

**VA**



U.S. Department of Veterans Affairs  
Office of Human Resources Management

# Phased Retirement

Worklife and Benefits (058)  
Employee Presentation



# Background

- Congress passed phased retirement into law in 2012.
- The law provided federal agencies with the option to implement a phased retirement program.
- The phased retirement final regulations were published by OPM on August 8, 2014 and made effective 90 days from that date. This means that OPM was able to accept phased retirement applications as early as November 6, 2014.
- In 2014, VA determined that the phased retirement program would be appropriate for VA and began working on the policy for program implementation.
- The policy went through the full concurrence process within VA through the Administrations and Staff Offices, the Office of General Counsel and has met bargaining unit obligations. The policy has been published.

# What is phased retirement and how can it benefit me?

- Phased retirement allows employees who meet regulatory eligibility and specific age and service requirements to elect to transition into retirement by continuing to work on a part-time basis and receiving a portion of their annuity for the time they are not working.
- It is designed to assist agencies with knowledge management and continuity of operations in the *short term*, but also to prepare the next generation of experts for success.
- The main purpose of phased retirement is to enhance the mentoring and training of the employees who will be filling the positions, taking on the duties of more experienced retiring employees or sharing institutional knowledge across Administrations and work groups.
- The added benefit to the employee is that the employee gets to transition from full time employment to part time employment while they prepare to transition into full time retirement. All while providing the agency with the added benefit of transitioning the historical knowledge that is vital to the agency carrying on and meeting the VA mission.
- Entry into phased retirement is strictly voluntary and it requires mutual agreement between the employee and the agency.

# What elements were required for VA policy?

Phased retirement regulations required that VA develop and implement an internal policy that addressed:

- Criteria that will be considered when approving requests
- Criteria that will be considered when denying requests
- Designation of officials with authority to approve requests
- Use of time limits as a condition of approval of requests
- Positions or geographic locations that may be included or excluded
- Process for handling multiple requests when the agency is unable to approve all requests received.

# Am I eligible for phased retirement?

## Regulatory Requirements

- An individual must have been employed on a full-time basis for not less than the 3-year period preceding the effective date of his or her entry into phased retirement status.
- Eligibility for phased retirement varies by those employees who are covered under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS).
  - CSRS employees must have at least 30 years of service and have attained at least age 55 or have at least 20 years of service and have attained at least age 60.
  - FERS employees must have at least 30 years of services and have attained at least their Minimum Retirement Age (MRA), between ages 55-57, or have at least 20 years of service and have attained at least age 60.

# Who is excluded from phased retirement participation?

## Regulatory Exclusions

- Current part-time employees
- Employees who qualify for retirement under special retirement provisions including law enforcement officers and firefighters
- Employees covered by a special work schedule authority that does not allow for a regularly recurring part-time schedule, such as a firefighter covered by 5 U.S.C 5545b or a nurse covered by 38 U.S.C 7456 or 7456A
- Employees not covered by CSRS or FERS
- Employees filing for disability retirement or disability retirees
- Reemployed Annuitants
- Retirees

# What is the VA specific Criteria for Approval?

- The candidate's continued service must assist in fulfilling mission critical functions of VA;
- The candidate's knowledge, skills, abilities and unique qualifications must be essential for the work to be performed and cannot be satisfied by another staffing function (e.g., new hire, reassignment, etc.);
- The part-time work schedule must be appropriate for the candidate's position;
- The candidate must have the ability to mentor and be willing and able to meet the mentoring requirement;
- The candidate must have achieved at least a Fully Successful rating on the last three performance ratings;
- The Human Resources (HR) Officer and the manager/supervisor must be able to identify appropriate mentoring activities and submit progress reports to the OHRM Worklife and Benefits Service monthly to demonstrate that the phased retirement arrangement is successful in achieving VA's mission;
- The change from a full-time schedule to a part-time schedule will not affect the work unit's ability to meet mission goals and objectives; and
- The operational needs of the work unit will not require that the candidate work in excess of a part-time schedule that includes a 20% mentoring requirement.

# What are the mentoring requirements?

- A phased retiree is required to spend at least 20 percent of his or her working hours in mentoring activities.
- The HR Officer and manager/supervisor are responsible for determining what types of mentoring activities will satisfy this requirement based on the information submitted on the VA Form 10167.
- Mentoring activities include, but are not limited to: teaching, providing guidance, coaching, educating, and sharing knowledge and skills to mentees.
- Although the regulations allow the HR Officer to waive the mentoring requirement in the event of an emergency or other unusual circumstance that would make it impracticable, such as when the individual is called to active duty military service, any deviation must be approved by the Assistant Secretary, Human Resources and Administration (AS/HRA).



# Mentoring requirements cont.

- Any request to waive the mentoring requirement must be submitted for approval by the AS/HRA prior to the waiver taking effect and following the request for phased retirement approval procedures.
- Mentoring element must be included as a Critical Element in the performance plan of the phased retiree.

