

For: FSA Federal and County Employees

**Opportunity to Apply for Voluntary Separation Incentive Payment (VSIP) and
Voluntary Early Retirement Authority (VERA) for FSA Employees in Closing County Offices**
Approved by: Administrator



1 Overview

A Background

Implementation for the consolidation of 125 FSA offices is underway and will result in a number of closing County Offices nationwide. FSA has recently obtained a new VSIP authority from OPM to use as a tool to minimize the impact on FSA employees and ensure equitable treatment among employees. This new authority will support County Office closures.

Reductions potentially will occur by granting VSIP and VERA to Federal and county employees who meet requirements and separate according to this notice. **This will be the last opportunity to apply for VSIP under the present authority from OPM for 2012.**

Notes: VSIP is being offered in conjunction with VERA for targeted positions under the VSIP Authority. However, an employee seeking VSIP and VERA must be eligible for both.

The offer for this VSIP window will be a maximum of **\$20,000** or an amount equal to the amount of severance pay an employee would be entitled to receive, whichever is less.

B Purpose

This notice announces the opportunity for all eligible employees, in County Offices scheduled for closure, to take advantage of VSIP either through VERA or optional retirement with an incentive payment where appropriate. Employees who are not eligible for any type of retirement may also receive VSIP through resignation. Resigning employees may receive the lesser of severance pay or an incentive payment, if granted VSIP.

Note: Coercing an employee to consider or apply for VSIP/VERA is **prohibited**.

Disposal Date	Distribution
February 1, 2013	All FSA Federal and County Employees; State Offices relay to County Offices

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1 Overview (Continued)

C Coverage

This VSIP/VERA opportunity covers permanent Federal and county employees who occupy positions listed in Exhibit 1, but **excludes** employees in the following series or appointments:

- GS-2210, IT Specialist (INFOSEC)
- GS-0610 and GS-0620, Nurses
- Schedule C Appointments
- Time limited appointments.

D Labor-Management Obligations

Where exclusive representation exists, bargaining may be requested to the extent allowed by applicable statutes and according to contract language. Negotiation issues raised must be resolved before implementation of this notice for employees in that collective bargaining unit.

2 VSIP

A VSIP Basic Eligibility Requirements

Employees are eligible to apply and will be considered for VSIP if they:

- meet all eligibility requirements by their proposed separation date
- are serving under an appointment without time limitation (that is, are permanent full-time or permanent part-time)
- are in a targeted position listed in Exhibit 1
- have been currently employed by the Federal Government and/or FSA COC for a continuous period of at least 3 years
- are **not** a reemployed annuitant
- are **not** currently approved for a delayed VSIP under previous law
- are **not** eligible for disability retirement

Note: An employee may file for disability retirement up to 1 year after separation. If an employee has received VSIP and is later found to be eligible for disability retirement, the employee is then responsible for repaying the entire amount of the VSIP to the Agency that paid it.

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2 VSIP (Continued)

A VSIP Basic Eligibility Requirements (Continued)

- have **not** received a decision notice of involuntary separation for misconduct or unacceptable performance
- have **not** previously received VSIP from FSA or any Federal Agency or county
- are **not** covered by statutory reemployment rights while on transfer to another organization
- have **not** received a student loan repayment during the 36-month period preceding the date of separation
- have **not** received a recruitment or relocation bonus during the 24-month period preceding the separation
- have **not** received a retention bonus within the 12-month period preceding separation
- separate by resignation, early-out retirement, or optional retirement **no earlier than August 31, 2012, and no later than September 3, 2012**, for employees eligible to apply in County Offices scheduled for closure as indicated in Exhibit 1.

Note: Employees may **not** use annual leave, sick leave, or donated leave after their separation date to establish initial eligibility for retirement.

3 VSIP Electronic Application Procedures

A Application Procedure

*****THE VVAS SYSTEM WILL NOT BE AVAILABLE TO ACCEPT APPLICATIONS UNTIL THE APPLICATION WINDOW OPENS ON JULY 9, 2012.*****

To be considered for early retirement, employees must submit a completed application at <https://wdcprod80.sc.egov.usda.gov/vvas>.

Employees shall submit an application in consideration of the guidance offered in Exhibit 1. If the VSIP application is **not** received in HRD **between Monday, July 9, 2012, and by no later than 11:59 p.m. c.t. on Friday, July 20, 2012**, the VSIP application will **not** be considered.

3 VSIP Electronic Application Procedures (Continued)

A Application Procedure (Continued)

See Exhibit 6 for detailed application procedures.

Note: If an employee is on extended leave and unable to access their official work computer between **Monday, July 9, 2012**, and the **Friday, July 20, 2012**, deadline, the employee should contact **Denise Davila-Brownlee** by either of the following:

- e-mail to **denise.davilabrownle@kcc.usda.gov**
- telephone at **816-926-1199**.

All applicants must list their official work e-mail and a personal e-mail address on the VSIP application. After the application is received, applicants will receive an e-mail acknowledgement within 3 workdays. All applicants will be notified of their status by e-mail at a later date.

B Changes and Withdrawal

Applicants shall follow instructions in **Exhibit 6** to make changes to a submitted application or to withdraw an application.

Note: Employees should also contact their Human Resources (HR) specialist and/or administrative officer and communicate any change of separation date or withdrawal of their VSIP Application.

C Contact for Application Changes and Withdrawal

For questions about application changes and withdrawals, employees may contact **Denise Davila-Brownlee**, HRD, Talent and Acquisition Branch, by either of the following:

- e-mail to **denise.davilabrownle@kcc.usda.gov**
- telephone at **816-926-1199**.

If applying poses a hardship (for example, disability, extended leave, military leave, etc.), **and** if all efforts to apply have been exhausted, then send an e-mail to **2012-FSA-VERA-VSIP-APPLIC@wdc.usda.gov** before the deadline. Requests for hardship will be reviewed on a **case-by-case basis**. Employee should make requests in a timely manner to allow sufficient time for HRD to receive the VSIP application through an alternative method and input the information into the automated system.

Note: Supervisor's Responsibility: Supervisors **must** provide this notice to temporarily absent employees, including employees on official military duty.

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4 Payments

A Amount of VSIP and Date

The offer for this VSIP window will be a maximum of **\$20,000** or an amount equal to the amount of severance pay an employee would be entitled to receive, whichever is less.

The VSIP amount is:

- taxable when payment is made
- the **lesser** of the following:
 - a lump sum payment that is equal to the employee's calculated severance pay entitlement
 - \$20,000.

Separation incentive payments are based on the standard severance pay calculation. VSIP's under this offer will **not** exceed \$20,000.

Severance pay equals 1 week's basic pay for each of the first 10 years of creditable Federal/county service, plus 2 weeks of basic pay for each year of creditable service over 10 years. In addition, an age factor applies that increases the amount by 10 percent for every year an employee is over 40 years old. The servicing HR Office can provide employees with an exact computation.

Reminder: Because the decision to resign or retire is voluntary, applicants who receive VSIP are **not** eligible for an additional severance pay benefit.

VSIP payments shall be processed by the servicing HR Office no later than the end of the second pay period following the separation date.

B Lump Sum Payment for Annual Leave and Date

Employees will be paid a lump sum for the balance of their annual leave. The payment for annual leave should be processed by the servicing HR Office no later than the end of the second pay period following the separation date.

5 Separation

A Separation Agreements

Applicants who submit separation documents (that is, retirement applications or SF-52 to resign/retire) are agreeing that the:

- decision to resign or retire under these circumstances is entirely **voluntary and without any coercion**
- entire incentive payment will be repaid if they are re-employed by, or enter into a personal service contract with, the Federal Government or FSA County Office within 5 years of the date of the separation on which the separation incentive pay is based.

B Final Day at Work

Employees may continue to use approved leave before the date of separation. However, employees **must** be physically at their workplace on the date of separation **or** the last workday before the date of separation if the separation date falls on a non-workday, weekend, or holiday.

