

Attachment 1: DOE Phased Retirement Implementation Plan

Purpose:

Phased retirement is designed to assist agencies with knowledge management and continuity of operations in the short term. Although the main purpose is to enhance the mentoring and training of the employees who will be filling the positions or taking on duties of more experienced retiring employees, phased retirement may also be used to provide employees with the opportunity to share experiences across Departmental elements. Phased retirement is another human capital management tool to enable the Department to accomplish its mission, manage its workforce, promote knowledge transfer practices, and retain experienced employees who elect to continue to be employed on a reduced work schedule for a limited period of time, are willing to mentor employees, and will conduct mentoring activities that will transfer knowledge and skills.

The phased retirement authority is to be used to fulfill functions critical to the mission of a Headquarters or Field element or Site Office and satisfy at least one of the following criteria:

1. No other employee is readily available, including detailees from other organizations, who possess the competencies needed to ensure sufficient continuity to complete a project or critical assignment well enough and/or within the timeframe needed.
2. Recruitment efforts to secure a replacement have not been successful and further delays in filling the position are or may adversely impact getting the work completed.
3. Use of a phased retiree supports the Departmental element's effort to hire a replacement at a lower grade level as a cost reduction and/or retention strategy.
4. Use of this authority supports a Departmental element's expanded use of workplace flexibilities by supporting an employee's request to share their experiences that meet the organization's needs.

Eligibility

1. Employees must meet the eligibility requirements to retire under their respective retirement system:
 - a. Civil Service Retirement System (CSRS) and Civil Service Retirement System Offset (CSRS Offset) -
 - 30 years of service and age 55 or
 - 20 years of service and age 60.

Note: CSRS Offset employees are covered by both CSRS and Social Security benefits; retirement eligibility requirements are the same as CSRS.

- b. Federal Employees Retirement System (FERS) –
 - 30 years of service and have reached their minimum retirement age (between ages 55 and 57, depending on their birth year) or
 - 20 years of service and age 60.

Note: Employees age 62 with 5 years of service are NOT eligible for this benefit.

2. Employees must have been employed on a full-time basis for not less than the 3-year period ending on the effective date of phased retirement status.
3. Employees must be in a position that will allow them to mentor other employees and/or conduct mentoring activities at least 20% of their time.
4. The following employees are not eligible for phased retirement:
 - Law Enforcement Officers (1810 or 1811 Series) or Nuclear Materials Couriers (084 Series).
 - An employee who accepts an offer for voluntary early retirement (VERA; also referred to as an early out).

Service Period

The period of phased retirement service with DOE is the expected time that the phased retiree can adequately prepare a replacement(s), once available, to perform his/her work and/or complete other mentoring activities that meet the organization's needs. It is a mutually agreed upon period that may not normally be greater than 2 years, but, if approved, may be extended one additional year for a maximum of 3 years, due to an unforeseen event, such as a hiring or budget restriction that limits the organization's ability to fill the position, provide the replacement with the formal training or development needed to perform successfully, address an emergency situation, or complete a major or sensitive assignment. The period of service may be terminated early for one of the following reasons:

1. The situation warranting the phased retiree no longer exists; e.g., a replacement was hired (and sufficiently mentored) before the end of period.
2. The phased retiree elects to be fully retired.
3. The phased retiree requests and is approved to return to full-time status.
4. The phased retiree is selected for a position in another agency.
5. The phased retiree's performance is less than fully satisfactory or fails to maintain required conditions of employment, such as an applicable security clearance (access authorization), medical or physical standard, or applicable professional credential to perform the work, and is terminated in accordance with 5 CFR Part 752.
6. Death of the phased retiree.

Work Schedules and Tours of Duty

1. Phased retirees are required to work as a part-time employee 50% of the time that they would otherwise work as a full-time employee in their positions. Normally, that would be 40 hours per pay period.
2. Phased retirees may work whatever work schedule, i.e., regular, compressed, or flexible, that is authorized by their Departmental element and agreed to by their supervisor(s).
3. Phased retirees may not work overtime unless all of the following conditions are met:
 - a. The overtime work is approved in advance.
 - b. The work is necessary to respond to an emergency posing a significant, immediate, and direct threat to life or property.
 - c. The approving official determines that no other qualified employee is available to perform the required work.
 - d. When an emergency situation can be anticipated in advance, management made advance plans to minimize any necessary overtime work that the phased retiree is required to perform.
 - e. The phased retiree is relieved from performing the overtime work as soon as possible.
4. Phased retirees who are authorized to work a flexible work schedule (FWS) are eligible to earn credit hours if their organization's FWS authorizes credit hours; however, the number of credit hours is limited to 25% of the biweekly work requirement – 10 hours per pay period.
5. Daily tours of duty are agreed to by the phased retiree and his/her supervisor.

