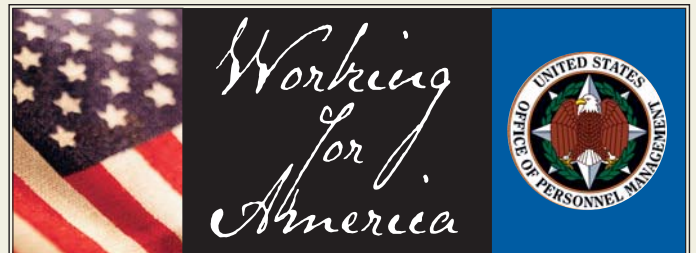




*UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT*

**GUIDE TO
VOLUNTARY EARLY
RETIREMENT REGULATIONS**

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT



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1. The Purpose of VERA

The Voluntary Early Retirement Authority (VERA) provides agencies the option to offer voluntary early retirement when restructuring as well as when downsizing. The voluntary early retirement provisions are the same under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS).

The use of VERA is an option for increasing voluntary attrition in agencies that are undergoing substantial organizational change (e.g., reduction in force, reorganization, reshaping, delayering). Besides providing an incentive for employees to voluntarily retire or resign to avoid potential reduction in force actions, the agency may also offer VERA to employees in safe positions that could then provide placement opportunities for employees occupying surplus positions.

- VERA is not the same as a Voluntary Separation Incentive Payment (VSIP), also called a “buyout.” The Office of Personnel Management’s (OPM) approval of VERA for an agency does not automatically authorize Voluntary Separation Incentive Payments. However, the use of VERA and VSIP together has been shown to significantly increase the acceptance rate for voluntary separations by VERA, optional retirement, or resignation.
- VERA is not the same as Discontinued Service Retirement (DSR). Although the annuity computation formulas and the minimum age and service requirements are the same, DSR is an involuntary action, while VERA is a voluntary action. DSR may not be used in combination with VSIP, which requires a voluntary separation.

2. Statutory Basis for VERA Regulations

Section 1313(b) of the Chief Human Capital Officers Act of 2002 (Public Law 107-296, approved November 25, 2002) authorizes the VERA option under OPM’s regulations, as codified in title 5, United States Code (U.S.C.).

- (1) 5 U.S.C. 8336(d)(2) includes the statutory VERA provisions for employees covered by the Civil Service Retirement System.
- (2) 5 U.S.C. 8414(b)(1)(B) includes the statutory VERA provisions for employees covered by the Federal Employees Retirement System.

3. VERA Regulations

OPM implements the statutory VERA requirements through regulations published in title 5, Code of Federal Regulations (CFR).

- (1) 5 CFR 831.114 covers VERA for employees covered by the Civil Service Retirement System (CSRS).
- (2) 5 CFR 842.213 covers VERA for employees covered by the Federal Employees Retirement System (FERS).
 - On June 15, 2004, OPM published 5 CFR parts 831 and 842 in the Federal Register at 69 FR 33277, which contain the final VERA regulations (effective on the date of publication).
 - The National Archives and Records Administration (NARA) provides a copy of current VERA regulations at <http://www.gpoaccess.gov/ecfr/>.
 - VERA regulations do not apply to the Department of Defense (DoD). Public Law 108-136, approved November 24, 2003, gives DoD permanent agency-specific VERA and VSIP authority.

4. Agency Planning for Submitting a VERA Request to OPM

The agency has the right to request VERA from OPM, and to make other decisions concerning how and when to use an approved VERA. Before requesting VERA from OPM, the agency should consider how VERA would assist the agency in reaching a specific goal. For example, the goal could be direct savings by the voluntary reduction of a specific number of positions. Or, the goal could be a voluntary reduction of employees in positions with obsolete skills and the establishment of new positions with different skills.

These planning goals will also help the agency develop the data needed to submit a formal request for the VERA option. Without clear staffing goals, the agency could find, after offering VERA, that too many employees retired, hindering the agency's abilities to perform its essential missions. This is why an agency should not request VERA as a first option if the agency finds itself facing what could be a temporary situation, such as a short-term reduction in available appropriations.

If the agency receives a VERA authority, the defined goals will assist the agency in monitoring the authority and, if necessary, to adjust the option while it is underway (for example, to close the VERA option after reaching the agency's workforce targets).