6 Retirement Eligibility

A Optional Retirement Eligibility

Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS) covered employees are eligible for an immediate annuity under optional retirement when they are age:

- 55 with 30 or more years of service (CSRS)
- 60 with 20 or more years of service (CSRS and FERS)
- 62 with 5 or more years of civilian service (CSRS and FERS)
- minimum retirement age (MRA) with 30 or more years of service, age 55 to 57, depending on year born (FERS)
- MRA+10 years with reduction (FERS).
 - There is an age reduction of 5 percent for each year under age 62.
 - If employee receives an immediate MRA+10 benefit, the employee will **not** be eligible for the annuity supplement.

Note: CSRS employees must have served in a position covered by CSRS for at least 1 year of the 2 years immediately preceding retirement.

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6 Retirement Eligibility (Continued)

B VERA Eligibility

Employees covered by CSRS or FERS are eligible for an immediate annuity under VERA, if they have:

- 20 years of service and 50 years of age or older
- 25 or more years of service at any age.

Note: If applying for VERA, employees must meet these eligibility requirements by the separation date.

CSRS employees:

- must have served in a position covered by CSRS for at least 1 year of the 2 years immediately preceding retirement
- will have the basic annuity reduced by 2 percent for each year (1/6th of 1 percent for each full month) an employee is under 55 years of age at the time of retirement.

Note: This is a permanent reduction in the annuity.

Under FERS, there is no age reduction for VERA, but if an employee who transferred to FERS is entitled to a CSRS component, the CSRS component will be subject to the 2 percent age reduction rule if the employee is under 55 years of age.

C Additional VERA Requirements

Employees are eligible to apply and will be considered if they:

- meet all eligibility requirements for VERA by their proposed separation date
- are serving under an appointment without time limitation (that is, are permanent full-time or permanent part-time)
- are in a targeted position listed in Exhibit 1
- are **not** in a series or position for which USDA has Direct Hire Authority:
 - IT Specialist (INFOSEC), GS-2210
 - Nurse, GS-0610 and GS-0620

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6 Retirement Eligibility (Continued)

C Additional VERA Requirements (Continued)

- have been continuously employed by USDA since April 6, 2011
- are **not** a Presidential Management Fellows trainee GS-5 or GS-7
- have **not** received a decision notice of involuntary separation for misconduct or unacceptable performance
- separate through early-out retirement, **no earlier than August 31, 2012, and no later than September 3, 2012**, for affected employees in County Offices scheduled for closure (Exhibit 1).

Note: Employees may **not** use annual leave, sick leave, or donated leave after their separation date to establish initial eligibility.

D Crediting Unused Sick Leave

CSRS employees will receive credit for any unused sick leave in the computation of their annuity.

FERS employees retiring before January 1, 2014, will receive credit for 1/2 of their unused sick leave balance in the computation of their annuity.

Employees who transferred to FERS and will receive a CSRS component in the annuity computation will receive credit in their CSRS component for the lesser of either of the following:

- sick leave balance as of date of transfer to FERS
- sick leave balance as of date of retirement.

These employees will also receive credit for 1/2 of any remaining balance in the FERS component of their annuity.

Unused sick leave will **not** be used in determining eligibility for retirement.

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6 Retirement Eligibility (Continued)

E Types of Deposit and Redeposit Service

The following types of service may have an effect on determining eligibility for retirement and in computing the annuity.

Type of Service	Explanation
Deposit	Creditable civilian service during which retirement deductions were not withheld.
Redeposit	Creditable civilian service where retirement deductions were withheld, but later refunded after a separation.
Post 1956 Military	Active duty military service performed after December 31, 1956.

Employees who have any of these types of service shall contact their servicing HR Office to determine what effect nonpayment of the deposit or redeposit will have on their retirement eligibility and annuity computation.

F Eligibility for FERS Annuity Supplement

FERS retirees under 62 years of age are immediately eligible for the annuity supplement at the time of retirement if they had at least 1 calendar year of FERS service.

FERS retirees are eligible for the annuity supplement upon attaining MRA, rather than at the time of retirement, if they:

- had at least 1 calendar year of FERS service
- retired before MRA under VERA.

FERS retirees are **not** eligible for the retiree annuity supplement at any time when 1 of the following applies:

- eligible only for deferred annuity
- retiring at 62 years of age or later.

The retiree annuity supplement is payable until 62 years of age.

G Continuing Health Insurance Into Retirement

OPM has waived the 5-year requirement for continuing health insurance for employees separating under VERA.

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6 Retirement Eligibility (Continued)

H Continuing Life Insurance Into Retirement

OPM has **not** waived the 5-year requirement for continuing life insurance into retirement. Therefore, retiring employees must have been insured under the FEGLI program for either of the following to continue coverage into retirement:

- the 5 years of service immediately before retirement
- all of their service during which they were eligible for FEGLI coverage, if less than 5 years.

7 Additional Retirement Information

A Additional Information and Counseling

Additional information about early retirement, benefits, and employment after VERA is available at <http://www.opm.gov/employ/vera/vera01.asp>.

Additional information about optional retirement, benefits, and employment after VERA is available at <http://www.opm.gov/retire/index.aspx>.

To help employees make this important decision, access the retirement calculator at <https://connectrusdaauth.gdcii.com/>.

HR representatives can provide employees with computations of an estimated retirement annuity. Formal counseling sessions are also available for employees and their spouses, and can be scheduled by contacting their servicing HR Office.

Important: After being approved for VSIP and/or VERA, employees will be notified to complete appropriate resignation or retirement SF-52, retirement application, additional separation documents, etc. CSRS and FERS retirement package forms can be found at <http://www.fsa.usda.gov/FSA/hrdapp?area=home&subject=bnft&topic=ret>.

An employee who separates with VSIP actually receives a net amount after mandatory withholding deductions, not the gross amount of VSIP. Some of those deductions are:

- debt the employee owes to FSA (for example, advance sick leave, etc.)
- commercial garnishment (including supplemental fees or court-ordered interest)
- alimony covered by a court order
- child support covered by a court order.

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7 Additional Retirement Information (Continued)

A Additional Information and Counseling (Continued)

The following exhibits have been provided to assist employees:

- Exhibit 2, Frequently Asked Questions About VSIP
- Exhibit 3, Tax Questions on Buyouts (VSIP's)
- Exhibit 4, Frequently Asked Questions About VERA
- Exhibit 5, Other Considerations for VERA.

B Retirement Planning Training

The following links are free AgLearn classes on retirement planning. To access the training, go to <http://www.aglearn.usda.gov/> and login using eAuthentication user ID and password. To find classes in AgLearn, locate the **Search Catalogue** and type in "**Retirement.**" The screen will display all retirement courses offered, including the following:

- **Early-Career Financial and TSP Planning for FERS (DMASON 106)**
- **Early-Career Financial and TSP Planning for FERS Special (DMASON 107)**
- **Late-Career Financial and TSP Planning for CSRS (DMASON 101)**
- **Late-Career Financial and TSP Planning for CSRS Special (DMASON 102)**
- **Late-Career Financial and TSP Planning for FERS (DMASON 103)**
- **Late-Career Financial and TSP Planning for FERS Special (DMASON 104)**
- **Mid-Career Financial and TSP Planning for FERS (DMASON 109)**
- **Mid-Career Financial and TSP Planning for FERS Special (DMASON 110)**
- **Planning for a Secure Retirement**
- **Planning Your Retirement.**

If assistance is needed with issues about the user ID and/or password, contact the eAuthentication Help Desk by either of the following:

- e-mail to eAuthHelpDesk@ftc.usda.gov
- telephone at 800-457-3642.

C Contacts

For general information about this notice, employees may do either of the following:

- contact Denise Davila-Brownlee, Program Manager at either of the following:
 - e-mail to denise.davilabrownle@kcc.usda.gov
 - telephone at 816-926-1199
- e-mail 2012-FSA-VERA-VSIP-APPLIC@wdc.usda.gov.

7 Additional Retirement Information (Continued)

C Contacts (Continued)

Employees shall contact their State Administrative Office to determine their retirement eligibility, SCD date, or other retirement benefit-related questions. The Administrative Office will also provide employees with the required application for retirement. Because of the anticipated level of interest, employees are encouraged to request calculations as soon as possible.

VSIP Selection Priority for Closing County Offices

This exhibit provides a list of positions eligible to apply for VSIP/VERA in closing FSA County Offices. The positions are listed by State, office name, organizational structure name, and location. Offers will be made to all eligible applicants in the authorized locations.