Compensation

1. Basic Pay – The phased retiree will receive one-half of his/her normal annual pay which he/she would otherwise receive as a full-time employee.
2. Premium Pay – Except for an SES, The phased retiree is eligible for overtime pay (subject to the conditions above), compensatory time off in lieu of overtime pay for irregularly scheduled overtime, Sunday pay, holiday pay, and night pay. Premium pay is subject to normal payroll deductions, but not used in computing retirement benefits.
3. Travel – The phased retiree is eligible for compensatory time off for travel (travel comp).
4. Credit Hours – The phased retiree is eligible to earn credit hours if on a flexible work schedule; however, the number of hours is limited to 10 per pay period.
5. Retirement Annuity – The phased retiree will receive a monthly annuity payment based on 50% of his/her highest three consecutive average pay years effective the same date as the effective date of his/her phased retirement that is not subject to reduction for any benefit(s) or form of survivor annuity, but is subject to a court order providing for division, allotment, assignment, execution, levy, attachment, garnishment, or other legal process, or reduction due to eligibility for a Social Security benefit at age 62. Unused sick leave will not be used in the computation of the phased retirement annuity; however, any unused sick leave will be taken into account at full retirement. Lump-sum credit, i.e., the retirement contributions credited to the employee in the Retirement Fund, will be reduced by the monthly annuity paid during phased retirement.
6. Thrift Savings Plan (TSP) – A phased retiree is eligible to apply for loans, financial hardship withdrawals, and age-based in-service withdrawals. Mandatory payout will begin by April 1st of the following year the phased retiree becomes age 70.5, at that time the phased retiree is required to take a mandatory minimum distribution during his/her phased retirement period
7. At age 70.5, the phased retiree is not subject to taking a mandatory minimum distribution during his/her phased retirement period. By April 1st of the year following the year the phased retiree becomes age 70.5, the phased retiree is required to make a mandatory withdrawal choice, or, if still employed at age 70.5, by April 1st of the year following the year that the phased retiree separates.
8. Non-Federal Retirement Account – Payout for Individual Retirement Account (IRA) may begin at age 59.5. By April 1st of the year following the year the phased retiree becomes age 70.5, the phased retiree is required to take a mandatory minimum distribution during his/her phased retirement period.
9. Social Security – If eligible, a phased retiree will receive his/her benefit based on the age he/she begins receiving the benefit. The Social Security Administration is responsible for applying the Government Pension Offset (GPO) as it applies to phased retirement. For additional information, including annual earnings limitations, see <http://www.ssa.gov/news/press/factsheets/colafacts2014.html>.

10. Other Income – There is no restriction on earning non-Federal income outside the 40 hours per pay period that the phased retiree is working in DOE other than normal conflict of interest and ethics regulations.

Payroll Deductions and Benefits Entitlements

1. Social Security, Medicare, and Income Tax Deductions - All Federal employees hired after 1984 are required to pay Federal and State income tax and the Medicare portion of Social Security. Employees who are excluded from Social Security taxes at the time they enter phased retirement continue to be excluded from Social Security coverage during the phased retirement period.
2. Retirement Contributions – Phased retirees continue to accrue credit toward, and make contributions for, an adjusted composite retirement annuity upon full retirement. Applicable deductions are made from the employee’s biweekly pay.
3. Health Insurance - Phased retirees are eligible for the Federal Employee Health Benefit (FEHB) program and may continue their health plan or meet eligibility requirements for enrollment. The phased retiree’s premiums will continue to be deducted from their pay and employer contributions made as for full-time employees.
4. Life Insurance - Phased retirees are eligible for the Federal Employee Group Life Insurance (FEGLI) program. Coverage amounts will be based on the full-time salary of the position. The phased retiree’s premiums will continue to be deducted from their pay.
5. Thrift Savings Plan (TSP) – Phased retirees are eligible to contribute to the plan up to the maximum annual amount allowed by the Internal Revenue Service. Normal restrictions for TSP loans, financial hardship withdrawals, and age-based in-service withdrawals continue to apply.
6. Long-Term Care Insurance – Phased retirees are eligible to participate if they meet enrollment requirements.
7. Other Allotments – Phased retirees are eligible to have allotments made the same as full-time and other part-time employees.

