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## Reduction In Force Benefits Guide

This fact sheet summarizes benefits that are provided for employees who have been reached for reduction in force actions (RIF). Employees who have specific questions concerning their entitlement to benefits should contact the personnel office of their agency.

### Reduction In Force Procedures

The U.S. Office of Personnel Management's (OPM) RIF regulations are derived from the Veterans' Preference Act of 1944 and are codified in sections 3501-3503 of Title 5, United States Code. OPM implements the law through regulations published in part 351 of title 5, Code of Federal Regulations (5 CFR part 351).

### CAREER TRANSITION ASSISTANCE AND SPECIAL SELECTION PRIORITY

Competitive service employees in Groups I and II who have received a specific notice of separation by a RIF are eligible for placement assistance in finding other positions.

In 1995, OPM issued career transition regulations to provide displaced employees with intra- and interagency selection priority for other positions.

Two types of career transition programs are available. One is for employees before they separate, called the Career Transition Assistance Plan (**CTAP**). The other is for interagency assistance before and after separation, called the Interagency Career Transition Assistance Plan (**ICTAP**).

Under CTAP, if an employee receives a reduction in force separation notice, a certificate of expected separation (CES), or notice of proposed removal for declining geographic relocation to a different local commuting area, the employee is considered a displaced employee, which entitles the individual to selection priority for vacancies within his/her agency. At its option, an agency can designate an employee's position as surplus to provide the same selection priority within the agency.

Selection priority extends only to positions which are at or below the grade level from which the employee is being separated. As a surplus or displaced employee, if the employee is found well-qualified for a job they apply for in the local commuting area, the agency is required to select the employee for the vacant position. CTAP eligibility ends on the earliest of either the RIF separation date, the cancellation of the RIF notice, or subsequent Federal employment (in another career, career conditional or excepted appointment without a time limit, in any agency).

ICTAP covers displaced Federal employees who are seeking employment in other Federal agencies. Individuals are eligible for selection priority under ICTAP if they were separated from a career or career conditional position by reduction in force or because the employee declined a geographic relocation to a position in a different local commuting area. Eligibility for special selection priority ends one year after separation, or when the employee receives a career-conditional, career or



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excepted appointment with no time limit. Displaced employees may exercise selection priority only in the local commuting area from which they were separated.

For selection priority under either program, when an employee identifies a vacancy announcement advertised by the agency for a position in the present local commuting area, the employee must apply by the closing date of the announcement. The employee must also provide proof attached to the application that he/she is a surplus or displaced employee.

For CTAP, proof is a RIF separation notice, notice of proposed removal for declining a directed reassignment or transfer of function outside the local commuting area, certification of expected separation; or other official notice from the agency indicating that the employee is surplus or eligible for discontinued service retirement. For ICTAP, proof is a RIF separation notice, notice of proposed removal for declining a directed reassignment or transfer of function outside the local commuting area, or documentation showing separation occurred as a result of reduction in force. The Standard Form 50, Notification of Personnel Action, would also be acceptable proof/documentation which shows any of the above actions. In addition, both programs require proof of the most recent performance rating at fully successful or better. It is incumbent upon the applicant to supply this information with his or her application.

**Reemployment Priority List (RPL).** The RPL is primarily a post-RIF program administered by individual agencies that gives separated employees priority consideration over outside applicants for positions filled by their agency. Provided that the separated employee submits a timely RPL application and did not refuse a RIF offer of assignment to a position at the same grade, a separated career employee is placed on the RPL for 2 years from the date of registration, while a separated career-conditional or probationary employee is placed on the RPL for 1 year.

Excepted service employees who are eligible for veterans' preference and who are separated by a RIF are eligible to have their names placed on a reemployment list that gives them future consideration for excepted positions filled by their former agency. Further information on the reemployment list for excepted employees is found in part 302 of title 5, Code of Federal Regulations.

**Department of Defense (DoD), Priority Placement Program (PPP).** DoD administers an internal agency Priority Placement Program for its displaced employees. As this is an internal DoD program, information regarding the PPP may be obtained through an employee's local civilian personnel office, the appropriate DoD PPP Zone Coordinator, or the DOD Civilian Assistance in Re-Employment (CARE) Office.

### REPROMOTION PRIORITY

Agencies are authorized to provide in their internal placement plans that those employees who are downgraded because of a RIF may receive priority consideration for promotion to positions up to their former grade level. The specific policies and procedures for such consideration are established by each agency.



