

VOLUNTARY EARLY RETIREMENT AUTHORITIES

Through September 30, 1999
Under 5 CFR 831.114 and 842.213

**Agency Guide to Implementing
Early Retirement Programs**

July 1998

**United States
Office of
Personnel
Management**



Employment
Service

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Voluntary Early Retirements

Voluntary Early Retirement Authority Under 5 CFR §§ 831.114 and 842.213 OVERVIEW

OPM will consider requests for voluntary early retirement authority from agencies with severe downsizing or major restructuring plans.

On May 1, 1998, the President enacted Public Law 105-174, the Supplemental Appropriations and Rescissions Act, FY 1998. Section 7001 of that Act allows the application of voluntary early retirements under special provisions through September 30, 1999. These temporary provisions affect agency requests, OPM approval, and agency offers of voluntary early retirement as well as several eligibility requirements for early retirement during a major reorganization, major reduction in force, or major transfer of function. While section 7001, P.L. 105-174 did not amend the voluntary early retirement statutes in 5 USC §§ 8336(d)(2) and 8414(b)(1)(B), it allows OPM and agencies to apply the early retirement program as if the voluntary early retirement laws had been amended. Public Law 105-174 **did not change the basic age and service requirements for voluntary early retirement** or the requirement that agencies must first receive OPM approval before offering early retirements.

The statute also restricts from eligibility employees who have not been on the agency's rolls since at least 31 days before the request was made, employees on time-limited appointment, and employees in receipt of a removal notice for misconduct or performance reasons.

On June 15, 1998, OPM published interim regulations at 5 CFR §§ 831.114 (CSRS) and 842.213 (FERS) (see Federal Register Vol. 63, No. 114) to implement the new law. Currently, these regulations are effective through September 30, 1999.

[Suspension of 5 CFR §§ 831.108 and 842.205: 5 CFR §§ 831.108 and 842.205 are suspended through October 1, 1999, in lieu of the interim regulations at §§ 831.114 and 842.213].

The new regulations allow OPM to approve the use of early retirements in an agency and then permit the agency to determine coverage based on any combination of occupational, organizational, geographic, and other nonpersonal and objective factors. (All but limited organizational coverage, geographic, and time period determinations were lost as a result of the September 12, 1997, decision in Torres v OPM, 124 F.3d 1287.

This guidance assists agencies implementing early retirement programs under the interim regulations. OPM is considering requests under the provisions of 5 CFR §§ 831.114 and 842.213 to cover the entire period of the agency's major reduction in force, major reorganization, or major transfer of function, or through September 30, 1999, whichever period is shorter. An agency should use early retirements only to the extent necessary to achieve reductions in the workforce that result from factors such as lack of funds, shortage of work, reorganizations, skills imbalances, or closures and to minimize the number of employees reached for involuntary separation or demotion because of organizational changes such as reorganizations, budget reductions, reductions in force, and shifts in staffing needs.

Highlights in this Guidance

- **REQUESTING AUTHORITY:** Agency headquarters may request voluntary early retirement authority for the entire period of the major reduction in force, major reorganization, or major transfer of function; or through September 30, 1999, whichever period is shorter.
- **COVERAGE OF NEW AUTHORITIES:** Early retirements may be requested by the agency and approved by OPM on as broad or narrow a basis as is necessary. After approval, early retirement offers may be made on an agencywide basis or, at the discretion of the agency, may be based on one or more organizational units, locations, or occupational series and grades, during the duration of the OPM approved authority or during specific window period(s) as set by the agency within the OPM approved authority.
- **OBTAINING NEW FLEXIBILITIES:** To use these additional flexibilities, agencies must first request new early retirement authority from OPM. Agencies with existing OPM early retirement authority may opt to continue using that authority. However, the flexibilities provided under P.L. 105-174 and OPM's interim regulations do not extend to authorities approved prior to May 1, 1998.
- **NEW RESTRICTIONS ON ELIGIBILITY:** As of May 1, 1998, any employees who were not on the agency's rolls at least 31 days before the agency requested early retirement, employees on time-limited appointments, and employees in receipt of a removal notice for misconduct or performance reasons are not eligible for early retirement. These restrictions are applicable regardless of when the agency's early retirement authority was approved.
- **FORWARDING REQUESTS:** Agencies can forward a request for a new early retirement authority to OPM. All requests must include any outstanding reports on any previously approved early retirement authorities. Fax requests to **202-606-2602**.
- **INQUIRIES:** Inquiries regarding early retirement should be directed to the Workforce Restructuring Office on **202-606-0960**.
- **FURTHER INFORMATION AND COPIES OF THIS GUIDANCE:** This package is available for viewing or downloading on several internet web sites including OPM's website at **www.opm.gov**. Information and other web site addresses are included in this package.

