Indian Affairs
Office of Human Capital Management

Frequently Asked Questions - Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Pay (VSIP)

December 1, 2013

For more information about VERA/VSIP, please visit our website at
http://www.bia.gov/WhoWeAre/AS-IA/OHCM/veravsip/index.htm

Q. What is VERA?
A. VERA, also referred to as an "**early out,**" is an opportunity to retire in advance of meeting the age and/or service requirement normally needed for retirement. VERA provides an employee an incentive to voluntarily retire or resign when an agency is restructuring as well as when downsizing. By offering these short term opportunities, an agency can make it possible for employees to receive an immediate annuity years before they would otherwise be eligible.

Authority:
- 5 U.S.C. 8336(d)(2) and 5 CFR 831.114 covers statutory VERA provisions for employees covered by the Civil Service Retirement System (CSRS)
- 5 U.S.C. 8414(b)(1)(B) and 5 CFR 842.213 covers statutory VERA provisions for employees covered by the Federal Employees Retirement System (FERS)
- Section 1313(b), Chief Human Capital Officers Act of 2002 (Public Law 107-296, approved November 25, 2002)

Q. What are the basic age and service requirements for early out?
A. To be eligible to retire early under a VERA, an employee must be either age 50 with 20 years of creditable service or have 25 years of creditable service at any age. In addition to the minimum age and service requirements, you must meet all of the following categories:
- Covered by CSRS or FERS;
- Have been on the agency rolls at least 30 days prior to **December 1, 2013**,
- Are not serving under a time-limited appointment;
- Have not received a notice of involuntarily separation for misconduct or unsatisfactory performance; and
- Retirement date must be on or before **February 28, 2014**.

Q. What is VSIP?
A. VSIP, which is commonly referred to as a "**buyout,**" is a payment of up to $25,000 (based on years of service) to encourage eligible employees to separate from service voluntarily to avoid or minimize the need for involuntary separations due to Reduction In Force (RIF). Buyouts are used at management's discretion and are not an employee entitlement.

Authority:

- 5 U.S.C. 3521 and 3525
- 5 CFR 576
- Section 1313(b), Chief Human Capital Officers Act of 2002 (Public Law 107-296, approved November 25, 2002)

Q. Who is eligible to receive a buyout?

A. To be eligible for the VSIP opportunity, you must be currently employed by Indian Affairs (IA) for a continuous period of at least three years as of the date of separation, be serving in a position covered by the VSIP plan, and apply for and receive approval from the Bureau Director. In addition to being eligible, you must not be in any of the following categories:

- Reemployed annuitants;
- Eligible for a disability retirement;
- Serving under an appointment with a time limitation;
- Not been employed by the Federal government for three (3) continuous years;
- In receipt of a decision notice of involuntary separation for misconduct or unacceptable performance;
- Previously received a VSIP from a Federal agency;
- Covered by statutory reemployment rights from another organization;
- Received a recruitment or relocation incentive within the 24-month period preceding separation;
- Received a retention incentive within the 12-month period preceding separation;
- Received a student loan repayment benefit during the 36-month period preceding separation; and
- In a position that is not covered by the VSIP or excluded by the agency's buyout plan.

Q. What is a reemployed annuitant?

A. A reemployed annuitant is a person who is receiving a CSRS or FERS retirement annuity and, at the same time, is earning a paycheck as a Federal employee.

Q. What does an "appointment with a time limitation" mean?

A. An employee on an appointment with a time limit works only until a specified date and then goes off the rolls. IA 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 a buyout payment. Career and career-conditional employees and permanent employees in the excepted service have no limit so they are eligible.

Q. How do I submit my application?

A. Applications should be submitted online using the online application link on the Indian Affairs website at http://www.bia.gov/WhoWeAre/AS-IA/OHCM/veravsip/index.htm.

If you do not have access to the internet, you must contact your Servicing Personnel Office (SPO) immediately for additional information.

AS-IA employees:	(703) 390-6420
BIA employees:	(405) 247-1661
BIE employees:	(505) 563-5304

If you do not submit your application on time, you will not be considered.

Q. When do I have to submit my application?
A. Applications must be received during the specified window time period which can be found on the IA website. The closing date is subject to change depending on the number of applications received and IA meeting targeted position goals. **Employees will be provided an email notice in advance of any changes to the closing period. Changes will also be posted to the IA website at** http://www.bia.gov/WhoWeAre/AS-IA/OHCM/veravsip/index.htm.