The agency should begin planning for VERA as soon as it appears the agency has a need for early retirement. This ensures that the agency has VERA available in time for both the agency and its employees to make the most effective use of the option. At the activity or subagency level, the organization should recognize that some lead time is required to develop the data to support the VERA request, to submit the VERA request to the agency's headquarters, and then for the headquarters to formally request OPM approval of the VERA. At each level the activity may be asked to clarify the VERA request, or develop additional data.

Also, to ensure that there are no agency delays in planning for VERA offers, an agency with bargaining unit employees should review existing labor agreement(s) and consider whether it has any collective bargaining obligations. The agency should follow any applicable procedures contained in the labor agreement. If, however, an agency finds it has bargaining obligations, it should plan for early negotiations.

In addition, to maximize the benefit of VERA, the agency should allot sufficient time for key matters such as developing activity or subagency policy on the coverage and application of the authority, preparing the human resources staff, counseling employees, holding retirement seminars, computing annuities for those considering retirement, etc. VERA often results in an additional major workload for an agency's personnel staff. For example, the agency must inform eligible employees of the VERA opportunity. The agency must also advise interested employees on the amount of their annuity and related items. This process requires additional time and staff when eligible employees are widely dispersed and/or do not have access to a local personnel office.

Once OPM receives an agency's VERA request, OPM promptly reviews the package to verify that the request is consistent with the controlling statutory and regulatory requirements.

While the VERA request is pending approval at higher levels of the agency or at OPM, the agency should continue planning how the agency will use the option. The agency should also monitor whether any of the assumptions that serve as the basis for the VERA request have changed.

5. Competitive Sourcing Situations

An agency that is undergoing a competitive sourcing study and anticipates the need for restructuring or workforce reduction to implement the outcome of the study (e.g., contracting out work or establishing a Most Efficient Organization) may initiate a request for VERA authority before the study is completed. Because of the detailed requirements related to a competitive sourcing study and

the need for strict confidentiality in the process, it is difficult for the agency to forecast either the outcome of the study or the effects of the study on the agency's workforce. As a result, an agency may not be able to furnish the kind of specific data about the positions that may be covered by a VERA. In this situation, the agency should submit a request to OPM projecting possible outcomes, presenting "if-then" scenarios for either (1) retaining the function; or (2) contracting out. OPM may provide the agency with contingent approval for the VERA option (i.e., the agency's need for VERA would be subject to the outcome of the competitive sourcing study).

Before extending VERA offers to employees, the agency must first notify OPM of the outcome of the competitions. If the competitive sourcing decision will result in the agency contracting the function, OPM will authorize immediate use of the VERA. If the competitive sourcing decision is to retain the function in the agency, the agency must provide OPM with updated information to support the VERA.

Contingent approval benefits agencies because it:

- Provides for early review of the agency's VERA request by OPM;
- Enables both the agency and OPM to respond quickly to a decision on the agency's VERA request when the competitive sourcing study is completed;
- Helps the agency retain skilled workers and maintain productivity in a competitive sourcing situation; and
- Allows the agency to demonstrate positive efforts to assist employees who may be negatively affected by the results of the competitive sourcing study.

6. Agency VERA Decisions

An agency may:

- (1) Request VERA from OPM;
- (2) Decide whether to use an approved VERA;
- (3) Decide which employees are covered by VERA;
- (4) Establish the VERA window period; and,
- (5) Determine the number of employees who may retire under the VERA.

7. VERA Request From Agency Headquarters

An agency's request to OPM for VERA must be signed by:

The head of the agency, or a specific designee (i.e., a senior officer or official within an agency who has been specifically designated to sign requests for VERA under a designation from the head of the agency).

The agency should send its VERA request to OPM at:

U.S. Office of Personnel Management
Division for Human Capital Leadership and
Merit System Accountability
Room 7470
1900 E Street, NW.
Washington, DC 20415

To expedite processing of the VERA, the agency may fax its VERA request to the appropriate OPM Human Capital Officer (Fax: 202-606-1798).

For additional guidance on VERA, the agency should contact OPM's Division for Human Capital Leadership and Merit System Accountability (202-606-1575).

For more information, refer to the checklist for VERA requests in Section 25.

8. Information in VERA Request to OPM

The agency's request to OPM for VERA approval must contain the following information:

- (1) Identification of the agency or specified component(s) covered by VERA;
 - The most important item for an agency to consider in maximizing the positive benefits of VERA is the agency's ability to accurately target the positions covered by the option. For example, to minimize the disruption of a reduction in force, the agency could target VERA for positions where (1) the incumbent is a displaced employee, or (2) an employee in a continuing position may retire early, allowing the agency to place an employee who would otherwise be involuntarily separated in the vacant position.

