

For: FAS Civil Service Employees

**Authorities for Voluntary Separation Incentive Payments (VSIP's)**

Approved by: Administrator, FAS

**1 Overview**

**A Background**

The Foreign Agricultural Service (FAS) is currently experiencing significant fiscal pressures resulting from the declining value of the dollar abroad and appropriations that will not fund the current service level of operations. It is highly likely that nondiscretionary wage and price increases will continue to exceed growth in appropriations in FY 2005 and beyond. Steps taken to address the current funding shortfalls essentially exhausted options other than infrastructure reductions. Therefore, to minimize potential involuntary separations, employees who meet the conditions in paragraph 2 may apply for voluntary separation and receive incentive payment not to exceed \$25,000.

**B Purpose**

This notice announces an opportunity for eligible FAS employees with a duty station of Washington, DC to apply for a voluntary separation incentive payment (VSIP).

**C Labor-Management Obligations**

Where exclusive representation exists, bargaining may be requested to the extent allowed by applicable statutes. Where contract language already addresses these policies and procedures for bargaining unit employees, contract language prevails.

|                      |                                 |
|----------------------|---------------------------------|
| <b>Disposal Date</b> | <b>Distribution</b>             |
| March 1, 2005        | All FAS Civil Service employees |

## Notice PM-2449

### 2 Voluntary Separation Incentive Payments Program

#### A Dates

There will be 2 incentive periods as follows:

- eligible Civil Service FAS employees may apply for VSIP by December 21, 2004, with an effective separation date between December 31, 2004, and January 3, 2005
- eligible Civil Service FAS employees may apply for VSIP by January 14, 2005, with an effective separation date of January 31, 2005.

#### B Application Procedures

To be considered for VSIP, employees must submit a signed, completed copy of FAS-334 (Exhibit 1). If FAS-334 is not received in HRD by December 21, 2004, for the first incentive period and January 14, 2005, for the second incentive period, the employee will not be considered for VSIP. No extensions will be granted.

Requests shall be sent to HRD using 1 of the following methods:

- by FAX to 202-418-9127 or 202-418-9149
- in person to:

2101 L Street, NW  
5th Floor, Room 5000  
Washington, DC.

**Note:** The original FAS-334 with original signature is not required.

HRD shall send each employee an e-mail message when his or her request is received. All employees will subsequently be notified if their requests are approved or not approved.

**Note:** FAS-334 is available at the FFAS Employee Forms Web Site which can be accessed at <http://intranet.fsa.usda.gov>.

**Reminder.** Employees who are considering VSIP must take into consideration whether they will have excess (use/lose) annual leave at the end of Leave Year 2004. If you expect to have excess annual leave, it must be used by January 7, 2005, or else it will be forfeited. The only exception will be for employee's who qualify and are granted an exigency of public business. See Notice PM-2440 for details.

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### 2 Voluntary Separation Incentive Payments Program (Continued)

#### C Eligibility Requirements

FAS employees are eligible to apply for VSIP if they:

- are permanent full-time or permanent part-time Civil Service employees, and have been currently employed for a continuous period of at least 3 years
- separate by resignation, early retirement, or regular retirement (except disability retirement) no later than January 3, 2005, for the first period and January 31, 2005, for the second period
- have a duty station of Washington, DC.

#### D Employees Ineligible for VSIP's

The following FAS employees are **not** eligible to apply for VSIP's:

- Foreign Service employees
- Schedule B employees, including those with re-employment rights
- a re-employed annuitant
- an employee who has been approved for a disability retirement
- an employee who is in receipt of a specific notice of involuntary separation for misconduct or unacceptable performance
- an employee covered by statutory re-employment rights who is on transfer to another organization
- an employee who previously received VSIP and has not repaid it
- any employee who, during the 36-month period preceding the date of separation, has received a student loan repayment benefit
- any employee who, during the 24-month period preceding the date of separation, has received a recruitment or relocation bonus
- any employee who, during the 12-month period preceding the date of separation, has received a retention allowance.

## 2 Voluntary Separation Incentive Payments Program (Continued)

### E Approval Criteria

No more than 50 VSIP's will be offered. Applications will be approved for VSIP based on length of service. The service computation date for leave will be used to determine rank. In the event that a tie needs to be broken, age will be the first level tie breaker, and date of application receipt will be the final tie breaker.

### F Amount of Payment

The VSIP amount is:

- taxable when payment is processed
- not discretionary
- the lesser of the following:
  - a lump-sum payment that is equal to the employee's calculated severance pay entitlement
  - \$25,000.

Separation incentive payments are based on the standard severance pay calculation. However, by law, VSIP must not exceed \$25,000.

