

Restructuring Information Handbook Module 10

Voluntary Separation Incentive Payments

Unit B, Guidance (Draft April 2003 version)

Introduction

The U.S. Office of Personnel Management developed the **Restructuring Information Handbook** to assist Federal agencies in identifying the mandatory statutory and regulatory procedures that apply to restructuring situations.

The Handbook also offers agencies options for minimizing or even eliminating the disruption that often results from restructuring.

There is no requirement for Federal agencies to use this Handbook. Also, the United States Court of Appeals for the Federal Circuit stated in **James v. Von Zemenszky**, 284 F.3D 1310 (2002), that: ". . . OPM's Restructuring Information Handbook is not a formal regulation, but merely an informal statement of agency views."

The structure of the Handbook assists the user in locating as much or as little restructuring information as the user needs. Some Modules contain only one **Unit**, while other Modules have two or more Units.

For subjects with mandatory statutory or regulatory requirements, **Unit A (Mandatory Requirements)** provides the user with both a crash course on the subject, and also with detailed information, complete with citations of requirements contained in law and regulation.

When appropriate, **Unit B (Guidance)** provides the user with useful guidance, including key appeals decisions from appellate bodies such as the Merit Systems Protection Board.

The summaries of appeals decisions are guidance prepared by individual OPM employees. The appeals summaries do not represent official summaries approved by OPM, the Board, or other appellate organizations, and are not intended to provide legal counsel or to be cited as legal authority. Instead, the appeals summaries inform and help the user locate relevant appellate precedents on a specific downsizing subject.

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Unit F (Basic Index to Module) and **Unit G (Detailed Index to Module)** help the user readily locate information within a specific Module.

Other Modules may contain additional Units, such as **Unit C (Appeals Index)**, and **Unit D (Samples)**.

Finally, Module 1 contains **Unit H, (Detailed Index to the Restructuring Information Handbook)**.

We welcome comments on the Restructuring Information Handbook.

Send any comments and suggestions to the Center for Talent and Capacity Policy at (202) 606-0960; FAX (202) 606-2329; or e-mail Thomas A. Glennon at taglenno@opm.gov.

Contents

OPM's Restructuring Information Handbook Modules contain the following topics:

Topic	Module	Unit(s)
Planning and Alternatives for Restructuring	1	B, F, G, H
Human Resource Responsibilities in Restructuring	2	B, F, G
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Using the Handbook

The Modules contain many cross-references to additional pertinent material. To assist in searches, each Module features a unique index system that assists the user in readily locating information in that Module or in the other Modules.

For example, a reference to "**3-A-15-3**" refers to:

- (1) Module 3 ("**Reduction in Force**"),
- (2) Unit A ("**Required Procedures**"),
- (3) Section 15 ("**Credit for Performance in Reduction in Force**"),
- (4) Paragraph 3 ("**Time Period Covered by Employees' Performance Ratings**").

For a second example, a reference to "**3-B-6-5-(b)**" refers to:

- (1) Module 3 ("**Reduction in Force**"),
- (2) Unit B ("**Guidance**"),
- (3) Section 6 ("**Reorganization and Job Erosion**"),
- (4) Paragraph 5 ("**Use of RIF Procedures in Job Erosion Situations**"),
- (5) Subparagraph (b).

All of the Modules use the same index system.

For example, a reference to "**4-A-4-3**" refers to:

- (1) Module 4 ("**Transfer of Function**"),
 - (2) Unit A ("**Required Procedures**"),
 - (3) Section 4 ("**Determining Whether the Transfer of Function Provisions are Applicable**"),
 - (4) Paragraph 3 ("**Basis for Transfer of Function Decisions**").
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Restructuring Information Handbook Module 10

Voluntary Separation Incentive Payments

Unit B, Guidance (April 2003 version)

Introduction Restructuring Information Handbook Module 10 provides guidance on OPM's Voluntary Separation Incentive Payment (VSIP) regulations published in part 576 of title 5 of the Code of Federal Regulations (5 CFR part 576). Module 10 consists of five Units: (1) Unit A, "Required Procedures," (2) Unit B, "Guidance," (3) Unit C, "Voluntary Separation Incentive Payment Appeals," (4) Unit F, "Basic Index to Module 10," and (5) "Detailed Index to Module 10." This is the April 2003 version of Unit B.

Contents This publication contains the following topics:

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Overview of the Voluntary Separation Incentive Payment Option	1-1
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Section 1, Overview of the Voluntary Separation Incentive Payment Option

Introduction This section contains additional guidance on the overview and history of the Voluntary Separation Incentive Payment (VSIP) option covered in Section 1 of Module 10, Unit A (10-A-1).

Contents This section contains the following topics:

Topic	See Paragraph
VSIP History	10-B-1-2
New VSIP Flexibilities	10-B-1-3
Repayment Requirement for Federal Employment After Receiving VSIP	10-B-1-4
Waiver of VSIP Repayment Requirement	10-B-1-5

Additional Information When appropriate, Restructuring Information Handbook Module 10, Unit B (Guidance) has additional information on material in Unit 10-A.

To find additional information on these key paragraphs in Unit 10-A,	In Unit 10-B see paragraphs:
10-A-1-2	10-B-1-2
10-A-1-3	10-B-1-3
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10-A-1-3-(f)	10-B-1-3-(f)
10-A-1-4	10-B-1-4
10-A-1-5	10-B-1-5

A This symbol highlights the references back to Unit 10-A.

① This symbol guides you toward more references on the subject in Module 10 or in other Modules.

Section 1, Overview of the Voluntary Separation Incentive Payment Option

10-B-1-2

VSIP History

A

[Guidance for paragraph **10-A-1-2.**]

Most agencies must have specific legislative authority in order to offer a Voluntary Separation Incentive Payment (VSIP).

- **Explanation**-Voluntary Separation Incentive Payments began under Public Law 102-484 (the National Defense Authorization Act of 1993), which allowed the Department of Defense when restructuring to offer its employees Voluntary Separation Incentive Payments of up to \$25,000, based upon a severance pay formula. Defense employees who resigned, retired under a voluntary early retirement authority (“**VERA**”), or retired optionally, could receive the payment.

Public Law 103-226 (The Federal Workforce Restructuring Act of 1994) allowed most non-Defense executive branch agencies to offer similar Voluntary Separation Incentive Payments from March 30, 1994 through March 31, 1995, for employees who voluntarily resigned or retired.

Later, Section 663 of Public Law 104-208 authorized buyouts for many non-Defense agencies through December 30, 1996. Eventually, in the decade beginning with the Defense Voluntary Separation Incentive Payments under Public Law 102-484, Congress approved over 30 separate VSIP laws or extensions that covered specific agencies for set periods of time.

