 and over	All ages	
	Percent retired			
	(Sample=288) (Pop.=3,815)	(Sample=194) (Pop.=881)	(Sample=482) (Pop.=4,696)	(Sample=126) (Pop.=2,024)

**Question: How likely would you have been to have retired during the RIF/VERA if a one-time bonus equal to 1/2 year's salary had been offered?**

**Answer:**

Definitely retired	5	8	5	6
Probably retired	7	6	7	9
About 50/50 chance	19	19	19	19
Probably not retired	29	23	28	30
Definitely not retired	30	27	30	17
Don't know	5	8	5	6
[Not answered]	5	9	5	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Question: How likely would you have been to have retired during the RIF/VERA if a tax-free rollover of the CSRS lump-sum payment to an Individual Retirement Account had been offered?**

**Answer:**

Definitely retired	11	10	11	21
Probably retired	13	14	13	8
About 50/50 chance	22	22	22	23
Probably not retired	26	21	25	13
Definitely not retired	17	15	17	11
Don't know	8	10	8	12
[Not answered]	4	8	4	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(continued)

**Appendix IV  
Reactions to 12 Hypothetical Retirement  
Laws or Policies**

	Early			Standard
	Under 55	55 and over	All ages	
	Percent retired			
	(Sample=288) (Pop.=3,815)	(Sample=194) (Pop.=881)	(Sample=482) (Pop.=4,696)	(Sample=126) (Pop.=2,024)

**Question: How likely would you have been to have retired during the RIF/VERA if a lump-sum payment for unused sick leave balance upon retirement had been offered.**

**Answer:**

Definitely retired	17	13	16	21
Probably retired	18	18	18	13
About 50/50 chance	19	22	19	21
Probably not retired	22	19	22	16
Definitely not retired	15	15	15	11
Don't know	6	5	5	7
[Not answered]	3	8	4	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Question: How likely would you have been to have retired during the RIF/VERA if a one-time bonus equal to 1 year's salary had been offered?**

**Answer:**

Definitely retired	18	19	18	24
Probably retired	19	19	19	17
About 50/50 chance	24	22	24	18
Probably not retired	18	12	17	13
Definitely not retired	14	10	13	8
Don't know	3	9	4	7
[Not answered]	5	8	5	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Appendix IV  
Reactions to 12 Hypothetical Retirement  
Laws or Policies**

**Table IV.4: Response to a Combined  
Annuity and Up-Front Cash Alternative**

	Early			
	Under 55	55 and over	All ages	Standard
	Percent retired			
	(Sample=288) (Pop.=3,815)	(Sample=194) (Pop.=881)	(Sample=482) (Pop.=4,696)	(Sample=126) (Pop.=2,024)
<b>Question: How likely would you have been to have retired during the RIF/VERA if a combination of 1 year's salary bonus and an additional 5 years (10%) were added to your retirement annuity computation?</b>				
<b>Answer:</b>				
Definitely retired	54	59	55	52
Probably retired	21	16	20	12
About 50/50 chance	10	10	10	14
Probably not retired	6	3	6	5
Definitely not retired	3	3	3	3
Don't know	2	5	3	3
[Not answered]	3	5	3	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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**Appendix IV  
Reactions to 12 Hypothetical Retirement  
Laws or Policies**

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Table IV includes 10 policies that are directed at encouraging retirement. These tables include the responses of only those employees who did not retire and who thus, might have changed their decisions in response to the incentives. Moreover, the numbers in the heading for the first column of table IV.1 indicate that the percentages in the column were derived from 288 respondents' questionnaires and apply to a population of 3,815 that did not retire. For comparability purposes, the rates shown in figure 2—**Percentage of Early Retirement-Eligible Employees Who Retired or Stated They Would Have Definitely or Probably Retired Under Each of 10 Hypothetical Retirement Incentives**—are based on the total retirement-eligible population.