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FOR MORE INFORMATION:

Additional copies of this guidance are available on **OPM's Web Site:**

<http://www.opm.gov>

For additional information regarding buyouts, early retirement, career transition, RIF, and Federal retirement benefits:

"Planning Your Future --A Federal Employee's Survival Guide,"

<http://safetynet.doleta.gov>

For copies of OPM publications: "*The Employee's Guide To Career Transition*," "*The Employee's Guide To RIF*," "*The Employee's Guide To RIF-Separation Benefits*," or the "*Employee's Guide To Buyouts*," call:

OPM's Restructuring Hotline

(202) 606-2425

For information on all aspects of downsizing, contact

OPM's Workforce Restructuring Office

voice (202) 606-0960

fax (202) 606-2329

A. WHAT IS VOLUNTARY EARLY RETIREMENT AUTHORITY?

1. The voluntary early retirement program resulted from passage of Public Law 93-39 in 1973 and is codified in 5 U.S.C. 8336(d)(2) and 8414(b)(1)(B). The purpose of the program is to provide agencies a tool to help minimize the separation of employees in periods of major downsizing by allowing more employees to qualify for early retirement.
2. Normally, an employee is eligible to retire from Federal service when the employee has at least 30 years of Federal service and is at least age 55, has at least 20 years of Federal service and is at least age 60, or has at least 5 years of Federal service and is at least age 62. During periods of major downsizing or restructuring, the Office of Personnel Management (OPM) may allow agencies to temporarily lower the age and service requirements in order to increase the number of employees who are eligible for retirement, thus encouraging more voluntary separations. Under an early retirement authority, the basic age and service requirements are reduced to 20 years of Federal service at age 50 or 25 years of Federal service, regardless of age. By offering these short term opportunities, employees can receive an immediate annuity years before they would otherwise be eligible.
3. Before offering early retirements, an agency must request and receive authority from OPM. If the authority is approved, the agency offering early retirements may determine which components, occupations, grades, series or positions will be excluded from or included in early retirement offers. Agencies are urged to use early retirements judiciously based on the agency's need to downsize and should limit approvals based on the agency's need to continue performing its mission. Broad, uncontrolled offers can, in some cases, inhibit an agency's ability to carry out ongoing work functions or mission requirements.
4. In general, agencies are not required to provide and employees are not entitled to receive an offer of voluntary early retirement. Early retirements are a management tool that, in some instances, may reduce the number of involuntary separations or downgradings in an agency.

B. BASIS FOR APPROVAL OF VOLUNTARY EARLY RETIREMENT AUTHORITY

1. The authority for OPM to approve early retirement authorities is found in 5 U.S.C. §§ 8336(d)(2) (for CSRS employees) and 8414(b)(1)(B) (for FERS employees).
2. Section 7001 of Public Law 105-174, (the Supplemental Appropriations and Rescissions Act, FY 1998, May 1, 1998) allows the application of voluntary early retirements under special provisions through September 30, 1999.
3. OPM issued interim regulations on June 15, 1998, (see Federal Register Vol. 63, No. 114) to implement the new flexibilities provided under Public Law 105-174. The interim early retirement regulations are found at 5 CFR §§ 831.114 (for CSRS employees) and 842.213 (for FERS employees).

NOTE: Suspension of Previously Published Regulations. These interim regulations temporarily supersede early retirement regulations found at 5 CFR §§ 831.108 and 842.205 until October 1, 1999. 5 CFR §§ 831.108 and 842.205 are suspended until that time or until intervening legislation allows for permanent changes in the early retirement program.