Each VSIP law capped the maximum amount of a buyout at \$25,000, using the same severance pay formula referenced in the initial Defense VSIP authority. Also, each VSIP law restricted Voluntary Separation Incentive Payments to employees who resigned, retired under a VERA, or retired optionally (e.g., an employee who retired under the involuntarily Discontinued Service Retirement option was not eligible for a VSIP).

Both in Defense and in non-Defense agencies, agencies reported that Voluntary Separation Incentive Payments were an extremely

successful tool that sharply increased voluntary attrition, particularly for VERA retirements of employees in surplus positions.

10-B-1-3

New VSIP Flexibilities

B

[Guidance for paragraph **10-A-1-3**.]

The Homeland Security Act of 2002 (Public Law 107-296, approved November 25, 2002) provides additional VSIP opportunities for an agency that is restructuring.

- **Explanation**-In Section 1313(a) of the Homeland Security Act of 2002 (Public Law 107-296, approved November 25, 2002), Congress for the first time approved a continuing buyout authority that is available to most executive branch agencies who are carrying out restructuring actions.
 - Section 1313(a) of the Act is codified in sections 5 U.S.C. 3521-3525.
 - Subpart 5 CFR-576-A implements these statutory procedures, and covers both how an agency submits a proposed buyout plan to OPM and the basis for OPM approval of the agency's plan.

The maximum amount of a buyout is still capped at \$25,000, the same limit set in all the prior buyout legislation starting with the Defense buyout program under Public Law 102-484.

Each agency wishing to offer buyouts under Public Law 107-296 must submit a plan to OPM that identifies the purpose, coverage, time periods, and amounts of the proposed buyouts. OPM then consults with OMB in reviewing each agency's restructuring plan and VSIP strategy.

OPM will also consult with OMB if the agency's VSIP plan needs modifications.

Most prior VSIP legislation restricted use of buyouts to situations when employees would actually be separated because of reduction in force. Now, with OPM approval (including OMB concurrence) an agency may offer Voluntary Separation Incentive Payments using a

proposed date for reshaping the workforce, but still before an actual planned reduction in force date.

To maximize this potential flexibility in reshaping situations, an agency may now for the first time offer Voluntary Separation Incentive Payments after considering whether, based upon organizational needs, its present employees possess the skills, knowledge, or similar factors needed to perform a position. Under prior VSIP legislation, an agency was generally required to have reduction in force plans in order to offer Voluntary Separation Incentive Payments. Under Public Law 107-296, all VSIP offers are still based upon nonpersonal considerations such as positions, organizational units or occupations, not upon personal considerations.

Public Law 107-296 provides that all present agency-specific VSIP laws will remain effective until their respective expiration dates. Those agencies have the option of offering buyouts under both their present legislation and under Public Law 107-296.

Finally, Public Law 107-296 bars employees from receiving a VSIP if the individual recently received a student loan payment, a recruitment or relocation bonus, or a retention bonus.

A [Guidance for subparagraph **10-A-1-3-(e)**.]

- (e) An agency that pays a VSIP under the Homeland Security Act of 2002 does not incur any reduction in personnel ceiling.
- **Explanation**-The National Defense Authorization Act of 1993 (Public Law 102-484) did not require the Department of Defense to reduce its personnel ceiling for each VSIP authorized to a separating employee. However, the Federal Workforce Restructuring Act of 1994 (Public Law 103-226), which authorized most non-Defense executive branch agencies to offer Voluntary Separation Incentive Payments, required a one-for-one reduction in an agency's personnel ceiling for each employee who voluntarily separated from the agency for a VSIP. The one-for-one reduction in personnel ceiling required by the Federal Workforce Restructuring Act of 1994 did not apply to Voluntary Separation Incentive Payments authorized by the Department of Defense under Public Law 102-484.

Most subsequent VSIP legislation for non-Defense agencies included the same requirement for a mandatory one-for-one reduction in personnel ceiling for each VSIP.

The Homeland Security Act of 2002 does not require a reduction in personnel ceiling for a VSIP authorized under the Act.

A

[Guidance for subparagraph **10-A-1-3-(f)**.]

(f) An agency that pays a VSIP under the Homeland Security Act of 2002 does not incur a surcharge for each VSIP.

- **Explanation**-The National Defense Authorization Act of 1993 (Public Law 102-484) did not require a surcharge for each VSIP separation from the Department of Defense.

The Federal Workforce Restructuring Act of 1994 (Public Law 103-226) required a surcharge of 9% salary for each employee who retired with a VSIP under the Voluntary Early Retirement (VERA) option. The surcharge was paid to OPM's retirement funds. This provision of the Act also applied to Defense.

Subsequent VSIP legislation eventually resulted in a surcharge of 15% for most VSIP separations (e.g., optional retirement, VERA, and resignations).

The Homeland Security Act of 2002 does not require a surcharge for a VSIP authorized under the Act.

10-B-1-4

Repayment Requirement for Federal Employment After Receiving VSIP

B

[Guidance for paragraph **10-A-1-4**.]

The Homeland Security Act of 2002 established a uniform standard requiring that an individual who separated for a VSIP must repay the gross amount of the VSIP if the individual is reemployed by the Government of the United States within 5 years.

- **Explanation**-Public Law 103-226 (The Federal Workforce Restructuring Act of 1994) required for the first time that an individual who received a buyout must repay the full amount of the VSIP if the

individual was subsequently reemployed by the Government of the United States within 5 years of separating for the VSIP. If reemployed, the former employee was then obligated to repay the gross amount of the VSIP to the agency that authorized the VSIP.

Public Law 103-226 also applied the same repayment requirement to Defense Voluntary Separation Incentive Payments authorized by Public Law 102-484.

Over the next decade, Congress either specifically referenced Public Law 103-226 or used similar language to include the 5-year buyout repayment in all subsequent legislation authorizing Voluntary Separation Incentive Payments.

Public Law 103-226 did not require full repayment of the VSIP before an individual was reemployed in the Federal Government. Some agencies allowed reemployed individuals to repay the VSIP through installment payments after reemployment. However, Section 663 of the 1996 Public Law 104-208 required full repayment of the VSIP before the individual's first day of reemployment. Subsequent VSIP legislation varied on this requirement, with some statutes following the Public Law 103-226 option and other statutes using the same or similar language from Public Law 104-208.

Public Law 103-226 defined reemployment with the Government of the United States to include reemployment under a personal services contract. Other concurrent or subsequent legislation (including Defense Voluntary Separation Incentive Payments authorized under Public Law 104-208) did not in every instance include personal service contracts as a form of reemployment requiring repayment of the VSIP within 5 years.

