datory retirement ages for various governmental employee groups are shown below.

	Minimum requirements for voluntary retirement with unreduced immediate annuity		Mandatory retirement at age
	Age	Length of service	
Civil service (excluding law enforcement)	55	30	70
Civil service (law enforcement)	50	20	70
Foreign service	50	20	60

At age 55, a civil servant with 30 years of service can retire with an annuity of 56.25 percent of his "high 5 average annual salary." The effects of frequent general wage level increases, longevity changes, promotions realized by the individual, etc., reduce the annuity to a somewhat lower percent of the terminal salary. However, by retiring, a civil servant escapes a continued 6½ percent of salary contribution to the civil service retirement fund. The combined effect of these influences is to give the individual an immediate gain from continued employment of something less than 45 percent of his salary (where immediate gain equals salary less retirement annuity and contribution). Of course, continued employment will bring him a retirement multiplier which increases by 2 percent for each additional year of service and, given a generally rising wage level in the economy, a higher average wage against which that multiplier will ultimately be applied. And, unlike the military careerist, the civil servant can expect to be able to retain his job until mandatory retirement at age 70, if he so desires. Thus, a retirement timing decision is not so crucial to his financial well-being as it is to the military careerist. Further, for most individuals who retire from civil service at age 55 or later, finding another job may not be easy. The basic choice in a typical civil servant's retirement decision may, therefore, generally be one of continued civil service employment versus retirement to a leisure world. Nevertheless, certainly one would expect that there are many civil servants with skills and capabilities such that employment outside the Federal Government at age 55 would still be an attractive alternative. For these individuals, the availability of a retirement annuity which is a high percentage of the civil service wage results in a high opportunity cost on continued civil service employment. The greater the outside alternatives and/or the larger the retirement annuity, the higher the opportunity cost of remaining with civil service. And, if other employers value the same attributes as does the governmental employer, the employees the civil service organization would most like to retain will be those with the greatest outside opportunities, and, thus, those most likely to retire soon after eligibility is established. Conversely, those with the poorer outside alternatives can be expected to generally reject the early retirement option; i.e., it will not be as economically advantageous for them to terminate their civil service employment.

The possibility of premature (from the employer's viewpoint) retirement from the civil service is a relatively recent development. The "age 55, 30 years of service" rule was established in 1966. Until that time, retirement prior to age 60 was not permitted without an actuarial reduction in the annuity. Nevertheless, there are already some indications that the early retirement option may bring losses to the civil serv-