

# 2009 Early Out Incentive Option FAQs

(Updated 8/27/09)

**NOTE: While some voluntary early retirement (VER) related questions and answers are included in this FAQ, eligible employees retiring under the VER provisions of this one-time incentive offer are strongly encouraged to read the full set of [VER FAQs](#) on the VERA website.**

## GENERAL INQUIRIES

### 1. What are the basic details of the 2009 Early Out Incentive Option?

This one-time incentive is an early out option for eligible full-time, part-time regular and part-time flexible employees who choose optional retirement, voluntary early retirement or voluntary separation from the Postal Service. It is being offered only to those employees who are covered by the following national agreements and with the following exceptions:

- a) All career employees covered by the USPS-APWU 2006-2010 national agreement are eligible for this one-time incentive **except for:**
  - Employees in a probationary status.
  - Employees who have been issued a notice of discharge on or before 8/24/09.
  - Electronic Technicians (levels 10 & 11) and Mail Processing Equipment (MPE) Mechanics (level 9). NOTE – these employees may be eligible for the incentive if the residual vacancy created as a result of the retirement or separation will be filled by an employee who does not require additional training to fill the resulting vacancy.
  - Employees in the HQ Operating Services Division.
  - Employees in the Accounting Services portion of the Information Technology/Accounting Services bargaining unit.
- b) All career employees covered by the USPS-NPMHU 2006-2011 national agreement **except for:**
  - Employees in a probationary status as of 8/24/09.
  - Employees who have pending notice of discharge that was issued on or before 8/24/09.

All employees must meet eligibility for optional (regular) and voluntary early retirement by 10/31/09. Eligible employees within the APWU / NPMHU groups who opt in to the one-time incentive offer by the required decision deadlines can retire/voluntarily separate as early as 10/31/09. Employees already in the retirement process as of close of business, 8/24/09, are also eligible for the offer and should refer to "Incentive Eligibility & Opting In" section below for more details.

### 2. How is the Postal Service funding this incentive offering?

The Postal Service is funding this initiative by using money that would otherwise be used as wages for these employees if they did not take the early out incentive option.

### 3. Why is this incentive being offered only to this group of employees?

Employees represented by the APWU and the NPMHU are being offered this incentive because of the need to reduce complement, primarily in mail processing operations in plants and post offices due to the significant decline in mail.

### 4. Can employees switch into the targeted early out incentive option positions and take advantage of this offer?

The 2009 one-time incentive is offered to all eligible employees who held a position covered under the specified union contracts as of close of business on 9/25/09 – the first opt in decision deadline.

5. **Why wasn't the incentive offered under the previous 2008/2009 VERAs?**  
The Postal Service did not need to offer incentives nearly one year ago. Fiscal responsibility called for measures that would reduce complement without additional operating costs. The current and projected decline of mail volume now calls for a more pronounced solution in the form of a one-time, early out incentive for eligible employees.
6. **There had been talk of furloughs as a way to save money – why wasn't this tried first?**  
Furloughs affect ONLY non-bargaining unit employees and the Postal Service has been reducing complement in that employee group over the past year as well as instituting an agency-wide hiring freeze. Non-bargaining employees account for approximately 10% of the total USPS employee base.
7. **Have the Unions and Management Associations been notified?**  
Yes.
8. **How does this early out option differ from the '92 buyout?**  
In 1992, the opportunity to leave with an incentive was open to everyone and the results were not optimal. For this incentive offer, the Postal Service is focused on the areas where workforce streamlining is most needed, due to a significant decline in workloads.
9. **Can anyone within the targeted groups leave under this one-time incentive offer?**  
Refer to question #1 for description of eligible employees and exceptions to the 2009 Early Out Incentive Option.  
  
For ET's and MPE's covered under the APWU contract, management can use operational discretion to limit the number of employees opting into this one-time incentive offer to maintain ongoing service and ensure customer needs are met.  
  
The rest of the eligible, targeted employees covered under the APWU and NPMHU contracts will be able to retire or separate on their appointed date unless management needs to defer that retirement or separation in order to meet operational needs. If the retirement or separation is deferred, employees will be notified by local management of the new retirement/separation date.

## **INCENTIVE PAYMENTS – HOW MUCH & WHEN**

1. **What is the incentive amount for full-time employees?**  
The total incentive amount for full-time employees is \$15,000.
2. **How is the incentive pay for full-time employees going to be paid out?**  
At approximately mid month after the effective date of retirement or separation, each eligible full-time employee will receive an initial incentive of \$10,000 (less required deductions and withholdings). The remaining \$5,000 balance will be paid approximately one year later.
3. **What is the incentive amount for part-time employees?**  
The total incentive amount for part-time employees is prorated based on the number of hours paid in the twenty-six full pay periods prior to 8/24/09. Part-time employees will know their specific incentive amount by early October based on the following schedule:

<b>Number of Paid Hours</b>	<b>Percent of Incentive Payment</b>
Under 520	25
520 and under 1020	50
1020 and under 1520	75
1520 and over	100

Prorated percentages will be applied separately to the \$10,000 and \$5,000 payments.

