

## Retention Incentive Waiver Template

An agency may pay a retention incentive to a current employee if the agency determines that the unusually high or unique qualifications of the employee or a special need of the agency for the employee's services makes it essential to retain the employee and that the employee would be likely to leave the Federal service in the absence of a retention incentive.

Agencies have the authority to approve a retention incentive for an individual employee without OPM approval for payments of up to 25 percent of the employee's rate of basic pay. OPM approval is required when an agency would like to exceed the 25 percent limit, based on a critical agency need. Under an OPM retention incentive waiver, agencies could approve a retention incentive of up to 50 percent of an employee's rate of basic pay based on a critical agency need.

Agencies have the authority to pay a retention incentive of up to 10 percent of basic pay to an eligible group or category of employees without OPM approval if the agency determines that the unusually high or unique qualifications of the group or a special need of the agency for the employees' services makes it essential to retain the employees and that there is a high risk that a significant number of employees in the group would leave the Federal service in the absence of a retention incentive. Under an OPM retention incentive waiver, agencies could approve a retention incentive of up to 50 percent of basic pay for a group of employees based on a critical agency need. (OPM may require waiver requests for a group or category of employees to be coordinated with other agencies having similarly situated employees.)

Additional information on retention incentive coverage, approval criteria, and payment and service agreement requirements may be found at 5 U.S.C. 5754, 5 CFR part 575, subpart C, and the fact sheets at <https://www.opm.gov/policy-data-oversight/pay-leave/recruitment-relocation-retention-incentives/#url=Fact-Sheets>. Agency headquarters-level human resources offices may contact OPM at [pay-leave-policy@opm.gov](mailto:pay-leave-policy@opm.gov) for additional information. Employees must contact their agency human resources office for further information.

Agencies may use the template below to submit an individual or group retention incentive waiver request to OPM.

*Use of this template does not guarantee approval. OPM will make a determination on each submission based on the documentation provided by the requesting agency.*

Brenda L. Roberts  
Deputy Associate Director for Pay and Leave  
Employee Services  
U.S. Office of Personnel Management  
Room 7H31  
1900 E Street, NW  
Washington, DC 20415

Dear Ms. Roberts:

In accordance with 5 CFR 575.309(e), \_\_\_\_\_ requests that the U.S. Office of Personnel Management (OPM) waive the limitation on retention incentive payments—i.e., 25 percent of the employee’s rate of basic pay for an individual employee or 10 percent for a group or category of employees—based on the critical agency need described below. We are requesting OPM approval to pay a retention incentive to \_\_\_\_\_ of \_\_\_\_\_ of \_\_\_\_\_ annual rate of basic pay.

The criteria for approving a retention incentive waiver for \_\_\_\_\_ are met by the information provided below.

**1. A description of the employee’s work requirements and responsibilities or, if requesting a group retention incentive, a description of the group or category of employees and the number of employees to be covered by the proposed retention incentive.**

**2. A description of the critical agency need the proposed retention incentive would address.** The authorized agency official must determine that the competencies required for the position(s) are critical to the successful accomplishment of an important agency mission, project, or initiative (e.g., programs or projects related to a national emergency or implementing a new law or critical management initiative).

**3. The basis for determining that the unusually high or unique qualifications of the employee (or group of employees) or a special need of the agency for the employee’s (or group of employees’) services makes it essential to retain the employee(s).**

**4. The basis for determining that the employee (or a significant number of employees in a group) would be likely to leave the Federal service in the absence of a retention incentive.** An agency must consider the following factors listed in 5 CFR 575.306(b), as applicable to the case at hand, in determining whether the unusually high or unique qualifications of an employee (or group of employees) or a special need of the agency for an employee’s (or employees’)

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services makes it essential to retain the employee(s) and that the employee (or a significant number of employees in a group) would be likely to leave the Federal service in the absence of a retention incentive:

- Employment trends and labor market factors such as the availability and quality of candidates in the labor market possessing the competencies required for the position(s) and who, with minimal training, cost, or disruption of service to the public, could perform the full range of duties and responsibilities of the position(s) at the level performed by the employee(s);
- The quality and availability of the potential sources of employees that are identified in any agency succession plan (e.g., succession plans required for leadership positions), who possess the competencies required for the position(s), and who, with minimal training, cost, and disruption of service to the public, could perform the full range of duties and responsibilities of the position(s) at the level performed by the employee(s);
- The success of recent efforts to recruit candidates and retain employees with competencies similar to those possessed by the employee(s) for positions similar to the position(s) held by the employee(s);
- Special or unique competencies required for the position(s);
- Agency efforts to use non-pay authorities to help retain the employee(s) instead of or in addition to a retention incentive, such as special training and work scheduling flexibilities or improving working conditions;

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- The desirability of the duties, work or organizational environment, or geographic location of the position(s);
- The extent to which the employee's departure (or the departure of a significant number of employees in the group) would affect the agency's ability to carry out an activity, perform a function, or complete a project that the agency deems essential to its mission;
- The salaries typically paid outside the Federal Government; and
- Other supporting factors.

**5. The proposed retention incentive percentage rate and a justification for that percentage.**

The justification for the amount should provide supporting evidence, such as the success of retention incentives offered under normal payment limitations and/or the salaries typically paid outside the Federal Government for similar positions.

**6. The timing and method of making the proposed retention incentive payments.** An agency must establish a single retention incentive rate for the employee (or group of employees). The incentive may be paid in installments after the completion of specified periods of service within the full period of service required by the service agreement or in a single lump sum after completion of the full period of service required by the service agreement. An agency may not pay a retention incentive as an initial lump-sum payment at the start of a service period or in advance of fulfilling the service period for which the retention incentive is received. A retention incentive installment payment may be computed at the full retention incentive percentage rate or at a reduced rate with the excess deferred for payment at the end of the full service period. Explanations of how to compute retention incentive installment payments may be found at 5 CFR 575.309(c) and (d), and in the guidance on Retention Incentive Payment and Termination

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Calculations at <https://www.opm.gov/policy-data-oversight/pay-leave/recruitment-relocation-retention-incentives/fact-sheets/retention-incentive-payment-and-termination-calculations/>.

**7. The length of the required service period.** An agency must require a signed written service agreement for any employee who receives a retention incentive under a waiver approved by OPM. There is no set period of employment under a retention incentive service agreement. It is up to the agency to decide how long to set the service period for retention incentives. Since the reason for a retention incentive is to encourage employees to remain with the agency, the agency should consider what service period length would best help achieve this objective—i.e., what the agency believes to be a reasonable period of service for the amount of incentive it is willing to pay.

**8. Any other information pertinent to the case at hand.**

The point of contact for this request is  
contacted at

, who can be

Sincerely,

**[Attachments—if any]**

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