Worklife Benefits

1. Leave –Annual and sick leave is accrued for part-time employees based on hours in a pay status, which, for phased retirees, is 50% of what they were receiving prior to entering phased retirement. A phased retiree who works 40 hours per pay period will earn 4 hours of annual leave and 2 hours of sick leave. The maximum annual carryover is the same as if in a full-time status. Phased retirees will not receive a lump-sum payment for their unused annual leave until full retirement begins.
2. Holidays – Phased retirees are entitled to a paid holiday when the holiday falls on a day when the phased retiree would otherwise be required to work or take leave. If a holiday falls on a non-workday, the phased retiree is not entitled to an “in lieu of” holiday.

3. Telework – Phased retirees are eligible to telework if they and their position are eligible, and if mutually agreed to with their supervisor and approving official. The type of arrangement, i.e., routine, situational, or medical, and frequency that the retiree may telework is determined by those management officials based on the organization’s telework practice and procedures.

Conditions of Employment

1. Phased retirement is part-time permanent employment. Phased retirees have all rights associated with this status.
2. The percentage of time (50%) and hours that a phased retiree may work per pay period (normally 40 hours) may not be changed during his/her phased retirement period. The phased retiree may change to another position in DOE or another agency only if the working percentage (50%) does not change. However, a phased retiree may accept a new full-time appointment in another agency at any time during phased retirement, but would not be eligible for phased retirement again.
3. The phased retiree may not be employed in the Federal Government in more than one phased retirement position at any time. However, the phased retiree may be employed outside the Federal Government, including being self-employed, providing there is no conflict of interest or ethics issue.
4. At least 20% of the time that a phased retiree works must be spent mentoring, unless waived by the approving official hereto or his/her successor due to an emergency or other unusual circumstance, including active military duty or when receiving workers’ compensation, that would make it impractical to fulfill this requirement. To adequately prepare for the mentoring role, a phased retiree candidate should complete a fundamental course on mentoring as a prerequisite to being approved to enter phased retirement. For more details on these requirements, see the Mentoring section below.
5. The phased retiree must enter into an employment agreement for the period of phased retirement service. In DOE, the agreement is referred to as a phased retirement service agreement (see the attached sample agreement).
6. When the period of service in the service agreement ends, the phased retiree will be separated. The separation is considered voluntary because he/she entered into this agreement voluntarily. If the phased retiree is not reemployed within 3 calendar days, i.e., s/he has a break in service of more than 3 calendar days from the date of termination, s/he will be deemed to have elected full retirement.
7. The phased retiree will continue to be subject to the DOE performance management system and required to maintain at least a fully successful or equivalent performance rating, and maintain all conditions of employment, such as an applicable security clearance (access authorization), medical or physical standard, and/or applicable professional credential, and remain in the same position or occupation for the duration of the service period. If the phased retiree’s performance rating falls below that level, s/he fails to maintain the conditions of employment required for his/her position, or s/he is separated for cause, then

the agreement will be terminated, in which case the phased retiree may appeal or, if applicable, may grieve the action in accordance with 5 CFR 430.208(i)(2) or 752.405.

8. The following critical element will be included in the phased retiree's performance plan:
 - a. Description: Mentoring Requirements
 - b. Job Performance Outcomes/Expectations: The employee spends at least 20% of his/her time mentoring others by transferring his/her knowledge and skills of the position to co-workers and/or his/her replacement in order to prepare them to assume the duties of the position and provide continuity to assist in meeting organizational goals.
9. As a part-time employee, a phased retiree is eligible for a pro-rated performance award.
10. The Departmental element reserves the right to terminate the service agreement early based on appropriate authorities by notifying the phased retiree in writing, which includes the retiree's rights, at least 30 days in advance of the effective date of termination in the event that:
 - a. the basis for entering into the service agreement no longer exists (Note: attach a copy of the original justification to the service agreement);
 - b. funding is no longer available for that position;
 - c. the phased retiree's position is subject to a management initiated action, such as a reduction in force or reassignment, but not a transfer of function or reclassification when the competencies of the position are retained, or other unforeseen management need;
 - d. the phased retiree is selected for a similar or different position in a Departmental element other than the Departmental element that entered into the first agreement; or
 - e. it is determined by DOE or OPM that the phased retiree has been working a significant amount of overtime, in which case s/he will be returned to full-time status as if s/he elected to return to full-time status.

