

# Ronald Reagan Presidential Library Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Barr, William: Files  
**Folder Title:** [Civil Service Spouses for Equity]  
**Box:** 3

---

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: [reagan.library@nara.gov](mailto:reagan.library@nara.gov)

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

CIVIL SERVICE SPOUSES FOR EQUITY

Civil Service Spouses for Equity (CSSE) was organized in 1982 to achieve equity for spouses of federal civil service employees in the areas of retirement income, life insurance benefits, and group health insurance coverage. In March of 1983, over one hundred and fifty members in thirty-one states and the District of Columbia were participating in achieving these goals.

Officers

Rosemary Mullany, Vice-President  
Membership Secretary  
Margaret Cromer, Corresponding Secretary  
Kitty Earich, Treasurer

Florence Foss, President  
13610 Loree Lane  
Rockville, Maryland 20853  
Phone: 301-871-6167 (H)  
301-443-1410 (O)

THE CIVIL SERVICE RETIREMENT SYSTEM (CSRS) and SPOUSAL BENEFITS

QUESTION: When is a spouse entitled to benefits under the present law?

ANSWER: If an employee dies while employed under CSRS, the widow(er) receives fifty-five (55) percent of the annuity which the deceased employee would receive.

A retiring employee may elect survivor's benefits which are payable to the widow(er) upon the retiree's death. The employee's annuity is reduced by two and a half (2½) percent in the base amount selected and ten (10) percent in the amount over the base when he elects survivor's benefits. If he does not elect survivor benefits, no annuity is paid to the widow(er).

QUESTION: Is a divorced spouse entitled to an annuity under the present law?

ANSWER: No. A court may divide the annuity in a separation or divorce and the Office of Personnel Management will pay the ordered amount directly to a former spouse.

QUESTION: What happens to a divorced spouse's court-ordered annuity when the retiree dies?

ANSWER: It stops. No survivor benefits are payable to a former spouse.

QUESTION: Is there any way that a divorced widow(er) can receive survivor's benefits?

ANSWER: An unmarried retiree can elect a reduction in his/her annuity to provide a survivor benefit to a person having an "insurable interest." The reduction in the annuity ranges from ten (10) to forty (40) percent depending on the difference in age between the retiree and the named person with "insurable interest." A divorced retiree who remarries cannot name a person with an "insurable interest."

QUESTION: How would the Economic Equity Act, S. 888 and H.R. 2090, and H.R. 2300 change the CSRS?

ANSWER: They would establish the right of a spouse to a pro rata share of the employee's annuity, subject to court review, if the couple has been married ten years. The pro rata share is based on the number of years of the marriage which coincide with the spouse's employment under CSRS. The share(s) provided to a spouse or spouses could not be more than fifty (50) percent of the employee's annuity. The bills would mandate survivors' benefits for widow(er)s and divorced widow(er)s who have been awarded a portion of the annuity in a settlement or divorce.

QUESTION: Why should a spouse receive a share of the employee's annuity?

ANSWER: Assets acquired during the marriage are marital property and the CSRS annuity is an asset. The family is an economic unit and both partners contribute to the economic wealth that is acquired.

QUESTION: In what ways does the federal government recognize the economic partnership of marriage?

ANSWER: The Internal Revenue code recognizes the economic partnership by taxing the income of a married couple, where only one spouse is a wage-earner, at a more favorable rate than the rate for single individuals.

The Office of Personnel Management regulations recognize the economic partnership of marriage by permitting the veteran's widow(er) or the spouse of a disabled veteran to use the veteran's preference points in seeking employment or promotions. If the disabled veteran and spouse later divorce, the veteran does not have a claim on the annuity that has been earned using the preference points and a survivor's annuity for a widowed disabled veteran is dependent on the election of the employed spouse at the time of retirement.

The Social Security Act, the Foreign Service Act, the Central Intelligence Agency Retirement System, and the uniformed services retirement plan recognize the economic partnership of marriage and pay benefits to individuals based on the spouse's earnings. These benefits are paid to divorcees and divorced widow(er)s as well as to those who remain married.

QUESTION: What is the amount of an employee's assets in the Civil Service Retirement fund?

ANSWER: The amount for each employee is dependent on salary and length of service. The amount paid as an annuity after retirement is dependent on these factors and on the individual's life span.

QUESTION: How does the employee accumulate the assets in the retirement fund?

