

DISPOSITION FORM

SECURITY CLASSIFICATION (If any)

FOR OFFICIAL USE ONLYFor General Canine and
General Ackerman Only

FILE NO.

SUBJECT

Mr. William F. Friedman

TO Director

FROM PERS

DATE 29 Jun 55

COMMENT NO. 1

1. The inclosed memorandum summarizes the current status of Mr. Friedman's leave, pay, and retirement accounts.

2. If it is finally determined that Mr. Friedman will retire, it is possible to retain his services for the Agency on a contractual basis. Paragraph 7 of the inclosure sets forth some of the details of this matter.

3. Such contracts appear to offer the Agency a means of retaining Mr. Friedman's extensive experience and knowledge and at the same time provide a method of supplementing Mr. Friedman's retirement income.

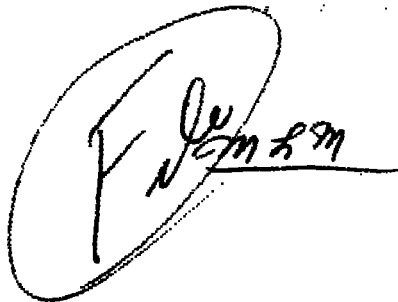
11 AUG 1955



MAURICE H. KLEIN
Assistant Chief
Personnel Division

Incl:

Memorandum for the
Record, dated
28 June 1955.



1 Aug 55 -
Date of Retirement
not

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General Ackerman Only

28 June 1955

MEMORANDUM FOR THE RECORD

SUBJECT: Status of Mr. William F. Friedman

1. The following is a summary of the status of the leave, pay, and retirement accounts of Mr. William F. Friedman.

Additional information pertaining to the problem of retaining Mr. Friedman's services is also presented for consideration.

2. Leave Account.

a. As of 25 June 1955, Mr. Friedman's leave accounts stand as follows:

- (1) Sick Leave. (See para 4) Deficit of 236 hours.
- (2) Annual Leave. Credit of 210 hours.
- (3) If Mr. Friedman retires without returning to duty, the deficit in his sick leave account may be waived upon presentation of a medical certificate attesting to his disability as the reason for his non-return to duty. If he returns to duty, sick leave earned will be credited towards this deficit.
- (4) Mr. Friedman has been granted the maximum allowable advanced sick leave of 240 hours.

In accordance with Federal leave regulations, no further advances may be granted beyond this amount.

3. Pay Account.

a. Mr. Friedman is presently employed at the rate of \$14,800 per year. This rate provides bi-weekly earnings as follows:

(1) Gross Salary	\$569.23
(2) Less - 6% retirement deduction	\$34.15
Federal Employees Insurance	\$ 3.75
	<u>\$ 37.90</u>
(3) Net salary before income taxes	\$531.33
(4) Withholding Tax (based on 0 deductions)	<u>\$102.46</u>
(5) Take-Home Pay Check (see para 6)	\$428.87
(6) Mr. Friedman's actual net pay after taxes is,	
of course, determined by his total income for	
the taxable year. This data is provided only	
for the purposes of comparison with the state-	
ments pertaining to his retirement annuity.	

4. Retirement Status.

a. Mr. Friedman is eligible for optional retirement on the basis of age and years of service.

b. His actual retirement annuity will be based upon a series of involved calculations made by the U. S. Civil Service Commission at the time his application for retirement is processed.

The following calculation is an approximate estimate and is accurate to within a very small amount. (Estimated maximum error \$10 per month.)

c. Retirement Annuity Calculation.

(1) Service Credit - 34 years, 4 months; includes military service in World War I and World War II.

(2) Average annual salary for five highest years - \$12,276.

(3) Annuity Calculation.

$$\begin{array}{r}
 \$12,276.00 \\
 \times \quad .015 \\
 \hline
 \$ \quad 184.14 \\
 \times \quad 34 \text{ } 1/3 \text{ years} \\
 \hline
 \$ 6,322.14 \\
 - \quad 717.70 \text{ (see para 4)} \\
 \hline
 \$ 5,604.44 \text{ annual annuity}
 \end{array}$$

(4) During the period from 1921 through 30 June 1938, Mr. Friedman's employment was not subject to retirement deductions. An amount equal to 10% of the undeposited retirement funds will be deducted from the annual annuity unless such funds (\$7177.00) are deposited to the credit of this account.

d. Annuity Payment Option.