Table IV also includes two policies that discourage retirement. Thus, we only asked respondents who retired and might have changed their decision in response to a less attractive policy to consider these policies. One policy would reduce many retirees' annuities by not adding a cost-of-living adjustment to the annuity until a retiree reached age 62. The other policy would reduce severance pay by not permitting retirees to withdraw their retirement contributions in a lump-sum payment. This policy was, in fact, instituted 1 month after the end of the VERA period.

Caution should be used in interpreting the data in this appendix. The percentages are estimates for the AMC population that were made by weighting each questionnaire response according to the proportion of the population that it represented. This appendix only contains opinions of survey respondents about their claimed retirement behavior under hypothetical circumstances; the appendix does not determine what percentage would actually retire if such a policy were implemented.

# Retirement Planning Survey Questionnaire

United States General Accounting Office



## Retirement Planning Survey

### INTRODUCTION

The U.S. General Accounting Office (GAO) is studying the experiences of current and former DOD employees who have been eligible for retirement during Reduction in Force (RIF) actions. You are being contacted as part of a random sample of employees who were eligible for either optional (normal) or early retirement during the RIF at the Army Materiel Command (AMC) in 1990.

Budgetary and other factors are expected to lead DOD to make localized reductions in the workforce in different agencies. The present study considers factors which affect whether such changes can be met with voluntary separations. The study results will inform Congress about DOD employees' views on alternative retirement incentives and the existing retirement system in an agency subject to a RIF.

Your answers to this questionnaire will be treated confidentially. Your name will not be associated with the survey. Results will be reported so that individual respondents can not be identified. The number stamped on the questionnaire is for data processing and respondent followup. After the data are processed neither the GAO nor any other party will be able to identify your response.

This questionnaire only requests essential information which is otherwise unavailable. Most people complete it in about 30 minutes. Please return this questionnaire within one week. A prompt response will make your information more timely and will also save the expense of costly follow-up mailings.

If you have any questions about the survey, please call Robert Bontempo (202-275-3990). In the event the return envelope is misplaced, the return address is:

Attention: Robert Bontempo  
U.S. General Accounting Office  
Room 5027  
441 G. Street N.W.  
Washington, D.C. 20548

### SURVEY SCREENING

This study concerns any of the period last year from mid-July 1990 to October 1990 when you were at the Army Materiel Command (AMC). This is the period when a Voluntary Early Retirement Authority (VERA) and Reduction-in-Force (RIF) were in effect. The first questions ask for your status at three points in time: the beginning of the period, during the period and at the end.

1. What was your status at the beginning of the RIF/Voluntary Early Retirement Authority (VERA) period (Mid-July 1990)? (Check one.)<sup>17)</sup>
  1.  Employee at AMC (CONTINUE TO NEXT QUESTION)
  2.  Retired from AMC (END)
  3.  Separated from AMC (not retired) (END)

If you were NOT an AMC employee in mid-July 1990, please stop here and return the questionnaire. Thank you for your cooperation.

Appendix V  
Retirement Planning Survey Questionnaire

2. What was your retirement eligibility status when you were at AMC during the VERA period (Mid-July to October 1990)? (Check all that apply.)

(8-11)

- 1.  Eligible for optional (normal) retirement (CONTINUE TO NEXT QUESTION)
- 2.  Eligible for early retirement for only part of period (CONTINUE TO NEXT QUESTION)
- 3.  Eligible for early retirement for entire period (CONTINUE TO NEXT QUESTION)
- 4.  Never eligible for retirement. (END)

If NOT eligible for retirement during the VERA period, please stop here and return the questionnaire. Thank you for your cooperation.

3. What was your status at the end of the VERA period? (Check all that apply.)

(12-18)

- 1.  Employee at AMC (CONTINUE TO NEXT QUESTION)
- 2.  Retired from AMC (CONTINUE TO NEXT QUESTION)
- 3.  Reemployed annuitant at AMC (CONTINUE TO NEXT QUESTION)
- 4.  Resigned from AMC (not retired) (END) (Please stop here and return the questionnaire.)

