

R
SEP 15 1953

L 53-432

Mr. Harper

Mr. Schreiber

Effect of annuity under the Railroad Retirement Act on pensions
under Part III of the Veterans Regulations

This refers to the proposal of Representative Mack to amend the
Railroad Retirement Act by adding a new section 20 to read as follows:

"Any person entitled to an annuity or pension under
this Act may decline to accept all or any part of such
annuity or pension by a waiver signed and filed with the
Board. Such waiver may be revoked in writing at any time,
but no payment of the annuity or pension waived shall be
made covering the period during which such waiver was in
effect."

The proposed language raises at least one problem for the Railroad
Retirement Act; while the waiver would preclude payment to the individual
himself, it would not prevent the payment of the amount waived as a residual
lump sum, which, as you know, is a sum equal to the taxes paid by the em-
ployee plus a slight amount in lieu of interest, less all benefits paid.
Since these waived benefits would not be paid to the employee, they would
be included in the residual lump sum to his survivors in any case in which
such sum would be payable. While this particular problem could be solved
by adding the following sentence: "For the purposes of section 5(f)(2) of
this Act the amounts waived under this section shall be deemed to have been
paid.", the proposed language may create other problems.

In view of the foregoing, I suggest that the objective sought by
Representative Mack could be accomplished by amending Paragraph II(a),
Part III, Veterans Regulations, to read as follows: "The pension provided
by part III to any unmarried person whose annual income exceeds \$1,400,
or to any married person or any person with minor children whose annual
income exceeds \$2,700, shall be reduced by the amount of such excess."
A similar amendment would be required for the first sentence of section 1(c)
of the Act of June 26, 1934 (38 U.S.C. 503(c)).

If the Board decides to deal with the problem by amending the
Railroad Retirement Act, however, I shall be glad to give further considera-
tion to the language proposed by Representative Mack and advise the Board
accordingly.

CC: Colonel Kelly

Mr. Squire

Mrs. Linkins Mr. McKenna

DBS:cj

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