(1) Mr. Friedman may elect to receive his annuity under either of two options. He has indicated interest in the second option.

- (a) Full life annuity to the retired employee with no survivor interest beyond the date of the employee's death. Under this option Mr. Friedman would receive a monthly retirement annuity of \$467.00.
- (b) Reduced annuity to the retired employee until date of death with an annuity equal to one-half the full rate annuity payable to the survivor until death or remarriage. Under this option Mr. Friedman would receive a monthly retirement annuity of \$427.00 until death. Following this, Mrs. Friedman would receive an annuity of \$234.00 per month until death or remarriage.
- (2) Take-Home Retirement Pay.
- (a) Mr. Friedman's annuity would be tax-free until the full amount contributed was returned to the annuitant. This would occur during the second year. Thereafter, the annuity would be taxable as income. However, the Internal Revenue Code extends certain tax benefits towards retirement income which could result in the first \$1200.00 of this annuity being tax free. The actual tax status is determined by Mr. Friedman's total income picture.

However, assuming Mr. Friedman chooses the second payment option, his tax liability based on this income per withholding tax schedules using the "Ø" exemption category would approximate \$59.00 per month after the \$1200.00 exemption.

- (b) Mr. Friedman's Federal insurance deduction will be discontinued at the age of 65 (in approximately 15 months). After that time, his insurance will remain in force without cost, although the amount will reduce 2% per month after the age of 65.
- (c) From the above it may be seen that Mr. Friedman's annuity under the second option will amount to approximately \$368.00 per month after tax liability, compared to his present bi-weekly salary after deductions of \$428.87.

5. Retention in Duty Status.

a. If it is determined that Mr. Friedman will be physically able to return to work after a period of convalescence, he may be retained on the rolls of the Agency for an indefinite period of convalescence.

b. Under this procedure he would normally be placed on annual leave until his accrued leave (slightly less 30 working days)

has expired after which time he would be placed in a leave-without-pay status until his return to duty. Under this procedure, Mr. Friedman would still be liable for the repayment of slightly under \$1600.00 representing the unliquidated advanced sick leave, if he did not return to a duty status. However, presentation of a medical certificate attesting to the disability causing non-return to duty would constitute case for waiver of this unliquidated liability.

c. As an alternative procedure, it could be determined that Mr. Friedman should be placed on a partial tour of active duty status receiving credit for work to be performed at his home during the period of convalescence. In view of the nature of Mr. Friedman's work, it is feasible for the Director to determine that certain work should be performed at his home where he has direct access to his extensive technical library and other facilities.

If, for example, Mr. Friedman were placed in a 20-hour per week tour of duty, he would draw his salary at half rate and accrue annual and sick leave at one-half the normal rate until such time as he is able to return to a full tour of duty.

6. Reemployment after Retirement.

a. An annuitant may be reemployed on a full-time basis; however, in such cases the salary for the position is reduced by the full amount of the annuity.

b. Employment as a Consultant. Reemployment as a consultant can be effected; however, the rate to be paid is subject

to an individual decision in each case by the U. S. Civil Service Commission. As a general statement, the daily consultant rate in such cases is determined by reducing the equivalent per annum rate by that proportion of the annuity financed from government funds.

From a practical standpoint, such employment would offer only limited inducement in the way of additional compensation as a means of retaining Mr. Friedman's services.

7. Contractual Services.

a. It has been suggested that one method of retaining Mr. Friedman's services would be through the means of contractual services.

b. Recent determinations have been made to the effect that contracts for personal services to perform work measured on a time basis have the same status as employment as a consultant, with respect to the application of dual compensation limitations.

c. It is possible, however, to contract for the performance of personal services to produce a definite end product or result, and under which contract performance is measured by the product rather than by time expended. It has been held in prior determinations that such contracts do not constitute Federal employment and as such are not subject to dual compensation limitations. This matter has been checked with the Signal Corps Procurement Office (Mr. Crafford) and no bar is foreseen to drafting such a contract.

d. It has been suggested that such contracts might be drawn with Mr. Friedman to produce definite end products such as one or more technical books, or research reports, or other similar items.