Section 1313(a) of the Homeland Security Act of 2002 provides that an individual who separated for a VSIP authorized by the Act must repay the entire amount of the VSIP before the individual's first day of reemployment by the Government of the United States.

The Act defines reemployment with the Government of the United States to include both personal service contracts, and other direct contracts.

- Section 1313(a) of the Act codified the VSIP repayment requirement and OPM waiver option in section 5 U.S.C.

3524.

- Subpart 5 CFR-576-B implements the statutory VSIP repayment procedures under the Act.
 - Subpart 5 CFR-576-B also implements both an OPM waiver of the Act's VSIP repayment requirement, and an OPM waiver of the VSIP repayment requirement when permitted by agency-specific buyout statutes.
-

10-B-1-5

Waiver of VSIP Repayment Requirement

B

[Guidance for paragraph **10-A-1-5**.]

The Homeland Security Act of 2002 established a uniform standard for agencies to request a waiver of the general VSIP repayment requirement.

- **Explanation**-Besides for the first time establishing a VSIP repayment requirement, Public Law 103-226 (The Federal Workforce Restructuring Act of 1994) also for the first time provided a waiver procedure for agencies covered by the Act to request a waiver of the VSIP repayment. Public Law 103-226 authorized the same waiver option for reemployment following a Defense VSIP buyout authorized by Public Law 102-484.

OPM could approve a waiver for reemployment with an executive branch agency if the agency documented how the individual is the only qualified applicant available for an essential position.

The Act also authorized waivers by legislative and judicial entities for reemployment in those branches of the Government of the United States.

Congress did not provide a waiver option for reemployment under a personal services contract.

In the more than 30 subsequent VSIP laws or extensions over the next decade, the agency-specific legislation may or may not have provided the VSIP reemployment waiver option.

The Homeland Security Act of 2002 now provides a single

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standard for agencies to request a waiver of the 5 year VSIP repayment requirement.

The Act does not authorize OPM waiver of the repayment requirement based on reemployment with the Government of the United States based upon either a personal services contract, or other direct contract.

Section 4, Requesting OPM Approval of VSIP

Introduction This section contains additional guidance on Section 4 of Module 10, Unit A (10-A-4), covering the agency's right to manage VSIP offers under an OPM-approved plan to best achieve the agency's restructuring goals.

Contents This section contains the following topics:

Topic	See Paragraph
Information in VSIP Request	10-B-4-5
Sample VSIP Request	10-B-4-6

Additional Information When appropriate, Restructuring Information Handbook Module 10, Unit B (Guidance) has additional information on material in Unit 10-A.

To find additional information on these key paragraphs in Unit 10-A,	In Unit 10-B see paragraphs:
10-A-4-5-(c)-(3)	10-B-4-5-(3)
10-A-4-6	10-B-4-6

A This symbol highlights the references back to Unit 10-A.

i This symbol guides you toward more references on the subject in Module 10 or in other Modules.

Section 4, Requesting OPM Approval of VSIP

10-B-4-5 **Information in VSIP Request**

A [Guidance for subparagraph **10-A-4-5-(c)**.]

- (c) An agency's request to OPM for VSIP authority must include a plan identifying which positions are covered by the VSIP option. (5 U.S.C. 3522(b); 5 CFR 576.102(c))

- **Explanation-Planning to Implement VSIP.**

Voluntary Separation Incentive Payments are a proven option to increase voluntary attrition in agencies that are downsizing or restructuring. Besides providing an incentive for employees in surplus positions to voluntarily retire or resign to avoid potential reduction in force actions, the agency may also offer VSIP to employees in safe positions that could then be placement opportunities for employees holding surplus positions.

In its plan to OPM requesting VSIP approval, the agency should clearly outline how VSIP would assist the agency in reaching its restructuring goals. At all stages of developing either an individual VSIP plan or a combined VSIP-VERA (Voluntary Early Retirement Authority) plan, the agency must always consider whether a sudden increase in attrition will compromise the agency's:

- (1) Ability to effectively carry out its mission; and/or
- (2) Available fiscal resources.

- ① • Restructuring Information Handbook Module 1 ("Planning and Alternatives for Restructuring") provides additional guidance on planning for organization change, and avoiding involuntary separations and demotions.

- **Explanation-VSIP Planning for Organizational Effectiveness.**

The agency's plan requesting OPM approval of the VSIP option should reflect management decisions such as whether the agency will:

- (1) Modify the structure of its components (e.g., consolidate field locations, merge line programs into smaller organizations, open field locations closer to agency customers, etc.);
- (2) Modify the span of control (e.g., eliminate existing levels of supervision, delegate additional program and administrative authority to lower level managers, etc.);
- (3) Exclude certain positions or organizations from the VSIP option to maintain organizational effectiveness (e.g., the agency would have difficulty replacing employees in certain lines of work, components, and/or geographic locations);
- (4) Use vacancies that become available because of VSIP retirements or resignations as placement opportunities for employees in surplus positions (e.g., the Department of Defense uses a very effective program to place surplus employees into safe positions);
- (5) Offer Voluntary Separation Incentive Payments to all or only some of its excess employees (e.g., how many VSIP offers are possible under the agency's budget); and
- (6) Offer Voluntary Separation Incentive Payments only for certain periods of the fiscal year (e.g., the agency can maximize savings if employees separate for a VSIP earlier rather than later in the fiscal year).

- **Explanation-Additional Fiscal Issues When Planning for VSIP.**

The one-time VSIP financial costs are particularly critical if the agency plans to offer Voluntary Separation Incentive Payments to employees with obsolete skills, and then restaff the positions with employees who have different skills currently needed by the agency.

For example, in a downsizing situation, the agency can readily achieve savings from the Voluntary Separation Incentive Payments in the present or the next fiscal year if the agency has a net reduction of a position because of the VSIP. In contrast, a

reshaping situation generally provides no savings when the agency replaces an employee with obsolete skills who received a VSIP by the appointment of another employee with different skills. Because the agency has no net reduction in the workforce, the agency must plan for the same level of continuing salary expenses in addition to the cost of the VSIP for employees who retired or resigned.

The agency's fiscal decisionmakers must be closely involved in all phases of plans to offer Voluntary Separation Incentive Payments, particularly in reshaping situations.

A [Guidance for subparagraph **10-A-4-5-(c)-(3)**.]