RETIREMENT PLANNING

4. Did you obtain a calculation of your estimated retirement annuity from AMC? (Check one.)

(14)

- 1.  Yes
- 2.  No

5. Did you obtain any other type of retirement planning assistance from AMC? (Check one.)

(17)

- 1.  Yes
- 2.  No

**Appendix V  
Retirement Planning Survey Questionnaire**

6. Whether or not you obtained retirement planning assistance, to what extent, if at all, do you feel you could have obtained the following types of retirement planning assistance at your workplace? *(Check one box for each row.)* (18-20)

	Very great extent (1)	Great extent (2)	Moderate extent (3)	Little extent (4)	No extent (5)	Do not know (6)
A. Assistance in evaluating your personal financial situation						
B. Assistance in locating post-retirement, non-federal employment						
C. Seminars or other counseling about personally adjusting to retirement						

7. Whether or not you obtained retirement planning assistance, what was your overall impression of the AMC pre-retirement counseling program during this time period? *(Check one.)* (21)

- 1.  Extremely helpful
- 2.  Very helpful
- 3.  Moderately helpful
- 4.  Slightly helpful
- 5.  Not at all helpful
- 6.  Don't know

8. How did you feel about your general employment situation at AMC before the RIF/VERA? *(Indicate agreement or disagreement by checking one box for each row)* (22-26)

	Strongly agree (1)	Agree (2)	Neither agree nor disagree (3)	Disagree (4)	Strongly disagree (5)	Don't know (6)
A. My work at AMC was interesting						
B. My work was important						
C. My contributions were recognized						
D. I could control how I did my work						
E. I was satisfied with the work						

**Appendix V  
Retirement Planning Survey Questionnaire**

9. When you were considering your retirement decision during the RIF period at AMC, how likely did you think it was that you would be subject to the following unfavorable RIF actions? *(Check one box in each row.)* (27-30)

	Definitely (1)	Probably (2)	About 50/50 (3)	Probably not (4)	Definitely not (5)
<b>UNFAVORABLE RIF ACTION FOR YOU</b>					
A. Reassignment to a less favorable position or location in AMC					
B. Reassignment to another agency					
C. Involuntary separation					
D. Any others? <i>(Describe and rate)</i> _____					

10. To what extent, if at all, did AMC management try to pressure you to stay or leave during the RIF/VERA period? *(Check one.)*

(31)

- 1.  Great extent to stay
- 2.  Moderate extent to stay
- 3.  Little or no pressure either way
- 4.  Moderate extent to leave
- 5.  Great extent to leave

12. To what extent, if at all, did you feel that you would miss the companionship with your coworkers if you left AMC? *(Check one.)*

(32)

- 1.  Very great extent
- 2.  Great extent
- 3.  Moderate extent
- 4.  Little extent
- 5.  No extent

11. To what extent, if at all, did your spouse or anyone else at home try to pressure you to stay or leave AMC during the RIF/VERA period? *(Check one.)*

(33)

- 1.  Great extent to stay
- 2.  Moderate extent to stay
- 3.  Little or no pressure either way
- 4.  Moderate extent to leave
- 5.  Great extent to leave

Appendix V  
Retirement Planning Survey Questionnaire

**EVALUATING THE RETIREMENT OPTION**

Whether or not you actually retired, try to remember how you viewed your retirement options at the time of the RIF/VERA period (Mid-July to October 1990).

13. Last year during the RIF/VERA period (Mid-July to October) how much time, if any, did you spend considering whether or not you should retire from AMC? (Check one.)

- 1.  A very great amount
- 2.  A great amount
- 3.  A moderate amount
- 4.  A little
- 5.  None at all

(34)

14. Did you feel that you could have financially afforded to have stopped working altogether or did you financially need to keep working somewhere (not necessarily at AMC)? (Check one.)

- 1.  Could have afforded to stop working
- 2.  Needed to keep working (part- or full-time)
- 3.  Don't know

(35)

15. If there had been no financial considerations, would you have personally preferred to stop working altogether or to keep working somewhere (not necessarily at AMC)? (Check one.)