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## GRADE AND PAY RETENTION

An employee in a permanent position who is reduced in grade by RIF generally retains the higher grade of the former position for 2 years following the effective date of the RIF. In order to be eligible for grade retention, the employee must have completed at least 52 consecutive weeks at one or more grades higher than the grade of the position in which the employee is placed. An employee who does not meet the eligibility requirements for grade retention may be eligible for pay retention.

An agency also has the option to offer grade retention to an employee who accepts a management-initiated change to lower grade as the result of a reorganization announced in writing.

An employee who is reduced in grade from a time-limited position is not eligible for grade or pay retention.

An employee who is reduced in grade after receiving a specific RIF notice and accepting an offer of a lower-graded position offered by management in writing is eligible for grade retention on the same basis as an employee who was actually downgraded by RIF action.

During the 2-year period of grade retention the agency considers the retained grade as the grade of the employee for most purposes (e.g., pay and pay administration, retirement, life insurance, training, and promotion). The retained grade does not apply in any subsequent RIF competition that takes place while the employee is eligible for grade retention (i.e., the employee receiving grade retention from a first reduction in force competes in a second reduction in force on the basis of the employee's present lower-graded position of record).

Grade retention ends if the employee (a) has a break in service of 1 workday or more, (b) is reduced in grade for personal cause or at the employee's request, (c) moves to a position under a covered pay system (as defined in 5 CFR 536.103) with a grade that is equal to or higher than the retained grade, excluding a temporary promotion, (d) declines a reasonable offer of a position at the same or higher grade than the retained grade, (e) elects in writing to terminate the grade retention benefits, or (f) moves to a position not under a covered pay system.

An employee who is not repromoted by the time the 2-year period of grade retention expires is eligible for pay retention. An employee who is reduced in grade by reduction in force but does not meet the minimum 52-week eligibility requirement for grade retention is also eligible for pay retention.

Pay retention ends if the employee (i) has a break in service of 1 workday or more, (ii) is reduced in grade for personal cause or at the employee's request, (iii) is entitled to a rate of basic pay under a covered pay system that is equal to or higher than the rate to which the employee is entitled under pay retention, (iv) declines a reasonable offer of a position at the same or higher





rate of basic pay than the retained pay, or (v) moves to a position not under a covered pay system.

Otherwise, pay retention ends when, following grade retention, the employee's rate of basic pay fits in the highest applicable rate range for the lower graded position the employee holds because of the reduction in force.

Under pay retention, when the employee's former rate of basic pay (including any applicable locality payment of special rate supplement) is greater than the maximum rate of the highest applicable rate range for the lower graded position held following the RIF, the employee's former rate of basic pay continues as a retained rate. However, the rate is capped at a maximum of 150 percent of the maximum rate for the lower graded position held following the RIF, or level IV of the Executive Schedule. Special rules apply in determining an employee's retained pay when a geographic move occurs simultaneously with entitlement to pay retention or while an employee is receiving a retained rate. When receiving pay retention, an employee receives 50 percent of any increase in the maximum rate in the highest applicable rate range for the lower graded position. When the maximum rate in the highest applicable rate range for the lower graded position equals or exceeds the employee's higher retained rate, pay retention ceases.

For additional information, the OPM website at [www.opm.gov/oca](http://www.opm.gov/oca) offers Fact Sheets on OPM's grade and pay retention regulations at 5 CFR part 536.

**SEVERANCE PAY**

A permanent employee is eligible to receive severance pay after separation by RIF, or by adverse action procedures after declining relocation to a different local commuting area. An employee is not eligible for severance pay if the employee declined a "reasonable offer" of a position within two actual grades of the employee's current grade level in the same commuting area and agency. Also, the separated employee must have served at least 12 continuous months in an appointment without a time limitation (or in a time-limited appointment that follows an appointment without time limitation by not more than 3 days), and must not be eligible for an immediate annuity as a Federal employee or as a retired member of the armed forces.

Severance pay is computed at the rate of one week's basic pay for each of the first 10 years of civilian service (no credit is allowed for service in the armed forces unless it interrupts otherwise creditable civilian service) plus two week's basic pay for each year of creditable service over 10 years. An age adjustment allowance of 10% is added for each year the employee is over 40 years of age.