- (c) The agency's VSIP request to OPM must cover the time periods in which the agency will offer Voluntary Separation Incentive Payments. (5 U.S.C. 3522(b)(3))

• **Explanation-Planning for Effective VSIP Windows**

The agency has the right to set the time period(s) for employees to retire or resign for VSIP. The agency may establish the VSIP for any time period(s), provided that the agency includes the information in its VSIP plan to OPM, and OPM subsequently approves the plan after consultation with OMB.

Neither the controlling statute nor OPM's implementing regulations define a maximum or minimum time period for a VSIP window. The only restriction is that an employee may not separate for a VSIP past the ending date of the OPM-approved VSIP plan.

If the agency is also offering employees the option of retiring under a Voluntary Early Retirement Authority (VERA), the agency should coordinate the VSIP and VERA windows to maximize the effectiveness of both programs.

The agency has many potential options to implement effective VSIP windows for employees.

For example, in a budget driven situation the agency may consider only offering Voluntary Separation Incentive Payments early in the fiscal year to maximize net savings after including the cost of each VSIP.

For another option, an agency may set window periods which occur at different times for different categories of positions in the agency. This option would provide the agency with additional time to complete an essential agency function.

The agency should also consider whether to set two different VSIP windows. During the first VSIP window, the agency could offer potential Voluntary Separation Incentive Payments to employees, receive employee applications for the payments, approve the incentives, and establish separation dates for employees approved to receive the incentives. The agency's VSIP plan includes these decisions. During the second window, employees who the agency approved to receive a buyout would actually separate by retirement or resignation for the VSIP.

With two VSIP windows, the personnel office has additional time to process VSIP separations. This is particularly important if the employee separating for the VSIP will receive an immediate annuity.

The option of using two VSIP windows also allow line managers and fiscal decisionmakers to conduct a final review of the impact of VSIP offers upon mission requirements. For example, if the agency finds that additional and unexpected reimbursable work becomes available and will reduce the number of excess positions, the managers may decide to reduce or even eliminate VSIP offers in order to avoid compromising program needs. For another example, the agency's fiscal decisionmakers may find because of changed budgetary considerations the agency must reduce its number of potential Voluntary Separation Incentive Payments.

10-B-4-6

Sample VSIP Request

A

[Guidance for paragraph **10-A-4-6**.]

A sample VSIP request form begins on the next page.

- The agency may use this form as a guide when submitting a VSIP request to OPM.
-

Sample VSIP Request

This document provides a framework for submitting requests for authority to make voluntary separation incentive payments. Agencies should provide enough information under each item to justify use of the authority and to meet the requirements of section 1313 of Public Law 107-296 (the Homeland Security Act of 2002).

Agency: _____

Component(s): _____

Date of Request: _____

1. The reason for the voluntary separation incentive payment (VSIP) request.

This introduction should describe the circumstances leading to the request and explain why the agency believes that VSIPs will be an appropriate strategy for making the required adjustments in the workforce.

2. Identification of the specific positions and functions to be reduced or eliminated, identified by organizational unit, geographic location, occupational category, grade level, and any other factors related to the position, such as skills and knowledge.

Organizational Unit:

Geographic Location:

Series:

Grade:

Skills and Knowledge:

3. A description of the categories of employees who will be offered incentives, identified by organizational unit, geographic

location, occupational category, grade level, and any other factors related to the position, such as skills and knowledge.

Organizational Unit:

Geographic Location:

Series:

Grade:

Skills and Knowledge:

4. The time period during which incentives may be paid.

The time period is _____.

5. The number and maximum amount of voluntary separation incentive payments to be offered.

The number is _____.

The maximum amount that will be paid is _____.

6. A narrative description of how the organization will operate without the eliminated or restructured positions and functions.

7. A proposed organization chart displaying the expected changes in the agency's organizational structure after the agency has completed the incentive payments.

This chart should show the agency (or component within the agency, if the VSIP request is for a single component) minus the eliminated or restructured or redescribed positions (different grade, title, function(s), etc.) In order to effectively show the meaning of this information, it would be useful to display a current organization chart as well.

8. If the agency has requested, or will request, voluntary early retirement authority (VERA), a description of how that authority will be used in conjunction with VSIP.

This discussion should explain the extent to which the agency believes it will reach its voluntary separation goals by combining VERA with VSIP as an enticement for voluntary separation. If the agency believes that VERA, when used with VSIP, may entice certain employees to retire early to receive a VSIP, it should provide that information and explain the anticipated, positive effect that VERA will have on the VSIP acceptance rate.

9. If the agency is offering separation incentives under any other statutory authority, a description of how that authority is being used.

This item is for agencies that may still have a single agency VSIP law. If that is the case, the agency should discuss the number of incentives it plans to offer under each VSIP authority, broken down as described in item two above. If the agency has no single agency VSIP law, it should enter “not applicable.” in response to this item.

Section 5, Offering VSIP to Employees

Introduction This section contains additional guidance on Section 5 of Module 10, Unit A (10-A-5), and the responsibility of the agency to ensure that each separation by retirement or resignation for a Voluntary Separation Incentive Payment is truly a voluntary action.

Contents This section contains the following topics:

Topic	See Paragraph
Computation of VSIP	10-B-5-4
Ensuring that VSIP Separations are Voluntary	10-B-5-7
Selecting Employees for VSIP	10-B-5-8
Sample VSIP Notices	10-B-5-12

Additional Information When appropriate, Restructuring Information Handbook Module 10, Unit B (Guidance) has additional information on material in Unit 10-A.

To find additional information on these key paragraphs in Unit 10-A,	In Unit 10-B see paragraph:
10-A-5-4-(c)	10-B-5-4-(c)
10-A-5-7-(c)	10-B-5-7-(c)
10-A-5-7-(d)	10-B-5-7-(d)
10-A-5-8-(b)	10-B-5-8-(b)
10-A-5-12-(a)-(e)	10-B-5-12-(a)-(e)

A This symbol highlights the references back to Unit 10-A.

① This symbol guides you toward more references on the subject in Module 10 or in other Modules.

Section 5, Offering VSIP to Employees

10-B-5-4

Computation of VSIP

A

[Guidance for subparagraph **10-A-5-4-(c)**.]

- (c) An employee who separates for a VSIP actually receives the net amount after mandatory deductions, not the gross amount of the VSIP.

- **Explanation**-Voluntary Separation Incentive Payments are supplemental wages. For payroll purposes, a VSIP is similar to a cash award or allowance, and is subject to the same procedure for tax withholding purposes.

Most agencies withhold a flat 28% of the VSIP for Federal income tax. For some employees, this rate is higher than the normal withholding rate.

For withholding State income taxes from the VSIP, the agency makes withholdings (as applicable) on a specified rate for supplemental payments, or a standard rate.

If a local income tax applies to the VSIP, the agency also makes withholdings (as applicable) on a specified rate for supplemental payments, or a standard rate.