- 1.  Preferred to stop working
- 2.  Preferred to keep working (part- or full-time)
- 3.  Don't know

(36)

The next questions ask you to try to remember your feelings during the RIF/VERA period about the possibility of retiring and taking up a new job after AMC.

16. What did you think your income would be if you tried to get a new job? Did you think you would receive more from the combination of a new job and your annuity OR more from your AMC job? (Check one.)

- 1.  Definitely more if new
- 2.  Probably more if new
- 3.  Probably about same
- 4.  Probably more if AMC
- 5.  Definitely more if AMC
- 6.  Never considered it

(37)

17. As far as personal job satisfaction, did you think that you could have actually obtained more personally satisfying employment from a new job OR more from your AMC job? (Check one.)

- 1.  Definitely more if new
- 2.  Probably more if new
- 3.  Probably about same
- 4.  Probably more if AMC
- 5.  Definitely more if AMC
- 6.  Never considered it

(38)

18. Which Federal retirement system were you under? (Check one.)

- 1.  Civil Service Retirement System (CSRS)
- 2.  Federal Employees Retirement System (FERS)

(39)

19. At the time you were making your retirement decision, did you believe that the CSRS retirement lump sum payment would be eliminated in the near future? [Note: The retirement lump sum payment was eliminated in the Fall of 1990.] (Check one.)

- 1.  Yes
- 2.  No

(40)

Appendix V  
Retirement Planning Survey Questionnaire

20. Try to recall the changes you expected, if any, in relevant government retirement regulations over the next few years. To what extent did you expect that new regulations would make it more or less beneficial to wait to retire to the future? (Check one.)

- 1.  Much more beneficial in future
- 2.  Somewhat more beneficial in future
- 3.  About same in future
- 4.  Somewhat less beneficial in future
- 5.  Much less beneficial in future
- 6.  Never considered it

PREVIOUS PLANNING

21. Before this RIF/VERA, to what extent had you considered a target time for when you would retire? (Check one.)

- 1.  Very great extent
- 2.  Great extent
- 3.  Moderate extent
- 4.  Some extent
- 5.  Little or no extent

22. Before this RIF/VERA, what was your best guess about the date or age when you would retire? (43-44)

\_\_\_\_\_ (Date (year) or age)

23. What was the main reason for considering that time to retire? (Check one.)

- 1.  Could begin receiving annuity (Age 55 with 30 years of service; or Age 60 with 20 years; or Age 62 with 5 years)
- 2.  Annuity sufficient for your financial needs
- 3.  Retirement of your spouse
- 4.  Children finish college
- 5.  Home mortgage paid off
- 6.  Other (Please describe) \_\_\_\_\_

HEALTH INFORMATION

24. When you were making your retirement decision during the RIF/VERA period (Mid-July to October) did you have a health or physical condition which affected either the kind or amount of work you could do? (Check one.)

- 1.  Yes
- 2.  No

25. To what extent, if at all, did you feel your health might be affected by staying or leaving AMC? (Check one.)

- 1.  Very much better if stayed
- 2.  Much better if stayed
- 3.  Moderately better if stayed
- 4.  Little or no difference either way
- 5.  Moderately better if left
- 6.  Much better if left
- 7.  Very much better if left

26. Approximately how many days of sick leave did you take in the 12 months before you made your retirement decision? (Check one.)

- 1.  5 days or less (40 hours or less)
- 2.  6 to 10 days (41 to 80 hours)
- 3.  11 to 15 days (81 to 120 hours)
- 4.  16 to 20 days (121 to 160 hours)
- 5.  21 days or more (161 hours or more)

27. Approximately how many sick leave hours did you have available at the time of your retirement decision?

\_\_\_\_\_ Number of hours (Enter 0, if none)

**Appendix V  
Retirement Planning Survey Questionnaire**

The next pages concern alternative retirement incentives which are similar to those in draft legislation or private sector plans. These have been included to obtain information on the factors which affect retirement decisions. GAO does not necessarily endorse any of the plans.