ANSWER: Currently, seven (7) percent is deducted from the employee's salary and the federal government contributes another seven (7) percent. This contribution is mandatory and the money cannot be used for current living expenses or to acquire other assets which would be divided between a divorcing couple.

QUESTION: Why should Congress pass legislation that intrudes into the domestic relations responsibilities of the State courts?

ANSWER: There are two reasons. State courts differ in their interpretation of marital property and so the federal annuity is treated differently in different States. Attorneys and the courts often are not informed adequately about the complexities of the CSRS and order disposition of the annuity and the Federal Employees Group Life Insurance proceeds which cannot be enforced. The federal presence already exists in the States' domestic relations courts because it removes assets from the jurisdiction of the State courts.

The other reason is that States may be forced to assume financial burdens such as Medicaid, subsidized housing, etc. for individuals who are divorced from federal employees because they are restricted in the financial protection they can order.

SOCIAL SECURITY BENEFITS AND CIVIL SERVICE SPOUSES

QUESTION: Federal employees who are employed after January 1984 will have Social Security benefits. Won't this provide protection for spouses?

ANSWER: No, the largest number of federal employees still will not be covered under Social Security by their federal employment.

QUESTION: Don't most federal employees earn social security benefits as well as their civil service retirement?

ANSWER: In 1979, CSRS annuitants who were sixty-two (62) or older, sixty-three (63) percent were entitled to receive Social Security benefits as retired workers.\*

QUESTION: What level of Social Security benefits do CSRS annuitants receive?

ANSWER: Sixty-one (61) percent of the CSRS annuitants received less than \$200.00 per month. The median amount was \$176.00 per month.\* A spouse receives fifty (50) percent of the worker's benefit or less than \$100.00 per month.

\*Dalrymple, Robert, Grad, Susan, and Duke Wilson. "Civil Service Retirement System Annuitants and Social Security." Social Security Bulletin. Feb. 1983, (46)2: pp 39-59.

THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE and CIVIL SERVICE SPOUSES

QUESTION: Can't life insurance provide income to a divorced spouse when the civil service employee or retiree dies?

ANSWER: Under the Federal Employees' Group Life Insurance program, the beneficiary can be changed at the discretion of the policyholder. No notification to the beneficiary is required. Even if a state court orders a civil service employee or retiree to retain a former spouse as beneficiary, the order is not enforceable because of these provisions in the federal law.

In cases where the employee or retiree retains a former spouse as beneficiary, the value decreases after retirement as the retiree ages unless a substantially higher premium is paid. For a retiree, this higher premium can be prohibitive. Private life insurance often is unobtainable because of health conditions and premiums are even higher.

QUESTION: Has any legislation to correct this been introduced?

ANSWER: No.

THE FEDERAL EMPLOYEES' GROUP HEALTH INSURANCE AND CIVIL SERVICE SPOUSES

QUESTION: What health insurance coverage is available to a former spouse?

ANSWER: At the time of the divorce, a former spouse has thirty (30) days to convert to an individual policy. The individual policy provides limited coverage at a much higher cost.

QUESTION: Has any legislation to correct this been introduced?

ANSWER: Yes, H.R. 656 would permit an individual formerly covered under the Federal Employees' Group Health Insurance program to continue the group coverage. This bill stipulates that the insured individual would pay the government's share of the premium as well as the individual's share.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

April 19, 1983

MEMORANDUM FOR: BILL BARR, OPD  
FROM: Barbara Selfridge <sup>BS</sup>  
SUBJECT: Pension Equity Provisions

Attached is a side-by-side on the EEA and Dole provisions listed in Mike Uhlmann's memo as non-controversial. Also covered are two additional changes to ERISA and the IRC the Cabinet Council may want to consider. I have tried to figure out possible ways of changing the Civil Service Retirement System to (1) put survivor annuities in reach of the courts and/or (2) allow divorced persons to designate their ex-spouses as beneficiaries under husband-wife rules but I cannot figure out a way of doing it given the program's structure.

Two points of interest:

° All ERISA changes require concurrent IRC changes, as we discussed yesterday.

° There are provisions in the Dole bill that are unacceptable, so the Administration presumably would not want to embrace it in its entirety. There are also problems with its effective date provisions, as noted on the side-by-side.

