



BUYOUT PLAN

**OFFICE OF STRATEGIC PLANNING
AND MANAGEMENT**

FISCAL YEAR 2015

July 2015

OFFICE OF STRATEGIC PLANNING AND MANAGEMENT
Buyout Plan
Fiscal Year 2015

TABLE OF CONTENTS

BACKGROUND2

TARGETED OCCUPATIONS2

NUMBER OF BUYOUTS TO BE OFFERED2

ELIGIBILITY REQUIREMENTS2

RETIREMENT ELIGIBILITY.....3

RETIREMENT BENEFITS QUESTIONS.....4

RESIGNATION QUESTIONS5

BUYOUT APPLICATION AND SEPARATION WINDOWS5

APPLICATION PROCEDURES5

APPROVAL OF BUYOUT APPLICATIONS6

AMOUNT OF BUYOUT PAYMENT6

SEPARATION AGREEMENTS7

CONFIDENTIALITY7

FREQUENTLY ASKED QUESTIONS8

BUYOUT APPLICATION12

U.S. Department of Housing and Urban Development

Background

The Office of Strategic Planning and Management (OSPM) requested Voluntary Separation Incentive Payment (VSIP) and Voluntary Early Retirement Authority (VERA), from the Office of Personnel Management (OPM) as a result of a need to allow the OSPM to restructure positions, eliminate staff redundancies, address skill gaps, and to streamline processes to achieve mission and operating objectives. OPM approved the Department's request by VSIP authority number 2015-029 and VERA authority number 2015-026, on July 10, 2015.

This buyout opportunity will open **August 3, 2015** and closes **August 14, 2015**.
Employees who elect to separate will be offered \$25,000.00.

Targeted Occupations

The targeted occupation is listed below:

(Special Assistant, GS-15, 0301, HQ-Washington, DC LIST position title, grade, series, location)

Number of Buyouts to be offered

OPM has provided authority for one buyout for OSPM.

Eligibility Requirements

An employee is **eligible** to receive a buyout if the employee is:

- Serving in a position in the location(s) identified on the attached OSPM VSIP Position Listing;
- Serving under an appointment without time limitation;
- Currently employed by the Executive Branch of the Federal Government for a continuous period of at least 3 years;
- Applies for a buyout between **August 3, 2015 through August 17, 2015**, in accordance with the application procedures outlined in this document; and
- Agrees to separate from the Department on or before **September 4, 2015**.

The following categories of employees will **NOT** be eligible to apply and are **excluded** from receiving a buyout:

- Employees occupying positions in locations that are **not** listed as being eligible to receive a buyout as shown under targeted positions in this buyout plan.
- Any employee who has not been continuously on HUD's rolls for at least 30 days before July 20, 2015;
- Employees who, during the previous 24 months, received a recruitment or relocation bonus;
- Employees who, within 12 months of the separation date received a retention allowance;
- Employees who, during the 36-month period preceding the date of separation of that employee, performed service for which a student loan repayment benefit was or is to be paid under 5 U.S.C. 5379;
- Employees relocated to other positions/offices (under HUD's relocation programs), where relocation costs were incurred and the buyout offer falls within one year of the effective date of the relocation;
- Employees in receipt of a specific decision of involuntary separation for misconduct or unacceptable performance;
- Employees who previously received a buyout payment from the Federal government under Public Law 107-296 or any other authority;
- Reemployed annuitants or employees covered by other retirement system(s) of the Government;
- Employees who are or would be eligible for disability retirement;
- Employees with statutory reemployment rights who are on transfer employment with another organization;
- All employees serving under Schedule C, and Non-career SES or Presidential appointments; or
- All employees in occupations and/or program offices other than the ones identified within this document.

Retirement Eligibility

Optional Retirement. Employees under the Federal Employees Retirement System (FERS) or the Civil Service Retirement System (CSRS) can take regular optional retirement if they are: 55 years of age with at least 30 years of service; 60 years of age with 20 years of service; or 62 years of age with 5 years of service. Under FERS, additional service time may be required, based on the employee's birth year. An employee under FERS is also eligible for an immediate annuity if he/she has 10 years of service and has reached the minimum retirement age (55 if born before 1948, and gradually increasing to 57). An employee under CSRS must meet the one-of-last-two year's coverage requirement (the employee must have been covered by CSRS for a total of one year within the last two years prior to retirement) and all employees must have at least five years of civilian service.