28. Did you retire from AMC during the RIF/VERA period of mid-July to October 1990? (Check one.)

- 1.  Yes (ANSWER QUESTIONS ON THIS PAGE) <sup>(53)</sup>
- 2.  No (SKIP TO THE NEXT PAGE)

**RETIREE PAGE. Answer questions on this page only if you retired during the RIF/VERA period (Mid-July to October, 1990).**

29. Are you a reemployed annuitant at the present time? (Check one.)

- 1.  Yes <sup>(54)</sup>
- 2.  No

30. Please consider what you might have done if the cost-of-living adjustment (COLA) had been delayed. If there had not been a COLA until age 62, how likely, if at all, would you have been to have retired? (Check one.)

- 1.  Definitely still retired <sup>(55)</sup>
- 2.  Probably still retired
- 3.  About 50/50 chance
- 4.  Probably not retired
- 5.  Definitely not retired
- 6.  Don't know

31. Were you eligible for the lump sum CSRS retirement payment when you retired? (Check one.)

- 1.  Yes (CONTINUE) <sup>(56)</sup>
- 2.  No (SKIP TO QUESTION #34)

32. Did you take the lump sum CSRS retirement payment when you retired? (Check one.)

- 1.  Yes (CONTINUE) <sup>(57)</sup>
- 2.  No (SKIP TO QUESTION #34)

33. If you had not received the lump sum payment how likely would you have been to have retired? (Check one.)

- 1.  Definitely retired <sup>(58)</sup>
- 2.  Probably retired
- 3.  About 50/50 chance
- 4.  Probably not retired
- 5.  Definitely not retired
- 6.  Don't know

34. Did you expect any (other) changes in federal retirement regulations in the future which would have been unfavorable for you? (Check one.) <sup>(59-61)</sup>

- 1.  Yes (Please describe) \_\_\_\_\_ <sup>(62)</sup>  
\_\_\_\_\_
- 2.  No

**RETIREES SKIP TO QUESTION #42**

**Appendix V  
Retirement Planning Survey Questionnaire**

**NON-RETIREE PAGE. Answer questions on this page only if you did NOT retire DURING the RIF/VERA period (Mid-July to October). (If you retired later please answer this page.)**

35. How likely would you have been to have retired during the RIF/VERA period, if the following alternatives had been offered? (Check one box for each row.) (83-72)

	Definitely retired (1)	Probably retired (2)	About 50/50 chance (3)	Probably NOT retired (4)	Definitely NOT retired (5)	Don't know (6)
A. A one-time bonus equal to 1/2 year's salary						
B. A one-time bonus equal to one year's salary						
C. Adding 5 years of service when computing your retirement annuity						
D. Combination of a bonus of one year's salary and an additional 5 years of service for annuity computation						
E. The same annuity you would have received for 30 years of service at age 55						
F. An annuity based on single highest year's salary (Currently based on three highest)						
G. A tax-free rollover of the CSRS lump sum payment to an Individual Retirement Account (IRA)						
H. A lump sum payment for unused sick leave balance upon retirement						
I. Part-time reemployed annuitants receive a full annuity with no reduction in salary rate						
J. Any other incentive? (Describe and rate)						

36. Were you eligible for optional (normal) retirement during any of the RIF/VERA period? (Check one.) (73)

- 1.  Yes (SKIP TO QUESTION #42)
- 2.  No (CONTINUE)

38. If you had applied for early retirement do you think it would have been granted? (Check one.) (75)

- 1.  Yes (SKIP TO QUESTION #40)
- 2.  No→Why not? \_\_\_\_\_

37. Did you apply for early retirement? (Check one.) (74)

- 1.  Yes→Why did you not retire?(Describe then SKIP TO QUESTION #42) \_\_\_\_\_
- 2.  No (CONTINUE)

39. Would you have applied for early retirement if you had thought it would be granted? (Check one.) (76)

- 1.  Yes (SKIP TO QUESTION #42)
- 2.  No

**Appendix V  
Retirement Planning Survey Questionnaire**

**NON-RETIRES: ELIGIBLE FOR EARLY RETIREMENT PAGE: Answer questions on this page if you were eligible for early retirement but did not take it.**

