

Table of Contents

Subchapter 43A CSRS

Part 43A1 General Information

Section 43A1.1-1 Overview 1

A. Introduction 1

B. Topic Covered 1

C. Organization of Subchapter 2

D. Statement of Authority 2

Section 43A1.1-2 Definitions 3

A. Reduction-in-Force 3

B. Reorganization 3

C. Function 3

D. Local Commuting Area 3

E. Transfer of Function 3

F. Furlough 4

Section 43A1.1-3 Administrative Requirements 5

A. OPM Authority to Permit Early Retirement 5

B. Determination of Major RIF 5

C. Designation of Geographic Area/Occupation 5

D. Designation of Time Period 5

E. Additional Information 5

Section 43A1.1-4 Employee Eligibility Requirements 6

A. General 6

B. Minimum Age and Service 6

C. Minimum Civilian Service 6

D. Separation from Covered Position 7

E. "One-Out-of-Two" Requirement 7

F. Minimum Time Requirement 8

G. Separation by Close of Early Out Period 8

Part 43A2 Effect of Early Voluntary Retirement on Benefits

Section 43A2.1-1 Effect of Early Voluntary Retirement on Benefits 9

A. Reduction for Early Retirement 9

B. Commencing Date of Annuity 9

Part 43A3 Required Documentation

Section 43A3.1-1 Required Documentation	10
A. Entry on Retirement Record	10
B. Entry on SF 50	10
C. Reference to Chapter 41	10

Part 43A4 Advice to Employee

Section 43A4.1-1 Advice to Employee	11
A. Retirement Is Optional	11
B. Eligibility for Regular Voluntary Retirement	11
C. Eligibility for Discontinued Service Retirement	11
D. Reduction for Early Retirement	12
E. Effect of Deposit/ Redeposit	12
F. Eligibility to Continue FEHB and FEGLI	13
G. Withdrawal of Retirement Application	13

Subchapter 43B FERS**Part 43B1 General Information**

Section 43B1.1-1 Overview	15
A. Introduction	15
B. Organization of Subchapter	15
C. Applicable CSRS Provisions	15
D. Statement of Authority	15
Section 43B1.1-2 Employee Eligibility Requirements	16
A. General	16
B. Post-1956 Military Service	16
C. Minimum Civilian Service	16
D. Noncreditable Civilian Service	17
E. Separation from Covered Position	17
F. Applicable CSRS Provisions	17

Part 43B2 Effect of Early Voluntary Retirement on Benefits

Section 43B2.1-1 Effect of Early Voluntary Retirement on Benefits	18
A. Reduction for Early Retirement	18
B. Retiree Annuity Supplement	18
C. Commencing Date of Annuity	18

Part 43B3 Advice to Employee

Section 43B3.1-1 Advice to Employee 19
A. Applicable CSRS Provisions 19
B. Reduction for Early Retirement 19

Subchapter 43A CSRS**Part 43A1 General Information****Section 43A1.1-1 Overview**

A. Introduction

The purpose of the early voluntary retirement option is to assist an agency in completing a major personnel or workload change with minimal disruption to the work force.

Early voluntary retirement allows eligible employees to retire early. It does not matter whether they are facing involuntary separation, transfer to another commuting area, or an immediate reduction in the rate of basic pay. Their retirements create vacancies that can be filled by employees who would otherwise be separated or downgraded.

The results of the use of an early voluntary retirement authority should, in most cases, reflect one employee saved from separation or demotion for each early retiree.

B. Topic Covered

This subchapter covers:

- The administrative steps an agency must take in order to offer early voluntary retirement to its employees;
 - The requirements an employee must meet to be eligible for an early voluntary retirement;
 - The documentation of OPM authority to permit early voluntary retirement;
 - Counseling that should be given the employee before he or she retires.
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Section 43A1.1-1 Overview (Cont.)

- C. Organization of Subchapter** The CSRS subchapter has four parts.

PART	NAME OF PART	PAGE
43A1	General Information	1
43A2	Effect of Early Voluntary Retirement on Benefits	9
43A3	Required Documentation	10
43A4	Advice to Employee	11

NOTE: Subchapter 43B about early voluntary retirement under FERS begins on page 14.