4. In order to use voluntary early retirements, agencies must first obtain approval from the Office of Personnel Management (OPM). Approval is based on an OPM determination that the agency is undergoing a major reorganization, major reduction in force, or major transfer of function in which a significant percent of the agency's workforce will be subject to separation or downgrading.

5. An agency should use early retirements only to the extent necessary to achieve reductions in the workforce that result from factors such as lack of funds, shortage of work, reorganizations, or closures.

C. WHEN SHOULD AN AGENCY SUBMIT A REQUEST FOR EARLY RETIREMENT AUTHORITY TO OPM?

1. If an agency (or portion(s) of the agency) is undergoing a major reorganization, major reduction in force, or major transfer of function in which a significant percent of the agency's workforce will be subject to separation or downgrading, the agency may wish to request approval to use voluntary early retirements to avoid or minimize involuntary separations.

2. Agencies wishing to use early retirement may request authority to cover all or any portion of the entire period of the major reduction in force, major reorganization, or major transfer of function; or through September 30, 1999, whichever period is shorter.

3. Currently, the voluntary early retirement laws do not permit the use of early retirements for purposes such as workforce shaping, lowering payroll costs, or refreshing the workforce with different skills (in cases where involuntary separations would not otherwise result).

4. Agencies with early retirement authority approved prior to May 1, 1998, may wish to request a new authority in order to permit the agency to use the new flexibilities provided by the new law and interim regulations. In these cases, the agency should also request a termination of its current authority. Unless an agency with an authority approved by OPM prior to May 1, 1998, seeks a new authority, these flexibilities are not available under the terms of the agency's existing authority.

D. CONTENTS OF REQUEST FOR EARLY RETIREMENT AUTHORITY

1. Each request for authority must contain certain information.

a. **Reasons why the voluntary early retirement authority is needed.** Agencies must include a detailed overview of the agency's personnel and budgetary situation that has resulted in an excess of personnel. Agencies requesting agencywide authority based on an agencywide reorganization should also include a copy of the agency's reorganization plan to document the problem.

The agency must be undergoing a major reorganization, major reduction in force, or major transfer of function in which a significant percent of the agency's employees will be separated or downgraded. The request must include the effective date of the reorganization, reduction in force, or transfer of function.

b. **Identification of the department or agency and coverage of the authority.** Voluntary early retirement authority will be provided on an agencywide basis or for specific organizational unit(s). Agencies must explain in their request whether the agency is seeking voluntary early retirement authority on an agencywide basis, or only for a specific organizational unit(s).

NOTE: If the agency is requesting an agencywide early retirement authority, the agency does not need to specify in which organizational unit(s), occupational series and levels, or geographic areas the authority will be offered. The agency need only explain why the authority is necessary to cover the population requested so that OPM can determine whether such coverage is appropriate. The agency may determine the specific coverage of the authority after approval from OPM.

The coverage of the requested early retirement authority should be proportional to the scope of the reorganization.

EXAMPLES

Agencywide Authorities: In order to receive an agencywide authority, the agency must demonstrate that the reorganization, reduction in force, or transfer of function will affect employees throughout the agency. If OPM approves an agency request to offer voluntary early retirements agencywide, the agency may offer voluntary early retirements to employees in all agency organizational units or may make offers based on specific organizational unit(s), geographic area(s), occupational series or level(s), or any similar nonpersonal and objective factors during a single window period or in multiple windows based on any combination of factors listed above. The agency may decide the coverage of the authority provided it does not exceed the authority approved by OPM.

If an agency with an agencywide authority wishes to limit early retirement offers to specific organizational units, it may do so after OPM approves the authority. The agency does not have to obtain any additional authority to manage the authority on that basis. Such authority will be conveyed in the approval letter from OPM to the agency.

Individual Activities and Installations: An agency may also request a voluntary early retirement authority in which a particular organizational unit(s), geographic area(s), occupational series and level(s), grade(s), time period(s), or any combination of those factors are specified in the request. If OPM grants such authority, the agency cannot expand the authority beyond the approved coverage without additional approval from OPM.