Q. What are the selection procedures for applications?
A. Because there are a limited number of employees who will be approved, preference will be given on a first come first serve basis.

Q. Who decides the separation date?
A. The application asks employees to propose a separation date. The separation date ultimately must be mutually agreed to by the Bureau Director and the employee.

Q. When is the earliest I can leave? When is the latest?
A. If you are approved, you must separate between December 1, 2013 – February 28, 2014 . This is the buyout separation window.

Q. Who will be the approving official for my application?
A. The SPO will review your application to ensure eligibility before submitting recommendation packet to the Bureau Director for approval. Bureau Directors reserve the right to approve or deny recommended separation agreements in its discretion, based on judgment concerning whether the proposed separation is in the best interests of the affected unit and its ability to fulfill its missions.

Q. How long before I can expect to hear if my application has been approved?
A. Review and approval will take place after my application is received by the SPO. It is anticipated that the review and approval process may take up to three weeks.

Q. How will I be notified whether my application has been approved or disapproved?
A. You will be notified in writing by email from your SPO as to whether or not your application has been approved. If your application is approved, you will have to sign an agreement with the IA, which states that, in exchange for an incentive payment, you agree to retire no later than the agreed upon separation date. If your application is not approved, you will be given a brief description as to the reason for the denial.

Q. How and when will my supervisor be notified if I apply?
A. The SPO will notify your supervisor to initiate the employee exit clearance procedures.

Q. What happens if I change my mind?
A. Incentives are for voluntary separations, and coercion is prohibited. Once an agreement offer is made from the SPO, the employee has three (3) days to accept or decline. An employee may withdraw an application prior to the agreement offer, but must do so in writing to the SPO.

Q. Can IA delay my separation until after the "separation window" and still give me a buyout payment when I leave?
A. No, to receive an incentive payment, the effective date of your retirement must be during the approved buyout window period.

Q. How much will my buyout incentive be?
A. A buyout payment is computed using the severance pay formula under 5 U.S.C. 5595(c). Severance pay is determined on the basis of an employee's weekly rate of basic pay at the time of separation, years of creditable service, and age if over 40 (5 CFR 550.707). The amount that you actually receive is less than the amount determined using the above computations because of the deduction of taxes, including Federal, state, social security, and Medicare, as appropriate.

The amount of severance pay would be 1 week's basic pay for each of the first years of your civilian service, plus 2 weeks' basic pay for each year over 10 years. An age adjustment allowance of 10% is added for each year you are over the age 40. (No credit is given for military service unless the service interrupted otherwise creditable service and the employee returned to civilian service through the exercise of a legal restoration right.)

Please note that the amount you actually receive will be lower after the appropriate taxes, social security, Medicare, etc. are deducted by the Payroll Operations Division.

If you wish to calculate the "estimated" amount of the buyout, we do have a VSIP Calculator on our website at: http://www.bia.gov/cs/groups/xohcm/documents/text/idc-041198.xls

Please remember that your SPO will determine the actual amount you will be offered.

Q. When will I receive my buyout payment?
A. The amount will be paid in one lump sum payment after the employee's separation action is process by the SPO. Automatic payment normally will occur the following pay period, unless otherwise directed by the agency to resolve any leave errors, salary offsets, and employee debts to the Government, a specific date cannot be guaranteed.

The amount actually received will be a net amount after mandatory withholding deductions, not the gross amount of the VSIP. VSIPs will show on your Leave and Earnings Statement as "Earnings/Other Pay – Separation Incent."

Q. Will my payment be subject to garnishments and/or taxes?
A. Payment 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 tax withholding, applicable State/local taxes, FICA/Medicare).

Q. What happens to my annual leave if I take a buyout?
A. Employees will receive a lump sum payout for any existing unused annual leave. Lump sum leave payments will be automatically generated in the second pay period following the pay period of separation, if the personnel action covering the separation is processed timely. Automatic payment will occur the following pay period when the work schedule changes to intermittent status, unless otherwise directed by the agency to hold the employee's annual leave in abeyance until employee returns to a full-time or part-time position.

Q. What happens to my sick leave if I take a buyout?
A. Unused sick leave will be used in the calculation of an employee's or survivor's annuity based on retirement with an immediate annuity or on a death in service.