- D. Statement of Authority** This subchapter is based on the laws and regulations cited below.
- United States Code: 5 U.S.C. 8336(d)
 - Code of Federal Regulations: 5 CFR 831.108
-

Section 43A1.1-2 Definitions

- A. Reduction-in-Force** A reduction-in-force (RIF) action, as defined in 5 CFR, Part 351, means the release of a competing employee from his or her competitive level by furlough for more than 30 days, separation, demotion, or reassignment requiring displacement, when the release is required because of:
- lack of work;
 - shortage of funds;
 - insufficient personnel ceiling;
 - reorganization;
 - an individual's exercise of reemployment rights or restoration rights;
or
 - reclassification due to erosion of duties when it occurs within 180 days of a formally announced RIF in the competitive area.
-
- B. Reorganization** "Reorganization" means the planned elimination, addition, or redistribution of functions or duties in an organization. (See 5 CFR Part 351.)
-
- C. Function** "Function" means all or a clearly identifiable segment of an agency's mission, including all integral parts of that mission, regardless of how it is performed. (See 5 CFR 351.203.)
-
- D. Local Commuting Area** "Local commuting area" means the area that usually constitutes one area for employment purposes. It includes any population center (or two or more neighboring ones) and the surrounding localities in which people live and reasonably can be expected to travel back and forth daily in their usual employment. (See 5 CFR Part 351.)
-
- E. Transfer of Function** "Transfer of Function" means (1) the transfer of the performance of a continuing function from one competitive area and its addition to one or more other competitive areas, except when the function involved is virtually identical to functions already being performed in the other competitive area(s) affected; or (2) the movement of the competitive area in which the function is performed to another commuting area. (See 5 CFR Part 351.)
-

Section 43A1.1-2 Definitions (Cont.)**F. Furlough**

"Furlough" under reduction-in-force procedures means the placement of an employee in a temporary nonduty/nonpay status for more than 30 consecutive calendar days or more than 22 work days if done on a non-continuous basis, but not for more than 1 year when the action is based on one of the RIF reasons and is not in accordance with pre-established conditions of employment.

For additional information, see 5 CFR Part 351 on RIF furloughs and 5 CFR Part 752 for procedures governing furloughs of 30 days or less (22 work days or less on a non-continuous basis).

Section 43A1.1-3 Administrative Requirements

- A. OPM Authority to Permit Early Retirement** OPM may permit early voluntary retirements for employees of an agency or a segment of an agency undergoing a major RIF, a major reorganization, or a major transfer of function when requested by the agency concerned. The steps outlined below must be followed before OPM authorizes an early retirement.
-
- B. Determination of Major RIF** The Employment Service within OPM determines that an agency is undergoing a major RIF, a major reorganization, or a major transfer of function.
- OPM makes this determination only after receipt of a written request from the agency head or his or her designee.
-
- C. Designation of Geographic Area/Occupation** OPM designates the specific geographical area(s) or occupation(s) covered by the RIF retirement option.
-
- D. Designation of Time Period** OPM stipulates a limited period of time during which the option will remain in effect. The agency may, in its discretion, end the time period earlier.
-
- E. Additional Information** For additional detailed information concerning the purpose of this option and the procedures to be followed in securing OPM approval, see 5 CFR Part 351.
-

Section 43A1.1-4 Employee Eligibility Requirements

A. General

When OPM determines that an agency is undergoing a major RIF, a major reorganization, or a major transfer of function, an eligible employee may apply to retire on an immediate annuity under this Chapter if he or she satisfies all of the following conditions:

- Meets the age and service requirements;
- Meets the minimum civilian service requirement;
- Separates from a position subject to CSRS coverage;
- Meets the "1-out-of-2" requirement;
- Has served in a position covered by the OPM authorization for the minimum time specified by OPM (usually at least 30 days); and
- Separates by the close of the early out period.

B. Minimum Age and Service

1. The employee must meet one of the age and service requirements below at separation:

AGE is at least...	and CREDITABLE SERVICE is at least...
50	20 years
any age	25 years

2. If an employee has the minimum 5 years of creditable civilian service, creditable military service may be used to meet the balance of service necessary for an early voluntary retirement.

CAUTION: Accrued and unused sick and/or annual leave may not be used to meet either of the service requirements noted above.

C. Minimum Civilian Service

An employee must have at least 5 years of creditable civilian service to be eligible for an early voluntary retirement. Creditable civilian service for this purpose includes:

- Service for which full CSRS deductions were taken (even if CSRS deductions were refunded and not redeposited);

Section 43A1.1-4 Employee Eligibility Requirements (Cont.)