- c. **The window period for voluntary early retirements.** The agency may request voluntary early retirement authority covering any period through September 30, 1999 including the entire period of the major reduction in force, major reorganization, or major transfer of function; or through September 30, 1999, whichever is less. The window period may not be approved to extend beyond the effective date of the major reorganization, major reduction in force, or major transfer of function that formed the basis for requesting the authority.
- d. **The number of employees in the agency, temporary, non-temporary, and total.**
- e. **The total number of non-temporary employees in the agency who are, or will be, separated, surplus, or excess** during the period of the major reorganization, reduction in force, or transfer of function on which the request is based.
- f. **The total number of employees in the agency who are eligible for voluntary early retirement.** This total should include only those employees who meet the basic age and service requirements for early retirement and who are not otherwise excluded from eligibility. Do not include employees who are already eligible for regular optional retirement.
- g. **The total number of employees in the agency who are expected to retire early during the period covered by the request.** Agencies must provide a numeric estimate of expected retirements. Do not include a percentage estimate only.

NOTE: The term "agency" used in paragraphs d through g refers to the agency or portion(s) of the agency population covered by the request. For example, an agencywide request should include agencywide data. A request for an authority covering individual activities or installation(s) should include data relative to those areas. Do not include data relative to portions of the agency or department which will not be covered by the authority.

- h. **The name, title, telephone number, and fax number of an agency contact person for the authority.** This information is critical to ensure prompt response or follow-up

from OPM (see Page 10).

E. WHERE TO SUBMIT REQUESTS FOR AUTHORITY

1. Requests for voluntary early retirement authority should be addressed to Mary Lou Lindholm, Associate Director for Employment at:

Employment Service
U.S. Office of Personnel Management
Room 6500
1900 E Street, NW
Washington, DC 20415-9000

2. To expedite processing, agencies may wish to fax signed requests to OPM's Workforce Restructuring Office to allow preliminary work to begin.

Fax to: 202-606-2602.

3. Inquiries regarding early retirements should be directed to the Workforce Restructuring Office on 202-606-0960. E-mail questions may be sent to gpkeller@opm.gov.

4. An agency's request for voluntary early retirement must be signed by the head of the agency or a specific designee.

F. USE OF VOLUNTARY EARLY RETIREMENT AUTHORITY

1. An agency should use early retirements only to the extent necessary to achieve reductions in the workforce that result from factors such as lack of funds, shortage of work, reorganizations, or closures.

2. Otherwise eligible employees who have reached the age and service required for early retirement and are covered by an early retirement offer made by an agency are generally entitled to an annuity (see Page 8). Therefore, agencies must make judicious use of early retirements to ensure that early retirement offers will impact only the positions and organizations that must be reduced. By failing to carefully manage offers, an agency could create unnecessary disruptions in its workforce. It is imperative that agencies use early retirements prudently.

3. Should the agency find that the basis under which it requested and received voluntary early retirement authority from OPM no longer exists, the agency must suspend its use of early retirement authority and immediately notify OPM (see Page 5 for information on contacting OPM).

4. OPM may terminate an agency's authority if OPM determines that the agency is no longer undergoing the major reorganization, major reduction in force, or major transfer of function that formed the basis for OPM's approval of the authority. OPM may also take steps to amend, limit, or terminate an authority in order to ensure that early retirement programs are operated in a manner consistent with applicable laws, regulations or program policies.

5. After the agency has received approval from OPM to offer voluntary early retirements (whether throughout the entire agency or for specific organizational unit(s)), the agency may further limit the availability of the authority based on:

Organizational unit(s);

Occupational series or level(s);

Geographic area(s);

Any nonpersonal and objective factors; or

Any combination of the factors listed above.

Additionally, the agency may limit the time periods during which early retirements are available to employees by establishing window periods during which employees may retire.

6. Early retirement offers cannot be expanded by the agency beyond the scope of the authority approved by OPM.

7. Agencies can limit early retirement window periods by an established closing date or by receipt of a specified number of applications for retirement. Information regarding an agency's authority to limit early retirement window periods begins on Page 6. Generally, the agency must notify employees at any time the parameters of the early retirement offer are changed.