The total amount of severance pay which can be paid to an employee is limited to 1 year's salary (e.g., if an employee receives severance pay for a time, then returns to Federal employment and is



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separated again, the employee is entitled to further severance pay, but not to exceed a combined period of 1 year).

For additional information, the OPM website at <http://www.opm.gov/oca/pay/HTML/factindx.asp> offers a fact sheet on severance pay and a link to OPM's 5 CFR part 550, subpart G, severance pay regulations.

### UNEMPLOYMENT INSURANCE

The U.S. Department of Labor, through agreements with State governments, administers the unemployment insurance program for Federal employees. The States (including the District of Columbia) determine eligibility for benefits as well as the amounts paid to separated employees. The unemployment insurance program provides a weekly income for a limited period of time to separated Federal civilian workers who are eligible for benefits.

An employee who wishes to file a claim for benefits should go to the appropriate State employment service office or unemployment insurance claims office to register for work and file a claim. The employee should take his or her social security card, official notice of separation or non-pay status (SF 50), and notice about unemployment insurance (SF 8).

The Department of Labor provides a listing of State unemployment insurance assistance offices on Labor's website at <http://workforcesecurity.doleta.gov/map.asp>. Labor's website has links to services in each State.

### UNUSED LEAVE

Except for certain statutory limitations, all civilian employees covered by the annual leave laws or other authorized leave systems are, upon separation from the Federal service, entitled to receive a lump-sum payment for accumulated and current accrued annual leave.

An employee may not receive payment for unused sick leave. However, an employee who is separated from the Federal government is entitled to have his or her sick leave re-credited if the individual is reemployed in the Federal service. Also, unused sick leave is added to the total service of an employee who is eligible for annuity benefits under the Civil Service Retirement System.

### RETIREMENT

Federal employees first hired before January 1, 1984, who were eligible for retirement coverage, were covered by the Civil Service Retirement System (CSRS). Employees first hired on or after January 1, 1984, were automatically covered by the Federal Employees Retirement System (FERS). Some employees transferred from CSRS to FERS during a one-time open season period.



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**IMMEDIATE ANNUITY**

An employee may retire under the following conditions and receive an immediate annuity. An employee serving under CSRS must have served in a position covered by the appropriate retirement system for at least 1 of the 2 last years preceding the separation on which the retirement is based.

Eligibility under the Civil Service Retirement System:

Type of Retirement	Minimum Age	Minimum Service (years)
Optional	62	5
	60	20
	55	30
Major RIF and Discontinued Service Involuntary	Any Age*	25
	50*	20
Disability	Any age*	5

\* The annuity is reduced 1/6 of 1% for each full month (e.g., 2% for each year) the individual is under age 55.

Eligibility under the Federal Employees Retirement System:

Type of Retirement	Minimum Age	Minimum Service (years)
Optional	62	5
	60	20
	55*	10**
Major RIF and Discontinued Service Involuntary	Any Age	25
	50	20
Disability	Any age	1 ½

\* Increasing to age 57 for employees born between 1948 and 1970.

\*\* The annuity is reduced by 5/12 of 1% for each month (e.g., 5% for each year) the individual is under age 62, unless the employee had 30 or more years of service.

For assistance in determining retirement plan coverage and for specific information concerning benefits under CSRS and FERS, employees should contact their agency's retirement officer.

**DEFERRED ANNUITY**

An employee who is separated from the Federal government after completing at least 5 years of creditable civilian service, but not before becoming eligible for an immediate annuity, is entitled to



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a deferred annuity at age 62 under both CSRS and FERS. (Under certain conditions, a FERS employee may be eligible for a deferred annuity before age 62). An employee who is eligible for a deferred annuity may elect to forego the deferred annuity and to receive a refund of his or her retirement contributions provided that the employee is not eligible to receive an annuity within 31 days after filing a refund application.

### REFUNDS

Employees who are separated from Federal employment before completing a minimum of 5 years of creditable civilian service have no title to annuity benefits under CSRS or FERS. An employee who has received a refund of retirement deductions under CSRS may, after reemployment, make a redeposit (consisting of the amount refunded to the employee plus interest) so that the period of service covered by the refund may be included in the computation of annuity benefits. However, while an employee who is covered by FERS may also receive a refund of retirement contributions, a FERS employee will not be eligible to receive annuity benefits based on service covered by the refund if the employee is reemployed in the Federal government. There is no provision in law which permits individuals to make a redeposit of FERS contributions that have been refunded.