Early Voluntary Retirement. Employees under the FERS or CSRS can take early voluntary retirement if they are: 50 years of age with at least 20 years of service; or any age with 25 years of service.

CSRS Annuity – if the employee is under age 55, the annuity rate is reduced by one-sixth of one percent for each full month (2 percent per year), if any, he/she are under age 55. The annuity rate will not increase when the annuitant reaches age 55.

FERS Annuity – There is no annuity reduction in FERS for employees who meet the Minimum Retirement Age (MRA) and service requirements for unreduced benefits. For employees who meet the MRA and minimum service requirements (10 years), who are interested in receiving reduced benefits, the annuity will be reduced by 5 percent for each year the employee is under age 62. 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 reached (MRA) which 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.

Retirement Benefits Questions

For specific information about your retirement from HUD, staff members at **Bureau of Fiscal Service (BFS)** are available to answer your questions. They can confirm your eligibility for retirement, calculate your estimated annuity, buyout payments, military deposit or redeposit, review any special personal considerations, such as insurance, and respond to questions about the retirement application.

Please contact a BFS Specialist based on the nature of your inquiry.

Benefits

BFS Contact: Benefits Service Center

Phone: (304) 480-8275

Email: Benefits@fiscal.treasury.gov

Resignation Questions

If you have questions about **resigning** (not retirement), including the amount of your buyout payment upon your resignation or benefits you may receive upon resignation, contact the BFS specialist as listed above.

Buyout Application and Separation Windows

The buyout **application window** for submitting applications will be **from 2:00 p.m. (Eastern Daylight Time), Monday, August 3, 2015, through 5:00 p.m. (Eastern Daylight Time) Friday, August 17, 2015**. Buyout applications will be accepted by email (OSPMBuyout2015@hud.gov), as described by the “Application Procedures” below.

Employees who submit an application for a buyout based upon optional retirement or a voluntary early retirement must be eligible for the retirement and separate by **September 4, 2015**. The Department will not allow any delayed separations for employees accepting a buyout, whether retiring or resigning, without prior approval from the Chief Human Capital Officer.

Application Procedures

All eligible employees who wish to apply for the buyout must complete the application form attached and submit it to the Office of Chief Human Capital Officer (OCHCO), by **scanning and emailing the application to OSPMBuyout2015@hud.gov, by 5:00 p.m. (Eastern Daylight Time), on Friday, August 14, 2015**. **No applications will be accepted after this date and time. Furthermore, no applications will be accepted before 2:00 p.m. (Eastern Daylight Time) on Monday, August 3, 2015.**

The application form must not be modified in any manner. **Applications will be accepted only by emailing a scanned copy as previously cited**. Incomplete applications will not be considered. OSPM will provide updates to employees as their status changes.

Applicants unable to submit an application during the application window due to approved sick or annual leave, may authorize their supervisor or another employee to submit an application on their behalf. This authorization should be a signed memorandum from the employee to the authorized individual and clearly state that the designee is authorized to submit an application on behalf of the employee applying for a buyout. This memorandum should be attached to and submitted with the buyout application, and the signature block on the application should contain the written notation, “see attached memorandum.” The person acting on behalf of the employee must ensure that all information requested on the application is completed. All applicants are encouraged to retain a copy of their buyout application for their records. Failure to make this designation may not result in an extended application period or reconsideration.

Approval of Buyout Applications

It is the applicant’s responsibility to ensure that his/her application is submitted and received in a timely manner. Employees will receive an automatic receipt from the buyout

mailbox when an email is received. OSPM will advise the employee as soon as possible if their application is incomplete. If the application is incomplete due to error, the employee will be permitted to resubmit the application, but the time attached to the application shall be based upon the date of the first (incomplete) submission. If an employee does not re-submit a completed application, the original incomplete application will become the application of record and will not be considered. Resubmitted applications must be submitted within one business day upon notification but no later than the window closing.

Approval of buyout applications will be completed according to the targeted positions and ranking criteria described in the next paragraph. Applicants will be notified within seven (7) business days after the window closes of one of the following: (1) that their application was approved; or (2) that their application was disapproved and the reason(s) why. Approved buyout applicants will be notified via e-mail and must accept or decline the buyout offer within **three business days from notification**.