For an employee who separates for a VSIP from a position covered by the Civil Service Retirement System (CSRS), the agency makes withholdings from the VSIP of 1.45% for Medicare.

For an employee who separates for a VSIP from a position covered by the Federal Employees Retirement System (FERS), the agency makes withholdings from the VSIP of 1.45% for Medicare, and 6.2% (subject to annual tax limitations) for Old Age Survivor Disability Insurance (OASDI).

10-B-5-7

Ensuring that VSIP Separations are Voluntary

The agency is responsible for ensuring that employees are not coerced into retiring or resigning to accept a VSIP. (5 U.S.C.

3523(b)(4))

A

[Guidance for subparagraph **10-A-5-7-(c)**.]

(c) An employee who separates by retirement or resignation for a VSIP, but who subsequently believes that the separation was actually involuntary because of coercion or incorrect information, may appeal the basis for the separation to the Merit Systems Protection Board.

- **Explanation**-The Board applies the same standard of a voluntary action to the separation of an employee by optional retirement, VERA, or resignation. The Board also applies the same standard whether or not the employee separates for a VSIP.

①

Because the same standard applies to both VSIP and VERA separations, Unit **10-C** (“Voluntary Separation Incentive Payment Appeals”) includes references to both VSIP and retirement appeals (including VERA); the same appeals are also cited in **Unit 9-C** (“Voluntary Early Retirement Authority Appeals.”)

An agency’s highest level decisionmakers may minimize or even eliminate any appeals involving VSIP and/or VERA separations by reminding supervisors of their responsibility to maintain an active role in preventing coercion by either supervisors or other employees. The agency’s highest level decisionmakers should also actively work to ensure that any employee who is potentially interested in separation by VSIP and/or VERA has the complete and accurate information to make an informed decision.

For guidance on appeals with VSIP issues, see the following decisions involving separation by retirement or resignation to receive a VSIP:

- (1) **Aldredge v. Tennessee Valley Authority**, 70 M.S.P.R. 141 (1996); The Board granted the appellant's petition for review to determine whether the appellant's retirement was actually involuntary because of misinformation provided by the agency on reemployment options available should the appellant seek a position with a contractor.
- (2) **Cook v. Department of Defense**, 63 M.S.P.R. 270

(1994); In a final decision, the Merit Systems Protection Board found in Cook that an employee has the right to withdraw an irrevocable resignation to accept a buyout unless the agency meets the test set forth in paragraph 5 CFR 715.202(b). Under that regulation, an agency may decline a request to withdraw a resignation before its effective date only when the agency has a valid reason for the denial, and explains that reason to the employee. The regulation provides that a valid reason includes administrative disruption that would result from the employee's withdrawal of the resignation, or the agency's commitment to staff the position with another employee after the first employee resigns.

- (3) **Green v. General Services Administration**, 82 M.S.P.R. 45 (1999), 220 F.3d 1313 (2000, Fed. Cir.); The United States Court of Appeals for the Federal Circuit affirmed a decision by the Merit Systems Protection Board that dismissed the appeals of the two petitioners for lack of jurisdiction.

The petitioners had separated from the agency after accepting a VSIP. Before separation, each petitioner requested the agency to terminate the irrevocable separation agreement each had signed upon accepting the buyout. Each petitioner claimed that the separation agreement was now invalid and not binding because of changed personal circumstances. Each petitioner also claimed that the new circumstances met the agency's policy that buyout separation agreements would be rescinded if an employee "can provide management with proof of an extreme hardship or extraordinary circumstances. . . . Please note that few exceptions will be made."

After reviewing the petitioners' claims in relation to the agency's policy, the Court agreed with the Board's decision that the agency did not abuse its discretion when it denied the two petitioners' requests to withdraw from their separation agreements. The Court stated that the Board's decision is free of legal error and is supported by substantial evidence. The Court then stated: "Because Petitioners' separations were otherwise voluntary, the

Board lacked jurisdiction over their appeals.

- (4) **Gustavson v. Army**, 79 M.S.P.R. 638 (1998); The Board granted the agency's petition for review and remanded the case to determine whether the appellant's retirement was actually an involuntary action.

The agency prepared a specific notice of separation by reduction in force for the appellant. Before the notice was issued, the agency advised the appellant that his position was being abolished and that he would not receive an offer of a different position. The agency provided this information to both the appellant and other employees so that they could consider the agency's offer of a VSIP. Because the appellant then applied for VERA and a VSIP, the agency did not provide him with an actual notice of separation by reduction in force.

The appellant subsequently filed an appeal, claiming that his retirement was actually involuntary. The appellant stated that he based his decision to retire on the basis of the agency's statement that his position would be abolished, and that he subsequently learned that his position was not abolished, but was instead given to another employee.

The Board stated:

"Taking the appellant's allegations as true, his decision to retire was not merely a choice between unpleasant alternatives, but between false alternatives." Given a short two day deadline set by the agency to accept voluntary early retirement and VSIP, ". . . the appellant could not have awaited the purported abolition of his position to make a decision to retire or not to retire under the program." Rather, the appellant was compelled by the deadlines under ". . . which the agency structured the early retirement/VSIP program to make his retirement decision in reliance on representations allegedly made to him by an agency official that his position would definitely be abolished after the early retirement election period had expired. We find that the appellant has made a nonfrivolous allegation that he detrimentally relied on

materially incorrect statements by the agency in making his decision to retire, and that his retirement was therefore involuntary."

The Board then remanded the decision. On remand, the Administrative Judge advised the appellant that to prove his retirement was involuntary, including information that (1) the agency told the appellant that his position would be abolished (which was actually accepted by both parties to the appeal), (2) he based his decision to retire on the agency's statement that his position would be abolished, (3) the agency did not abolish his position, and (4) when the agency informed the appellant that his position would be abolished, the agency at that time actually knew that the appellant's position would not be abolished.

- (5) **Krizman v. Postal Service**, 77 F.3d 434 (1996); The United States Court of Appeals for the Federal Circuit held that the plaintiff's acceptance of VERA in order to receive a VSIP was a voluntary action that was not appealable because the appellant had not been involuntarily demoted by reduction in force.

The plaintiff claimed that he would not have retired had he known that the Postal Service reorganization constituted a reduction in force and thus his retirement was involuntary. The Board dismissed the plaintiff's subsequent appeal, and the Court agreed with the Board's decision. In reaching a decision, the Court also found that because the plaintiff was not reached for release from a reduction in force competitive level, he was not entitled to information concerning his retention rights, and was thus not entitled to notice of any appeal rights.