G. LENGTH OF EARLY RETIREMENT AUTHORITIES

1. Agencies may establish specific window period(s) within the OPM approved authority period in which voluntary early retirements are available to employees without delegated authority from OPM. The authority to limit the availability during specific time periods will be included in the approval letter to the agency.

2. Window periods established by the agency may be applicable to the entire authority, or only to employees in specific organizational unit(s), occupational series or level(s), or geographic area(s).

3. The agency may limit voluntary early retirement offers during window periods within the OPM approved time period by:

An established opening and closing date which is announced to employees at the time of the initial offer; or

Receipt of a specified number of applications for retirement, provided that, at the time of the initial offer, the agency notified employees that the agency retained the right to limit voluntary early retirements on that basis.

4. The agency may subsequently establish a revised closing date, or a revised number of applications, only when changes in the conditions that served as the basis for the approval of the voluntary early retirement authority have occurred. The revised closing date, or number of applications, may be applicable to the entire authority, or only to employees in specific organizational unit(s), occupational series or level(s), or geographic area(s). In such cases, the agency must notify the employees that the conditions of the early retirement offer have changed.

5. As noted on Page 7, after announcing a time period during which employees may retire early, the agency can terminate the offer before the closing date of the announced time period upon receipt of a specified number of applications for early retirement. In order to terminate the offer early, the agency must notify employees at the time of offer that the agency retains the right to limit early retirement window periods by an established closing date or by receipt of a specified number of applications for retirement. The agency should also advise employees that, subject to changes in the staffing or budgeting situation on which the authority was based, the agency may need to further limit offers after offers are announced.

6. Agencies are urged to consider the impact of the length, timing, and availability of early retirement offers on employee decisions to separate. For example, long-term availability or repeated offers can create an atmosphere in which employees choose not to retire because they assume that another opportunity will be available should they decide to wait until later. Brief offers which do not afford employees the opportunity to consider the impact of this major career decision can also minimize effectiveness. Early retirement programs are most effective when offers are definitive, brief (but of sufficient duration to allow employees to choose), and not likely to be repeated.

H. CHANGES IN CERTAIN ELIGIBILITY PROVISIONS FOR EARLY RETIREMENT

1. Public Law 105-174 included several restrictions on eligibility for voluntary early retirement. Effective on or after May 1, 1998, and through September 30, 1999, the following categories of employees are not eligible for voluntary early retirement:

Employees:

who were not employed in the requesting agency at least 31 days prior to the date the agency requested an OPM determination of a major reorganization, major reduction in force, or major transfer of function; or

serving under time-limited appointments; or

in receipt of a decision of involuntary separation for misconduct or unacceptable performance.

These changes affect all employees seeking early retirements on or after May 1, 1998, regardless of when the voluntary early retirement authority was approved by OPM.

I. ELIGIBILITY OF EMPLOYEES TO RETIRE EARLY

1. In order to be eligible to retire under a voluntary early retirement authority, by the date of separation, an employee must:

- a. complete at least 20 years of creditable service and be at least age 50; or complete at least 25 years of creditable service, regardless of age;
- b. serve in a position covered by an offer by the agency as described on Page 6;
- c. serve during a time period designated by the agency (under an OPM approved authority) in which voluntary early retirements are offered;
- d. apply and receive approval from the agency making the offer of early retirement; and
- e. not meet any of the eligibility restrictions listed beginning on Page 8.

J. USE OF ANNUAL LEAVE TO QUALIFY FOR VOLUNTARY EARLY RETIREMENT:

1. Section 634 of Public Law 104-208 (the Fiscal Year 1997 Omnibus Appropriation Bill approved September 30, 1996) provides that an employee who is being involuntarily separated from an agency due to reduction in force or transfer of function may elect to use annual leave and remain on the agency's rolls after the effective date the employee would otherwise have been separated in order to establish initial eligibility for immediate retirement, including discontinued service or voluntary early retirement. The same option is also available to acquire eligibility to continue health benefits into retirement.