The agency planning for a substantial reduction in force or other restructuring action should not open a VERA window to all eligible employees with the goal of counting the remaining staff after the window closes to see if any critical positions are now vacant. The

25. Checklist for VERA Request

Checklist for VERA Requests

This checklist provides agencies with a framework for submitting requests to OPM for Voluntary Early Retirement Authority (VERA). An agency requesting OPM approval of VERA for its employees should complete each section of this template to ensure that its request is properly submitted. All of the information covered in this VERA template is required by statute or regulation.

Agency: _____

Component(s): _____

Date of Request: _____

- 1.a. ___ Request is signed by the head of the agency or a specific designee with delegated authority.
- 1.b. ___ Request identifies the agency or organizational unit(s) for which a determination is requested.
2. ___ Clearly states reason(s) why the authority is needed:

This should describe the circumstances leading to the request and explain why the agency believes that VERA will be an appropriate strategy for making the required adjustments in the workforce. This must include a detailed summary of the agency's personnel and/or budgetary situation that will result in an excess of personnel because of a substantial delayering, reorganization, reduction in force, transfer of function, or other workforce restructuring or reshaping.

3. ___ Identify the date on which the agency expects to effect the substantial delayering, etc.

The date provided should not be earlier than the ending date provided in number 4 below.

4. ___ Show the time period during which the agency plans to offer VERA.
5. ___ Provide the total number of non-temporary employees in the agency or component of the agency undergoing change.

If you are requesting VERA for only a part of your organization, provide the data for that portion of the organization only. Do not provide the number of permanent employees for the entire organization.

6. _____ Provide the total number of non-temporary employees in the agency who may be involuntarily separated, downgraded, transferred, or reassigned as a result of the agency's situation.

If you are requesting VERA for only a part of your organization, provide the data for that portion of the organization only. Do not provide this number for the entire organization.

7. _____ Provide the total number of employees in the agency/organization who are eligible for early retirement.

If you are requesting VERA for only a part of your organization, provide the data for that portion of the organization only. Do not provide the number for the entire organization. Also, for this purpose, you should exclude all employees who are eligible for optional retirement.

8. _____ Include an estimate of the total number of employees in the agency/organization who are expected to take early retirement. The number is_____.

If you are requesting VERA for only a part of your organization, provide the data for that portion of the organization only. Do not provide the number for the entire organization.)

9. _____ Provide a description of the types of personnel actions anticipated as a result of the agency's need for VERA.

This information need not be comprehensive. It should, however, be detailed enough to show how VERA will assist you in accomplishing your restructuring, reshaping, and/or downsizing plans—and the personnel actions you expect to take in concert with VERA to accomplish your goals.

**REPORT TO OPM
USE OF VOLUNTARY EARLY RETIREMENT AUTHORITY (VERA)**

Department or Agency: _____

OPM Early Retirement Authority Number: _____

Date of Report: _____ QUARTER 1st 2nd 3rd 4th (circle)

VOLUNTARY EARLY RETIREMENTS

QTR TOTAL FY TOTAL

1. Number of eligible employees who received a VERA offer under this authority:

(a) VERA offer with a VSIP	_____	_____
(b) VERA offer without a VSIP	_____	_____

2. Early retirements data:

(a) Retired early with a VSIP	_____	_____
(b) Retired early without a VSIP	_____	_____
(c) Average age	_____	_____
(d) Average grade	_____	_____

3. Was Reduction in Force (RIF) used?

_____ NO (go to #5) _____ YES (complete 4 & 5)

4. Number of employees affected by Reduction in Force (RIF):

(a) Total RIF separations	_____	_____
(b) Total RIF downgrades	_____	_____
(c) Total RIF reassignments	_____	_____

5. Other non-RIF attrition during the VERA window:

(a) Retirements	_____	_____
(b) Resignations	_____	_____
(c) Transfers	_____	_____
(d) Other separations	_____	_____
(e) Total separations in (a)-(d)	_____	_____

6. Additional questions:

(a) How has this VERA impacted the shape of your workforce?
 (b) Did the VERA have the desired results? Why or why not?

Note: All agencies should use this form. This form supersedes previous reporting requirements.



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