Attachment

## POSSIBLE ADMINISTRATION PENSION EQUITY PROPOSALS

<u>EEA Retirement Provisions</u>	<u>Dole Provisions</u>	<u>Comments</u>
<p>1. Prohibit waiver of joint and survivor annuities unless agreed to by both spouses in writing. Provision is effective on date of enactment.</p>	<p>Same as EEA except the effective dates are set as:</p> <ul style="list-style-type: none"><li>◦ Years ending after 1982 for plans not in effect on January 25, 1982.</li><li>◦ Years beginning after December 31, 1984, for plans in existence on January 25, 1982.</li></ul>	<p>One of OPD's non-controversial items.</p> <p>The EEA version seems preferable, as Dole's effective date provision involves retrospective application of requirements. This provision applies to most of the Dole proposals. In cases where it does apply, comments below note that the effective date provision is problematical.</p>
<p>2. Provide that pension plans must obey State court orders dividing benefits in marital property settlements and attaching pension for alimony and child support. Provision is effective on date of enactment.</p>	<p>Same as EEA except the total amount of benefits assigned and alienated cannot exceed the amount of the accrued benefit of the participant or beneficiary.</p>	<p>One of OPD's non-controversial items.</p> <p>Dole's substantive addition appears to be a technical perfecting amendment, preventing the alienation and assignment of benefits not accrued at the time of the court order.</p>
<p>3. Require pension plan sponsors to give workers on approved maternity and paternity leave 20 hours of work per week credit for up to one year for pension vesting and participation purposes.</p>	<p>Specifies that up to 501 hours of maternity or paternity leave should be disregarded in pension plan calculations of whether a break in service has occurred. (Unlike EEA, no benefit accruals are mandated.) Effective dates are as in item 1 above.</p>	<p>The <u>Dole</u> provision is on the OPD non-controversial list and is preferable to the EEA provision. However, the Dole effective date provisions are problematical.</p>



## EEA Retirement Provisions

4. Lower the minimum age for pension plan participation from age 25 to 21. Provision would apply to plan years beginning more than 90 days after date of enactment.

5.

## Dole Provisions

Same as EEA, except effective dates are set as in Dole item 1.

Provides that plans which pay out benefits in the form of an annuity and which make a "qualified divorce distribution" (court-ordered payment under item 2 above) must make an annuity available to the individual receiving the divorce distribution.

## Comments

One of OPD's non-controversial items. However, setting the minimum age below 25 was specifically considered and rejected when ERISA was enacted. The legislative record indicates the current minimum was set because accounting for the highly transient under age 25 group would impose unduly burdensome and costly administrative requirements on numerous plan administrators. The median job tenure for people age 20-24 effectively has not changed between 1973 and 1981, standing at 1.1-1.2 years. This may not be a non-controversial item.

Possible add-on to OPD's non-controversial list.

From a public policy standpoint, annuity payments are generally deemed more desirable than lump sum payments, as they help ensure recipients do not fritter away their resources and consequently have to rely on publicly supported income maintenance programs. This provision is designed to encourage, but not mandate, annuity payouts. It is similar to provisions governing payouts in the event of plan terminations. Treasury has no off-the-shelf estimate of the provision's cost but it should be small.

## EEA Retirement Provisions

## Dole Provisions

## Comments

6.

Adds to the requirement that plan administrators respond to participants' requests for a statement of their benefit rights a provision that the statement must include a notice of any benefits which are forfeitable if the participant dies before a certain date.

Possible add-on to OPD's non-controversial list.

This provision probably is designed to help deal with situations in which widow(er)s may not receive benefits even though their spouses had worked long enough to earn a pension at retirement. These situations generally occur when:

- ° The spouse dies before early retirement age.
- ° The spouse continues to work after early retirement age and dies within two years of choosing a joint and survivor benefit.

By requiring that forfeiture be explained to participants, the provision would help them plan for these contingencies through life insurance and timing of their retirement.

EEA has no comparable provisions because it would mandate payouts to certain spouses if their husband had worked long enough to earn a right to a pension -- a much more costly alternative to the Dole provision.

Economic Equity Act of 1983

Section 504 - Strengthening of  
State child support enforcement.

Section 505 - Exceptions to  
discharge in bankruptcy.

Part B - Federal Employee  
Provisions

Section 511 - Allotment of  
Federal pay for child and spousal  
support.

Relationship  
to Dole and Conable Bills

Economic Equity Act of 1981