2. On May 13, 1998, OPM published final regulations (effective June 12, 1998) at 63 FR 26421 that expand the availability of annual leave to establish initial retirement eligibility for employees in reduction in force and relocation situations. These regulations also make related changes concerning the availability of annual leave to qualify for continuance of health benefits in the same situation.

3. OPM's regulatory provisions have been changed in accordance with section 634 of P.L. 104-208:

(a) an employee who is being involuntarily separated now has a right to be retained on available annual leave to achieve initial eligibility for retirement and/or continued health benefits coverage; and

(b) this right extends to transfer of function relocation situations.

4. An employee who is being involuntarily separated from an agency because of reduction in force may use annual leave past the date that the employee would otherwise have been separated for the purpose of establishing initial eligibility for immediate retirement, including discontinued service or voluntary early retirement. An employee who is being involuntarily separated from an agency because of reduction in force may use annual leave for the purpose of acquiring initial eligibility under 5 U.S.C. 8905 to continue health benefits into retirement.

5. An employee who is being involuntarily separated as an adverse action because of the employee's decision to decline relocation (including transfer of function) may use annual leave to remain on the agency's rolls after the effective date of the relocation to establish initial eligibility for immediate retirement (including discontinued service or voluntary early retirement), or to establish initial eligibility under 5 U.S.C. 8905 to continue health benefits coverage into retirement.

6. The agency may not retain an employee past the date that the employee first becomes eligible for immediate retirement or for continuation of health benefits into retirement.

7. All accumulated and accrued annual leave may be credited to help the employee reach eligibility.

K. VOLUNTARY BASIS OF EARLY RETIREMENTS

An employee's decision to separate under an early retirement offer is entirely voluntary. Each agency with an approved voluntary early retirement authority must ensure that employees are not coerced into retiring early. The agency should issue a statement to each employee affirming that early retirement is, in fact, voluntary. Also, if agency management becomes aware that any employee is coerced into early retirement, the agency must take appropriate corrective action.

L. PROCESSING AND APPROVAL OF REQUESTS

1. OPM is committed to providing prompt and expeditious responses to requests for early retirement.
2. As processing continues, OPM will, as needed, follow up with the agency for any required additional data, information, clarification, or other materials.
3. Before OPM will approve a new authority for an agency, the agency must forward any outstanding reports (generally, a copy of the most recent quarterly report) on the use of any previously approved early retirement authorities, as required under the original authority. OPM may also suspend or terminate an authority if the agency fails to comply with the reporting requirements included in the authority (the reporting requirements are detailed beginning on Page 10 of this guidance).
4. OPM will fax a signed copy of the response to the contact person listed on the request immediately upon an approval of a response. As noted above, it is critical to include **"(t)he name, title, telephone number, and fax number of an agency contact person for the authority"** to ensure prompt response or follow-up from OPM.
5. The signed original response will be mailed to the agency.

M. REPORTS TO OPM ON USE OF EACH AUTHORITY

1. Agencies using early retirements are required to submit data to OPM regarding early retirement activity. A sample of this report is included beginning on Page 13.
2. Agencies are required to provide periodic and final reports to OPM on the use of voluntary early retirement authorization and buyouts. In order to track and evaluate trends, help anticipate staffing needs in OPM's Retirement and Insurance Service (to allow prompt processing of retirement applications), and to meet other reporting requirements, agencies must provide activity summaries, quarterly interim reports, and final reports on a timely basis.

3. Types of Reports

- a) Quarterly Interim Reports: An interim report is due 30 days after the end of each quarter following approval of the authority. The quarterly interim report should include data specific to the quarter which just closed as well as cumulative fiscal year data (as of the end of the fiscal quarter that the report covers).
- b) Final Reports: A final report is due 60 days following the closing date of the authority.
- c) Activity Summaries: Agencies are urged to forward quarterly summaries to OPM which highlight where voluntary early retirements will be offered.