### HEALTH BENEFITS

Employees who retire on an immediate annuity may continue their enrollment in the Federal Employee's Health Benefits Program if the employee has been continuously enrolled or covered as a family member for the 5 years of service immediately preceding the commencing date of annuity payments, or for all service since the first opportunity to enroll. After retirement, the government continues to pay the same contribution that is paid for active employees. Employees who are separated or leave the Federal government and are not eligible for an immediate annuity may convert their health insurance to an individual coverage, for which the former employee pays the full cost. Specific answers to health benefits questions are available from the employee benefits specialist in the employing agency.

### LIFE INSURANCE

Employees who retire on an immediate annuity are eligible to continue their basic life insurance under the Federal Employees Group Life Insurance program if the employee has been insured for the basic coverage during the entire period the coverage was available, or for the last 5 years of service immediately preceding the commencing date of annuity payments. At retirement, employees can also elect a percentage of basic coverage they wish to retain after age 65. Any one or all three types of optional insurance can also be continued into retirement.

Employees who are separated or leave the Federal Government and are not eligible for an immediate annuity may convert all or part of their life insurance to an individual policy without having to take a medical examination. The individual policy may be purchased from any eligible insurance company selected by the employee as a private transaction between the employee and the company. The employee pays the entire amount of the conversion policy. Specific questions on life insurance matters should be referred to the employee benefits specialist in the employing agency.



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## THRIFT SAVINGS PLAN

An employee who separates from the Federal service has several potential **Thrift Savings Plan (TSP)** account options.

The former employee may leave the entire account balance in TSP until April 1 of the year following the year the employee turns 70 ½, when the employee is required to receive money from the TSP account. An employee who is already over age 70 ½ at the time of separation from the Federal service must begin receiving payments by April 1 of the year following the year the employee separates. The TSP account will continue to earn. The former employee may continue to change allocations among the available TSP investment funds, but may not make additional TSP contributions unless reemployed by the Federal Government in a position covered by a qualifying retirement fund.

For another option, a former employee is eligible to withdraw the TSP account after separation for 31 or more calendar days. The withdrawal may be (a) in a single payment, (b) in a series of monthly payments, (c) as a life annuity with a choice of many different annuities, or (d) as a single payment or as multiple payments to an Individual Retirement Account or other eligible retirement plan. If the TSP account balance is less than \$200, TSP will automatically pay the total account balance to the former employee in a single payment.

TSP's website provides complete information at <http://www.tsp.gov>, including publications such as "**Summary of the Thrift Savings Plan**," "**Withdrawing Your TSP Account After Leaving Federal Service**," and "**Summary of the Thrift Savings Plan**."

## RETRAINING

The **Workforce Investment Act (WIA) of 1998** (Public Law 105-220, enacted August 7, 1998) requires each State to provide employment assistance to all displaced workers, including Federal employees.

The WIA program is administered by the Department of Labor. The WIA provides a wide range of services to help individuals displaced from their positions because of restructuring. These services include skills assessments, job development, counseling, job search assistance, and training or retraining. Specific services are available through state and local employment offices.

The State-based WIA offices offer many services for employees faced with involuntary separation because of reduction in force or relocation.

The Department of Labor's website provides links to each State's WIA offices and other State and local services for displaced employees at: <http://www.careeronestop.org/>.



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### FEDERAL EMPLOYMENT INFORMATION SYSTEM

As part of the President's initiative on providing transition assistance, the OPM developed USAJOBS, the government-wide automated employment Information System, to assist employees in their job search efforts. USAJOBS is accessible from a number of user-friendly mediums.

- **WORLD WIDE WEB:** The worldwide web site at [www.usajobs.gov](http://www.usajobs.gov) provides access to the Federal Jobs Data base; full text job announcements; answers to frequently asked Federal employment questions via deliver of Employment Information fact sheets; and access to electronic and hard copy application forms.
- **AUTOMATED TELEPHONE SYSTEM: 1-703-724-1850, or TDD 1-978-461-8404.** This automated phone system provides information 24 hours a day, 7 days a week on current employment opportunities (nationwide and worldwide), special programs for students, veterans, and people with disabilities, the President Management Fellows Program, salaries and benefits, and application requests services. Complete vacancy announcements may be ordered by fax delivery during your phone call.

Additional information concerning entitlement to benefits can be obtained by contacting your servicing personnel office.



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