- CSRS employees: Credit toward the annuity computation will be based on the full sick leave balance at retirement or death.
- FERS employees: Credit toward the annuity computation will be based upon a percentage of the sick leave balance at retirement or death, depending on the date the entitlement to the annuity began:
    - 50% in the case of an annuity entitlement based on a separation from service from October 28, 2009, through December 31, 2013; and
    - 100% in the case of an annuity entitlement based on a separation from service occurring on or after January 1, 2014.

Q. If I leave with a buyout, am I eligible for unemployment compensation?
A. No, if you have retired or resigned with an incentive payment under this authority, you are not eligible for unemployment compensation. This is a voluntary action on your part. When resigning or retiring with an incentive payment, you will agree that you will not apply for unemployment compensation benefits.

Q. How do I get more information on the effects of early out retirement on annuity?
A. Employees considering an early out retirement must consult with their SPO and follow agency procedures to receive an annuity estimate and obtain advice specific to their personal situation.

The following Retirement Specialists will be able to assist you with questions on retirement, provide retirement estimates and any other benefits questions you may have.

AS-IA employees:	Toni Milmoe	(703) 390-6713	toni.milmoe@bia.gov
BIA employees:	Victoria Chapman	(503) 231-2045	victoria.chapman@bia.gov
BIE employees:	Audrey Duran	(505) 563-5451	audrey.duran@bie.edu

Q. I haven't been enrolled in the Federal Employees Health Benefits Program (FEHB) for a full 5-year period.
A. Employees who retire with buyouts must have been continuously enrolled (or covered as a family member) under any FEHB plan for the last 5 years of their Federal civilian service in order to continue such coverage in retirement, or if less than 5 years, for all service since the employee was eligible for those benefits unless these requirements are waived.
OPM will grant pre-approved waivers to employees who have been:

- Employees who accept a buyout offer and retire with the incentive during the separation window; or
- Employees who accept an early out retirement offer without a buyout and separate during the separation window; and
- Covered under the FEHB Program continuously since August 16, 2011.

If you are interested in receiving more applicable information, please contact your designated Retirement Specialist.

Otherwise you can find out more information on waivers at http://www.opm.gov/healthcare-insurance/healthcare/reference-materials/reference/annuitants-and-compensationers/#Requirements

Q. If I take a buyout, do I lose my health insurance?
A. If you have been enrolled in FEHB for five previous years, your FEHB will continue in retirement. If you have not been enrolled in FEHB and do not have a waiver, then temporary coverage continues for up to 31 days after the enrollment terminates, with conversion privileges. You will also be eligible for temporary continuation of coverage (TCC), which allows you to continue your coverage for up to 18 months. You must pay 102% of the premiums (your share, plus the government's share, plus 2% of the total). Further information is available at http://www.opm.gov/insure/health/tcc/index.asp.

Q. Can I take a buyout and apply for disability retirement later?
A. Employees may file for disability up to one year after separation. However, if an employee received a buyout and was later found to be eligible for disability retirement, the employee is responsible for repaying the entire amount of the buyout to the agency which paid it. This is because the disability retirement is retroactive to the date of separation and the buyout law excludes employees having a disability if the employee is or would be eligible for disability retirement.

Q. What happens to my life insurance if I retire?
A. Federal Employee Group Life Insurance can be continued through the retirement system provided the employee has carried the coverage for at least five years prior to retirement. Value and cost depend on elections made at retirement.

Q. What happens to my Thrift Savings Plan (TSP) if I retire?
A. There are several things employees should consider before withdrawing funds from an TSP account. Employees should be sure to read the following TSP's booklet:

- TSP-70 Request for Full Withdrawal, and
- Tax information: Payments From Your TSP Account.

Things to consider include:

- Employees planning to work after retirement from government can postpone TSP withdrawal. They can also choose to transfer some or all their TSP balance to an individual retirement arrangement, or new employer's 401(k) plan.
- If the employee is younger than 55 when they retire, their TSP withdrawal may be subject to a 10 percent early withdrawal penalty for those payments that you receive prior to age 59½. To avoid this penalty, employees can postpone your withdrawal, or choose to receive monthly payments based on life expectancy or a life annuity.
- If you are 55 or older in the year you retire, you can withdraw TSP funds without incurring the 10 percent penalty. If you transfer your TSP to an IRA, you will incur the penalty on withdrawals until you are 59½.
- The new Roth TSP option has additional limitations on withdrawals: The earnings in Roth's balance become qualified, and are therefore paid tax-free, when five years have passed since Jan. 1 of the calendar year in which the employee made the first Roth contribution and have reached age 59½, or have a permanent disability.