4. **How is the incentive pay for part-time employees going to be paid out?**  
Part-time flexible and part-time regular employees will receive the initial, prorated lump sum payment (less required deductions and withholdings) at approximately mid month after the effective date of retirement. The remaining prorated balance will be paid approximately one year later.

5. **Where will my incentive payments be mailed?**

Just like terminal leave, incentive payments will be mailed to the installation head of the duty station from which you retire or separate.

6. **When will I receive my initial lump sum incentive payment?**

The initial lump sum incentive payment will be paid out based on the retirement or separation date as follows:

- Retire/separate before 10/31/09, payment is made approximately three to six weeks after retirement or separation
- Retire/separate on 10/31/09, payment is made approximately mid to late November
- Retire/separate on 11/30/09, payment is made approximately mid to late December

7. **What deductions will be withheld from my lump sum payment(s)?**

The following deductions will be withheld from your lump sum payment(s):

- Federal Income Tax
- State Income Tax (if applicable)
- Medicare Tax
- Social Security-OASDI Tax\*

\*Applies only to FERS and CSRS Offset employees.

## **INCENTIVE ELIGIBILITY & "OPTING IN"**

1. **I am in the targeted APWU-NPMHU group and I am already scheduled to retire BEFORE 10/31/09. Can I take advantage of this incentive offer?**

Yes – if you meet the retirement eligibility for this incentive (exceptions in incentive description at the top of this document apply) and you are in the retirement process as of 8/24/09, with a scheduled retirement date before 10/31/09, you will be permitted to retire on your scheduled retirement date and be eligible for the incentive UNLESS management must defer your retirement effective date to 10/31 for needs of service. You will be notified if your retirement date is changed. You must STILL opt in to take advantage of this one-time offer by contacting the HRSSC.

2. **I am in the targeted APWU-NPMHU group and I am already scheduled to retire AFTER 10/31/09. Can I take advantage of this incentive offer?**

Yes –if you meet retirement eligibility as of 10/31/09 (exceptions in incentive description at the top of this document apply), and you are in the process as of 8/24/09, with a scheduled retirement date AFTER 10/31/09, you are eligible for the incentive. If your scheduled retirement date falls somewhere between 11/1/09 and 11/30/09, your scheduled date will remain the same UNLESS management must defer your retirement effective date to 11/30/09 for needs of service. You will be notified if your retirement date is changed. You must STILL opt in to take advantage of this one-time offer by contacting the HRSSC.

If you have a scheduled retirement date of 12/1/09 or later, you meet incentive retirement eligibility requirements as of 10/31/09 and you want to take advantage of this incentive, you must change your retirement date to 10/31/09. You will need to contact the HRSSC no later than 9/25/09 to opt in for the incentive and request a change of date to 10/31/09. You are subject to the same exceptions spelled out in the incentive description at the top of this document. Your new retirement date will be 10/31 UNLESS management must defer your retirement effective date to 11/30/09 for needs of service. You will be notified if the 10/31/09 retirement date is changed.

3. **I am in the targeted APWU-NPMHU groups and I am already in the process to resign (voluntarily separate). Can I take advantage of this incentive offer?**

Yes – if you meet all eligibility requirements (exceptions in incentive description apply) and you are in the process as of 8/25 with a separation date that falls between 8/25 and 10/30 you can take advantage of this offer. Remember, you must STILL opt in and make your decision known by contacting the HRSSC.

If you have a scheduled separation date starting 12/1 or later and you meet all incentive eligibility requirements you must change your separation date to 10/31 in order to separate with the incentive pay. You will need to contact the HRSSC no later than 9/25/09 to opt in to the incentive and request a separation change of date to 10/31/09. You are subject to the same exceptions spelled out in the incentive description at the top of this document. Your new voluntary separation date will be 10/31 UNLESS management must defer your separation effective date to 11/30 for needs of service. You will be notified if the 10/31 separation date is changed.

4. **I am currently eligible to retire on an optional retirement. Will I also be eligible for the early out incentive option?**

ONLY if you are in the targeted employee groups that are covered under the current APWU or NPMHU contracts. See Q1 above for more details.

