



VOLUNTARY EARLY RETIREMENT AUTHORITIES

Under 5 CFR §§ 831.114 and 842.213

**Agency Guide to
Implementing
Early
Retirement Programs**

August 2000 (Revised)

**United States Office of
Personnel Management**

Employment Service

ESM-32
August 2000

**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 (VERA) from agencies with severe downsizing or major restructuring plans.

Requests will be considered 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 the end of each fiscal year, whichever is less. An agency should use early retirements only to the extent necessary to minimize the number of employees reached for involuntary separation or demotion by achieving voluntary reductions in the workforce necessitated by lack of funds, shortage of work, reorganizations, skills imbalances, or closures.

Contents of the Voluntary Early Retirement Guide

OVERVIEW	Page 2
Highlights in this Guidance	Page 5
FOR MORE INFORMATION	Page 6
A. WHAT IS VERA?	Page 7
B. BASIS FOR APPROVAL OF VERA	Page 7
C. WHEN SHOULD AN AGENCY SUBMIT A REQUEST FOR VERA?	Page 7, 8
D. CONTENTS OF REQUEST FOR VERA	Page 8
Reasons why the VERA is needed.	Page 8
Identification of the department or agency and coverage of the authority	Page 8
EXAMPLES	Page 8
Agency wide Authorities	Page 8, 9
Individual Activities and Installations	Page 9
The window period for voluntary early retirements	Page 9
The number of temporary and non-temporary employees in the agency, and the total number of employees in the agency	Page 9
The total number of non-temporary employees in the agency who are, or will be separated, surplus, or excess	Page 9
The total number of employees in the agency who are eligible for voluntary early retirement	Page 9
The total number of employees in the agency who are expected to retire early during the period covered by the request	Page 9
The signature of the head of the agency or a specific designee	Page 9
The name, title, telephone number, and fax number of an agency contact person for the authority	Page 9, 10
E. WHERE TO SUBMIT REQUESTS FOR VERA	Page 10
To expedite processing	Page 10
Inquiries	Page 10
F. USE OF VERA	Page 10
G. LENGTH OF EARLY RETIREMENT AUTHORITIES	Page 11
H. ELIGIBILITY OF EMPLOYEES TO RETIRE EARLY	Page 12

I. INELIGIBILITY FOR EARLY RETIREMENT	Page 12, 13
J. USE OF ANNUAL LEAVE TO QUALIFY FOR VOLUNTARY EARLY RETIREMENT	Page 13
K. VOLUNTARY BASIS OF EARLY RETIREMENTS	Page 14
L. PROCESSING AND APPROVAL OF REQUESTS	Page 14
M. REPORTS TO OPM ON USE OF EACH AUTHORITY	Page 14
Types of Reports	Page 14
Quarterly Interim Reports	Page 14
Final Reports	Page 15
Activity Summaries	Page 15
N. CONTENT OF REPORTS	Page 15
O. WHERE AND WHEN AGENCIES SHOULD REPORT	Page 15
Where to Send Reports	Page 15
Reporting Schedule	Page 15
Failure to Report	Page 15
P. REPORT TO OPM ON USE OF VERA	Page 16

Highlights in this Guidance

REQUESTING AUTHORITY: Agency headquarters may request VERA for the entire period of the major reduction in force, major reorganization, or major transfer of function; or through the end of the fiscal year in which the request is made, whichever is less.

OPM's ACCEPTANCE OF REQUESTS FOR VERA: Major reductions in force, major reorganizations, or major transfers of function are generally related to funding or staffing difficulties brought about by budgetary shortfalls, unforeseen increases in personnel and employee benefits costs, and/or the advent of automated systems or streamlined procedures that eliminate the need for many employees. Because these issues normally arise during a given fiscal year, OPM will issue VERA for the existing fiscal year only--when the need for the authority can be specifically documented. OPM cannot issue VERA based on speculation as to what might happen beyond the current fiscal year when matters may be subject to change. OPM will, however, accept requests for VERA for a new fiscal year beginning in the latter portion of the fourth quarter of the current fiscal year. In order to continue to offer early retirement to its employees beyond the end of a current fiscal year, an agency must obtain a new early retirement authority from OPM for the ensuing fiscal year.

COVERAGE OF NEW AUTHORITIES: VERA may be requested by the agency and approved by OPM on as broad or narrow a basis as is necessary. OPM's approval will be based on how the agency presents its needs in its VERA request. Depending on the scope of the agency's request and OPM's approval, early retirement offers may be made on an agency-wide 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.

RESTRICTIONS ON ELIGIBILITY: Employees who were not on the agency's rolls at least 31 days before the agency requested VERA, employees on time-limited appointments, and employees in receipt of a removal notice for misconduct or performance reasons are not eligible for early retirement.

FORWARDING REQUESTS: All requests for VERA forwarded to OPM must include any outstanding reports for any previously approved early retirement authorities. Fax requests to 202-606-2329.