N. CONTENT OF REPORTS

1. Each report to OPM on the use of a voluntary early retirement authority must contain the information in the attached sample (see Page 13).
2. Agencies **MUST** use the reporting format included with the authority. **DO NOT USE ANY OLD REPORTING FORMAT WITH NEW AUTHORITY REPORTS.**
3. Although this report is essentially identical to the reporting format used for the last year, agencies are advised to carefully review this reporting format before offering early retirements in order to anticipate and track the data required in this report.
4. Agencies should submit a completed report to OPM even if there has been no early retirement activity in the agency. Otherwise, OPM cannot determine whether the agency had no activity, failed to report, or that the report was not complete when it reached OPM. Reports should cover activity occurring only during the period of the authority.
5. OPM may suspend or terminate an authority if the agency fails to comply with the reporting requirements included in the authority.

O. WHERE AND WHEN AGENCIES SHOULD REPORT

1. Where to Send Reports: Please complete the report and send it to:

Workforce Restructuring Office
U.S. Office of Personnel Management
Room 6500
1900 E Street, NW
Washington, DC 20415-9700

2. You may fax a copy of the report to (202) 606-2602.

3. Reporting Schedule

QUARTER	QUARTER ENDING DATE	REPORT DUE BY
First	December 31	January 30
Second	March 31	April 30
Third	June 30	July 30
Fourth (FINAL for FY)	September 30	November 30

(Note that final FY report is due 60 days after end of FY)

4. Failure to Report: OPM may suspend or terminate the voluntary early retirement authority in cases in which agencies fail to meet reporting deadlines or requirements.

P. REPORT TO OPM ON USE OF VOLUNTARY SEPARATION INCENTIVES AND VOLUNTARY EARLY RETIREMENT AUTHORITY

*ALL AGENCIES SHOULD USE THIS FORM.
THIS FORMAT SUPERSEDES PREVIOUS REPORTING REQUIREMENTS*

Department or Agency: _____

DATE OF REPORT: _____

OPM EARLY RETIREMENT AUTHORITY NUMBER: _____

QUARTER	FISCAL
1st 2nd 3rd 4th	YEAR
<i>(circle quarter)</i>	TOTAL

VOLUNTARY EARLY RETIREMENTS

(1) Number of voluntary early retirements:

- | | | |
|---|-------|-------|
| (a) Number of employees receiving an offer:
<small>(provide the number of employees eligible for early retirement who were offered an opportunity to retire under this authority).</small> | _____ | _____ |
| (b) Total early retirements: | _____ | _____ |
| (c) Average age of early retirees: | _____ | _____ |
| (d) Average grade of early retirees: | _____ | _____ |

(2) Was reduction in force (RIF) used?

_____ NO (go to #4) _____ YES (complete 3 & 4)

(3) Number of employees affected by reduction in force (RIF):

- | | | |
|------------------------------|-------|-------|
| (a) Total RIF separations: | _____ | _____ |
| (b) Total RIF downgrades: | _____ | _____ |
| (c) Total RIF reassignments: | _____ | _____ |

(4) Other attrition that occurred:

- | | | |
|-------------------------------|-------|-------|
| (a) Other retirements: | _____ | _____ |
| (b) Other resignations: | _____ | _____ |
| (c) Other transfers: | _____ | _____ |
| (d) Other: | _____ | _____ |
| (e) Total separations in a-d: | _____ | _____ |

Q. WAIVERS OF 5-YEAR FEHB PARTICIPATION REQUIREMENT

1. In April 1994, OPM created an automatic procedure which enables employees retiring with buyouts to obtain waivers of the 5-year participation requirement for continuing their coverage under the Federal Employees Health Benefits Program as retirees.

2. OPM's Retirement and Insurance Service issued Benefits Administration Letter 96-208 on December 4, 1996, to update the procedures for automatic waivers. The Benefits Administration Letter is available on **OPM's Web Site**:

<http://www.opm.gov>

3. Who is covered by the automatic waiver?

a) Employees who accept a buyout offer and retire with the incentive on or before the expiration date of statutory buyout authority.

b) Employees in agencies with statutory buyout authority who accept an early retirement offer *without* a buyout and separate on or before the expiration date of statutory buyout authority.

4. Who is not covered by the automatic waiver?

a) Employees who are not covered by FEHB on October 1, 1996, and continuously thereafter.

b) Employees who separate for voluntary early retirement in agencies which do not have statutory buyout authority.