Applications will be approved in the order of the employee's Federal Service Computation Date (SCD) for leave. The employee with the earliest SCD for leave will be considered first. In the event that two or more employees have the same SCD, the employee with the earliest entrance-on-duty (EOD) date with the Department will be used. For example, Mary Smith and James Jones both have a SCD for leave of 10/11/71. Mary Smith entered on duty at HUD on 11/15/85. James Jones entered on duty at HUD on 12/3/89. Ms. Smith would be offered the buyout because she has been a HUD employee four years longer than Mr. Jones. In an instance where an additional tie-breaker is needed, the employee with the highest last digit of the social security number will be approved. For example, Joe John's social security number is 123-45-6789 and Jane Jones' social security number is 987-65-4321, Joe John will be offered the buyout.

Applications will be approved/disapproved using the employee's official position of record according to the organizational information in the Department's personnel/payroll database. Only employees of OSPM will be considered. **Employees on detail from other Program Offices will not be considered.**

Amount of Buyout Payment

Separation incentive payments are based upon the standard severance pay calculation. However, incentive payments are limited, by law, not to exceed \$25,000. Therefore, the amount of the separation incentive (buyout) payment is an amount equal to the employee's calculated severance pay entitlement, or \$25,000, whichever is less. Severance pay equals one week of basic pay for each of the first ten years of creditable federal service plus two weeks of basic pay for each year the employee's age exceeds 40 years.

For an employee who separates with a buyout from a position covered by the CSRS, HUD must withhold 1.45 percent for Medicare from the VSIP payment. For an employee who separates with a buyout from a position covered by the FERS, HUD must withhold 1.45 percent for Medicare and 6.2 percent for Old Age Survivor Disability Insurance (OASDI) from the VSIP payment. Federal and State taxes will be withheld from employees covered by both CSRS and

FERS.

Separation Agreements

In accordance with 5 CFR 576.202, employees who apply for a buyout must repay the incentive if they are reemployed by or enter into a personal services contract with the Federal government within five years of the date of the separation on which the buyout is based. This repayment must be made in full for the gross amount prior to the employee's first day of work at the new job. The buyout application contains a separation agreement statement that the decision to resign or retire is entirely voluntary and the employee agrees to repay the incentive. **The Secretary may request a waiver of such repayment from the Director, Office of Personnel Management.**

If an employee is selected to receive the VSIP and accepts, these statements will serve as an agreement from the employee to resign or retire during the separation window described above. Employees not selected or approved to receive a buyout will not be bound by this commitment.

Confidentiality

The information provided by applicants will be used for the purpose of this buyout only. Applications will be kept confidential.

Frequently Asked Questions
Pay-Related Aspects of Voluntary Separation Incentive Payment (VSIP) Buyout

1. **If I accept the VSIP amount calculated by the Office of Chief Human Capital Officer (OSPM), what tax withholdings will be made from my buyout and annual leave payments?**

The following taxes will be automatically withheld from these supplemental payments:

Federal Tax	25%
State Tax	4% (if applicable)
Local Tax	1% (if applicable)
Medicare	1.45% FERS & CSRS employees
OASDI	6.20% FERS or Post '83 (CSRS Offset) employees

2. **Twenty-five percent (25%) for Federal tax seems rather high. How was the 25% rate determined? Is there something I can do to reduce my withholdings?**

IRS procedures consider such buyout payments as “supplemental payments” and provide two methods by which we can calculate your Federal tax. The two methods are: 1) a flat rate of 25%; or 2) by withholding Federal tax as though the supplemental payment is a single payment for a regular pay period. Method 1, the 25% flat rate, minimizes the withholding impact for our employees. Method 2 annualizes the payments, which generally puts employees in a tax bracket exceeding 25%. Therefore, we have chosen to use Method 1, which is the most favorable for employees. If you feel that you still need to reduce your withholdings, you may want to reexamine your tax planning and possibly consult your tax professional for advice regarding your withholdings and your retirement date. If you will receive your payments in Calendar Year 2015, you may want to submit a new W-4, Employee's Withholding Allowance Certificate, [using the Employee Personal Page \(EPP\) or to BFS](#), to adjust your bi-weekly withholding for the remainder of the 2015 tax year.