C. Minimum Civilian Service (Cont.)

- Service for which full Social Security taxes and reduced CSRS deductions were taken (even if CSRS deductions were refunded and not redeposited); and
- Nondeduction service (that is, temporary or intermittent service), whether or not a deposit for such service is made or deemed made under the alternative annuity provisions.

NOTE: See Chapter 20, Creditable Civilian Service, for a full description of creditable service.

D. Separation from Covered Position

The employee must be separated from a position covered by retirement deductions.

E. "One-Out-of-Two" Requirement

An employee must be covered by CSRS for at least 1 year within the 2-year period immediately preceding the separation on which the annuity is based. The 1 year of service does not have to be continuous. The year of service does, however, have to be service subject to CSRS deductions. An employee cannot meet the requirement by paying a deposit for nondeduction service. The following examples assume the employee is 57 years old.

EXAMPLE	SERVICE HISTORY	ELIGIBLE TO RETIRE?
1	Career appt. 2-1-51 Separated 4-3-80 Career reinst. 9-4-88 Separated 9-30-89	Yes
2	Career appt. 2-1-51 Separated 4-3-80 Career reinst. 9-4-88 Separated 6-30-89 Comment: The employee is not eligible to retire with an immediate annuity because he or she has less than 1 year of service during the 2-year period preceding the last date of separation.	No

Section 43A1.1-4 Employee Eligibility Requirements (Cont.)**F. Minimum Time Requirement**

The employee must have been on the agency's rolls for which the early retirement is authorized at least 30 calendar days before the agency's initial request to OPM and, must have remained continuously on the agency's rolls covered without a break in service of 4 or more days since that time.

This minimum length of time may vary depending on the specific early optional authority from OPM.

G. Separation by Close of Early Out Period

The employee must be separated by the end of the last day of the early out period authorized by OPM.

If the agency has exercised its discretion to end the early out period earlier than the date authorized by OPM, the employee must be separated by the end of the last day permitted by the agency.

Part 43A2 Effect of Early Voluntary Retirement on Benefits**Section 43A2.1-1 Effect of Early Voluntary Retirement on Benefits**

- A. Reduction for Early Retirement** If the retiring employee is under age 55, the annuity rate is reduced by one-sixth of one percent for each full month (2 percent a year), if any, he or she is under age 55.

The annuity rate will not increase when the annuitant reaches age 55.

- B. Commencing Date of Annuity** For individuals in a pay status for 3 days or less in the month of retirement, annuities begin on:

- The day after separation; or
- The day after pay ceases and the age and service requirements for title to an annuity are met.

For individuals in pay status 4 or more days in the month of retirement, annuities begin on the first day of the month following entitlement. (See Chapter 41, Voluntary Retirement Based on Age and Service, section 41A.1-1 for examples.)

Part 43A3 Required Documentation**Section 43A3.1-1 Required Documentation**

**A. Entry on
Retirement
Record**

For each early retirement under 5 U.S.C. 8336(d)(2), the Individual Retirement Record (SF 2806) must identify:

- That it is a major RIF, a major reorganization, or a major transfer of function; and
- The OPM authority number.

A statement similar to the following should appear on the last line under the Service History portion of the form:

Ret., 5 U.S.C. 8336(d)(2), OPM Auth. #xx.

B. Entry on SF 50

Each early retirement under this Chapter is documented with Nature of Action "303/Retirement-Special Option." "AZM/OPM Office Auth. No. and Date" will be the second authority (SF 50 blocks 5C-D) on each 303 action. (See The Guide to Processing Personnel Actions.)

**C. Reference to
Chapter 41**

For information regarding the additional documentation required to process voluntary retirements, see Chapter 41, section 41A4.1-1.

Part 43A4 Advice to Employee**Section 43A4.1-1 Advice to Employee**

- A. Retirement Is Optional**
1. Agencies that are granted a voluntary early retirement authorization must ensure that employees are not coerced into retiring. An agency statement affirming the voluntary nature of retirements must be issued to all employees. If agency management becomes aware of any coercion against employees, aggressive action should be taken to eliminate it.
 2. In addition to the information in Chapter 40, Planning and Applying for Retirement, agencies are to provide the information that follows to employees who have expressed interest in retiring on an early voluntary retirement.
-
- B. Eligibility for Regular Voluntary Retirement**
- An employee, in a component for which early voluntary retirement has been authorized, must have his or her retirement processed as a regular voluntary retirement if the employee is eligible for regular retirement, and the employee does not retire under the discontinued service retirement provisions covered in Chapter 44, Discontinued Service Retirement. If he or she is not eligible for regular voluntary retirement, the retirement is processed as an early voluntary retirement. For more information and the codes to use in processing retirements, see *The Guide to Processing Personnel Actions*.
-
- C. Eligibility for Discontinued Service Retirement**
1. An employee in the component who is eligible for a discontinued service retirement under Chapter 44 may have the retirement processed as a voluntary or involuntary retirement. This choice may depend on the employee's interest in subsequent Federal reemployment (see 2 below).
 2. Inform the employee that the choice between taking an early voluntary retirement or a discontinued service retirement could make a difference in future retirement rights if he or she is later reemployed as a retired employee.
 - If retirement is voluntary, pay on reemployment will be reduced by the amount of the annuity.
 - If retirement is for discontinued service after an involuntary separation, the annuity is terminated and the employee acquires a new retirement right if reemployment is not excluded from retirement coverage.

Section 43A4.1-1 Advice to Employee (Cont.)**C. Eligibility for Discontinued Service Retirement (Cont.)**

NOTE: For additional information on how this decision affects subsequent reemployment, see Chapter 100, Reemployed Annuitants, and the booklet, "Social Security Retirement, Survivors and Disability Insurance, and Medicare Program."

3. Non-disability retirees who have a life-threatening affliction or other critical medical condition currently listed in 5 CFR 831.2207 may elect the alternative annuity. See Chapter 53, Alternative Annuity Elections, for more detailed information.
4. Inform the employee that an annuity under an involuntary retirement begins on the day after separation or the day after pay ceases and the requirements for title to an annuity are met.

For individuals in pay status for 3 days or less in the month of retirement, annuities under voluntary retirement begin on the day after separation or the day after pay ceases and the requirements for title to an annuity are met. For individuals in a pay status for 4 or more days in the month of retirement, annuities under voluntary retirement begin on the first day of the month following entitlement.

D. Reduction for Early Retirement

The agency should explain to an employee retiring under the age of 55 that the basic annuity rate is reduced by one-sixth of one percent for each full month (2 percent a year), if any, he or she is under age 55.

The annuity rate will not increase when the annuitant reaches age 55.

E. Effect of Deposit/Redeposit

If the agency anticipates a major RIF, a major reorganization, or a major transfer of function, the agency should give employees some general reminder, such as in an employee letter, about the effect of making deposits or redeposits. This is especially important in the case of military deposits, which must be completed prior to separation.

Section 43A4.1-1 Advice to Employee (Cont.)

- F. Eligibility to Continue FEHB and FEGLI** The agency must confirm that an employee is eligible to continue health and life insurance including any optional life insurance as a retiree, and inform the employee if he or she is not eligible to continue some part of his or her coverage.
-
- G. Withdrawal of Retirement Application** Optional retirement is a form of voluntary separation; thus, the filing of an application for retirement is equivalent to submitting a resignation. As a consequence, a retiring employee has the same rights that are available to employees involved in other voluntary actions with respect to establishing the effective date of the separation/retirement or withdrawing the application for separation/retirement.

For additional information, see Chapter 41, section 41A3.1-1.

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Subchapter 43B FERS
Part 43B1 General Information

Section 43B1.1-1 Overview

A. Introduction Subchapter 43B contains the rules and policies that apply to early voluntary retirement under the Federal Employees Retirement System (FERS). This subchapter explains how FERS differs from CSRS. It refers readers to the CSRS rule that applies, or gives the FERS rule if it is different.

B. Organization of Subchapter The FERS subchapter has three parts.

PART	NAME OF PART	PAGE
43B1	General Information	14
43B2	Effect of Early Voluntary Retirement on Benefits	17
43B3	Advice to Employee	18

C. Applicable CSRS Provisions The following sections and part of subchapter 43A apply entirely to FERS employees.

- Section 43A1.1-2: Definitions
 - Section 43A1.1-3: Administrative Requirements
 - Part 43A3: Required Documentation
-

D. Statement of Authority This subchapter is based on the laws and regulations cited below.

- United States Code: 5 U.S.C. 8414(b)
 - Code of Federal Regulations: 5 CFR 842.205
-

Section 43B1.1-2 Employee Eligibility Requirements

A. General

When OPM determines that an agency is undergoing a major RIF, an employee may apply to retire on an immediate annuity under this subchapter if he or she satisfies all of the following conditions:

- Meets the age and service requirements;
- Meets the minimum civilian service requirement;
- Separates from a position subject to FERS coverage;
- Has served in a position covered by OPM authorization for the minimum time specified by OPM (usually at least 30 days); and
- Separates by the close of the early out period.

NOTE: There is no "1-out-of-2" requirement under FERS as there is under CSRS. Thus, an employee who elects to transfer to FERS does not have to be under FERS for 1 year to be eligible to retire. It is possible for an employee's separation for retirement to occur on the same day (but not before) the FERS election becomes effective, provided that the employee meets the other requirements.

B. Post-1956 Military Service

Under FERS, post-1956 military service cannot be used to meet the service requirement unless the employee makes the military deposit before retirement. Military deposits may not be deemed paid under alternative annuity provisions.

C. Minimum Civilian Service

An employee must have at least 5 years of creditable civilian service to be eligible for an early voluntary retirement.

Creditable civilian service for this purpose includes:

- Service for which full FERS deductions are made and not refunded;
- Nondeduction service (that is, temporary or intermittent service) performed prior to January 1, 1989, if a deposit for such service is made or deemed made under the alternative annuity provisions; and
- Service for which full Social Security taxes and full or reduced CSRS deductions were taken if the CSRS deductions were not refunded; and,

Section 43B1.1-2 Employee Eligibility Requirements (Cont.)

C. Minimum Civilian Service (Cont.)

For individuals eligible for a CSRS annuity component:

- Nondeduction CSRS service (that is, temporary or intermittent service) whether or not a deposit for such service is made or deemed made under the alternative annuity provisions;
- Service for which full CSRS deductions were taken even if CSRS deductions were refunded and not redeposited.

NOTE: See Chapter 20, Creditable Civilian Service, for a full description of creditable service.

D. Noncreditable Civilian Service

The following types of service performed under FERS may not be used in meeting the 5-year minimum service requirement:

- Service performed under FERS for which a refund of FERS deductions was taken;
- Service subject to FERS computation rules for which a refund was made after FERS coverage began; and
- Nondeduction service (that is, temporary or intermittent service) performed on or after January 1, 1989.

E. Separation from Covered Position

The employee must be separated from a position covered by FERS deductions.

F. Applicable CSRS Provisions

The age and service requirements (except as noted in paragraph B of this section), the 30-day minimum time requirement, and the requirement to be separated by the close of the limited period explained in CSRS section 43A1.1-4 apply entirely under FERS.

Part 43B2 Effect of Early Voluntary Retirement on Benefits**Section 43B2.1-1 Effect of Early Voluntary Retirement on Benefits**

- A. Reduction for Early Retirement** There is no annuity reduction in FERS for employees who retire on an early voluntary retirement under the age of 55.

Transferees with a CSRS component:

If the retiring employee is under age 55, the CSRS portion of the basic annuity is reduced by one-sixth of one percent for each full month (two percent a year), if any, he or she is under age 55. The annuity rate on this portion of the benefit will not increase when the annuitant reaches age 55. No reduction will be applied to the FERS portion of a transferee's annuity.

- B. Retiree Annuity Supplement** If the employee has completed at least 1 calendar year of FERS service, a retiree annuity supplement is payable to an employee retiring on an early voluntary retirement when he or she reaches the Minimum Retirement Age (MRA).

For rules regarding eligibility for and payment of the retiree annuity supplement, see Chapter 51, Retiree Annuity Supplement.

For rules regarding the applicability of the MRA, see Chapter 41.

- C. Commencing Date of Annuity** Early voluntary retirement annuities begin on the first day of the month following separation.
-

Part 43B3 Advice to Employee

Section 43B3.1-1 Advice to Employee

- A. Applicable CSRS Provisions** The advice provisions in CSRS section 43A4.1-1 apply entirely under FERS, with one exception. The exception is noted below.
- B. Reduction for Early Retirement** The agency should explain to the employee that there is no annuity reduction in FERS for employees who retire on an early voluntary retirement under the age of 55.

Transferees with a CSRS annuity component:

If the retiring employee is under age 55, the CSRS portion of the basic annuity is reduced by one-sixth of one percent for each full month (two percent a year), if any, he or she is under age 55. The annuity rate on this portion of the benefit will not increase when the annuitant reaches age 55. No reduction will be applied to the FERS portion of a transferee's annuity.