Note: The Federal positions are located in the State of Iowa and Texas.

<u>Arkansas - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Bradley	Ouachita Union County Office	Warren		
Fulton	Fulton County Office	Salem		
Garland	Howard Pike County Office	Hot Springs		
Izard	Izard County Office	Melbourne ¹		
Johnson	Johnson County Office	Clarksville		
Logan	Johnson County Office	Paris		
Benton	Washington County Office	Bentonville		
Pulaski	Pulaski County Office	North Little Rock		
Faulkner	Faulkner County Office	Conway		

<u>Colorado - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Rio Grande	Rio Grande County Office	Monte Vista ²		

<u>Florida - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Escambia	Escambia County Office	Molino		
Hamilton	Hamilton County Office	Jasper ³		
Lafayette	Lafayette County Office	Mayo		
Levy	Levy County Office	Bronson		
Washington	Holmes County Office	Chipley		

¹ Employee in Izard COF, AR with a duty station of Salem is not eligible.

² Employee in Rio Grande COF, CO with a duty station of Center is not eligible.

³ Employees in Hamilton COF, FL with a duty station of Live Oak are not eligible.

VSIP Selection Priority for Closing County Offices (Continued)

<u>Georgia - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Baker	Baker County Office	Newton		
Candler	Candler County Office	Metter		
Morgan	Morgan County Office	Madison		

<u>Idaho - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Owyhee	Owyhee County Office	Marsing		
Payette	Payette County Office	Payette		
Lincoln	Lincoln County Office	Shoshone		
Clearwater	Lewis County Office	Orofino		

<u>Indiana-County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Lake	Porter County Office	Crown Point ⁴		
Morgan	Morgan County Office	Martinsville		

<u>Iowa - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Appanoose	Appanoose County Office	Centerville		
Decatur	Decatur County Office	Leon		
Union	Union County Office	Creston ⁵		

⁴ Employees in Porter COF, IN with a duty station of Valparaiso are not eligible.

⁵ Employees in Union COF, IA with a duty station of Corning are not eligible.

VSIP Selection Priority for Closing County Offices (Continued)

<u>Iowa - Federal</u>			Targeted VSIP's	Eligible Positions
County Office [listed by office name, org structure name and duty station location]			Any	All GS or GM positions
Office Name	Org Structure Name	Duty Station		
Union	District 6 Service Center	Creston		

<u>Kentucky - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Green	Green County Office	Greensburg		
Jackson	Laurel County Office	McKee ⁶		
Bullitt	Bullitt County Office	Mount Washington		
Lee	Lee and Owsley County Office	Beattyville		

<u>Louisiana - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Bossier	Bossier County Office	Benton		
Lafayette	Lafayette County Office	Lafayette		
Livingston	Livingston County Office	Denham Springs		

<u>Maryland - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Calvert	Calvert County Office	Prince Frederick		

⁶ Employees in Laurel COF, KY with a duty station of London are not eligible.

VSIP Selection Priority for Closing County Offices (Continued)

<u>Michigan - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Kalamazoo	Van Buren County Office	Portage ⁷		

<u>Minnesota - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Waseca	Waseca County Office	Waseca		
Pine	Pine County Office	Hinckley		
Scott	Scott County Office	Jordon		
Chisago	Chisago County Office	North Branch		
Nicollet	Nicollet County Office	St. Peter		

<u>Mississippi - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Benton	Marshall County Office	Ashland ⁸		
De Soto	De Soto County Office	Hernando ⁹		
Itawamba	Itawamba County Office	Fulton		
Lamar	Lamar County Office	Purvis		
Lawrence	Lawrence County Office	Monticello		
Yalobusha	Grenada County Office	Coffeetown ¹⁰		

⁷ Employees in Van Buren COF, MI with a duty stationed of Paw Paw are not eligible.
⁸ Employees in Marshall COF, MS with a duty station of Holly Springs are not eligible.
⁹ Employees in De Soto COF, MS with a duty station of Senatobia are not eligible.
¹⁰ Employees in Grenada COF, MS with a duty station of Grenada are not eligible.

VSIP Selection Priority for Closing County Offices (Continued)

<u>Missouri - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Morgan	Morgan County Office	Versailles		
Dallas	Polk County Office	Buffalo ¹¹		

<u>New York - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Albany	Albany County Office	Voorheesville		
Saratoga	Saratoga County Office	Ballston Spa		

<u>North Carolina - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Catawba	Catawba County Office	Newton		
Chowan	Perquimans County Office	Edenton ¹²		
Moore	Moore County Office	Carthage		
Warren	Warren County Office	Warrenton		
Hertford	Hertford County Office	Winton		

<u>Ohio - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Clark	Madison County Office	Springfield ¹³		
Meigs	Meigs County Office	Pomeroy		
Montgomery	Preble County Office	Brookville ¹⁴		
Perry	Athens County Office	Somerset ¹⁵		

¹¹ Employees in Polk COF, MO with a duty station of Bolivar are not eligible.
¹² Employees in Perquimans COF, NC with a duty station of Hertford are not eligible.
¹³ Employees in Madison COF, OH with a duty station of London are not eligible.
¹⁴ Employees in Preble COF, OH with a duty station of Eaton are not eligible.
¹⁵ Employees in Athens COF, OH with a duty station of The Plains are not eligible.

VSIP Selection Priority for Closing County Offices (Continued)

<u>Oregon - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Polk	Polk County Office	Dallas		

<u>Pennsylvania - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Carbon	Carbon County Office	Lehighton ¹⁶		
Fulton	Fulton County Office	McConnellsburg		
Wyoming	Susquehanna County Office	Tunkhannock ¹⁷		
Lebanon	Lebanon County Office	Lebanon		

<u>South Carolina - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Allendale	Barnwell County Office	Allendale ¹⁸		
Edgefield	Saluda County Office	Edgefield ¹⁹		

<u>South Dakota - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Jerauld	Jerauld County Office	Wessington Springs		
Jackson	Jackson County Office	Kadoka		

¹⁶ Employees in Carbon COF, PA with a duty station of Plymouth are not eligible.

¹⁷ Employees in Susquehanna COF, PA with a duty station of Montrose are not eligible.

¹⁸ Employees in Barnwell COF, SC with a duty station of Barnwell are not eligible.

¹⁹ Employees in Saluda COF, SC with a duty station of Saluda are not eligible.

VSIP Selection Priority for Closing County Offices (Continued)

<u>Tennessee - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Anderson	Anderson County Office	Clinton		
Bedford	Bedford County Office	Shelbyville		
Bledsoe	Bledsoe County Office	Pikeville		
Cannon	Cannon County Office	Woodbury ²⁰		
Carter	Carter County Office	Elizabethton		
Cocke	Cocke County Office	Newport		
Humphreys	Humphreys County Office	Waverly		
Sevier	Sevier County Office	Sevierville		
Trousdale	Trousdale County Office	Hartsville		

<u>Texas - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Delta	Hopkins County Office	Cooper ²¹		
Lee	Lee County Office	Giddings		
Midland	Midland County Office	Midland		
Mills	Hamilton County Office	Goldthwaite ²²		
San Augustine	Polk County Office	San Augustine ²³		
Shelby	Nacogdoches County Office	Center ²⁴		
Waller	Harris County Office	Hempstead ²⁵		

<u>Texas - Federal</u>			Targeted VSIP's	Eligible Positions
County Office [listed by office name, org structure name and duty station location]			Any	All GS or GM positions
Office Name	Org Structure Name	Duty Station		
Shelby	Shelby County Office	Center ²⁶		

²⁰ COT duty stationed in Cannon COF is not eligible.

²¹ Employees in Hopkins COF, TX with a duty station of Sulphur Springs are not eligible.

²² Employee in Hamilton COF, TX with a duty station of Hamilton are not eligible.

²³ Employees in Polk COF, TX with a duty station of Livingston are not eligible.

²⁴ Employees in Nacogdoches COF, TX with a duty station of Nacogdoches are not eligible.

²⁵ Employees in Harris COF, TX with a duty station of Houston are not eligible.

²⁶ FLOT with a duty station of Shelby COF is not eligible.