- (6) **Patrick v. Agriculture**, 72 M.S.P.R. 509 (1996); 173 F.3d 434 (1998, Fed. Cir. Table); In a Table case, the United States Court of Appeals for the Federal Circuit affirmed a decision by the Board finding that the agency did not affirmatively mislead the appellants into retiring under a short VSIP window that was open from April 1 through April 16, 1994.

The Board found that the agency told the truth when it issued a memo to all of its employees announcing the April 1994 VSIP. At that time, the agency had no plans to offer a second VSIP opportunity. The Board then found that the fact the agency later found it necessary to obtain approval for a second VSIP window from November 1 through December 31, 1994, did not make the agency's earlier statements misleading or untruthful at the time the statements were made.

- (7) **Terban v. Energy**, 216 F.3d 1021 (2000, Fed. Cir.); The United States Court of Appeals for the Federal Circuit affirmed a decision of the Merit Systems Protection Board finding that the petitioner's retirement from the agency and receipt of a VSIP was a voluntary action.

The petitioner applied for a VSIP that would be effective on October 3, 1997. After applying for the buyout, the petitioner took a four-month period of approved leave, which included leave granted under the Family and Medical Leave Act of 1993 ("FMLA"). In September of 1997, while still on leave, the petitioner contacted the agency to inquire whether he had the option of withdrawing his retirement application should he wish to do so. The agency informed him that he could withdraw his buyout application any time prior to the effective date of his retirement. However, the petitioner did not withdraw his application and retired from the Agency on October 3, 1997, receiving a VSIP of \$25,000 from the agency.

Nearly eight months after retirement, the petitioner filed an appeal to the Board, alleging that his retirement had been involuntary. The petitioner alleged that the agency had made his working conditions so intolerable, through a pattern of continuing harassment and discrimination, that he had been constructively forced to retire. After considering the record, the Court found that the Board did not err in finding that the petitioner had not established that his retirement was actually involuntary.

- (8) **Torain v. Postal Service**, 83 F.3d 1420 (1996, Fed. Cir.); The United States Court of Appeals for the Federal Circuit

held that the plaintiff's acceptance of a lower-graded craft position in conjunction with a lump sum payment was a voluntary action that was not appealable because the plaintiff had not been involuntarily demoted by reduction in force from his supervisory position.

The court rejected the plaintiff's allegation that the demotion was involuntary, noting that employee-initiated actions are presumed to be voluntary unless the plaintiff presents evidence that the downgrading was an adverse action resulting from circumstances such as duress or misinformation. The Court noted that although the plaintiff was faced with unpleasant alternatives such as relocation or acceptance of a lower-graded position, the actual choice of an alternative is not by itself involuntary unless the plaintiff demonstrates that the agency knew or believed that the threatened action could not be sustained.

A [Guidance for subparagraphs **10-A-5-7-(d)**, and **10-A-5-8-(c)**.]

- (d) An agency may use a canvass letter to determine the workforce's potential interest in VSIP or VERA; for additional guidance, see **Decker v. Health and Human Services**, 40 M.S.P.R. 119 (1989).

- **Explanation**-The Decker decision specifically involves a VERA canvass letter. However, the same principles in the decision also apply to a VSIP canvass letter.

In Decker, the Board stated that "Both the Omnibus Budget Reconciliation Act of 1982 (Pub.L. 97-253 § 308(a)) and OPM guidelines authorize federal agencies considering a RIF to survey employees eligible for retirement as a means of using voluntary retirement to lower employee complements and thereby reduce the number of employees affected by the RIF action."

A VERA canvass letter is a planning tool to assist the agency in maintaining the agency's ability to perform its essential mission(s). A VERA canvass letter is not prima facie evidence that the agency is trying to coerce older workers into voluntary early retirement.

Many agencies use a general memorandum to notify all employees

of the availability of the VERA option. Depending on the size of the workforce, the memorandum may announce that the agency will conduct a group orientation session on VERA.

In place of a general memorandum, some agencies elect to send individual memorandums to employees eligible for early retirement containing similar information.

In either case, the memorandum generally defines the window period, and identifies positions included in the authority (and/or excluded from the authority). Also, the memorandum should provide a contact source in the personnel office where interested employees can obtain additional information and the actual forms needed for retirement. Interested employees can then receive personal counseling and an annuity computation by personnel office staff.

10-B-5-8

Selecting Employees for VSIP

A

[Guidance for subparagraph **10-A-5-8-(b)**.]

(b) The agency may administratively implement a procedure to determine which employees may separate for a VSIP when more employees apply for a VSIP than the agency can offer.

- **Explanation-**A VSIP is not an entitlement for every employee who is potentially eligible for a separation incentive. For situations where the agency may need to limit the number of employees who are approved for Voluntary Separation Incentive Payments, the agency should have an impartial formal procedure to make these decisions.

The agency should have its selection procedures finalized before accepting applications from employees for VSIP separations. An ineffective selection procedure will result in a negative perception of the effectiveness of the agency's VSIP plan regardless of the actual results (e.g., employees started lining up outside the building the night before the agency offered Voluntary Separation Incentive Payments on a first-in, first-out for a VSIP basis).

For consistency, the agency may also decide to use the same procedure to determine which employees will separate under a

Voluntary Early Retirement Authority (VERA) when a VSIP is not offered, but the agency must limit the number of employees who can retire by VERA.

Standard selection procedures include:

- (1) Total creditable Federal civilian service (the 5 U.S.C. 5595(c) severance pay formula that the agency uses to calculate a VSIP does not include uniformed service);
- (2) Total creditable Federal civilian service in the agency or in the organization offering the VSIP; and
- (3) First-in, first-out for a VSIP (this option has been used on a limited basis because of the real potential for a mob situation).

The agency has greater flexibility in implementing a VSIP selection procedure if, as part of its formal policy, the agency uses two different VSIP windows.

- Subparagraph **10-B-4-5-(c)-(3)** provides guidance on planning for VSIP windows.

As covered in the subparagraph, in the first window period the agency may offer potential Voluntary Separation Incentive Payments to employees, receive employee applications for the payments, approve the incentives, and then establish separation dates for the employees actually approved to receive the payments. All of this is done based on the agency's plan.

In the second window period, employees who the agency approved to receive a VSIP would voluntarily separate by retirement or resignation.