40. How likely, if at all, would you have been to have taken early retirement, if you had a longer time (9 months) to plan for retirement? *(Check one.)*

- 1.  Definitely retired
- 2.  Probably retired
- 3.  About 50/50 chance
- 4.  Probably NOT retired
- 5.  Definitely NOT retired
- 6.  Don't know

(7)

**ANSWER THE NEXT QUESTION IF YOU WERE UNDER AGE 55 AT THE END OF THE RIF/VERA PERIOD. (SKIP to next page, if age 55 or more.)**

41. How likely, if at all, would you have been to have taken early retirement, if the following alternatives had been offered? *(Check one box for each row.)*

(78-80)

[Note: Under the present regulations those under age 55 have their annuity reduced by a 2% penalty for each year under 55.]

	Definitely retired (1)	Probably retired (2)	About 50/50 chance (3)	Probably NOT retired (4)	Definitely NOT retired (5)	Don't know (6)
A. Reduce to 1% the penalty on annuity for those under age 55 (Currently set at 2% per year)						
B. For those age 50 and above, eliminate the annuity penalty and, for those under age 50, waive 5 years of the penalty (Currently set at 2% per year)						
C. Combination of one year's salary bonus and 10% added to your retirement annuity and no penalty on annuity if over age 50, 5 years less penalty if under age 50						

**Appendix V  
Retirement Planning Survey Questionnaire**

**EVERYONE ANSWERS REMAINDER OF QUESTIONNAIRE**

**RETIREMENT CLASSIFICATION**

**BACKGROUND**

42. What is your birth-date? 2(7-12)  
 \_\_\_\_\_ (Month / Day / Year)
43. About how many years of federal service did you have by the end of the RIF/VERA period? (13-14)  
 \_\_\_\_\_ (Years)
44. What was your final GS grade, GM level, WG level or other system level in the RIF/VERA period? (Write in level for system.) (Check one.) (15)
1.  GS \_\_\_\_\_
2.  GM \_\_\_\_\_
3.  WG \_\_\_\_\_
4.  Other (Specify system and level) \_\_\_\_\_ (16-17)
45. When were you promoted to that grade or level? (18-21)  
 \_\_\_\_\_ (Month / Year)
46. What was your occupation at AMC during the RIF/VERA period? (22-46)  
 \_\_\_\_\_
47. What is your actual work status now? (Check all that apply.) (47-51)
1.  Full-time employment
2.  Part-time employment
3.  Seeking full-time employment
4.  Seeking part-time employment
5.  Not seeking employment

- Please answer the following questions to help us understand your retirement decision. Answer for the situation at the time that you were making your decision about whether or not to retire from AMC during the RIF/VERA period at AMC in 1990.
48. What was your marital status at the time you were making your decision about whether or not to retire from AMC? (Check one.) (52)
1.  Single, separated, divorced, or widowed (SKIP TO QUESTION #50)
2.  Married (CONTINUE)
49. If you were married, what was your spouse's employment status? (Check one.) (53)
1.  Full-time employed
2.  Part-time employed
3.  Not employed
50. How many other people, if any, contributed to the financial support of your household? (Exclude your spouse and yourself.) (54-55)  
 \_\_\_\_\_ Number of others (Enter 0, if only spouse or self)
51. All together, how many people lived in your household? (56-57)  
 \_\_\_\_\_ Total number (Include self)
52. How many of the people in your household were under 18 years of age? (58-59)  
 \_\_\_\_\_ Number under age 18 (Enter 0, if none)
53. Did you expect to be paying college expenses for your children or anyone in the future? (Check one.) (60)
1.  Yes (CONTINUE)
2.  No (SKIP TO QUESTION #55)

Appendix V  
Retirement Planning Survey Questionnaire

54. What is the sum-total of years of college expenses that you expected to pay for in the future? (61-62)

\_\_\_\_\_ Number of years (Example: enter "6" if one child had 2 years to go and one had 4 years to go)

**PERSONAL FINANCES AND THE OPTION TO RETIRE**

The following questions can help us better understand the financial realities of retirement. As stated in our cover letter, this information is strictly confidential. Do NOT consider your present finances. Answer all questions in terms of your finances in 1990 when you were making your decision about whether or not to retire from AMC during the RIF/VERA period.