5. **I am a bargaining unit nurse and we recently came under APWU coverage. Am I eligible for this offer?**

Yes. Bargaining unit nurses represented by the National Postal Professional Nurses are eligible for this one-time incentive offer.

6. **I am eligible for this early out incentive. If I leave, can I seek re-employment with the Postal Service if jobs are available?**

An employee who accepts the incentive payment, later seeks employment with the Postal Service, he/she must return the incentive payment received as a precondition for employment UNLESS a period of two years has passed from the date of retirement or separation and the date of rehire.

7. **What is the Special Retirement Supplement for FERS employees?**

FERS Employees ONLY – It is an annuity supplement only for FERS employees paid by the Office of Personnel Management (OPM), which estimates the Social Security benefit earned by your FERS years of service. It is paid AS PART OF YOUR ANNUITY until you become eligible for a Social Security benefit at age 62 and is subject to Social Security earnings limits. Note that under VER, this supplement is payable only if you have reached your Minimum Retirement Age (MRA) – your earliest optional retirement age. If you are separating at less than MRA, the supplement will not be paid until you reach your MRA. For additional Q&As on the FERS Special Retirement Supplement, refer to the [VER FAQs](#), questions 18-24.

***(The following section on Eligibility, Annuity Benefits, Survivor Benefits and Military Service address optional and early retirement for CSRS and FERS.)***

## **BASIC RETIREMENT ELIGIBILITY**

1. **Who is eligible for optional retirement?**

The requirements are different for employees covered by the Civil Service Retirement System (CSRS) and employees covered by the Federal Employees Retirement System (FERS).

CSRS and CSRS Offset

Employees covered by CSRS and CSRS Offset are eligible if they meet the following requirements:

a. Age and service requirements as follows:

- At least 55 years of age with at least 30 years of service, or
- At least 60 years of age with at least 20 years of service, or
- At least 62 years of age with at least 5 years of service, *and*

b. At least 5 years MUST be creditable civilian service, not military service. Employees may use military service to meet the balance of service required for eligibility, *and*

c. You must have been employed under CSRS for at least one year out of the last two years, but the service need not be continuous.

## FERS

Employees covered by FERS are eligible if they meet the following requirements:

a. Age and service requirements as follows:

For an unreduced optional retirement:

- At least Minimum Retirement Age (MRA)—which is from age 55 to 57 depending on your year of birth—with at least 30 years of service, or
- At least 60 years of age with at least 20 years of service, or
- At least 62 years of age with at least 5 years of service, *and*

For a reduced optional retirement:

- Not eligible for an unreduced retirement, and at least MRA with at least 10 years of service—you will have a permanent reduction in your annuity of 5% for each year you are under age 62 (you may retire and then postpone receiving your annuity to lessen this reduction), *and*

b. At least 5 years **MUST** be creditable civilian service, not military service. Employees may use military service to meet the balance of service required for eligibility.

c. In addition to your basic annuity, you also receive the FERS Special Retirement Supplement if you take an unreduced optional retirement having reached your MRA with at least 30 years of service or age 60 with at least 20 years of service. This supplement, which is only for eligible FERS employees, is paid by the Office of Personnel Management (OPM), which estimates the Social Security benefit earned by your FERS years of service. It is paid **AS PART OF YOUR ANNUITY** until you become eligible for a Social Security benefit at age 62 and is subject to Social Security earnings limits.

THERE IS NO PENALTY FOR FERS EMPLOYEES TAKING OPTIONAL RETIREMENT EXCEPT FOR FERS EMPLOYEES WHO RETIRE UNDER REDUCED OPTIONAL RETIREMENT WITH MRA + 10 YEARS OF SERVICE.

## 2. **Who is eligible for voluntary early retirement?**

Employees covered by CSRS and employees covered by FERS are eligible for voluntary early retirement if they meet the following requirements:

- At least 50 years of age with at least 20 years of service, or any age with at least 25 years of service, *and*
- At least 5 years **MUST** be creditable civilian service, not military service. Employees may use military service to meet the balance of service required for eligibility, *and*
- CSRS and CSRS Offset employees must have been employed under CSRS for at least one year out of the last two years, but the service need not be continuous.

Under VER, for CSRS and CSRS Offset employees, and for the CSRS component for FERS employees who have one, the annuity benefit will be permanently reduced by 2% for each year that you are below age 55 when you retire through VER.

