

WORKFORCE RESTRUCTURING VOLUNTARY EARLY RETIREMENT AUTHORITY

## Description

Voluntary Early Retirement Authority (VERA) allows agencies that are undergoing substantial restructuring, reshaping, downsizing, transfer of function, or reorganization to temporarily lower the age and service requirements in order to increase the number of employees who are eligible for retirement. The authority encourages more voluntary separations and helps the agency complete the needed organizational change with minimal disruption to the work force. By offering these short term opportunities, an agency can make it possible for employees to receive an immediate annuity years before they would otherwise be eligible.

An agency must request VERA and receive approval from the Office of Personnel Management (OPM) before the agency may offer early retirement to its employees. The approval from OPM will stipulate a period of time during which the option will remain available. Agencies such as the Department of Defense that have been granted agency-specific VERA are not required to seek OPM approval for their use of this option.

## Employee Coverage

Voluntary Early Retirement offers apply to employees covered under both the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). When an agency has received VERA approval from OPM, an employee who meets the general eligibility requirements may be eligible to retire early. The employee must:

1. 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;
2. Have served in a position covered by the OPM authorization for the minimum time specified by OPM (usually 30 days prior to the date of the agency request);
3. Serve in a position covered by the agency's VERA plan; and
4. Separate by the close of the early-out period.

## Effect of Early Retirement on Annuity

Employees considering an early retirement must consult with their human resources office and follow agency procedures to receive an annuity estimate and obtain advice specific to their personal situation.

## CSRS Annuity

- Commencing date of annuity - If the employee retires on the 1st, 2nd, or 3rd day of a month, annuity begins the following day. Otherwise, annuity begins the first day of the month following retirement.
- Calculation of annuity - Annuity is calculated based on the average high-3 salary and years and months of creditable service. Unused sick leave can be used for additional service credit. If the employee is under age 55, this calculation is reduced by one-sixth of one percent for each full month he/she is under age 55 (i.e. 2% per year).

## FERS Annuity

- Commencing date of annuity - Annuity begins the first day of the month following retirement.
- Calculation of annuity - FERS Basic Annuity is calculated based on the average high-3 salary and years and months of creditable service. FERS employees were not entitled to use unused sick leave for additional service credit until October 28, 2009. For retirements effective between October 28, 2009, and December 31, 2013, 50 percent of unused sick leave can be used for additional service credit. For retirements effective after December 31, 2013, 100 percent of unused sick leave can be credited. Employees under FERS with a CSRS component should contact their human resources offices for additional information about using unused sick leave for service credit.

There is no annuity reduction in FERS for employees who retire on an early voluntary retirement under age 55. A FERS transferee with a CSRS component in his/her annuity, who retires before age 55, will have the CSRS portion of the payable annuity reduced by one-sixth of one percent for each full month he/she is under age 55. No reduction will be applied to the FERS component of the annuity.

A FERS annuity supplement is payable to an employee who has completed at least one calendar year of FERS service when he/she reaches Minimum Retirement Age (MRA). MRA is age 55 to 57, depending on date of birth. The annuity supplement is payable until eligibility for Social Security begins at age 62, subject to an earnings limitation.

## Effect of Early Retirement on Benefits

**Health Benefits:** Employees retiring in conjunction with a VERA or Voluntary Separation Incentive Payment (VSIP) authority must have been covered under the FEHB Program (1) for the last 5 years of their Federal civilian service in order to continue such coverage in retirement, or (2) if less than 5 years, for all service since the employee was eligible for these benefits unless these requirements are waived.



OPM will grant pre-approved waivers to employees who have been:

1. Covered under the FEHB Program continuously since the beginning date of the agency's latest statutory VSIP authority, or OPM-approved VSIP or VERA authority; **and**
2. Retire during the statutory VSIP or OPM-approved VSIP/VERA period; **and**
3. Receive a VSIP; **or**
4. Take early optional retirement (i.e., VERA); **or**
5. Take discontinued service retirement based on an involuntary separation due to RIF, directed reassignment, reclassification to a lower grade, or abolishment of position.

Coverage as an annuitant is identical to coverage as an employee, but premiums are not paid on a pre-tax basis.

**Life Insurance:** Federal Employees Group Life Insurance can be continued through the retirement system provided the employee has carried the coverage for at least five years prior to retirement. Value and cost depend on elections made at retirement.

## Discretionary Authority

As with any incentive, when approved by OPM, this authority is used at the discretion of the agency. Each agency must develop a VERA plan to explain why the authority is needed, how it will be implemented, and which employees will be eligible.

## Employment After Voluntary Early Retirement

**Non-Federal employment:** Employees who take voluntary early retirement are not subject to any restrictions regarding their annuity, should they subsequently accept non-Federal employment. **EXCEPTION:** Employees covered under FERS who qualify for the annuity supplement could have the supplement reduced or discontinued due to an earnings limitation.

**Federal employment:** If an annuitant (i.e., a retired Federal employee) is hired under a Federal appointment, the annuitant is then considered a "reemployed annuitant." This means the annuity will continue, and the new Federal salary will be offset by the annuity amount, unless the employing agency seeks and is granted a waiver of the salary offset by OPM. If the reemployed annuitant works full time for at least one year, the annuitant may apply for a supplemental annuity. If the reemployed annuitant works full time for at least five years, the annuitant may then choose either a supplemental annuity or a re-computed annuity.

## References

- 5 U.S.C. 8336(d)(2)(D) for CSRS

- [5 U.S.C. 8414\(b\)\(1\)\(B\) for FERS](#)
- [5 CFR Part 831.114 for CSRS](#)
- [5 CFR Part 842.213 for FERS](#)

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## **Related Information**

- [VERA Guide \(PDF file\)](#)