3. **What other deductions will be made from my VSIP/Buyout payment?**

There are certain non-tax related deductions that HUD is legally obligated to deduct, if applicable to the employee. These include:

- 1) The balance of any debt owed to HUD. Examples include: any unresolved Request for Waiver of Salary Overpayment or Leave Indebtedness; HUD equipment or property issued to the employee and not returned; unpaid travel vouchers, advances, or credit card balances; and training obligations;
- 2) The balance of any commercial garnishment, plus supplemental fees or court-ordered interest related to the garnishment;

- 3) The balance of any student loan payment disbursed to a lending institution on employee's behalf; and
 - 4) A onetime bi-weekly deduction for any court-ordered child support/alimony.
4. **Are there any deductions that are normally taken from my gross pay that will not be taken from the VSIP/Buyout payment?**

Yes. IRS levies and TSP loan repayments will NOT be deducted from your buyout payment.

5. **How long after I retire or resign can I expect to receive my final pay, lump sum annual leave, and my buyout payment?**

Your last regular salary payment (final pay) will be processed in the pay cycle in which you retire/resign and you will receive it when you would normally receive your net pay. However, we cannot process your buyout and annual leave payments until we receive all your separation paperwork and have cleared you of any remaining obligations. Once the separation paperwork is complete, your buyout payment will be generated and, in some cases, your annual leave will also be paid at the same time. We will make the same commitment to you as we have during previous buyout periods, which is to make every effort to send you the payments within no more than 45 days. Payments can sometimes be made within 30 days. Barring any unusual circumstances, we have no reason to believe we cannot process current buyout payments just as quickly.

6. **How will my annual leave and buyout payments be paid?**

Lump sum annual leave and buyout payments will be paid within normal biweekly pay cycles directly to you; in whatever manner your final net pay was received. If you receive your net pay by electronic funds transfer (EFT), your VSIP payments will also be sent by EFT. These payments will be reflected on your final leave and earnings statement. If you have **changed** your **address**, please update your records, to ensure the correct information is provided to NFC. Your Form W-2 will be mailed to the address on file with NFC. If you prefer your payments be sent to a different bank or mailing address, please update your records with NFC at least 18 days prior to your separation date. Home address, EFT banking, and routing number changes can be made through the Employee Personal Page.

7. **Can my buyout payment be rolled over into an IRA?**

No. OPM and the IRS very clearly specify the kinds of payments that can be rolled over into other eligible retirement plans. These do not include buyout payments, severance pay, or annual leave payments. However, we will be happy to send your payments electronically to the bank account of your choice.

8. What will happen to my TSP?

Withdrawing your TSP

The agency's Payroll Office, the National Finance Center (NFC) will notify the TSP Office of your separation. Ordinarily, this information is provided to TSP at the time NFC disburses the last paycheck to the separated employee. In most cases, this will occur between 2 and 4 weeks after the actual date of the separation. TSP cannot process your withdrawal until this information is reported.

Your TSP Loan:

The Federal Retirement Thrift Investment Board will be notified of your separation by NFC. You will have up to 90 days after your separation to pay your TSP loan balance. **NOTE:** It is important for you to know that if you fail to pay the loan balance in full, TSP will consider the loan balance as a premature distribution, which will be taxable and may be subject to an IRS assessed premature distribution penalty. You should consider consulting your tax professional for advice. For additional information, you may call the TSP Service Office at (877) 968-3778.

9. When will my retirement annuity start?

When all the necessary retirement application paperwork is received by NFC, your payroll records will be closed and forwarded, along with your retirement application, to the Office of Personnel Management (OPM). Payroll records are not closed by NFC until **after** the pay period ends, in which the retirement date is effective. If you have questions regarding when your paperwork was sent to NFC or OPM, you can contact your servicing BFS Benefits Specialist. Generally, you should receive an interim annuity payment within 6 to 8 weeks after the effective date of your retirement.

10. You mentioned "all the necessary paperwork" several times. What are all the necessary pieces and who is responsible for completing them?

In addition to the buyout approval from OSPM, the forms/actions necessary to initiate a successful separation from HUD and responsible parties are as follows:

1) **Program Office and/or Employee's Responsibilities**

- Request for Personnel Action (SF-52)
- HUD -58, Clearance Form
- Final T& A Record

2) **BFS Benefits Specialists**

Complete the Retirement Application and all supporting forms.
Complete NFC "Retirement Processing Transmittal", with application and appropriate forms or attachments, based on requirements for optional, early, or discontinued service retirement.

