VERA/VSIP

Town Hall Meetings

August 19th 10:00 a.m.
August 25th 2:00 p.m.

Phone Conference:
888-844-9904
Access Code: 6491221

Web Conference:
VOLUNTARY EARLY RETIREMENT AUTHORITY (VERA – EARLY OUT)

VOLUNTARY SEPARATION INCENTIVE PAYMENT (VSIP – BUYOUT)

Facilitator:
Jon Lovald – Benefits Officer

Panel:
Carol Connor - Benefits
Renee Doughty – Benefits
Burton Housman – Benefits
Marcie Noyes – Benefits
Karen Werronen - Benefits
Mary Weber - Pay and Leave
Mike Cockayne – Pay and Leave
Rev 7-27-2015

• What is VERA? What is VSIP?
• General Eligibility for VERA/VSIP
• VERA/VSIP Authority Window
• Effect on Annuities under VERA
• Benefits and Allotments
• Thrift Savings Plan (TSP)
• Deposit Service (Civilian and Military)
• Sick Leave Credit
• Lump Sum Payments
• Request a VERA VSIP Calculation
• Applying for a VERA or VSIP
• Filing the Retirement Application
• Contacts and Questions
What is VERA?

• VERA – Voluntary Early Retirement Authority is an offer of early retirement to all eligible employees that meet age and service requirements.
VERA General Eligibility

• Must be at least 50 years of age with 20 years of creditable service or have 25 years of creditable service at any age, of which 5 years must be civilian service; and

• You have been continuously on USDA rolls at least 30 days prior to 09-24-2014, the date OPM authority was granted for the VERA;

• In addition, must be in a position covered by the VERA granted by the Office of Personnel Management (OPM);
  – Not be serving under a time limited appointment (e.g. intermittent or temporary appointment);
  – Not be in receipt of a decision notice of involuntary separation for misconduct or unsatisfactory performance; and
  – Not be serving in a position covered by a direct hiring authority such as VMO’s; SVMO’s. This restriction does not apply to Bargaining Unit employees;
  – Not already eligible for unreduced voluntary retirement;
  – Must have retirement date on or before the deadline for the window;
  – If your retirement coverage is CSRS/CSRS Offset, must be covered by CSRS retirement system for at least 1 year out of the 2 years immediately before retirement.

– This list is not exclusive and there could be other factors based on your individual employment history and retirement coverage records.
What is VSIP?

• VSIP – Voluntary Separation Incentive Payment allows the agency to offer a lump sum incentive payment to eligible employees who voluntarily leave the workforce.
VSIP General Eligibility

There are basic eligibility requirements under the law for buyouts, and there are additional eligibility criteria established by the agency in the buyout plan and approved by OPM.

Employees are NOT eligible to receive a buyout if any of the following apply:

• They are reemployed annuitants,
• They have applied for a disability retirement,
• They are serving under an appointment with a time limitation,
• They have not been employed by the Federal government for three (3) continuous years,
• They are in receipt of a decision notice of involuntary separation for misconduct or unacceptable performance,
• They have received a buyout before from FSIS or another Federal Agency,
• They are covered by statutory reemployment rights from another organization,
• They have received a recruitment or relocation bonus within the 24-months preceding separation,
• They have received a retention bonus within the 12-months preceding separation,
• They have received a student loan repayment benefit during the 36-months preceding separation, or
• They are in a position that is not covered by the VSIP or excluded by the agency’s buyout plan.
VERA VSIP Authority Window

An FSIS Notice will be issued prior to each open window. The Notice will outline the dates that calculation requests and dates that applications will be accepted, and describe who is eligible to apply during that window.

Please hold any questions about when Windows will be open as we are not able to answer those questions today.
## Effect on Annuities under VERA

### CSRS/CSRS Offset
- Permanent reduction of 2% per year for each year under age 55. The reduction is $\frac{1}{6}$ of 1% for each full month. For example, someone that is 50 years old will see a 10% reduction.

### FERS/CSRS/CSRS Offset
- Unpaid deposits, both civilian and military may have an effect on the amount of your annuity and your eligibility for VERA.

### FERS
- Employees under age 62 will receive the FERS Annuity Supplement once they reach their Minimum Retirement Age, which is most often age 56. Receipt of the FERS annuity supplement is subject to an earnings limitation. Earnings limitation dollar amount is published annually by the Social Security Administration.
- No age reduction unless part of your annuity is computed under CSRS rules. This will apply to you if you transferred to FERS.
Benefits and Allotments

• FEHB – Federal Employees Health Benefits
  • You must be enrolled in a FEHB plan at the time of retirement. If you are not enrolled, the VERA is **not** a qualifying event that will allow you to enroll.
  • OPM has granted automatic waivers to currently enrolled employees who have not met the 5 year requirement.
  • Under current regulations, the government and retiree will share the cost as the same as if they were still an employee.

• FEGLI – Federal Employees Group Life Insurance
  • If you have been enrolled in FEGLI for a full 5-year period prior to retirement, you are eligible to continue your coverage. There may be individual exceptions that you should discuss with a Benefits Specialist.
  • If you are not eligible, you may be able to convert your coverage to a private policy.
Benefits and Allotments (cont’d)

- **FEDVIP – Federal Employees Dental and Vision Insurance Program**
  - You are eligible to continue this benefit. If you have payroll deductions then contact BENEFEDS prior to retirement date to make arrangements.

- **FLTCIP – Federal Long Term Care Insurance Program**
  - You are eligible to continue this benefit. If you have payroll deductions then contact LTC Partners prior to retirement date to make arrangements.

- **FSAFEDS – Federal Flexible Spending Account Program**
  - **This benefit is not open to retirees.** Your FSA will terminate as of the date of your retirement. There are no extensions. Any eligible health care expenses incurred prior to the date of retirement will be reimbursed. If you have used your entire elected amount before FSAFEDS has deducted it from your pay, you will not be responsible for the remaining allotments.
Benefits and Allotments (cont’d)

• Other Allotments

– Federal, State and Local Income Tax Withholding – OPM will initially withhold Federal Income tax only, from your annuity. You make your elections for Federal Withholding with the retirement application. State and Local taxes may be withheld by OPM once your retirement is finalized by OPM if there is an agreement between OPM and your state.

– Savings Accounts – will be able to request that OPM withhold after retirement is finalized.

– Dues; etc…These allotments stop on the date of your retirement. Contact the various organizations to notify them of your retirement.
THRIFT SAVINGS PLAN (TSP)

You have several options about what to do with your TSP if you choose to take an early out.

(Disclaimer: We are not financial advisors. For current regulations please contact your financial planner or tax professional)

• If you retire and are younger than 55, your TSP withdrawal may be subject to a 10 percent early withdrawal penalty if taken out prior to age 59 ½. To avoid this penalty, you may postpone your withdrawal or choose to receive monthly payments based on life expectancy or choose a life annuity.

• If you are 55 or older in the year you retire, you may withdraw TSP funds without incurring the 10 percent penalty. If you transfer your TSP to an IRA, you will incur the penalty on withdrawals until you are 59 ½.

• You may choose to postpone any TSP withdrawal until you reach age 70 ½, when you must start taking required minimum distributions.

• TSP allows only one partial withdrawal.

• For further information contact the TSP Thriftline or online at www.tsp.gov
Deposit Service – Civilian Service
Retirement contributions not deducted (Intermittent Service, Temporary Service) or retirements contributions were deducted and refunded

CSRS/CSRS Offset – Civilian Service

• Service counts towards eligibility and computation of annuity with a reduction.
  – Intermittent Service prior to 10/1/1982
  – Refunded service prior to 3/1/1991

• Service counts towards eligibility but does NOT count in the computation of the annuity.
  – Intermittent Service on or after 10/1/1982
  – Refunded service on or after 3/1/1991

FERS – Civilian Service

• No retirement credit for Intermittent Service performed on or after 1/1/1989.
• Deposit must be made for Intermittent Service prior to 1/1/1989 to receive service credit for eligibility for VERA and annuity purposes.
• Refunded Retirement Contributions
  – Redeposit does not have to be paid to receive service credit time for eligibility purposes.
  – Redeposit MUST be paid to receive service credit for annuity purposes.
Deposit Service – Honorable Military Service
Military Service prior to 1-1-1957 does not require a deposit for both CSRS/FERS employees.

CSRS/CSRS Offset

• Need to look at two things...

• First, were you first hired before 10/1/1982 or after?
  – If first hired before 10/1/1982 and you will have less than 40 credits towards social security at age 62, no deposit is required.
  – If first hired on or after 10/1/1982, then a deposit is required whether you will have 40 credits of social security at 62 or not.

• Secondly, if hired before 10/1/1982, will you have 40 credits towards social security by age 62 (Catch-62)?
  – If no, then no deposit is required.
  – If yes, a deposit is required or your annuity will be reduced at age 62.

FERS

• FERS covered employees MUST pay the military deposit in order to receive credit for eligibility to retire and for computation of their annuity.

• This includes military service that was prior to Federal employment and military service that interrupted Federal employment.
CREDIT FOR UNUSED SICK LEAVE FOR CSRS/CSRS OFFSET AND FERS

• Your service will be increased by the days of unused sick leave to your credit on the date of retirement for annuity computation purposes.

• Computation Service Credit (someone with 802 hours of sick leave)

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<th>Description</th>
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<td>14</td>
<td>CSRS Offset Service Credit</td>
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<td>CSRS Offset Unused Sick Leave Credit</td>
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<tr>
<td>26</td>
<td>5</td>
<td>3*</td>
<td>Total CSRS Offset Service Credit</td>
</tr>
</tbody>
</table>

* 3 days of unused CSRS Offset service credit equals 17 hours of sick leave
LUMP SUM PAYMENTS

• The maximum amount of the Voluntary Separation Incentive Payment (VSIP) is no more than $25,000.00, less any applicable withholding for taxes. Not everyone is eligible to receive the maximum amount.

• Amount is determined based on pay rate, years of civilian service and age.

• VSIP (Voluntary Separation Incentive Payment) will be issued within 30 days of your separation date.
LUMP SUM PAYMENTS

• If you have an outstanding annual leave balance at the time you retire, and have no outstanding obligations, you will receive a lump sum payment within 1 to 2 pay periods after the final paycheck is issued.

• HRO will provide you with the name and phone number of the person to contact if there are any questions about your lump sum payment after your retirement is confirmed.
REQUEST A VERA/VSIP CALCULATION

• Complete and send Enclosure 5 by email, mail, or fax during the dates of the open window only.
  – Email address is VERAcalculation@fsis.usda.gov
  – Mailing address is USDA, FSIS, HRO, VERA; Butler Square West, Suite 420C; 100 North Sixth Street; Minneapolis, MN  55403.
  – Fax: (612) 370-2062
  – Response (calculation or explanation on eligibility) will be mailed or emailed to employee within 8 calendar days.
SUBMIT A VERA APPLICATION

• Complete and send Enclosure 6 by email, mail, or fax during the dates of the open window only.
  – Email address is VERAapplication@fsis.usda.gov
  – Mailing address is USDA, FSIS, HRO, VERA; Butler Square West, Suite 420C; 100 North Sixth Street; Minneapolis, MN 55403.
  – Fax: (612) 370-2062

• Employees that submit the VERA application will be provided with the official application for retirement forms, if they are eligible, along with further instructions.
SUBMIT A VSIP APPLICATION

• Complete and send Enclosure 8 by email, mail, or fax during the dates of the open window only.
  – Email address is VSIPapplication@fsis.usda.gov
  – Mailing address is USDA, FSIS, HRO, VERA; Butler Square West, Suite 420C; 100 North Sixth Street; Minneapolis, MN  55403.
  – Fax: (612) 370-2062

• Employees that submit the VSIP application will be provided with a response to indicate whether or not the VSIP will be processed.

• Read the post-employment restrictions carefully.
FORFEITING RIGHTS & BENEFITS UNDER VSIP

Those who elect to retire with a VSIP forfeit the following rights and benefits:

• Placement assistance;
• Selection priority for federal employment under the Career Transition Assistant Program (CTAP) and Interagency Career Transition Assistance Program (ICTAP). These programs give you selection priority for federal jobs in your area at your same or lower grade, if you apply for them and are well-qualified;
• Employment in the Federal Government within next 5 years (without paying back the full gross amount of the incentive payment);
• Full amount of severance pay, if eligible (e.g., you are not eligible for severance pay if you are eligible to retire); and
• Unemployment benefits (depending on your State’s rules).
FUTURE EMPLOYMENT RESTRICTIONS UNDER VSIP

• If you retire with a buyout payment under this law, you must repay the entire amount (including taxes paid), prior to your first day of employment, if you take a job with any agency of the Federal Government within 5 years of your separation date. This repayment requirement covers any kind of employment (permanent, temporary, expert, consultant, reemployed annuitant), as well as direct or personal services contracts.
FILING THE RETIREMENT APPLICATION

• You would file your official application to retire with HRO no later than the prescribed deadline for that particular VERA/VSIP window.

• HRO will acknowledge receipt of the application by letter and provide final instructions.

• Your decision to retire is entirely voluntary and will not be coerced.

• Married individuals will need a copy of their marriage certificate.
WITHDRAWING THE APPLICATION

• Please consider your options and this information carefully before applying for VERA, Optional Retirement and/or VSIP.

• To withdraw your application for VERA or Optional Retirement without facing potentially serious consequences, you must withdraw the application before the VSIP application is approved.
WITHDRAWING THE APPLICATION CONTINUED

• To withdraw your application for VSIP without facing potentially serious consequences, you must withdraw the application before the VSIP application is approved by the Human Resources Benefits Officer. **Once the VSIP is approved, it is irrevocable.** If you attempt to withdraw your VSIP application after the VSIP is approved, you will still be separated on the effective date you elected without the VSIP payment.
Contact Information and Questions?

• Benefits Specialists are available to answer any of your questions or to discuss your calculation by telephone, Monday through Friday, 6:00 A.M. to 8:00 P.M. (Central Time), during the first month of each VERA/VSIP 3-month cycle.

• Phone number is 1-800-370-3747, press Option #3.
Thank you

Questions?