10-B-5-12

Sample VSIP Notices

A

[Guidance for paragraph **10-A-5-12.**]

The agency should include its own appropriate information in the five sample VSIP notices in this Module:

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- (a) Sample notice announcing the VSIP plan to agency employees;
 - ① • See subparagraph **10-B-5-12-(a)** for this sample notice.
 - (b) Sample VSIP retirement survey notice;
 - ① • See subparagraph **10-B-5-12-(b)** for this sample notice.
 - (c) Sample VSIP resignation survey notice;
 - ① • See subparagraph **10-B-5-12-(c)** for this sample notice.
 - (d) Sample application to separate by retirement for a VSIP; and
 - ① • See subparagraph **10-B-5-12-(d)** for this sample notice.
 - (e) Sample application to separate by resignation for a VSIP.
 - ① • See subparagraph **10-B-5-12-(e)** for this sample notice.
 - The five sample VSIP notices begin on the next page.
-

Sample Notice Announcing The VSIP Plan To Agency Employees

A [Guidance for subparagraph **10-A-5-12-(a)**.]

[Agency Letterhead]

VSIP Information Memorandum For All Employees

Date:

Subject: **Voluntary Separation Incentive Payments**

This memorandum announces an opportunity for certain employees of [name of agency, or subagency, component, etc.] to apply for Voluntary Separation Incentive Payments.

The Homeland Security Act of 2002 (Public Law 107-296) authorizes most Executive branch agencies undergoing restructuring, including [name of agency], to offer Voluntary Separation Incentive Payments (VSIP) to employees who voluntarily separate by immediate retirement, or resignation. In addition, the U.S. Office of Personnel Management (OPM) has approved a Voluntary Early Retirement Authority (VERA) to help us successfully reach our restructuring goals. Our targeted use of the VSIP and VERA options will assist us in streamlining agency operations, and minimizing or even avoiding involuntary actions such as reduction in force (RIF).

Our VSIP Program-

We will authorize VSIP payments to a maximum of [insert number] eligible employees who voluntarily separate by retirement or resignation from the [name of agency] from [insert beginning and ending dates of agency's window to accept the VSIP.]

If more eligible employees apply for a VSIP on than we have available, we will decide which employees may separate for a VSIP on the following basis: [insert description of the procedure that the agency will use to determine the ranking order it will use to approve employees' VSIP applications to voluntarily retire or resign.]

Eligibility-

You are eligible to receive a VSIP from [name of agency] only if you:

- (1) Occupy a position or occupation that we have not excluded from eligibility for the VSIP (see the attachment for a list of positions that are not covered by our VSIP plan);
- (2) Accept a VSIP offer during the period from [insert beginning and ending dates of agency's window to accept the VSIP]; and
- (3) Voluntarily separate for the VSIP by retirement or resignation during [insert beginning and ending dates of the agency's window to separate for the VSIP].

Statutory Exclusions From VSIP Eligibility-

You are excluded by law from VSIP eligibility if you:

- (1) Are a reemployed annuitant;
- (2) Have a disability on the basis of which you would be eligible for a disability retirement;
- (3) Are serving under an appointment with a time limitation;
- (4) Have not been employed by [name of agency] without a break in service for 3 continuous years;
- (5) Have received a written decision of involuntary separation because of misconduct or unacceptable performance;
- (6) Previously received a VSIP from any Federal agency;
- (7) Received a recruitment or relocation bonus within 24 months of separating to receive a VSIP; or
- (8) Received a retention bonus within 12 months of separating to receive a buyout.

Amount of Payment-

By law, the amount of the VSIP is an amount equal to the lesser of your severance pay entitlement, or \$25,000.

We use the statutory severance pay formula in 5 U.S.C. 5595(c) to calculate the amount of severance pay. However, the law limits the maximum VSIP payment to \$25,000.

Our Human Resources Office (HRO) will provide you with a computation of the amount of your VSIP up to the \$25,000 maximum using the severance pay formula.

Separation Agreement-

If you apply to retire or resign with a VSIP, you must sign an agreement that your decision to separation is entirely voluntary and not coerced.

You must also agree in the signed VSIP separation agreement to repay the [name of agency] the gross amount of the VSIP before you are later reemployed by the Government of the United States under (1) an appointment for compensation, (2) a personal services contract, or (3) other direct contract, within 5 years of the date of your separation for the VSIP.

The VSIP separation agreement serves as a binding commitment for you to voluntarily retire or resign (as applicable) during the VSIP window period. If we do not select you to receive a VSIP under our plan, you are not required to retire or resign under the VSIP separation agreement.

Additional Information on Subsequent Reemployment With the Government of the United States-

As we explained above, if you separate for a VSIP from [name of agency] and accept reemployment with the Government of the United States (including certain contractor work) within 5 years of your separation date, you must repay the entire amount of the VSIP to [name of agency].

The amount of the repayment would be the gross amount of the VSIP (i.e., the total amount we paid you, not just the net amount you actually received) prior to your appointment to a Federal position, or your first day of work under a personal services or other direct contract.

Note that in special situations a hiring agency may request OPM to waive the VSIP repayment requirement before the agency appoints

the former employee to a position. However, no agency has authority to request a waiver of the repayment requirement involving a personal services or other direct contract.

Additional Information and Counseling-

Applying for a VSIP is a completely voluntary option for you. To help you make a decision, we have a special hotline to give you more information. TDD services and sign interpretive services are also available.

Our human resources office (HRO) specialists can provide you with a computation of your potential VSIP payment. If you are eligible for immediate retirement, our HRO specialists can also provide you with an annuity computation, along with information on related benefits options.

You may schedule a by contacting our HRO in Building _____, Room _____, telephone xxx-yyy-zzzz, e-mail _____.

VSIP Application Procedures-

In order to be considered for a VSIP, you must complete an application available from your HRO. If the HRO does not receive your VSIP application by [insert time] on [insert date], [name of agency] will not consider for a VSIP. If you are unable to complete and deliver the VSIP application to HRO, call HRO for alternative instructions [insert telephone number].

[Signed, Agency Head or appropriate agency official]

Attachment To Letter Announcing Incentive Program To [name of agency] Employees

Positions Excluded from VSIP Offers

Because of our pending major reorganization, we will accept VSIP payments for employees in most of our positions (i.e., most occupations, series, and grades). However, because of critical workload needs, we excluded the following positions from eligibility for this VSIP:

[Identify excluded positions by grade, series, location, etc.]

For an alternative, the agency could identify positions covered by the VSIP plan.]

Sample VSIP Survey of Agency Employees Eligible for Immediate Retirement (including VERA)

- A** (b) [Guidance for subparagraph **10-A-5-12-(b)**.]
- ①
- At its option the agency may decide to survey its retirement eligible employees at the same time it announces its VSIP plan in the sample notice found in subparagraph **10-B-5-12-(a)**.
 - The agency may also decide to survey its retirement eligible employees at a later date.