3) **BFS Compensation Specialists**

Verify leave balances and identify outstanding debts through NFC Payroll Processing System. Submit request to NFC to off-set deductions for outstanding financial obligations from the lump-sum payment.

11. What can I do as the separating employee to ensure my separation goes smoothly?

If you are retiring, it's essential that you contact your servicing HR Benefits Specialist in advance of your planned retirement date for retirement counseling, to evaluate and finalize all the necessary decisions, and to complete your retirement application. This action on your part will be critical in expediting the processing, to ensure your annuity begins as quickly as possible. Otherwise, all the responsible persons in OSPM and the Administrative Office of your program office are familiar with the process. There is every reason to believe your paperwork, buyout, and annuity will be processed quickly.

12. What happens if I want to return to government employment?

If you return to Federal government employment within 5 years of your separation and are in receipt of a buyout, you will be required to pay back the buyout, in a **lump sum** to HUD, prior to your reemployment. If you return to Federal employment and repay the buyout in the same calendar year in which you received it, you will only have to repay the net after tax amount. However, if your return and repayment is in a later calendar year, you will have to repay the entire pre-tax amount of buyout that you received.

13. Will I be able to have payroll deductions in installments, instead of paying back the lump sum amount I received for my buyout, if I return to government employment?

No. Payroll deductions will not be allowed. The law states that the lump sum amount **must be paid in full** prior to the 1st day of employment with the appointing agency.

**U. S. Department of Housing and Urban Development
Office of the Chief Human Capital Officer
Voluntary Separation Incentive Payment (VSIP) – Buyout Application**

This application must be submitted as outlined in the Buyout Plan.

Applicant's Name: _____

Program Office and Location: _____

Title: _____

Occupational Series-Grade: _____

Phone Numbers: Day (____) _____

Evening (____) _____

The Office of Chief Human Capital Officer (OSPM) may need to contact you quickly to discuss your application. Please provide both a daytime and evening phone number.

Check **one** of the following boxes below and fill in the date you want the action to be effective in the space provided. Separation may occur any time after application approval¹.

If approved to receive a buyout payment, I agree to **[please complete one of the actions below]**:

- Resign** on _____.
- Take (VERA) **early** retirement on _____.
- Take **regular/optional** retirement on _____.

Applicant must initial one of the following:

____ I certify my retirement system is Civil Service Retirement System (CSRS), and I will separate on or before September 4, 2015.

____ I certify my retirement system is Federal Employee Retirement System (FERS) and I will separate on or before September 4, 2015.

Applicant must initial all sections.

(Failure to do so will result in your application being disapproved and no further consideration will be given for this Buyout request.)

____ I certify that I have not received a Recruitment or Relocation Incentive within 2 years of my projected date of separation.

____ I certify that I have not performed service for which a retention bonus was paid, or is to be paid within 1 year of my projected date of separation.

____ I certify that I have not received a student loan repayment benefit within 3 years of my projected date of separation.

____ I certify that I am not in receipt of a decision notice of involuntary separation or misconduct or unacceptable performance.

____ I certify that I have not previously received a buyout payment from the Federal government.

____ I certify that I am not a reemployed annuitant or covered by other retirement system(s) of the government.

____ I certify I am not eligible for disability retirement

¹ Please reference the Buyout Plan for specific separation dates.

Separation Agreement

- My decision to resign or retire is entirely voluntary and has not been coerced.
- I understand that if my application is approved and I receive a buyout payment, I cannot be reemployed by the Federal government, or accept any employment for compensation with the U.S. Government of the United States (to include contract positions), within five years of the date of the separation on which the buyout is based.
- I also understand that if this application is not approved, I am not bound to resign/retire on the date specified above.

Applicant's Signature

Date

FOR OSPM USE ONLY
Policy, Programs, and Advisory Staff

Employee is Eligible

Ineligible to receive a VSIP.

Recommend Approval

Recommend Disapproval

Comments required if recommending disapproval: _____

Policy, Programs, and Advisory Staff Date
Reviewing Specialist

Approved

Disapproved

Director, Policy, Programs, and Advisory Staff Date