For FERS employees ONLY – The FERS Special Retirement Supplement is an annuity supplement paid by the Office of Personnel Management (OPM), which estimates the Social Security benefit earned by your FERS years of service. It is paid **AS PART OF YOUR ANNUITY** until you become eligible for a Social Security benefit at age 62 and is subject to Social Security earnings limits. Note that under VER, this supplement is payable only if you have reached your Minimum Retirement Age (MRA) – your earliest optional retirement age. If you are separating at less than MRA, the supplement will not be paid until you reach your MRA. For additional Q&As on the FERS Special Retirement Supplement, refer to the [VER FAQs](#), questions 18-24.

THERE IS NO PENALTY FOR FERS EMPLOYEES TAKING VER WHO DO NOT HAVE A CSRS COMPONENT IN THEIR ANNUITY. (NOTE THAT THERE IS A PENALTY FOR FERS EMPLOYEES WHO RETIRE UNDER REDUCED OPTIONAL RETIREMENT WITH MRA + 10 YEARS OF SERVICE).

3. **What is the major difference between early voluntary retirement and optional retirement?**

The age and service requirements are less under VER than under unreduced optional retirement.

Under VER, for CSRS and CSRS Offset employees, and for the CSRS component for FERS employees who have one, the annuity benefit will be permanently reduced by 2% for each year that you are below age 55 when you retire through VER.

For FERS employees who take an optional retirement under MRA + 10 years of service, there is a permanent reduction in the annuity of 5% for each year you are under age 62. You may retire and then postpone receiving your annuity to lessen this reduction.

THERE IS NO PENALTY FOR FERS EMPLOYEES TAKING VER WHO DO NOT HAVE A CSRS COMPONENT IN THEIR ANNUITY. THERE IS A PENALTY FOR FERS EMPLOYEES WHO RETIRE UNDER REDUCED OPTIONAL RETIREMENT WITH MRA + 10 YEARS OF SERVICE.

4. **I have submitted an application for disability retirement, but I now meet the requirements for voluntary early retirement and am eligible for this incentive. Can I cancel my application for disability retirement and take advantage of this early out incentive option?**

Yes, if you are in the targeted group and withdraw your application for disability retirement and opt in for voluntary retirement – for which you are eligible – you qualify to take advantage of the early out incentive. An application for disability retirement may be withdrawn at any time prior to approval from OPM. Also, applications may be submitted for more than one retirement for which you qualify (discontinued service, MRA, etc.), and OPM will review each separately.

5. **If I go out on disability retirement during the special window period, will I be eligible for the early out incentive payment?**

No. Once you have separated from the agency on disability retirement, you cannot take advantage of this offer.

6. **I am on Injury Compensation, receiving payments from OWCP and am eligible to retire or separate according to the criteria of this one-time incentive offer. Will I be notified?**

Employees who are on the rolls, eligible for the early out option and on Injury Compensation will receive an annuity estimate in the mail. Employees who retire to get the incentive, will no longer receive OWCP compensation payments, instead they will get their retirement annuity from OPM.

## **ANNUITY BENEFITS**

1. **When will my annuity start if I retire under this one-time incentive?**

Your annuity is effective on the first day of the month **after** you retire.

In most cases, as soon as the Office of Personnel Management (OPM) receives your retirement records, they will provide "interim" payments. These payments represent a portion of your final benefit and are usually made on the first business day of each month. OPM tries to provide you with income until they finish processing your retirement application.

2. **How is my high-three average salary determined?**

Your high-3 average salary is the highest figure obtained by averaging your basic salary during any 3 consecutive years of service, with each rate weighted by the length of time it was in effect.

Basic salary includes higher-level pay and cost-of-living adjustments (COLAs), but does not include territorial cost of living allowance (TCOLA), overtime, bonuses, night differential, premium pay, military pay, lump sum terminal leave or annual leave exchange payments, etc.

In most cases, the last 3 years of basic salary are the high-3 years. If you have a period of higher basic salary prior to the last 3 years, OPM will compute your annuity based on that earlier period, even if that period of service was with another federal agency.

## **SURVIVOR BENEFITS**

1. **Do I have to provide a survivor annuity for my spouse?**  
No, you do not have to provide it. If you are married and do not want to provide the maximum survivor benefit for your current spouse, your spouse's consent is required.
2. **What impact will the lump sum payment have on my survivor annuity election?**  
The lump sum payment will not affect your survivor annuity election.
3. **What do I need to do to ensure my dependent children receive survivor benefits after I die?**  
Nothing. Survivor benefits for dependent children are provided by law, and no election is necessary.

## **MILITARY SERVICE**

1. **Can I make a military buy-back deposit to become eligible for the program?**  
Yes, provided the deposit is paid in full prior to the effective date of the retirement (10/31/09). To begin the military buy-back process, please contact the HR Shared Service Center.