INQUIRIES: Inquiries regarding early retirement should be directed to the Workforce Restructuring Policy Division at 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 web site at www.opm.gov. Information and other web site addresses are included in this package.

FOR MORE INFORMATION:

For additional information regarding buyouts, early retirement, career transition, reduction in force (RIF), and Federal retirement benefits, and related topics, consult the appropriate subject heading(s) on the index of the OPM web site at: <http://www.opm.gov>

Copies of the following OPM publications are available there: *The Employee's Guide To Career Transition*, *The Employee's Guide To RIF*, and *The Employee's Guide To RIF-Separation Benefits*.

These publications are also available by calling OPM's Restructuring Hotline at (202) 606-2425.

Another helpful web site, which is maintained by the U. S. Department of Labor, is:
<http://safetynet.doleta.gov>

For information on all aspects of downsizing, contact:

OPM's Workforce Restructuring Policy Division
voice (202) 606-0960
fax (202) 606-2329

A. WHAT IS VERA?

1. The voluntary early retirement program resulted from passage of Public Law 93-39 in 1973. On May 1, 1998, Public Law 105-174 clarified the criteria upon which offers may be based. The purpose of the program is to provide agencies with a tool to help minimize the involuntary separation of employees in periods of major downsizing by allowing employees to qualify for voluntary 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 a VERA, 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. When these opportunities are offered, employees may 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. Early retirements should be offered judiciously based on the agency's need to downsize and should be based on the agency's need to continue performing its mission. Broad, uncontrolled offers may sometimes inhibit an agency's ability to carry out ongoing work functions or mission requirements.
4. Agencies are not required to provide VERA offers. Also, employees are not entitled to receive an offer of voluntary early retirement. Early retirements are a management tool which may reduce the number of involuntary separations or downgradings in an agency.

B. BASIS FOR APPROVAL OF VERA

1. Approval of a request for voluntary early retirement is based on OPM's determination that the agency is undergoing a major reorganization, major reduction in force, or major transfer of function in which a significant percentage of the agency's workforce will be subject to separation or downgrading.
2. An agency should use voluntary early retirements only to the extent necessary to achieve voluntary reductions in the workforce made necessary by factors such as lack of funds, shortage of work, reorganizations, or closures.

C. WHEN SHOULD AN AGENCY SUBMIT A REQUEST FOR VERA?

1. If an agency [or portion(s) of it] is undergoing a major reorganization, major reduction in force, or major transfer of function in which a significant percentage of the agency's workforce will be subject to separation or downgrading, the agency may request

authority to use voluntary early retirements to avoid or minimize involuntary separations or downgradings.

2. A major reorganization may include “workforce reshaping” to improve the skills mix of employees only to the extent that jobs requiring certain skills are replaced with jobs requiring other skills. In such cases, the agency must be able to state that retraining efforts and normal attrition will not be enough to avoid involuntary separations or downgradings. The voluntary early retirement laws do not otherwise permit the use of early retirement to change the skills mix. They do not permit, for example, removing poor performers or simply targeting older, experienced workers and bringing in younger ones to gain “fresh skills” or reduce payroll costs.

D. CONTENTS OF THE REQUEST FOR VERA

1. Each request for VERA must contain the following information:
 - a. **Reasons why VERA is needed.** Agencies must include a detailed overview of the agency's personnel and budgetary situation which has resulted in an excess of personnel. Agencies requesting authority based on an agency-wide 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 percentage 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.** VERA will be provided on an agency-wide basis or for specific organizational unit(s), based on the agency's request.

The coverage of the requested VERA should be proportional to the scope of the reorganization.

EXAMPLES

Agency-wide Authorities: In order to receive agency-wide authority, the agency must demonstrate in its request that the reorganization, reduction in force, or transfer of function will affect employees throughout the agency. If OPM approves an agency's request to offer voluntary early retirements agency-wide, 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 non-personal 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. Such authority will be conveyed in the approval letter from OPM to the agency.

NOTE: If the agency is requesting agency-wide VERA, 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.

Individual Activities and Installations: An agency may also request VERA in which a particular organizational unit(s), geographic area(s), occupational series and level(s), grade(s), time period(s), or any combination of such 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 VERA covering the entire period of the major reduction in force, major reorganization, or major transfer of function; or through the end of the fiscal year in which it was issued, whichever is less. The window period will not be approved to extend beyond the effective date of the major reorganization, major reduction in force, or major transfer of function which formed the basis for requesting the authority.
- d. **The number of temporary and non-temporary employees in the agency, and the total number of employees in the agency.**
- 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, major reduction in force, or major transfer of function.
- 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 a through g refers to the agency or portion(s) of the agency population covered by the request. For example, agency-wide request should include agency-wide data. A request for an authority covering individual activities or installation(s) should include data relative to those areas only. Do not include data relative to portions of the agency or department that will not be covered by the authority.

