

**VOLUNTARY SEPARATION INCENTIVE
PAYMENTS (VSIP)**

EMPLOYEE FACT SHEET

DEFINITION – Voluntary Separation Incentive Payments (also known as Buyouts) allow agencies to offer buyouts of up to \$25,000 to eligible employees who voluntarily retire, retire under early retirement, or voluntarily resign during the approved buyout window. By allowing employees to volunteer to leave the Government, agencies can minimize or avoid involuntary separations through the use of costly and disruptive reductions in force (RIFs).

ELIGIBILITY – Employees wishing to retire or resign and accept VSIP (buyouts) must work in a position covered by the geographic area(s), organization(s), series and/or grade(s) under the buyout offer plan. Each employee must satisfy the following eligibility requirements:

- Receive a buyout offer
 - Accept the buyout offer
 - Voluntarily retire under optional or early retirement provisions, or voluntarily resign during the approved buyout window; and
 - Meet the criteria listed below:
1. You must be serving under an appointment without time limit, and must have been employed by the agency (HHS or any OPDIV thereof) continuously for at least the last 3 years;
 2. You may not be a re-employed annuitant;
 3. You may not apply for disability retirement;
 4. You may not be in receipt of a decision notice of involuntary separation for misconduct or unacceptable performance;
 5. You may not have previously received any voluntary separation incentive payment from the Federal government;
 6. You may not have performed service for which a student loan repayment benefit was or is to be paid within the past 3 years;
 7. You may not have received a recruitment or relocation bonus within 2 years;
 8. You may not have received a retention bonus within 1 year;
 9. You must not have already accepted a position with another Federal agency.

COMPUTATION:

VSIP will be paid in an amount equal to your severance pay entitlement, not to exceed \$25,000 or your annual rate of pay, whichever is less. The net amount of the VSIP is less because of the deduction of appropriate taxes, including Federal, state, social security, and Medicare, as appropriate.

Severance pay consists of two parts: a basic severance allowance and an age adjustment allowance. The basic allowance is one week's basic pay for each year of civilian service (military service does not count) up to and including 10 years, and two week's basic pay for each year of civilian service beyond 10 years (25 percent of a year is given for each 3 months that civilian service is more than one full year). The age adjustment allowance is ten percent of the basic severance allowance for each year the employee exceeds 40 years of age at the time of separation. Again, 25 percent of a year is given for each 3 months the employees age exceeds 40. Included below is a sample severance pay calculation.

Employees will need to contact the NIH's Office of Human Resources, Benefits and Payroll Liaison Branch, 301-496-2404 for an exact calculation of your incentive amount.

REEMPLOYMENT:

If an employee accepts VSIP, and the employee accepts re-employment with the Federal government within 5 years after separation, (including employment under a personal services contract, or other direct contract) the employee must repay the entire payment, including any taxes withheld. This includes employment with any part of the Federal government including the U.S. Postal Service.

An individual who separated for an incentive payment should contact the legal staff of the agency that is offering the contract for an interpretation of whether the repayment provisions apply to the proposed contract.

**Sample Computation of VSIP
(Severance Pay Formula)**

Example:

Employee is 60 years of age, with 20 years of service, and a weekly basic pay of \$400. (\$10.00 per hour)

Part A - Basic Allowance

1 week of basic pay	\$400	
(X years of service up to 10)	<u>X10</u>	\$4,000

2 weeks of basic pay	\$800	
(X years of service beyond 10)	<u>X10</u>	\$8,000

Basic Allowance: \$12,000

Part B - Age Adjustment Allowance (over age 40)

10% of Basic Allowance	\$12000	
	<u>X10%</u>	\$1,200

Multiplied by number of years Exceeding age 40	\$1200	
	<u>X20</u>	\$24,000

Basic Allowance plus Age Adjustment Allowance: \$12,000 + \$24,000 = \$36,000

Employee receives the lowest of:

Total Severance allowable:	\$36,000
Total annual salary:	\$20,800
Cap on buyout payment:	\$25,000

Therefore, allowable VSIP is \$20,800