***(This section addresses Voluntary Separation for eligible employees.)***

## **VOLUNTARY SEPARATION**

1. **Are there any time in service limitations for a voluntary separation?**  
No
2. **I'm eligible for the early out incentive option and want to voluntarily separate. What do I need to do?**  
If you meet all eligibilities and want to resign (voluntarily separate) you can do so by completing PS Form 2574, and mail to the HRSSC, PO Box 970400, Greensboro, NC 27497-0400. Please note that resignation is for "2009 Early Out Incentive."

3. **If I separate, how will this affect my retirement and benefits?**

### HEALTH BENEFITS:

If you are enrolled in Federal Employees Health Benefits, your coverage ends on the last day of the pay period in which you separate from the Postal Service, subject to a 31-day temporary extension of coverage (at no cost to you). This coverage is provided in the same enrollment category so you may convert to a nongroup (individual) contract with your current health benefits plan.

You also have the right to Temporary Continuation of Coverage (TCC) for up to 18 months after your separation instead of converting to a nongroup contract when you separate. You may select any plan in the FEHB Program in which to continue your coverage if you are eligible to enroll in the plan. To enroll in TCC you must contact the HR Shared Service Center within 60 days from the date you separate. If you enroll, you must pay the full premium cost (both the employee and the Postal Service shares) plus a 2 percent administrative surcharge. If you choose to continue your coverage, during the first 31 days you have the free coverage described above. If you continue the coverage to the end of the 18-month period, you will have another 31-day temporary extension of coverage for conversion to a nongroup contract.

### LIFE INSURANCE:

Your life insurance coverage (including Accidental Death and Dismemberment [AD&D] insurance) will stop at the end of the day in which you separate from the U.S. Postal Service. You will have a temporary extension of coverage for 31 days after your life insurance terminates. This temporary extension of coverage does not include AD&D insurance. No premiums are required during this temporary extension.

When Federal Employees' Group Life Insurance (FEGLI) coverage as an employee stops and you are entitled to a 31-day extension of coverage, you may convert your FEGLI coverage to an individual policy. The conversion coverage is effective at the end of the 31-day extension of coverage. No medical examination is required, although you may be asked a few questions about your health to see if you qualify for a lower premium.

You may convert to an individual policy in an amount less than or equal to the total of your Basic and Optional insurance (if applicable). However, you may not convert coverage if you return to Government service in a position in which you are eligible for FEGLI coverage within three calendar days after you left Government service. If you have assigned your insurance, only your assignee(s), may convert your Basic, Option A, and Option B coverage. You are still entitled to convert your Option C coverage since Option C cannot be assigned.

The HR Shared Service Center will notify you of your conversion rights when your life insurance coverage ends. However, you are responsible for ensuring that you have received the necessary forms and information from the HRSSC on time, so that you may act promptly, since you only have 31 days in which to convert your coverage.

#### DEFERRED RETIREMENT:

If you do not qualify for an optional retirement or a voluntary early retirement as explained in the Eligibility Q&As above, you may still qualify for a deferred retirement. Deferred retirement means that you will not receive an annuity from the Office of Personnel Management (OPM) immediately, but you do qualify to collect one in the future. Qualifying for a deferred retirement does not make you eligible for Federal Employees Health Benefits or Federal Employees Group Life Insurance during retirement. The rules for deferred retirement are different for employees covered by the Civil Service Retirement System (CSRS) and employees covered by the Federal Employees Retirement System (FERS).

#### Deferred Retirement: CSRS and CSRS Offset

Employees covered by CSRS and CSRS Offset are eligible for deferred retirement if they meet the following requirements:

- a. You turn age 62, *and*
- b. You have at least 5 years of creditable civilian service, not military service, *and*
- c. You must have been employed under CSRS for at least one year out of the last two years before your final separation from the Postal Service or federal employment on which your retirement is based, *and*
- d. You did not receive a refund of the retirement contributions covering your final period of service.

#### Deferred Retirement: FERS

Employees covered by FERS are eligible for deferred retirement if they meet the following requirements:

- a. Age and service requirements as follows:
  - Minimum Retirement Age (MRA)—which is from age 55 to 57 depending on your year of birth—with at least 10 years of service, or
  - 62 years of age with at least 5 years of service, *and*
- b. At least 5 years **MUST** be creditable civilian service, not military service.
- c. If you have completed at least 10 and fewer than 30 years of service, your annuity will be reduced if it begins before age 62 (unless it begins after you've reached age 60 and you had at least 20 years of service). Your annuity will be permanently reduced 5% for each year you are under age 62. You may elect to postpone receiving your annuity to lessen this reduction.

4. **Can I collect unemployment benefits if I take this incentive and voluntarily separate?**  
No.