**Income and Assets:**

55. Approximately what was your household's TOTAL monthly income before taxes when you were making your decision about retirement during the RIF/VERA period? (Include ALL income sources in your household.) (Check one.) (63)

- 1.  Under \$1,500 ( \$690 biweekly) (\$18,000 a year)
- 2.  \$1,500-1,999 ( \$690-919 biweekly) (\$18,000-23,999 a year)
- 3.  \$2,000-2,499 ( \$920-1,149 biweekly) (\$24,000-29,999 a year)
- 4.  \$2,500-2,999 (\$1,150-1,379 biweekly) (\$30,000-35,999 a year)
- 5.  \$3,000-3,999 (\$1,380-1,849 biweekly) (\$36,000-47,999 a year)
- 6.  \$4,000-4,999 (\$1,850-2,309 biweekly) (\$48,000-59,999 a year)
- 7.  \$5,000 or more (\$2,310 biweekly) (\$60,000 or more a year)
- 8.  Don't know

56. How would you describe your household's ability to get along on that monthly income at that time? (Check one.) (64)

- 1.  Usually had quite a bit extra
- 2.  Usually had a little extra
- 3.  Only sometimes had some extra
- 4.  Just had enough to get by
- 5.  Couldn't make ends meet

57. When you were considering retiring what alternative to working at AMC did you consider the most, (1) stopping work altogether or (2) starting up new employment (part- or full-time) after AMC? (Check one.) (65)

- 1.  Stopping work altogether
- 2.  Starting new part-time employment
- 3.  Starting new full-time employment
- 4.  Other (Please describe) \_\_\_\_\_

Appendix V  
Retirement Planning Survey Questionnaire

58. What did you expect your household's TOTAL monthly income before taxes would be if you retired? (Include income from ALL sources in your household.) (Check one.) (66)

- 1.  Under \$1,500 ( \$690 biweekly) (\$18,000 a year)
- 2.  \$1,500-1,999 ( \$690-919 biweekly) (\$18,000-23,999 a year)
- 3.  \$2,000-2,499 ( \$920-1,149 biweekly) (\$24,000-29,999 a year)
- 4.  \$2,500-2,999 (\$1,150-1,379 biweekly) (\$30,000-35,999 a year)
- 5.  \$3,000-3,999 (\$1,380-1,849 biweekly) (\$36,000-47,999 a year)
- 6.  \$4,000-4,999 (\$1,850-2,309 biweekly) (\$48,000-59,999 a year)
- 7.  \$5,000 or more (\$2,310 biweekly) (\$60,000 or more a year)
- 8.  Don't know

59. What did you expect your monthly annuity to be if you retired? (Check one.) (67)

- 1.  Under \$500
- 2.  \$500-\$999
- 3.  \$1,000-\$1,499
- 4.  \$1,500-\$1,999
- 5.  \$2,000-\$2,499
- 6.  \$2,500-\$2,999
- 7.  \$3,000 or more
- 8.  Don't know

61. What was the approximate value of your home and any other properties? (Check one.) (68)

- 1.  0 (No home or property)
- 2.  Under \$50,000
- 3.  \$50,000-\$99,999
- 4.  \$100,000-\$149,999
- 5.  \$150,000-\$199,999
- 6.  \$200,000-\$249,999
- 7.  \$250,000-\$299,999
- 8.  \$300,000 or more
- 9.  Don't know

60. What value did you estimate for the total of your liquid financial assets (cash, stocks, bonds, IRA, Thrift Savings Plan, etc.)? (Check one.) (69)

- 1.  Under \$10,000
- 2.  \$10,000-\$19,999
- 3.  \$20,000-\$49,999
- 4.  \$50,000-\$99,999
- 5.  \$100,000 or more
- 6.  Don't know

Appendix V  
Retirement Planning Survey Questionnaire

**FINANCIAL OBLIGATIONS**

62. At the time you were making your decision, did you have your own home, were you renting or did you live in a home rent free? (Check one.)