R. PAYMENTS TO THE RETIREMENT FUND

1. All Executive Agencies [\$80 Contribution]: For fiscal years 1995 through 1998, all Executive agencies (as defined in the note below), are required to remit to OPM for deposit into the Civil Service Retirement and Disability Fund (CSRDF) an amount equal to the product of the number of employees in the agency who, as of March 31st of each fiscal year (1995 through 1998), are covered by CSRS and FERS, multiplied by \$80.

As of March 31st of each fiscal year through 1998, Executive agencies (other than the General Accounting Office) must determine the number of employees covered by FERS or CSRS (in a pay or non-pay status), and multiply that by \$80. So that these amounts can be reconciled, the remittances are due to OPM no later than September 1st.

EXAMPLE: As of March 31, 1997, the agency had 1,500 employees who were enrolled in either CSRS and FERS. By September 1, 1997, that agency must remit a payment equal to \$120,000 to OPM. ($\$80 \times 1,500 \text{ employees} = \$120,000$)

NOTE: Definition of "Executive Agency": Section 4(b) of Public Law 103-226, The Federal Workforce Restructuring Act of 1994, defines "Executive Agency" for purposes of these payments as follows:

"an Executive agency (as defined by section 105 of title 5, United States Code), but does not include the General Accounting Office)."

Thus, payments are required for all Executive Departments (e.g., Defense, State, Justice, etc.); Government owned or controlled corporations; and independent establishments (such as OPM) in the Executive branch. Executive agencies **DO NOT** include: any agencies in the Legislative or Judicial branches, the U.S. Postal Service, the Postal Rate Commission, or the District of Columbia Government.

2. Agencies Using Voluntary Separation Incentive Payments [15 Percent Contribution]: Generally, most Federal agencies (including the Department of Defense and the Central Intelligence Agency) are required to make additional payments to the Civil Service Retirement and Disability Fund in cases where the agency is offering voluntary separation incentive payments. The requirement is designed to offset additional costs to the retirement fund generated by the large number of Federal employees taking early retirement.

Currently, virtually all agencies with buyout authority are subject to a 15 percent contribution for every voluntary separation (retirement, early retirement, and resignation) of an employee covered by CSRS or FERS who accepts a voluntary separation incentive payment.

NOTE: Currently, the 15 percent payment does not apply to any early retirements without a voluntary separation incentive payment.

3. Department of Defense: Under Public Law 103-226, for buyout separations between March 30, 1994, and September 30, 1997, Defense must pay the Civil Service Retirement and Disability Fund an amount equal to 9 percent of the final basic pay of any CSRS employee who receives an incentive and takes a voluntary early retirement.

Under Public Law 105-85, November 18, 1997, the Department of Defense must pay a 15 percent contribution to the Civil Service Retirement and Disability Fund for each incentive paid on or after October 1, 1997, to an employee covered by CSRS or FERS, regardless of the type of buyout separation. For buyout separations on or after October 1, 1997, the 9 percent contribution is not applicable.

4. The 9 Percent Contribution: The 9 percent contribution required under the Federal Workforce Restructuring Act of 1994 does not apply to any buyouts or early retirements currently in use.

5. "Final basic pay" means the total amount of basic pay that would be payable to an employee for a year of service, computed using an employee's final rate of basic pay, with adjustments for less than a full-time work schedule.

6. Discontinued service retirements and separations or retirements without incentives, for example, are not subject to the additional payment requirement.

7. Inquiries: Each agency is required to designate a Retirement Counselor who functions as OPM's point of contact with the agency. Discuss any problem with your appropriate agency's representative before approaching us so that he or she is aware of the problem and its implications. If, after your discussion, you still have a question or problem, please contact us. For further information on reimbursements to the retirement fund, contact OPM's Retirement and Insurance Service on (202) 606-0666. Also, OPM issued detailed instructions to agencies on how to make these payments. The instructions are contained in Payroll Office Letter 94-3, issued by OPM's Retirement and Insurance Service on April 29, 1994. Agencies should also refer to Payroll Office Letter P-96-08, October 24, 1996.