# What should I consider?

- Do I want to continue to work part-time or am I ready to fully retire?
- Is it financially attractive for me?
- What knowledge, skills and abilities do I have that will benefit VA?
- Can I and am I willing to share my knowledge with my colleagues?
- Will I be ready to retire when the phased retirement time limit expires?
- Speak with your manager/supervisor
- Speak with HR

# How do I apply?

- You must submit a written request on VA Form 10167 to your manager/supervisor.
- Your manager/supervisor will forward the VA Form 10167 along with justification that addresses the VA specific Criteria for Approval to the HR Officer and with a recommendation for approval or disapproval.
- Your manager/supervisor will work with HR to determine mentoring activities.
- The HR Officer will prepare and submit the full package to the Staff Office Director/Facility Director for concurrence.
- If the Staff Office Director/Facility Director concurs with the request the complete package will be forwarded through appropriate channels to the AS/HRA. If the Director does not concur, the request will be returned to the HR Officer and the HR Officer will inform both you and your manager/supervisor of the disapproval.
- The AS/HRA will approve/disapprove the request in writing within 30 days of receipt. Any request not approved will include the reason for disapproval.

# What happens when my application is approved?

Upon approval of phased retirement, the HR Officer will:

- (1) Provide the phased retiree with a phased retirement election form [SF 3116, Part 1A](#) to be completed, signed and copy furnished to the OHRM Worklife and Benefits Service;
- (2) Provide the phased retiree with the Time Limit Agreement in accordance with paragraph 9, and sign the Time Limit Agreement;
- (3) Determine an effective date;
- (4) Code the employee record for phased retirement in the PAID/HR Smart system; and
- (5) Submit monthly progress reports on mentoring activities completed by the phased retiree.

# Once my application is approved when does phased retirement status start?

Phased retirement and the commencement of a phased retirement annuity is effective:

(1) On the first day of the first pay period after the HR Officer is notified of the AS/HRA approval of the phased retirement request;

Or

(2) On the first day of a later pay period but no longer than 30 days after the AS/HRA approval signature date.

# What will my work schedule look like?

- A phased retiree's established work hours must equal 50 percent of the number of hours the phased retiree would have been scheduled to work had the phased retiree remained in a full-time work schedule.
  - So an employee working an 80 hours per pay period schedule will work a 40 hours per pay period schedule and engage in mentoring activities for at least 8 hours bi-weekly.
- If the manager/supervisor determines that it is necessary for a phased retiree to work in excess of the 50 percent limitation, a written request citing the reasoning may be submitted through appropriate channels to the AS/HRA for approval.
- The AS/HRA may approve a phased retiree to work in excess of the 50 percent limitation under the following conditions:
  - The work is necessary to respond to an emergency posing a significant, immediate, and direct threat to life or property;
  - The manager/supervisor determines that no other qualified employee is available to perform the required work;
  - The phased retiree is relieved from performing excess work as soon as reasonably possible; and
  - When an emergency situation can be anticipated in advance, management made advance plans to minimize any necessary excess work by the phased retiree.

# How long can I spend in phased retirement status?

- The time limit that an employee can spend on phased retirement should not exceed a six-month period. A requesting official may request a one time six-month extension, which means the employee can spend a total of one year in phased retirement if needed to meet the mission requirements and needs of VA.
- An extension must be requested and approved by the AS/HRA prior to the expiration of the initial six-month time period.
- When employees sign the time limit agreement (VA Form 10099) they agree to the following:
  - They may request approval to return to full-time employment;
  - They may accept an appointment at another agency, at any time before the expiration of the agreement; doing so would terminate participation of phased retirement at VA;
  - When the agreed term of phased employment ends, they will be separated and that separation will be considered voluntary based on the written agreement;
  - If they are separated from phased employment and are not employed within 3 days, they will be deemed to have elected full retirement;
  - In conjunction with their facility, appropriate approval channel and approval by the AS/HRA, the employee and the AS/HRA may rescind an existing agreement or enter into a new agreement to extend or reduce the phased employment term by entering into a new written agreement prior to the expiration of the agreement currently in effect.

# Can I end phased retirement and return to regular duty?

- A phased retiree may request to end phased retirement and return to regular employment. The phased retiree must submit the Election to End Phased Employment/Phased Retirement and Return to Regular Employment Status request [SF 3116, Part 2A](#) to his or her manager/supervisor.
- The manager/supervisor will forward the request to the HR Officer and the HR Officer will forward the request through appropriate channels to the AS/HRA for approval.
- If approved by the AS/HRA, the phased retiree can return to regular employment status. If disapproved, the phased retiree will remain in phased retirement status or may elect to enter full retirement.
- Once an election to end phased retirement status to return to regular employment status is effective, the employee may not reelect phased retirement status.