- 1.  Own home (CONTINUE)
- 2.  Renting (SKIP TO QUESTION #67)
- 3.  Living in a home rent-free (SKIP TO QUESTION #68)
- 4.  Other (Please describe; SKIP TO QUESTION #68) \_\_\_\_\_

63. If you owned your home, about how many years, if any, were left on the mortgage at the time you made your retirement decision?

\_\_\_\_\_ Number of years (If no mortgage, enter "0".)

64. If you owned your home, what was the monthly mortgage payment? (include home equity loans and taxes) (Check one.)

- 1.  \$0 (No mortgage)
- 2.  Under \$200
- 3.  \$200-\$399
- 4.  \$400-\$599
- 5.  \$600-\$799
- 6.  \$800-\$999
- 7.  \$1,000-\$1,499
- 8.  \$1,500 or more

65. Had you thought that you would need to sell your present home if you retired? (Check one.)

- 1.  Yes
- 2.  No
- 3.  Don't know

66. Did you think you could have sold your house for a satisfactory amount at the time of the VERA? (Check one.)

- 1.  Yes
- 2.  No
- 3.  Don't know

[HOME OWNERS SKIP TO QUESTION #68]

67. If you rented, what was your monthly rental payment at the time you made your retirement decision? (Check one.)

- 1.  Under \$200
- 2.  \$200-\$399
- 3.  \$400-\$599
- 4.  \$600-\$799
- 5.  \$800-\$999
- 6.  \$1,000-\$1,499
- 7.  \$1,500 or more

**EVERYONE ANSWERS**

68. Approximately what was your total monthly payment on automobile loans, credit cards and any other personal debts at the time you made your retirement decision? (Exclude mortgage payments) (Check one.)

- 1.  \$0 (No personal debt)
- 2.  Under \$200
- 3.  \$200-\$399
- 4.  \$400-\$599
- 5.  \$600-\$799
- 6.  \$800-\$999
- 7.  \$1,000-\$1,499
- 8.  \$1,500 or more

**Appendix V  
Retirement Planning Survey Questionnaire**

**OVERVIEW OF YOUR RETIREMENT DECISION**

69. We would like to know which of three factors affected your retirement decision the most. Consider the relative importance of: financial factors, health factors, and personal preference factors (i.e. outside interests, personal feelings about your job, etc.). In the grid below compare the first factor (A) to the second factor (B), and indicate the extent to which (A) or (B) most influenced your decision about whether or not to retire. (Check one box for each of the three comparisons.) (78-80)

	More important factor				
	Factor (A)		Equal	Factor (B)	
	(A) much more important than (B) (1)	(A) somewhat more important than (B) (2)	(A) and (B) equally important (3)	(B) somewhat more important than (A) (4)	(B) much more important than (A) (5)
<b>COMPARE FACTORS: (A) OR (B)</b>					
1. (A) Financial or (B) Personal					
2. (A) Personal or (B) Health					
3. (A) Health or (B) Financial					

**Appendix V  
Retirement Planning Survey Questionnaire**

70. Was your retirement decision affected because you expected any future changes at AMC (ie. base closure, office reorganization, etc.)? *(Check one.)*

1.  Yes *(Please describe)* \_\_\_\_\_ <sup>(\*)</sup>  
\_\_\_\_\_

2.  No

71. Is there anything else we haven't asked about that we should know to understand your retirement decision? *(Check one.)*

1.  Yes *(Please describe)* \_\_\_\_\_ <sup>(\*)</sup>  
\_\_\_\_\_

2.  No

Thank you for taking the time to complete this questionnaire.

# Major Contributors to This Report

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**National Security and  
International Affairs  
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