VSIP Selection Priority for Closing County Offices (Continued)

<u>West Virginia - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Mineral	Mineral County Office	Keyser		
Gilmer	Gilmer County Office	Glennville		
Monongalia	Monongalia County Office	Morgantown ²⁷		

<u>Wisconsin - County</u>			Targeted VSIP's	Eligible Positions
County Offices [listed by office name, org structure name and duty station location]			Any	All CO positions
Office Name	Org Structure Name	Duty Station		
Marinette	Marinette County Office	Marinette		

²⁷ COT with a duty station of Monongalia WV COF is not eligible.
6-29-12

Frequently Asked Questions About VSIP

A General Information

- 1 What is a VSIP?** A Voluntary Separation Incentive Payment (VSIP) is commonly called a buyout. The buyout program is not a retirement program. This authority allows FSA to offer a lump sum incentive payment to eligible employees who voluntarily leave the workforce, so that the workforce may be reduced in size or reshaped. You don't have to be eligible to retire to be offered and receive a lump sum buyout.
- 2 When is a buyout authorized?** The authority for Federal Agencies to offer buyouts was included in the legislation that created the Department of Homeland Security (Public Law 107-296, the Homeland Security Act of 2002). Agencies must request approval from OPM. OMB and OPM review the plan and decide whether to approve the request.
- 3 Don't I have a right to a VSIP?** Agencies **are not required** to use or pay incentives. Incentives ARE NOT an employee right. The incentives are a management tool to help FSA reduce the workforce without having to run costly and disruptive RIF.

Note: In order for you to make an informed choice about VSIP and VERA (also called an early out), it is also necessary to understand options you may have associated with involuntary actions such as Discontinued Service Retirement (DSR), etc. This is discussed in the following questions.

- 4 What rights and benefits would I be giving up to voluntarily take a VSIP to retire or resign rather than waiting to be separated involuntarily?** Because you would be leaving voluntarily, you would be giving up:
 - placement assistance
 - selection priority for Federal employment under the Career Transition Assistant Program (CTAP) and InterAgency Career Transition Assistance Program (ICTAP). These programs give you selection priority for Federal jobs in your area at your same or lower grade, if you apply for them and are well-qualified
 - employment in the Federal Government within the next 5 years (without paying back the full gross amount of the incentive payment)
 - full amount of severance pay, if eligible (for example, you are not eligible for severance pay if you are eligible to retire)
 - unemployment benefits (depending on your State's rules)
 - if you come back to Federal employment, you would come back as a re-employed annuitant (under CSRS, not FERS) that would require an offset to your pay by the annuity you will continue to receive.

Frequently Asked Questions About VSIP (Continued)

B Eligibilities

- 5 Who could be offered a VSIP?** There are basic eligibility requirements under the law for buyouts, and there are additional eligibility criteria established by FSA in the buyout plan and approved by OPM. The buyout plan describes the general categories of employees that may be offered a VSIP by organizational unit, geographic location, occupational category, grade level, and other pertinent factors, such as skills or retirement eligibility. To receive a buyout an employee must meet the criteria and accept the conditions of the specific buyout window that is offered, and must voluntarily retire (early out or optional) or voluntarily resign during the time period covered by the buyout plan.

Employees are not eligible to receive a buyout if **any** of the following apply:

- they are re-employed annuitants
 - they are eligible for a disability retirement
 - they are serving under an appointment with a time limitation
 - they have not been employed by the Federal government for three (3) continuous years
 - they are in receipt of a decision notice of involuntary separation for misconduct or unacceptable performance
 - they have received a buyout before
 - they are covered by statutory re-employment rights from another organization
 - they have received a recruitment or relocation bonus within the 24-month period preceding separation
 - they have received a retention bonus within the 12-month period preceding separation
 - they have received a student loan repayment benefit during the 36-month period preceding separation
 - they are in a position that is not covered by VSIP or excluded by FSA's buyout plan.
- 6 What does an “appointment without time limitation” mean?** An employee on an appointment with a time limit works only until a specified date and then goes off the rolls. The employing Agency sets the ending dates when it hires the individual and/or when it extends the appointment. For example, temporary and term employees serve with a time limit, so they are not eligible for an incentive payment. Career and career-conditional employees and permanent employees in the excepted service have no time limit so they are eligible.

Frequently Asked Questions About VSIP (Continued)

B Eligibilities (Continued)

- 7 What does “continuous service” mean?** To be eligible for a VSIP, employees must have been continuously employed by the Federal government for 3 years without a break in service. Leave without pay (LWOP), permanent seasonal employment (PSE) off-tour time, and other non-pay status during an appointment are **not** considered breaks in service.
- 8 Can Veterans Preference be applied to be eligible for a VSIP?** No. There is no preference for veterans under the VSIP authority.
- 9 If I receive a buyout payment, can I take a job in another Federal Agency?** If you retired or resigned with a buyout payment under this law, you must repay the entire amount (including taxes paid), before your first day of employment, if you take a job with any Agency of the Federal Government within 5 years of your separation date. This repayment requirement covers any kind of employment (permanent, temporary, expert, consultant, re-employed annuitant), as well as direct or personal services contracts. In very limited situations, the head of the employing Agency may request a waiver of this repayment from OPM.
- 10 If I’m eligible for a buyout, how much would my incentive be? Does everyone get \$20,000?** The amount of each employee’s incentive will vary depending on his/her pay rate, years of civilian service, and age. The **maximum** gross amount for each buyout is \$20,000, and not everyone will be eligible for the maximum. The net amount you receive will be **even lower** after the appropriate taxes, Social Security, Medicare, etc., are deducted by the payroll office. (An average estimated net is about \$13,290). The basic formula for calculating your incentive is the same formula used for calculating severance pay. We have included a sample and blank worksheet (subparagraph J) to help you **estimate** your buyout.

The following are examples of employees who would receive the maximum gross buyout amount of \$20,000:

- employee making over \$52,000 a year, have at least 15 years of civilian service, and are at least 43 years old
- employee making at least \$40,000 a year, have at least 20 years of civilian service, and are at least 41 years old
- employees making over \$82,000 a year, have at least 13 years of civilian service at any age.

- 11 What if I am offered a buyout but do not choose to leave?** Incentives are for voluntary separations, and coercion is prohibited; however, FSA can require an employee who has committed to a buyout to follow through on that commitment.

Frequently Asked Questions About VSIP (Continued)**B Eligibilities (Continued)****12 I retired from the military and am now a Federal employee. May I apply for a buyout?**

Yes, if you are otherwise eligible. FSA will compute the incentive payment only on the basis of your civilian service and any creditable military service which interrupted civilian service and which conveyed restoration rights.

C VSIP Payment

13 What is the basic formula for calculating a voluntary separation incentive? Using the severance pay calculation procedures, the amount of severance pay would be 1 week's basic pay for each of the first 10 years of your civilian service, plus 2 weeks' basic pay for each year over 10 years. An age adjustment allowance of 10 percent is added for each year you are over 40. (No credit is given for military service unless the service interrupted otherwise creditable civilian service and the employee returned to civilian service through the exercise of a legal restoration right.) Total severance pay may not exceed 1 year's pay at the rate the employee is receiving immediately before separation. The pay rate used in the calculation includes any locality and/or special pay rate you are receiving. (For the purpose of calculating a buyout payment, severance pay is figured based on the amount of your civilian service as if you would get it; you don't have to actually be eligible for severance pay.)

14 When will I receive my buyout payment? Will it be all at once (lump sum) or monthly? Is it taxable? Generally, you should receive your buyout check within a couple of weeks of your final separation paycheck. FSA will send you the incentive payment as soon as possible after the date of your separation but cannot guarantee a specific date. First, FSA must resolve any leave errors, salary offsets, and employee debts to the Government. Your buyout is also subject to garnishment for alimony and child support. The incentive payment is taxable. You will receive it as a lump sum (less Federal income tax withholding, applicable State and local taxes, and FICA/Medicare taxes).

D Tax Information

15 May I roll my buyout over into an individual retirement account or another form of tax shelter? No. The buyout is considered fully taxable income and cannot be rolled over into retirement accounts.

