



Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP)

1. What are Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP)?

VERA and VSIP are management tools that can be used alone or together to incentivize employees to voluntarily leave, in order to avoid or lessen the impact of involuntary reductions that are necessary due to known budgetary shortfalls and/or to address positions that are no longer needed due to mission changes or different skills requirements.

Voluntary Early Retirement Authority (VERA) – also referred to as “early out” retirement, VERA temporarily lowers the age and service requirements in order to increase the number of employees who are eligible for retirement during periods of substantial restructuring, reshaping, downsizing, or reorganization.

Voluntary Separation Incentive Payment (VSIP) - also known as a “buyout”, VSIP allows agencies that are downsizing or restructuring to offer employees lump-sum payments up to \$25,000 (or the employee’s severance pay amount, whichever is less) as an incentive to voluntarily retire or resign.

2. Who authorizes VERA and VSIP? Can it be delegated to my agency?

The law only authorizes OPM to grant VERA and VSIP based on a request from an agency head, so it can’t be delegated to agencies. Additionally, VSIP requests require the concurrence of the Office of Management and Budget (OMB). OPM and OMB perform a joint review of requests involving VSIPs.

3. What information does OPM need to make a decision on my agency’s request?

The law is very specific on the kinds of information that agencies need to provide in order for their request to be evaluated. This includes (but is not limited to): identification of which agency components have excess personnel and will be covered by the incentive; which positions and functions will be reduced or eliminated; the time period during which incentives will be offered and the numbers of employees covered. In the case of VSIP, additional detailed information is needed to understand the expected changes from the agency’s current structure and staffing levels, to the future/desired state to be achieved through the use of the incentives. Please visit www.opm.gov/reshaping for more information and additional guidance on how to request VERA and/or VSIP.

4. Can my agency get approval to offer a VERA and/or VSIP based on an anticipated scenario (e.g., a possible budget shortfall or possible reorganization requiring additional approval)?

A VERA and/or VSIP can only be authorized when an agency is responding to a known decision or circumstance (vs. an uncertain or possible scenario). Note that decisions made under an agency head’s authority to reorganize, re-prioritize, reduce, etc., are a valid basis for requesting VERA and/or VSIP.

5. Can my agency simply offer VERA and/or VSIP to all our employees?

Unless your agency needs to eliminate all positions in the agency or a component, a general “blanket” VERA and/or VSIP is not permissible under the law and regulations. VERA and VSIP are tools that can help an agency/component reshape from a current state, to a future desired state. It’s important for agency leaders and workforce managers to be thoughtful about identifying the specific positions and functions that need to be reduced or eliminated. Without careful planning, an agency could end up incentivizing the wrong people to leave, and find itself in the position of not having the right people remaining to effectively deliver on its mission and essential functions. And because positions that are vacated due to VERA and/or VSIP must be abolished or restructured, an agency could find itself in a bind if the wrong jobs are included in a VERA and/or VSIP offering.

6. It seems complicated...can OPM make it easier for my agency to get a VERA and/or VSIP authorization?

While OPM doesn’t have the authority to relax the criteria/requirements in the law, we have looked at ways to streamline the process, including the creation of a simplified template that agencies can use to submit the basic information that OPM needs to make a decision. Often, the difficult part for the agency is to go through the deliberative process of identifying which specific positions have to be reduced or restructured--how many, which locations and organizational components--and what they want the future workforce and organization to look like after the VERA and/or VSIP tool is applied. Effective planning is essential to helping to ensure that an agency is targeting the right places for reduction toward the future desired state.

7. Can I offer more than \$25,000? That’s not much of an incentive for many people...

The maximum amount of a VSIP is capped by law at \$25,000 for OPM-approved VSIPs (some agencies have their own VSIP authorities and may have higher caps).

8. How long does it take to get a VERA or VSIP approved?

OPM can approve a complete request in a matter of days. OPM’s ability to promptly render a decision on an agency’s request depends heavily on the extent to which the requesting agency provides the supporting information specified in the law and regulations (see #3).

9. What else do I need to know about VERA and VSIP?

It’s important to note that while VERA and VSIP can be useful tools, they aren’t always the right tool. Agencies need to consider factors such as the timing of when reductions must be achieved (e.g., is there enough time to implement the VERA and/or VSIP, including giving employees time to get retirement estimates and information they need to make a decision, apply, and be processed off the agency’s rolls); does the agency have sufficient funding to cover a VSIP payment and other expenses associated with a separating employee (e.g., lump sum payment of unused annual leave); is the need for reduction a short-term issue (which could be addressed through a cost-saving measure such as furlough) or a long-term issue (a need to permanently reshape the workforce to reflect mission priorities). It’s also important to note that except in limited circumstances, an individual who takes a VSIP must repay the entire amount if they return to Federal employment within 5 years of receiving the VSIP.

10. Where can I get more information?

For more information visit www.opm.gov/reshaping or email workforce@opm.gov