



## Voluntary Separation Incentive Pay (VSIP)

Reference: Title 5, United States Code (U.S.C.), Section 9902(i)

Voluntary Separation Incentive Pay (VSIP) is used within the Department of Defense (DoD) as a tool for reducing involuntary separations during downsizing or base closure, and for restructuring the workforce at installations that are not facing personnel reductions. If your voluntary separation would help to achieve either of these objectives, you may have an opportunity to apply for VSIP if offered at your installation.

By accepting VSIP, you agree to separate voluntarily by optional retirement, early retirement under the [Voluntary Early Retirement Authority \(VERA\)](#), or resignation. To be eligible, you must be a U.S. citizen serving on a permanent appointment and have at least 12 months of continuous DoD employment. However, even if you meet these basic requirements, there are a number of reasons why you may be ineligible for VSIP unless a waiver is granted. Check with your supporting human resources office for more details.

The VSIP payment is \$25,000 or the amount of severance pay you would receive under the standard formula used to compute severance pay, whichever is less. It may be paid in a lump sum or in installments, but VSIP is taxable regardless of the payment option you choose. You do not have to be eligible for severance pay in order to receive VSIP.

If you receive VSIP, certain restrictions apply to reemployment within the Federal Government. You cannot be rehired by a DoD agency within 12 months of separation, and you cannot return to work for any Federal agency within 5 years, including under a personal services contract, without repaying the full VSIP amount. Finally, you are ineligible to be registered in the [DoD Priority Placement Program \(PPP\)](#) if you accept VSIP.