16 Are Federal taxes withheld at normal tax withholding rates or a flat 25 percent rate? Taxes for buyout are withheld at a flat 25 percent rate. Withholding taxes for the payment of your lump sum annual leave can be withheld at a flat 27 percent rate or at your normal tax-withholding rate. You will need to contact your HR Operations Branch if you want the flat 27 percent rate.

Frequently Asked Questions About VSIP (Continued)**E Retirement**

- 17 Can I retire under DSR and also receive a buyout lump sum payment too?** No. DSR is based on an involuntary separation. Buyouts are paid to employees who leave voluntarily.
- 18 I am eligible for FERS retirement (Minimum Retirement Age (MRA) +10); however, I don't want to retire. If I am involuntarily separated, can I receive severance pay?** No. You are not eligible for severance pay if you are eligible for retirement.
- 19 May I take a buyout and apply for disability retirement later?** Employees may file for disability up to 1 year after separation. However, if you have received a buyout and are later found to be eligible for disability retirement, you are then responsible for repaying the entire amount of the buyout to FSA. This is because a disability retirement is retroactive to the date of separation, and the buyout law excludes employees having a disability on the basis of which such employee is or would be eligible for disability retirement.

F Severance Pay

- 20 I am not eligible for regular or early retirement. Which is better, buyout or severance pay?** Whether buyout or severance pay is better depends on you and your personal situation. Leaving Federal service with a buyout payment is a voluntary action. If you accept a buyout, you will not receive severance pay

In general, employees who are not eligible for retirement and are separated involuntarily, and who meet other conditions are eligible for severance pay. This does not include:

- an employee serving under an appointment with a definite time limitation
- an employee on an intermittent work schedule
- an employee receiving compensation for work injuries
- separations by removal for cause on charges of misconduct, delinquency, or inefficiency.

Severance pay is paid to you at your base salary rate, each pay period (like a regular pay check), until paid in full.

Leaving Federal service with a buyout payment is a voluntary action. If you accept a buyout, you will not receive severance pay. Whether buyout or severance pay is better depends on you and your personal situation.

- If your severance pay calculation is less than the \$20,000 maximum buyout payment, then by accepting a buyout payment you would be accepting your full severance entitlement (if eligible) in a lump sum, less taxes and other deductions.
- If you are eligible for severance pay and the severance pay calculation is greater than the \$20,000 maximum buyout payment, you will be giving up the difference if you take the buyout.

Frequently Asked Questions About VSIP (Continued)

G Military Duty

- 21 What if I meet the eligibility criteria for buyout (VSIP) but I am on military duty during the offer period?** Employees on military duty are treated as though they were still on the job and are not disadvantaged because of their military service. Therefore, if you met the eligibility criteria during the offer period, you would have 30 calendar days following your return to duty with FSA to either accept or reject an offer of buyout and/or early out.

H Health Benefits

- 22 I haven't been enrolled in the Federal employees health benefits (FEHB) program for a full 5-year period. Do I lose my health insurance?** There are 2 different situations.

- For employees who resign (those who are not eligible for immediate annuity retirement), temporary coverage continues for up to 31 calendar days after the enrollment terminates, with conversion privileges. You would also be eligible for temporary continuation of coverage, which allows you to continue your coverage for up to 18 months. You must pay 102 percent of the premiums (the employee's share, plus the Government's share, plus 2 percent of the total).
- Employees are able to continue their health insurance into retirement, even if they have not been enrolled for a full 5-year period before retirement, under the following pre-approved waiver guidelines from OPM.

OPM's current waiver policy provides pre-approved waivers for any employee who has been covered under the FEHB program continuously since the beginning date of an Agency's latest statutory buyout and/or early out authority. To be eligible for a pre-approved waiver, employees must:

- Retire during the Agency statutory buyout period; and
- Receive a buyout under the Agency statutory buyout authority; or
- Take early optional retirement as a result of early-out authority; or
- Take a DSR based on an involuntary separation due to reduction in force, directed reassignment, reclassification to a lower grade, or abolishment of position.

If you meet these requirements, you do not need to write a letter requesting a waiver. Instead, your Agency must attach a memorandum to your retirement application stating that you meet the requirements for a pre-approved waiver by OPM as set forth in revised Benefits Administration Letter (BAL) 04-208. The memorandum should provide the number of the Public Law granting your Agency VSIP authority and the beginning and the ending dates of your Agency's statutory buyout period.

Frequently Asked Questions About VSIP (Continued)

I Reemployment After VSIP

23 If I receive a VSIP, can I take a job on a Contract with a Federal agency?

Title 5 U.S.C. 3524(b) requires repayment of the VSIP if a former employee accepts any employment for compensation with the Government of the United States within 5 years of the date of the separation on which the payment is based. The individual must repay the entire amount of the VSIP to the agency that paid the VSIP before the individual's first day of re-employment. Re-employment includes services provided by the former employee under personal service (or other direct contract) with the U.S. Government (other than an entity in the Legislative branch). Exceptions to the repayment provision are listed in 5 U.S.C. 3524(c).

Employees are advised that the Office of the General Counsel (OGC) cannot provide individual advice to those who contemplate taking the VSIP as to whether a particular contract or proposed contract with a Federal agency requires repayment of the VSIP upon re-employment. There are many variations of contractual relationships and therefore OGC cannot advise on all situations.

There are, however, some general rules of thumb that employees should take into consideration when contemplating employment under a contract that might be paid for by a Federal agency.

First, grants and cooperative agreements with the Federal Government generally do not constitute personal services or other direct contracts.

Second, the formal analysis of what constitutes a personal service contract is complex. In some contexts what might look like a personal services contract would not be considered to be a personal services contract for purposes of the VSIP repayment requirement because the actual contract is between the government and a third party contractor (e.g. consulting firm) and not the employee. The bottom line is that employees should look at whether the Federal agency, or a private company, is writing their paycheck. If the Federal agency is writing your check, the VSIP repayment requirement will apply. If Acme Consulting Company is writing your check, the VSIP repayment requirement generally will not apply except as described below.

Third, if the employee accepts the VSIP, establishes his/her own business and subsequently contracts with the Federal Government within 5 years of separation this *may* constitute a personal services or other direct contract. Employees should be cautious in establishing businesses that could be perceived as established solely for the purpose of evading the VSIP repayment requirement. For example, if you establish John Doe, Inc., you are the only employee, and you provide consulting services back to your former agency in the same subject area in which you were employed previously, that would be problematic even though the check would be paid to John Doe, Inc., and not John Doe directly. On the other hand, if you were an information technology specialist for your agency, you go into the catering business with others as Acme Catering, Inc., and your business happens to receive a contract from your prior agency, that likely would not be problematic. You have completely changed your occupation, and you are not trying to evade the VSIP repayment requirement to go back and essentially resume your prior job.

Frequently Asked Questions About VSIP (Continued)

J Buyout Computation Worksheets

This subparagraph provides an example buyout calculation and a blank worksheet to use in **estimating** the amount of your buyout. The actual calculation formula is somewhat more complicated and technical. The examples are intended to allow employees to figure the **approximate** amount of the buyout they may receive. FSA is **not** responsible for the accuracy of the results that this worksheet may give you.

Example of \$20,000 Buyout Estimation Worksheet		
Line 1.	Salary at time of separation (GS-11/05):	= \$55,472
Line 2.	Weekly Rate (line 1 divided by 52):	= <u>\$1,066.77</u>
Line 3.	Years of Service (see A and B below):	<u>18</u>
A. If your length of service is less than 10 years, enter your length of service on line 3a. B. If your length of service is more than 10 years:		
	1) enter your length of service:	<u>18</u>
	2) subtract 10 from your length of service:	<u>-10</u>
	result:	<u>8</u>
	3) multiply the result, in this case, 8, by 2:	<u>16</u>
	4) add 10 to the amount listed in 3):	<u>+10</u>
	total:	<u>26</u>
	5) enter this total on line 3a. This is the factor for your adjusted years of service.	
Line 3a.	Adjusted Years of Service:	<u>26</u>
Line 4.	Basic Severance Pay (multiply amount on line 2 by number on line 3a -- Adjusted Years of Service):	= \$27,736
Line 5.	Age Adjustment Factor (if your age is above 40, look your age up on the "Age Table and Factors" chart in subparagraph K of this exhibit. Enter the "factor" number shown.) Age = 39 years. Factor:	= <u>1.00</u>
Line 6.	Estimated Severance Pay Amount: Multiply line 4 by line 5 factor (27,736 X 1).	= \$ <u>27,736</u>
Line 6a.	If line 6 exceeds line 1, enter amount on line 1. The estimated amount of severance pay will be:	= \$ <u>27,736</u>
Line 7.	Estimated Buyout Amount: if line 6a exceeds \$20,000 (the maximum amount set by the Agency head), enter \$20,000 ; or if line 6a does not exceed \$20,000 , but is more than line 1, enter amount on line 1	
	Your Estimated Buyout Amount:	\$20,000

Frequently Asked Questions About VSIP (Continued)

J Buyout Computation Worksheets (Continued)

Buyout Estimation Worksheet		
Line 1.	Salary at time of separation (GS- _____):	= \$ _____
Line 2.	Weekly Rate (line 1 divided by 52):	= \$ _____
Line 3.	Years of Service (see A and B below):	_____
<p>A. If your length of service is less than 10 years, enter your length of service on line 3a. B. If your length of service is more than 10 years:</p>		
<p>1) enter your length of service: _____</p>		
<p>2) subtract 10 from your length of service: _____</p>		
<p style="padding-left: 40px;">result: _____</p>		
<p>3) multiply the result by 2: _____</p>		
<p>4) add 10 to the amount listed in 3): _____</p>		
<p style="padding-left: 40px;">total: _____</p>		
<p>5) enter this total on line 3a. This is the factor for your adjusted years of service.</p>		
Line 3a.	Adjusted Years of Service:	_____
Line 4.	Basic Severance Pay (multiply amount on line 2 by number on line 3a-- Adjusted Years of Service):	= _____
Line 5.	Age Adjustment Factor (if your age is above 40, look your age up on the “Age Table and Factors” chart in subparagraph K of this exhibit. Enter the “factor” number shown.). Age = _____ years. Factor:	= _____
Line 6.	Estimated Severance Pay Amount: Multiply line 4 by line 5 factor.	\$ _____
Line 6a.	Enter the lessor of line 6 or line 1. The estimated amount of severance pay will be:	\$ _____
Line 7.	Estimated Buyout Amount:	
<p>if line 6a exceeds \$20,000 (the maximum amount set by the Agency head), enter \$20,000; or if line 6a does not exceed \$20,000, but is more than line 1, enter amount on line 1</p>		
Your Estimated Buyout Amount:		\$ _____

Frequently Asked Questions About VSIP (Continued)

K Age Table and Factors

Age Table and Factors								
Years	Months	Factor	Years	Months	Factor	Years	Months	Factor
40	3-5	1.025	48	4-8	1.850	56	9-11	2.675
40	6-8	1.050	48	9-11	1.875	57	0-2	2.700
40	9-11	1.075	49	0-2	1.900	57	3-5	2.725
41	0-2	1.100	49	3-5	1.925	57	6-8	2.750
41	3-5	1.125	49	6-8	1.950	57	9-11	2.775
41	6-8	1.150	49	9-11	1.975	58	0-2	2.800
41	9-11	1.175	50	0-2	2.000	58	3-5	2.825
42	0-2	1.200	50	3-5	2.025	58	6-8	2.850
42	3-5	1.225	50	6-8	2.050	58	9-11	2.875
42	6-8	1.250	50	9-11	2.075	59	0-2	2.900
42	9-11	1.275	51	0-2	2.100	59	3-5	2.925
43	0-2	1.300	51	3-5	2.125	59	6-8	2.950
43	3-5	1.325	51	6-8	2.150	59	9-11	2.975
43	6-8	1.350	51	9-11	2.175	60	0-2	3.000
43	9-11	1.375	52	0-2	2.200	60	3-5	3.025
44	0-2	1.400	52	3-5	2.225	60	6-8	3.050
44	3-5	1.425	52	6-8	2.250	60	9-11	3.075
44	6-8	1.450	52	9-11	2.275	61	0-2	3.100
44	9-11	1.475	53	0-2	2.300	61	3-5	3.125
45	0-2	1.500	53	3-5	2.325	61	6-8	3.150
45	3-5	1.525	53	6-8	2.350	61	9-11	3.175
45	6-8	1.550	53	9-11	2.375	62	0-2	3.200
45	9-11	1.575	54	0-2	2.400	62	3-5	3.225
46	0-2	1.600	54	3-5	2.425	62	6-8	3.250
46	3-5	1.625	54	6-8	2.450	62	9-11	3.275
46	6-8	1.650	54	9-11	2.475	63	0-2	3.300
46	9-11	1.675	55	0-2	2.500	63	3-5	3.325
47	0-2	1.700	55	3-5	2.525	63	6-8	3.350
47	3-5	1.725	55	6-8	2.550	63	9-11	3.375
47	6-8	1.750	55	9-11	2.575	64	0-2	3.400
47	9-11	1.775	56	0-2	2.600	64	3-5	3.425
48	0-2	1.800	56	3-5	2.625	64	6-8	3.450
48	3-5	1.825	56	6-8	2.650	64	9-11	3.475

Tax Questions on Buyouts (VSIP's)

Many employees, if not most, have questions regarding the impact a buyout has on their taxes. OPM has worked in cooperation with the IRS to provide the following general information on taxes.

It is critical to note that information provided here is general in nature and in no way is intended to apply to every employee's situation. Employees are urged to seek the assistance of a trained and experienced tax advisor or personal financial counselor on any matters related to the employee's income, finances, taxes, or retirement.

1 Is the Buyout taxable income or a special 1-time payment with different tax consequences?

Buyouts are included as an item of gross income and are considered as fully taxable income under IRS tax laws. Section 451(a) of the Internal Revenue Code provides that the amount of any item of gross income must be included in the gross income for the taxable year in which it is received by the taxpayer. Thus, a buyout is taxable in the year of payment, regardless of the year in which the buyout is authorized, unless the employee is required to repay the buyout in the same tax year. The buyout is not a special 1-time payment with different tax consequences.

2 What happens to the taxes I paid if I have to repay the entire amount of the buyout? The employee is entitled to recover taxes withheld or paid based on the receipt of a buyout.

Do I file an amended tax return? Recovering taxes paid on a repaid buyout depends on when repayment occurs. Below are two examples. In either case, the employee is not entitled to file an amended return for that tax year because of the concept of annual accounting.

- **“I got a buyout in February 2006 and returned to work in June 2006.”**

If an employee receives a buyout and is required to repay the buyout in the **same** tax year, the buyout is not included in the employee's wages for Federal income tax withholding purposes. It is not reflected on Form W-2 as “wages, tips, other compensation,” as “social security wages,” or as “Medicare wages.” Any income tax and FICA employee tax withheld on the buyout should be repaid or credited to the employee by the Agency paying the buyout.

- **“I got a buyout in November 2006 and was hired by another Agency in April 2007.”**

In this case, the employee was required by law to repay the entire amount of the buyout to the Agency that paid it and repayment must be made before beginning the second job. The employee may take a loss deduction (under section 165 of the IRS Code) for the amount repaid in the 2007 tax year. The employee **may not** file an amended tax return for 2006 because the employee received the income in 2006 and was required to pay taxes on it then as earned wages.

Tax Questions on Buyouts (VSIP's) (Continued)

3 How much will my buyout be after taxes? Tax deductions from buyout payments - Voluntary separation incentive payments are considered supplemental wages and are treated similarly to cash awards, bonuses, and allowances for withholding purposes. Most Agencies automatically withhold the following taxes from supplemental payments:

- all employees:

Federal Income Tax	NFC withholds a flat 25 percent of the buyout payment for Federal income tax. In some cases, this may be higher than your normal withholding rate and you may want to reexamine your tax planning for withholding purposes
--------------------	--

State Income Tax (when applicable)	Agencies make deductions based on a specified rate for supplemental payments or the applicable standard rate
---------------------------------------	--

Local Income Tax (when applicable)	Agencies make deductions based on a specified rate for supplemental payments or the applicable standard rate
---------------------------------------	--

- CSRS employees:

Medicare	1.45 percent
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- FERS employees and CSRS Offset employees:

OASDI	(Old Age Survivor Disability Insurance) 4.2 percent subject to annual tax limitations
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Medicare	1.45 percent.
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Tax Questions on Buyouts (VSIP's) (Continued)

Other Deductions

Where applicable, Agencies may also make deductions for certain types of indebtedness. Following are some circumstances in which deductions for debts may be made:

- the balance of any commercial garnishment plus supplemental fees or court-ordered interest related to the garnishment
- the balance of any child support/alimony arrearage when included in the court order
- the balance of any debt owed to FSA.

Examples:

- **CSRS employees:**

Buyout Amount: **\$20,000**

Payroll Deductions:	
Federal Tax (25%):	\$5,000
State Tax (4%), when applicable:	800
Local Tax (1%), when applicable:	200
Medicare (1.45%):	<u>290</u>
Total Deductions:	\$6,290

Estimated Payment After Deductions: **\$13,710**

- **FERS and CSRS Offset employees:**

Buyout Amount: **\$20,000**

Payroll Deductions:	
Federal Tax (25%):	\$5,000
State Tax (4%), when applicable:	800
Local Tax (1%), when applicable:	200
Medicare (1.45%):	290
OASDI (4.2%):	<u>840</u>
Total Deductions:	\$7,130

Estimated Payment After Deductions: **\$12,870**

Frequently Asked Questions About VERA

- 1 What is VERA?** VERA is commonly referred to as early out retirement, and that is exactly what this authority does. It expands the normal retirement eligibility to allow employees to voluntarily retire, with an immediate annuity, before they would otherwise be eligible. There are some basic eligibility criteria under the law. You must also meet USDA criteria. An early retirement may have an effect on your annuity. The VERA is separate from the **Voluntary Separation Incentive Payment (VSIP)** also called the buyout authority. A VERA or VSIP is not dependent or contingent on the other. An Agency can offer one and not the other.
- 2 Who is eligible for a VERA?** If your Agency has received approval for a VERA you must also meet some additional requirements. If you are covered by the CSRS, you must have served in a position covered by the CSRS for at least 1 year out of the 2 years immediately before retirement. For employees covered by the FERS, this rule does not apply.

You must be at least 50 years of age with 20 years of service or have 25 years of service at any age. At least 5 years must be civilian service, whether you are retiring under CSRS or FERS. In addition:

- you must be in a position covered by the VERA granted by OPM
- you must not be serving under a time limited appointment
- you must have been on FSA's rolls at least 30 calendar days before the date of application to OPM for VERA approval
- you must not have been notified that you will be involuntarily separated for misconduct or unacceptable performance
- your retirement date must be on or before the VERA expiration date.

Frequently Asked Questions About VERA (Continued)

- 3 Are trainees eligible for VERA?** Under USDA early out plans, trainees and Presidential Management Fellows are excluded from a VERA. The definition of trainee is based on a definition that is used in the RIF's ground rules:

“Presidential Management Fellows and Fire Apprentices, regardless of the appointment authority they are hired under, are considered trainees and excluded from a VERA. Positions that are formally designated developmental (for example, grades 5-7 entry level) will also be considered as trainees and excluded from a VERA if they meet the criteria under 5 CFR 351.703(e). Two-grade interval positions are generally developmental at the GS-5-7 level but must be reviewed to ensure that formal designation is appropriate. Only those employees who are on formally designated detailed training career plans will be considered as trainees. Employees in developmental positions that do not have detailed career plans will be eligible for early out (provided they meet all other provisions of the plan). Student Career Experience Program (SCEP's) employees are no longer considered “formal trainees” once they have converted to career appointments.”

5 CFR 351.703(e) states that a formally designated trainee or developmental positions must be in a training program that meets all of the following characteristics.

- The program must be designed to meet FSA's need for the development of skilled personnel.
 - The training program must have been formally designated and announced to employees and supervisors.
 - The program must offer planned growth in duties and responsibilities providing advancement in recognized career progression.
 - The program must be fully implemented with participants chosen through established selection procedures.
- 4 Can I retire under VERA and also receive a VSIP?** Yes. If you meet the criteria for both, you can retire under VERA and also receive a VSIP, if a VSIP is being offered by FSA.
- 5 If I'm eligible for VERA, what rights and benefits would I be giving up to voluntarily retire rather than waiting to be separated involuntarily?** Because you would be leaving voluntarily you would be giving up:
- Placement assistance.
 - Selection priority for Federal employment under CTAP and ICTAP. These programs give you selection priority for Federal jobs in your area at your same or lower grade, if you apply for them and are well-qualified.
 - Unemployment benefits (depending on your State's rules).
 - If you come back to Federal employment, you would come back as a re-employed annuitant instead of an employee.

Frequently Asked Questions About VERA (Continued)

- 6 If I retire under VERA and do not take the buyout, can I take a job in another Federal Agency?** Yes; however, you will come back as a re-employed annuitant which generally means your annuity is subtracted from the salary you earn in the new position.
- 7 What if my Agency offers a VERA but I am on military duty during the authority time limit?** Employees on military duty are treated as though they were still on the job and are not disadvantaged because of their military service. Therefore, if you met the eligibility criteria during the offer period, you would have 30 calendar days following your return to duty with USDA to either accept or reject an offer of VSIP or VERA.
- 8 What does a “time-limited appointment” mean?** An employee on an appointment with a time limit works only until a specified date and then goes off the rolls. The employing Agency sets the ending date when it hires the individual and/or when it extends the appointment. For example, temporary and term employees serve with a time limit, so they are not eligible for an incentive payment or early out retirement. Career and career-conditional employees and permanent employees in the excepted service have no time limit, so they may be eligible.
- 9 What does “continuous service” mean?** To be eligible for early retirement, you must have been on the rolls 30 calendar days before the request for the VERA, with no breaks. LWOP, USDA PSE off-tour time, and other non-pay status during an appointment are **not** considered breaks in service.
- 10 Leaving Federal service under VERA is supposed to be voluntary. What if I am offered a VSIP or VERA but do not choose to leave?** Buyouts and Early Retirement are for voluntary separations **and** coercion is prohibited.
- 11 Does the VERA eligibility change the eligibility for regular optional retirement?** No. If you are under CSRS, you can take regular optional retirement if you are 55 with at least 30 years of service, age 60 with 20 years of service, or age 62 with 5 years of service. If you are under FERS, you can take regular optional retirement if you have reached your MRA with at least 30 years of service; age 60 with 20 years of service, or age 62 with 5 years of service. In addition, an employee under FERS is eligible for an immediate annuity if he/she has 10 years of service and has reached the MRA. (Under this eligibility, there is a 5 percent reduction for each year the employee is under age 62.) The MRA chart can be found at the following link: <http://www.opm.gov/retire/faq/pre/faq11.asp#FERS>. An employee under CSRS must meet the 1-out-of-last-2-years coverage requirement and all employees must have at least 5 years of civilian service.

Frequently Asked Questions About VERA (Continued)

12 What is the difference between VERA and DSR? The basic difference is simple. VERA is a voluntary separation. DSR is an involuntary separation. The differences between VERA and DSR benefits may seem subtle, but might be very important to you. It depends on what your personal plans and needs are. If there is a possibility that you will want to come back to work for any Federal Agency, you should seek more detailed information from your servicing HR Office **before** you accept a VSIP or VERA offer!

Generally, if your unique position is being abolished, or you refuse a directed reassignment to a position outside of your commuting area, or to a position that is more than two grade intervals below your current grade, or receive a letter of separation from FSA in a RIF, you would be eligible for an immediate annuity retirement under DSR rules if you meet the age and length of service requirements. The age and service requirements for DSR are the same as those for VERA. The key differences come into play when/if you ever return to work for the Federal government, for example, as a VERA retiree, you would be a reemployed annuitant with the amount of your pay will be offset by the amount of your annuity. If you were covered under CSRS and you separated under a DSR, you would not be considered a reemployed annuitant because your annuity will stop, so there would be no offset to pay. This does not apply to those covered under FERS.