[Agency Letterhead]

Voluntary Separation Incentive Payment Survey of Retirement Eligible Employees

Date:

Subject: **Interest in Agency's VSIP Plan**

On [date] we gave all [name of agency] employees a memorandum announcing our plan to offer [insert number] Voluntary Separation Incentive Payments to employees who voluntarily retire or resign during [insert beginning and ending VSIP separation dates]. The memorandum explains that the voluntary VSIP separations will greatly help us implement our major reorganization while minimizing disruption to our workforce.

Our personnel data file indicates that you are eligible for immediate optional or voluntary early retirement. If you are eligible for immediate retirement under our Voluntary Early Retirement Authority (VERA), you must separate from [name of agency] no later than close of business on [insert date] when our VERA window ends.

To help us implement our reorganization, we are asking all retirement eligible employees who are covered by our VSIP plan to complete the survey below so we can determine employee interest in actually separating for a VSIP. (We are also surveying employees who are not eligible for immediate retirement and who may wish to separate by resignation for a VSIP.) This survey is entirely optional. We will use

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the results of this survey solely to help us plan for continuity of operations during our reorganization.

Name (optional):

Position Title:

Classification Series:

Grade:

Organization:

Location:

If you need additional information on the VSIP, our Human Resources Office (HRO) is ready to assist you. Our [date] VSIP information memorandum includes information on requesting assistance from our HRO. If your copy of the VSIP information memorandum is not available, you should call the HRO at xxx-yyy-zzzz for assistance.

We will also conduct two group briefings for employees potentially interested in separating by retirement for a VSIP. Each briefing lasts one hour. We will hold the first briefing on [date] at [location]. We will hold the second briefing will be held on [date] at [location]. For information on attending one of the briefings, you should reserve a spot by calling the HRO at xxx-yyy-zzzz, or using the sign-up sheet in [room number, location].

Again, completing this form is purely optional and in no way obligates you to retire for a VSIP.

Please check the following choice which applies to you:

_____ If [name of agency] offers a VSIP, I am definitely interested in applying for retirement with a VSIP.

_____ If [name of agency] offers a VSIP, I am possibly interested in applying for retirement with a VSIP.

_____ If [name of agency] offers a VSIP, I am definitely not interested in applying for retirement with a VSIP.

Sample VSIP Survey of Agency Employees Not Eligible for Immediate Retirement

- A** (c) [Guidance for subparagraph **10-A-5-12-(c)**.]
- ①
- At its option the agency may decide to survey employees not eligible for immediate retirement at the same time it announces its VSIP plan in the sample notice found in subparagraph **10-B-5-12-(a)**.
 - The agency may also decide to survey employees not eligible for immediate retirement at a later date.

[Agency Letterhead]

Voluntary Separation Incentive Payment Survey of Employees Not Eligible for Immediate Retirement

Date:

Subject: **Interest in Agency's VSIP Plan**

On [date] we gave all [name of agency] employees a memorandum announcing our plan to offer [insert number] Voluntary Separation Incentive Payments to employees who voluntarily retire or resign during [insert beginning and ending VSIP separation dates]. The memorandum explains that the voluntary VSIP separations will greatly help us implement our major reorganization while minimizing disruption to our workforce.

Our personnel data file indicates that you are not eligible for immediate optional or voluntary early retirement (VERA).

To help us implement our reorganization, we are asking all employees who are not eligible for immediate retirement and who are covered by our VSIP plan to complete the survey below so we can determine employee interest in actually separating for a VSIP. (We are also surveying eligible retirement eligible employees.) This survey is entirely optional. We will use the results of this survey solely to help us plan for continuity of operations during our reorganization.

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Name (optional):

Position Title:

Classification Series:

Grade:

Organization:

Location:

If you need additional information on the VSIP, our Human Resources Office (HRO) is ready to assist you. Our [date] VSIP information memorandum includes information on requesting assistance from our HRO. If your copy of the VSIP information memorandum is not available, you should call the HRO at xxx-yyy-zzzz for assistance.

We will also conduct two group briefings for employees potentially interested in resigning for a VSIP. Each briefing lasts one hour. We will hold the first briefing on [date] at [location]. We will hold the second briefing will be held on [date] at [location]. For information on attending one of the briefings, you should reserve a spot by calling the HRO at xxx-yyy-zzzz, or using the sign-up sheet in [room number, location].

Again, completing this form is purely optional and in no way obligates you to resign for a VSIP.

Please check the following choice which probably applies to you:

_____ If [name of agency] offers a VSIP, I am definitely interested in applying for resignation with a VSIP.

_____ If [name of agency] offers a VSIP, I am possibly interested in applying for resignation with a VSIP.

_____ If [name of agency] offers a VSIP, I am definitely not interested in applying for resignation with a VSIP.

Sample Application to Separate by Retirement for a VSIP

A (d) [Guidance for subparagraph **10-A-5-12-(d)**.]

[Agency Letterhead]

Application to Retire With a VSIP

I meet the age and service requirements for an immediate voluntary retirement. I request to retire from [name of agency] with a Voluntary Separation Incentive Payment (VSIP) effective [date]. My decision to retire is entirely voluntary and is not coerced.

I understand that if I retire from my current position and receive a VSIP, I will be responsible for repaying the gross amount of the VSIP (including any taxes or other withholdings) in full to [name of agency] if within 5 years of the date of my separation I am employed by the Government of the United States under either (1) an appointment to a position, or (2) a personal services contract or other direct contract. Before reemployment, I understand that I must repay the gross amount of the VSIP before my first day of work.

I understand that, if I am selected to receive a VSIP, this statement serves as my agreement to voluntarily retire from [name of agency].

I also understand that if [name of agency] does not select me to voluntarily retire with a VSIP, this application is void and I am not obligated to retire.

Name (printed):

Signature:

Date:

Sample Application to Separate by Resignation for a VSIP

- A** (e) [Guidance for subparagraph **10-A-5-12-(e)**.]

[Agency Letterhead]

Application to Resign With a VSIP

I request to resign from [name of agency] with a Voluntary Separation Incentive Payment (VSIP) effective [date]. My decision to resign is entirely voluntary and is not coerced.

I understand that if I resign from my current position and receive a VSIP, I will be responsible for repaying the gross amount of the VSIP (including any taxes or other withholdings) in full to [name of agency] if within 5 years of the date of my separation I am employed by the Government of the United States under either (1) an appointment to a position, or (2) a personal services contract or other direct contract. Before reemployment, I understand that I must repay the gross amount of the VSIP before my first day of work.

I understand that, if I am selected to receive a VSIP, this statement serves as my agreement to voluntarily resign from [name of agency].

Name (printed):

Signature:

Date:
