

OCHR FACTSHEET

Workforce Shaping — VSIP/VERA

Issued: February 2013

STAFFING AND RECRUITMENT

This Fact Sheet:

- Defines VSIP and VERA
- Identifies the two types of VSIP
- Provides FAQs regarding VSIP and VERA

Background

Voluntary Separation Incentive Pay (VSIP) and Voluntary Early Retirement Authority (VERA) are two workforce shaping tools that leadership can use when an activity needs to reduce or reshape its workforce. Section 9902(f) of Title 5 United States Code provides the Secretary of Defense permanent authority to establish a Department of Defense (DoD) VERA and VSIP program. The DoD Instruction 1400.25, Volume 1702 implements this authority and provides the policies and guidance to be applied when using these workforce shaping incentive tools. VSIP and VERA may be used when there is a need to reduce the number of personnel employed by the Department of the Navy (DON) or to restructure the workforce to meet mission objectives. VSIP and VERA are workforce shaping incentive tools; they are not employee entitlements.

Voluntary Separation Incentive Pay (VSIP)

VSIP allows DON activities that are downsizing or restructuring to offer employees lump-sum incentive payments up to \$25,000 to voluntarily separate from Federal Service. DoD annually allocates approximately 6,000 of its 25,000 VSIP incentives to the DON. The Deputy Assistant Secretary of the Navy (Civilian Human Resources) in turn allocates a percentage of that amount to each major command and the Commandant of the Marine Corps. VSIP usage must be approved by the major command or Commandant of the Marine Corps before being offered to an employee at the command. Employees can voluntarily separate with a VSIP by early or optional retirement or by resignation, and must separate by the end of the fiscal year. There are two types of VSIPs that can be offered depending on the needs of the command.

TYPES OF VSIP	
Downsizing VSIP (<i>buyouts</i>)	<ul style="list-style-type: none">• MUST result in the avoidance of a civilian employee from being involuntary separated through reduction in force (RIF)
Restructuring VSIP (<i>buyouts</i>)	<ul style="list-style-type: none">• Used to correct skill imbalances or to reduce managerial/supervisory positions.• Restricted to the vacancy created by the incentive.• Resulting/restructured vacancy MUST have a change in grade, pay band, dominant position duties, occupation or supervisory status.

Reemployment Restrictions:

- Employees who separate from DON with a VSIP may **not** be re-employed by any DoD activity (including non-appropriated fund employment or through a personal services contract) for 12 months.
- Employees receiving a VSIP on/after March 30, 1994, who accept employment with the federal government within 5 years after the date of separation **must** repay the entire VSIP amount (before taxes & deductions) back to the DoD.

Voluntary Early Retirement Authority (VERA)

VERA incentives may be used by commands facing substantial delayering, restructuring, reorganization, or RIF. VERA incentives temporarily lower the optional retirement age and service requirements to increase the number of employees who would be eligible for retirement and thus avoid involuntary separations. VERA use must be approved by the major command/Commandant of the Marine Corps before being offered to an employee at the command. There is no limitation on the number of early retirements that a major command can approve. Early retirement can be offered one fiscal year – and the employee retire/separate the following fiscal year. VERA can be offered with or without a VSIP.

Employee Coverage for VERA

VERA applies to employees covered under both the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). An employee who meets the general eligibility requirements may be eligible to retire early. The employee must:

- Meet the minimum age **and** service requirements:
 - At least age 50 with at least 20 years creditable Federal service, **OR**
 - Any age with at least 25 years creditable Federal service;
- Have been continuously employed within the DoD for more than 30 days before the date on which the determination to conduct a workforce reduction or restructuring action is approved

Frequently Asked Questions on VSIP and VERA

Q. If I am received a notice of furlough, can I be offered a VSIP to retire?

A. Typically no. Unless the command is facing other reductions that would require involuntary separations through a RIF or restructuring of positions, VSIPs cannot be offered in lieu of furlough.

Q. Can I be offered a VSIP or VERA if I received of an offer to transfer with my work to another command outside of the commuting area or decline to transfer to another command?

A. Probably not. Unless there are too few positions at the gaining command and employees would be separated by RIF, VSIP and VERA may not be used in conjunction with transfers of function, directed reassignments or other management-initiated relocations outside of the commuting area.

Q. If I am a temporary or term employee facing involuntary separation, am I eligible to get a VSIP since I am being separated against my will?

A. No. An employee serving under an appointment with time limitation is not eligible for a VSIP.

Q. If I have a RIF notice and am eligible for discontinued service retirement, can I be offered a VSIP?

A. No. Once you are in receipt of a RIF notice, you are not longer eligible to receive a VSIP.

Q. Can the date of my early retirement be extended beyond my command's RIF effective date to allow me to use annual leave to establish initial eligibility for early retirement?

A. Yes – but *only* if a VSIP is not being offered in conjunction with the early retirement.

Q. Can I use VERA/VSIP to encourage an underperforming employee to retire?

A. No. VERA and VSIP are workforce shaping incentives, not performance management tools.

Q. I'm retiring in August and my command won't provide a VSIP. I have worked 40 years for the federal government and deserve some compensation for my time.

A. VSIP is not a program to reward valuable employees. It is used to encourage voluntary separation.

NOTE: For additional FAQs on VSIP and VERA, visit the DON HR website at www.public.navy.mil/donhr.

Where to Find Additional Information

Additional information regarding Voluntary Separation Programs can be found on the DoD website at www.dtic.mil/whs/directives/corres/pdf/1400.25-V1702.pdf or DON HR website at www.public.navy.mil/donhr.

Policy information on processing of VSIP and VERA can be found on <https://www.portal.navy.mil/donhr/Benefits/Pages/Default.aspx>



OCHR
FACTSHEET