13 I haven't been enrolled in the FEHB program for a full 5-year period if I accept a VERA, do I lose my FEHB? No, OPM has granted pre-approved waivers to employees who have been covered under the FEHB Program continuously since the beginning date of FSA's approved VERA and retire under the VERA.

14 I haven't been enrolled in the FEGLI program for a full 5-year period. Do I lose my life insurance when I retire under VERA? Most likely yes, but you could be eligible under certain circumstances or you might be able to convert your coverage. You should ask your benefits specialist what your options will be.

15 If I take early retirement, is my annuity reduced? CSRS employees who retire under the voluntary early retirement authority will have a reduction in their annuity of 2 percent per year for each year they are under age 55. (The reduction is 1/6 of 1 percent for each full month.) This is a permanent reduction in annuity.

- Employees with only FERS service will not have their annuities reduced under voluntary early retirement. FERS employees retiring under the MRA+10 provision are subject to a reduction of 5 percent for each year under age 62.
- Under DSR or early retirement, FERS employees would receive their FERS supplement if under age 62 once they reach their MRA.
- Employees with both CSRS and FERS service will have a reduction only for the CSRS portion of their annuity if under age 55.
- Special rules apply to the calculation of annuities of employees who have part-time service after 1986.

Frequently Asked Questions About VERA (Continued)**16 How do I know if I have enough time in service to meet the requirements to retire?**

Although you can check your retirement SCD on your SF-50, on your yearly statement of benefits from NFC, or on NFC's Employee Personal Page (EPP), you should still check with your retirement specialist **before** you make a decision on accepting a VERA. They can provide you with a retirement calculation and verify that your retirement SCD is correct. Different types of appointments, types of Federal service, or if you owe a deposit/redeposit can make a difference in your SCD. The rules are complicated and different depending on the retirement system you are covered under. **Don't just assume your service time is creditable.**

17 Where can I go to get an estimate of my annuity? You need to contact your servicing HR Office.**18 Where can I get more information on retirement benefits?** Click here

<http://www.opm.gov/retire/index.aspx>. If you have questions or need additional information, contact your servicing HR Office.

19 What is the effective date of my retirement/separation? You may select the date of your retirement/separation, but it must be effective after the date of the VERA authorization and no later than the date the VERA expires.**20 Can I delay the date of my retirement?** No. An employee must retire by the date established for the VSIP/VERA window.**21 Can my retirement date be delayed by management?** Management may extend your separation date when there is a documented need to retain your skills and knowledge.**22 Can Veterans Preference be applied to be eligible for a VERA?** No. There is no preference for veterans under the VERA authority.

Other Considerations for VERA

Plan for a possible early out retirement offer and be prepared to act quickly if you are offered one. There is never a bad time to begin planning for the future, and often employees do not have large amounts of time to consider an offer. Because of the fundamental changes in an employee's life that voluntary separations present, and because employees may not have large amounts of time to make decisions when offers are made, **IF YOU ARE CONSIDERING REQUESTING AN EARLY OUT RETIREMENT, YOU SHOULD TAKE THE FOLLOWING STEPS NOW TO BE PREPARED FOR ANY OFFERS THAT MAY BE MADE:**

☛ **REVIEW YOUR DETAILED SERVICE HISTORY INFORMATION TO ENSURE THAT ALL PERIODS OF YOUR FEDERAL SERVICE ARE DOCUMENTED**

Having all of this documented is critical because your annuity amount will be computed based on this information. Verify that all your military and civilian service, along with salary for any temporary service, has been documented. Your HR Office retirement counselors can assist you in understanding your annuity. Be careful to determine what impact retirement or separation will have on your insurance coverage. Carefully consider whether you can live on a reduced income.

☛ **IF YOU SERVED IN THE MILITARY AFTER 1956 AND HAVE NOT ALREADY PAID A DEPOSIT FOR YOUR MILITARY TIME, SEND FOR YOUR PAY RECORDS**

It may be in your best interest to pay a retirement contribution to cover any post-1956 military service. You must do this before you retire. Start the process by requesting your military pay records from the military finance center for your branch of service. Begin the process immediately. It is not unusual for the processing of these changes to take several weeks. Contact your servicing HR Office for more information on Post 56 and the process to make the payment.

☛ **DISCUSS YOUR PLANS WITH YOUR SPOUSE AND FAMILY**

A retirement represents a major change in your way of life. Your spouse and family should be involved in this life-changing decision. Retirement means more free time at home, and often, lower earnings. Discuss these issues with your family and allow them to take an active role in your planning. The choice to leave your job will affect them as much as it affects you.

☛ **CONSIDER MEETING WITH A PERSONAL FINANCIAL ADVISOR**

Because retirement means smaller paychecks, it may be useful to speak with a personal advisor or accountant. These individuals can help you figure out what tax advantages may be open to you, how much your income will be, what debts you can reduce, and what your standard of living would be like with your annuity.

Immediate and thorough preparation and planning NOW will make your decision much easier when an early out offer is made.

Using the VSIP/VERA Automated System (VVAS) to Submit, Change, or Withdraw a VSIP Application Online

Follow these instructions to access and submit a VSIP application..

Step	Action
1	Go to https://wdcprod80.sc.egov.usda.gov/vvas to access VVAS.
2	On the eAuthentication Screen, CLICK "I agree" .
3	Enter eAuthentication user ID and password and CLICK "Login" .
4	Enter users Social Security number (twice) and CLICK "Submit" . Note: This will only be required the first time users access VVAS.
5	CLICK "Statement of Understanding" link to review the statement.
6	To close the window, CLICK "X" in the upper right corner.
7	CLICK "I agree" to continue.
8	The VVAS Offer Screen will be displayed.
9	CLICK "I want to apply for this offer" link.
10	VVAS will display the VSIP application form.
11	Enter all required information marked with a red asterisk (*) and any optional information on the screen.
12	CLICK "Submit" .
13	VVAS will display a confirmation message.
14	CLICK "Confirm" to continue the submission.
15	VVAS will display a receipt for the submitted application.
16	An e-mail notification will be sent to the e-mail addresses (office and alternate) specified on the application form.
17	CLICK "View Application Detail" on the Receipt Screen and then "Print Details" on the Detail Screen to print the application that was submitted.
18	CLICK "Home Page" link to return to the VVAS Offer Screen.
19	CLICK "Logout of eAuth" or "Exit VVAS" menu option to exit VVAS.

Follow these instructions to change the separation date on the VSIP application.

Step	Action
1	Go to https://wdcprod80.sc.egov.usda.gov/vvas to access VVAS.
2	CLICK "I agree" on the eAuthentication Screen.
3	Enter eAuthentication user ID and password and CLICK "Login" .
4	The system will display the VVAS Offer Screen.
5	CLICK "Change your Separation Date on or before September 3, 2012" link.
6	VVAS will display the Method of Separation Screen.
7	Select a new separation date.
8	CLICK "Submit" .
9	VVAS will display the change confirmation message.
10	CLICK "Confirm" .
11	VVAS will display a change receipt. An e-mail notification will be sent to the e-mail addresses (office and alternate) specified on the application form.
12	CLICK "Home Page" link to return to the VVAS Offer Screen.
13	CLICK "Logout of eAuth" or "Exit VVAS" menu option to exit VVAS.

Using the VSIP/VERA Automated System (VVAS) to Submit, Change, or Withdraw a VSIP Application Online (Continued)

Follow these instructions to **withdraw the VSIP Application**.

Step	Action
1	Go to https://wdcprod80.sc.egov.usda.gov/vvas to access VVAS.
2	CLICK “I agree” on the eAuthentication Screen.
3	Enter eAuthentication user ID and password and CLICK “Login” .
4	The system will display the VVAS Offer Screen.
5	CLICK “Withdraw your submitted Application on or before September 3, 2012” link.
6	VVAS will display the submitted application receipt.
7	CLICK “Withdraw application” .
8	VVAS will display a withdraw confirmation message.
9	CLICK “Confirm” .
10	VVAS will display a withdraw receipt. An e-mail notification will be sent to the e-mail addresses (office and alternate) specified on the application form.
11	CLICK “Home Page” link to return to the VVAS Offer Screen.
12	CLICK “Logout of eAuth” or “Exit VVAS” menu option to exit the system.