# How do I transition from phased retirement to full retirement?

- Once the agreed upon time limit has been reached, the employee will transition to full retirement, unless he or she submits a request to the supervisor to return to full-time employment. The request to return to full-time employment requires the mutual consent of the employee and VA.
- The phased retirement annuity terminates upon separation from service and the full retirement annuity commences the day after separation.
- A phased retiree may also voluntarily apply for full retirement at any time before the expiration for the time limit agreement in the same manner as other retirement eligible employees.

# What effect does phased retirement have on my benefits?

- For Federal Employee Health Benefits (FEHB) purposes a phased retiree is considered to be a full-time employee and the rules regarding part-time proration of health insurance premiums do not apply.
- For Federal Employee Group Life Insurance (FEGLI) purposes a phased retiree is considered to be a full-time employee for the purposes of employee premiums, employer withholdings and benefit payments.
- Phased retirement has no effect on eligibility and coverage of other benefit programs, which include the Federal Employee Dental and Vision Insurance Program (FEDVIP), Federal Flexible Spending Account Program (FSAFEDS), and the Federal Long Term Care Insurance Program (FLTCIP).
- Employees can still participate in TSP.
- A phased retiree may not elect an alternative annuity .
- A phased retiree is not eligible for the annuity supplement.

# Effect of phased retirement cont.

- A phased retiree may not be appointed to more than one position at the same time.
- A phased retiree may move or be detailed to another position within VA only if the work schedule remains the same and the position satisfies the criteria for approval.
- A phased retiree is treated as any other employee on a part-time tour of duty for all other purposes except as otherwise provided by law or regulation.
- The death of a phased retiree is deemed to be a death in service of an employee and the phased retirement period is deemed to be part-time employment for the purposes of determining survivor benefits.
- An individual who dies after separating from phased retirement and before submitting an application for full retirement is deemed to have filed the application for full retirement status with OPM.

# Phased Retirement Basic Income Example

| <b>The example below is for a <u>CSRS</u> employee with 35 years and 9 months of service.</b> |                 |                   |
|-----------------------------------------------------------------------------------------------|-----------------|-------------------|
|                                                                                               |                 |                   |
| CSRS phased retirement Income                                                                 |                 |                   |
|                                                                                               | Annual          | Monthly           |
| Current Salary \$68,275 X 50%                                                                 | \$34,137        | \$2,844.75        |
| Current Annual Annuity \$45,296.30 X 50%                                                      | \$22,648        | \$1,887.00        |
| <b>Total employee income in phased retirement (Salary + Annuity)</b>                          | <b>\$56,785</b> | <b>\$4,731.75</b> |

| <b>The example below is for a <u>FERS</u> employee with 35 years and 9 months of service.</b> |                 |                   |
|-----------------------------------------------------------------------------------------------|-----------------|-------------------|
|                                                                                               |                 |                   |
| FERS phased retirement income                                                                 |                 |                   |
|                                                                                               | Annual          | Monthly           |
| Current Salary \$68,275 X 50%                                                                 | \$34,137        | \$2,844.75        |
| Current Annual Annuity \$23,868 X 50%                                                         | \$11,934        | \$994.50          |
| <b>Total employee income in phased retirement (Salary + Annuity)</b>                          | <b>\$46,071</b> | <b>\$3,838.75</b> |
| <b>No FERS annuity supplement is payable in phased retirement.</b>                            |                 |                   |

# What does full retirement look like?

- At the time of full retirement, the individual would be appropriately compensated for the value of both full-time and part-time service, with an annuity greater than if they had fully retired at the time of transition to phased retirement, but less than if the individual had continued employment on a full-time basis during the period of phased retirement.
- HR Offices will be able to provide retirement estimates to phased retirement participants.
- Examples of the annuity computation can be found in Benefits Administration Letter 14-109.

# What are my appeal rights?

- There are no new statutory or regulatory requirements unique to phased retirement.
- Employees in phased retirement retain the same rights and responsibilities of regular employment.
- Any complaint procedures, including any applicable administrative or collective bargaining grievance procedures available in regular employment remain available to phased retirees.
- No new rights are provided under phased retirement.

# References

- VA Phased Retirement Policy:  
[http://www.va.gov/vapubs/viewPublication.asp?Pub\\_ID=841&FType=2](http://www.va.gov/vapubs/viewPublication.asp?Pub_ID=841&FType=2)
- Final Regulations:  
<https://www.federalregister.gov/articles/2014/08/08/2014-18681/phased-retirement>
- Statutory Regulations: [5 U.S.C. 8336a](#) and [5 U.S.C. 8412a](#)
- Code of Federal Regulations: [5 CFR part 831, subpart Q](#), and [5 CFR part 848](#)
- BAL 14-109: [Phased Retirement Instructions for Personnel and Payroll Offices](#)
- BAL 14-110: [Instructions for Personnel and Payroll Offices](#)
- BAL 14-108: [Phased Retirement Employee Frequently Asked Questions](#)

# Questions