- h. **The signature of the head of the agency** or a specific designee.
- i. **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.

E. WHERE TO SUBMIT REQUESTS FOR VERA

1. Requests for VERA should be addressed to Ms. Carol J. Okin, 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 Policy Division to allow preliminary work to begin. Fax to: 202-606-2329.
3. Inquiries regarding early retirements should be directed to the Workforce Restructuring Policy Division at 202-606-0960. Email questions may be sent to cwgray@opm.gov.

F. USE OF VERA

1. An agency should use early retirements only to the extent necessary to achieve voluntary reductions in the workforce necessitated by such factors 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. Therefore, agencies must make judicious use of early retirements to ensure that early retirement offers will impact only the positions and organizations which 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 VERA from OPM no longer exists, it must suspend its use of VERA and immediately notify OPM. (See E above for information on contacting OPM.)
4. OPM may terminate an agency's authority if it determines that the agency is no longer undergoing the major reorganization, major reduction in force, or major transfer of function which 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 non-personal and objective factors; or
Any combination of the factors listed above.

6. Early retirement offers cannot be expanded by the agency beyond the scope of the authority approved by OPM.
7. Agencies may limit early retirement window periods by an established closing date or by receipt of a specified number of applications for retirement. See Section G for information on an agency's authority to limit early retirement window periods. Generally, the agency must notify employees whenever the parameters of the early retirement offer are changed.

G. LENGTH OF EARLY RETIREMENT AUTHORITIES

1. Agencies may establish specific window period(s) during which voluntary early retirements are available to employees within the duration of the authority specified by OPM. The authority to limit the availability of voluntary early retirements to specific window periods will be included in OPM's 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)--as long as the authority issued by OPM covers them.
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 early 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 which served as the basis for the approval of the VERA 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 grade(s), or geographic area(s) which are covered by the authority. In such cases, the agency must notify the employees that the conditions of the early retirement offer have changed.

5. After announcing a time period during which employees may retire early, the agency may terminate the offer before the closing date of the announced time period upon receipt of a previously 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 budgetary 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 may 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 may 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. ELIGIBILITY OF EMPLOYEES TO RETIRE EARLY

1. In order to be eligible to retire under a VERA 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 agency offer as described above;
 - 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 ineligibility categories listed in Section I below.

I. INELIGIBILITY FOR EARLY RETIREMENT

1. Employees in the following categories are not eligible for voluntary early retirement: Employees who:
 - a. were not employed in the requesting agency at least 31 days prior to the date the agency requested VERA; or
 - b. are serving under time-limited appointments; or
 - c. are in receipt of a decision of involuntary separation for misconduct or unacceptable performance.

The above provisions affect all employees seeking voluntary early retirements.

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. This may be done in order to establish initial eligibility for immediate retirement, potentially to include 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) in the Federal Register at 63 FR 26421 which 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. An employee who is being involuntarily separated from an agency because of reduction in force may use annual leave past the date 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.
4. 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. This may be done 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.
5. An agency may not retain an employee past the date the employee first becomes eligible for immediate retirement, or for continuation of health benefits into retirement, except that an employee may be retained long enough to satisfy both retirement and health benefits requirements.
6. All accumulated and accrued annual leave may be credited to help the employee reach retirement 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 VERA 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 VERA.
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 VERA 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.
4. OPM will fax a signed copy of the response to the contact person listed on the request immediately upon the approval of a request. In order to ensure a prompt response from OPM, it is critical to include the name, title, telephone number, and fax number of an agency contact person on the request.
5. The signed original response will be mailed to the agency.

M. REPORTS TO OPM ON USE OF EACH AUTHORITY

Agencies using early retirements are required to submit data to OPM regarding early retirement activity.

1. Agencies are required to provide periodic reports to OPM on the use of VERA. 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. A sample of this report is included below.
2. 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 which 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 VERA report must contain the information in the attached sample.

2. Agencies MUST use the reporting format included with the authority. DO NOT USE OLD REPORTING FORMATS WITH NEW AUTHORITY REPORTS.
3. Agencies are advised to carefully review the 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.

O. WHERE AND WHEN AGENCIES SHOULD REPORT

1. Where to Send Reports: Please send completed reports to:

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

2. You may fax copies of reports to (202) 606-2329.

3. Reporting Schedule

QUARTER	QUARTER ENDING DATE	REPORT DUE
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 VERA in cases where agencies fail to meet reporting deadlines or requirements.

P. REPORT TO OPM ON USE OF VERA

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
(circle quarter)				TOTAL

VOLUNTARY EARLY RETIREMENTS

(1) Number of voluntary early retirements:	_____	_____
(a) Number of employees receiving an offer: (provide the number of employees eligible for early retirement who were offered an opportunity to retire under this authority).	_____	_____
(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:	_____	_____