Severance pay equals 1 week's basic pay for each of the first 10 years of creditable Federal service, plus 2 weeks of basic pay for each year of creditable service over 10 years. In addition, an age factor applies, which increases the amount by 10 percent for every year an employee is over 40 years old.

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

### G Separation Agreements

Employees completing FAS-334 are agreeing that:

- the decision to resign or retire under these circumstances is entirely voluntary
- the incentive payment will be repaid if they are re-employed by, or enter into a personal service contract with, the Federal Government or an FSA County Office within 5 years of the date of the separation on which the separation pay is based.

### H Separation Date

All VSIP applicants must agree to separate no later than January 3, 2005, for the first period and January 31, 2005, for the second period to receive VSIP. No extensions will be granted.

### 3 Retirement Eligibility

#### A Regular Optional Retirement

CSRS- and FERS-covered employees are eligible for an immediate annuity under regular 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 service (CSRS and FERS)
- minimum retirement age (MRA) with 30 or more years of service - age 55-57 depending on year born (FERS)
- MRA with 10 years with reduction (FERS).

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

#### B Voluntary Early Retirement

CSRS- and FERS-covered employees are eligible for an immediate annuity under voluntary early retirement:

- if they are at least age 50 with 20 years of service
- at any age with 25 or more years of service.

**Note:** Employees must meet the eligibility requirements for early retirement 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 ( $1/6^{\text{th}}$  of 1 percent for each full month) an employee is under age 55 at the time of retirement. This is a permanent reduction in the annuity.

Under FERS, there is no age reduction for voluntary early retirement, 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 when the employee is under age 55.

### 3 Retirement Eligibility (Continued)

#### C FERS MRA + 10 Retirement

FERS employees who are not eligible for voluntary early retirement are eligible for an immediate annuity if they have:

- at least 10 years of service
- reached the minimum retirement age (MRA) (55 if born before 1948, and gradually increasing to 57).

This type of benefit is referred to as MRA + 10 retirement and is subject to an age reduction of 5 percent for each year (5/12<sup>th</sup> of 1 percent for each full month) an employee is under age 62 at the time of retirement. An employee can separate and elect to reduce or eliminate the age reduction by postponing the annuity commencing date.

**Note:** FERS employees who meet the eligibility requirements for the voluntary early retirement and the MRA + 10 retirement are not subject to the 5-percent-per-year reduction for being under age 62.

**Example:** If an employee is age 57 and has 25 years of service, the employee can separate under the voluntary early retirement provisions without the age reduction for being under age 62.

#### D Crediting Unused Sick Leave

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

FERS employees do not receive credit for unused sick leave in the computation of their annuity.

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

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

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

**3 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.

| <b>Type of Service</b> | <b>Explanation</b>  |
|------------------------|---|
| 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 should contact their servicing Human Resources 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 employees are immediately eligible for the retiree annuity supplement at the time of retirement if they:

- are under age 62
- have at least 1 calendar year of FERS service
- retire:
  - under regular optional retirement
  - at or over MRA under voluntary early retirement.

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

- are under age 62
- have at least 1 calendar year of FERS service
- retire before MRA under voluntary early retirement.

### 3 Retirement Eligibility (Continued)

#### F Eligibility for FERS Annuity Supplement (Continued)

FERS employees are not eligible for the retiree annuity supplement at any time when:

- retiring under the MRA + 10 provision
- eligible only for deferred annuity
- retiring at age 62 or later.

The retiree annuity supplement is payable until age 62.

#### G Continuing Health Insurance into Retirement

To continue FEHB coverage after retirement, the employee must have been continuously enrolled, or covered as a family member, under the FEHB program for either of the following:

- for the 5 years immediately before retirement
- if less than 5 years, for all service since the employee was eligible for these benefits unless these requirements are waived.

The Office of Personnel Management (OPM) now has the authority to grant pre-approved waivers to employees retiring in conjunction with a Voluntary Separation Incentive Payment (VSIP) or Voluntary Early Retirement Authority (VERA) provided the employee:

- has been covered under the FEHB Program continuously since the beginning date of the Agency's latest statutory VSIP authority, or OPM-approved VSIP or VERA authority

**Note:** FAS' last VSIP/VERA was held December 17, 1999.

- retires during the current statutory VSIP- or OPM-approved VSIP/VERA period and does 1 of the following:
  - receives VSIP
  - takes early optional retirement
  - takes discontinued service retirement based on an involuntary separation because of RIF, directed reassignment, reclassification to a lower grade, or abolishment of position.

Employees who meet the requirements in this subparagraph do not need to request a waiver in writing. FFAS' HRD will certify that the employee qualifies for the pre-approval.

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### 3 Retirement Eligibility (Continued)

#### G Continuing Health Insurance into Retirement (Continued)

Some employees who retire during a VSIP or VERA period may not be eligible for a pre-approved waiver. These include employees who retire on a regular optional retirement but do not qualify for a VSIP. Employees who do not qualify for a pre-approved waiver may request a waiver from:

Office of Personnel Management  
Retirement Benefits Branch  
1900 E Street, NW  
Washington, D.C. 20415-3532.

Contact Susan Brown at 202-418-9039, Darla Hensley at 202-418-9021, Maria Ruiz at 202-418-9034, or TTY 202-418-9116 for further information.

#### 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:

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

### 4 Additional Retirement and VSIP Information

#### A Additional Information and Counseling

To help employees make this important decision, Human Resources specialists are available for counseling services.

Human Resources specialists can provide employees with computations of VSIP and, if eligible, an estimated retirement annuity. Formal counseling sessions are also available for employees and their spouses and can be scheduled by contacting their servicing Human Resources Office.

**Important:** FAS-334 must be received in HRD for approval. Employees will complete additional separation documents after they have been approved for a buyout.

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**4 Additional Retirement and VSIP Information (Continued)**

**B Contacts**

Employees shall use the following table to obtain the appropriate contact. Because of the anticipated level of interest, employees are encouraged to request calculations as soon as possible.

| <b>IF you need...</b>                           | <b>THEN contact...</b>  |
|---|---|
| retirement information and/or application forms | Susan Brown at 202-418-9039<br>Darla Hensley at 202-418-9021<br>Maria Ruiz at 202-418-9034.       |
| VSIP computations only                          | Lisa Gressen at <b><a href="mailto:Lisa_Gressen@wdc.usda.gov">Lisa_Gressen@wdc.usda.gov</a></b> . |
| information about this notice                   | Sheila Campbell at 202-418-9011.  |

**Note:** The TTY telephone number is 202-418-9116.

**FAS-334, Application to Retire or Resign With Voluntary Separation Incentive Payment (VSIP)**

This form is available electronically.

**FAS-334**  
(12-14-04)

U.S. DEPARTMENT OF AGRICULTURE  
Foreign Agricultural Service

**APPLICATION TO RETIRE OR RESIGN WITH VOLUNTARY SEPARATION INCENTIVE PAYMENT (VSIP)**

|                                       |  |  |                                       |
|---------------------------------------|--|--|---------------------------------------|
| 1. NAME (Last, First, Middle Initial) |  | 3. POSITION TITLE  | 4. PAY PLAN, SERIES, GRADE<br><br>GS- |
| 2. SOCIAL SECURITY NO:                |  |  |                                       |
| 5. HOME ADDRESS                       |  | 8A. EMPLOYING AGENCY:  |                                       |
|                                       |  | 8B. OFFICE (Include Division, Branch and Section or State Name as applicable): |                                       |
| 6. E-MAIL ADDRESS                     |  | 9A. DUTY LOCATION ADDRESS  |                                       |
| 7. HOME TELEPHONE (Include Area Code) |  | 9B. OFFICE PHONE (Include Area Code)   | 9C. FAX NO. (Include Area Code)       |

**10. REQUEST TO RETIRE OR RESIGN**

- I have met the age and service requirement for early retirement.
- I have met the age and service requirement for regular retirement.
- I wish to resign.
- I hereby request to retire or resign with a voluntary separation incentive payment and an effective separation date between December 31, 2004 and January 3, 2005. My proposed separation date is \_\_\_\_\_.
- I hereby request to retire with a voluntary separation incentive payment and an effective date of January 31, 2005.

My decision to retire or resign is entirely voluntary and has not been coerced.

I understand that if I volunteer to separate from my current employment and receive a VSIP, I will be responsible for repaying the entire incentive payment if I am reemployed by the Federal Government or with an FAS Office in the next 5 years, either by appointment or personal services contract.

In order to receive a VSIP, I further understand that, if I am selected, I agree to separate no later than January 3, 2005, or January 31, 2005.

I understand that my employing agency is under no obligation to pay me a VSIP until I actually separate by retirement or by resignation in accordance with this agreement.

I understand that management retains the right to cancel this agreement based on my employing agency's financial considerations or mission accomplishment.

|               |                       |
|---------------|-----------------------|
| 11. Signature | 12. Date (MM-DD-YYYY) |
|---------------|-----------------------|

**FAX to:**  
(202) 418-9127 or (202) 418-9149 (If FAXed, do not send original in mail.)

**MUST BE RECEIVED BY DECEMBER 21, 2004, or January 14, 2005**

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