The termination of the service agreement under these circumstances is not grievable or appealable.

11. In the event of death during the phased retirement period, the death is deemed a death in service and the period is deemed to have been part-time employment, with no credit for any extra hours worked, for the purpose of determining survivor benefits.

Phased Retiree's Options

1. The phased retiree has the right to elect to be fully retired at any time that his/her service agreement is in effect. Once effective, the retiree will receive a composite retirement annuity.
2. The phased retiree may request to terminate his/her service agreement early and return to regular, full-time status at any time that his/her service agreement is in effect or within 3 calendar days of its expiration by using the applicable Office of Personnel Management (OPM) approved form, which is available at <http://www.opm.gov/forms>.
 - a. If the phased retiree's request is approved by his/her management, s/he may subsequently cancel it by submitting a signed request to the approving official who approved his/her request to return to regular, full-time status or the approving official's successor or higher official, and obtaining the approval to cancel his/her request, however, s/he may not elect phased retirement again, as phased retirees are limited to one election during their retirement-eligible lifetime. The effective date of his/her full-time status and termination of his/her retirement annuity is determined based on the day of the month that his/her request is approved within DOE or, if changing to another agency, the effective date that his/her position in DOE ends.
 - b. If the phased retiree's request is not approved, that decision is not grievable or appealable. If there was an administrative error in the processing of his/her request or the request was not acted on within 15 working days of receipt if submitted within 3 calendar days of its expiration, s/he may grieve the issue utilizing the applicable procedure available to him/her as if still employed.
3. The phased retiree is eligible for a voluntary separation incentive payment (VSIP; also referred to as a buyout) when leaving phased retirement to separate and enter full retirement, but not at the time that they enter phased retirement.

Mentoring

1. At least 20% of the time that a phased retiree works must be spent mentoring. When the employee begins phased retirement, his/her workload may change because s/he will be working 50% of the time. If other employees in the organization are available to take on part of the phased retiree's work, the mentoring process should begin promptly once the phased retiree completes the training described below. However, in the event that a replacement must be hired, the mentoring process should begin with mentoring activities that meet the organization's needs until the replacement is on board.
2. To determine whether a phased retirement candidate is a suitable candidate for mentoring, approving officials should consider the selection criteria on page 11 of the DOE *Mentoring Program Guidance and Program Plan*, which is available at <http://www.energy.gov/dvu/doe-mentoring-program>.

3. To adequately prepare a phased retiree candidate for mentoring activities, the candidate should take fundamental courses on mentoring offered through the Online Learning Center (OLC). The OLC courses are listed below under Procedures.
4. To adequately track the time spent mentoring, the phased retiree should complete an activity log similar to that which will be available <http://www.energy.gov/dvu/doe-mentoring-program> as a mentor's tool once available.
5. The Departmental element's Mentoring Program Manager is expected to assist supervisors and mentors in this effort and monitor the phased retiree's mentoring activities to ensure compliance with the mentoring requirement. Rating Officials should obtain feedback from the applicable Mentoring Program Manager when evaluating the phased retiree's critical element on mentoring (see paragraph 7 under the section Conditions of Employment above).

Procedures

1. Retirement eligible employees who wish to be considered for phased retirement status should first discuss the feasibility of the program with their supervisor to determine whether their organization is receptive to supporting a phased retiree and servicing Benefits Officer to determine the financial implications for them as well as the processing of their request/application.

2. To adequately prepare for the mentoring requirement during phased retirement, a candidate should complete the following fundamental course on mentoring that's available in the OLC. The courses are:

Essential Mentoring Techniques: Mentoring Fundamentals

[mgmt 29 a01 bs enus](#)

Essential Mentoring Techniques: Building and Maintaining Mentoring Relationships

[mgmt 29 a03 bs enus](#)

A certificate of completion should be printed and attached to the candidate's request/application for phased retirement.

3. The required application form for Phased Retirement is Standard Form (SF) 3116, which is available at: <http://www.opm.gov/forms>.
4. The form should be accompanied by a signed memorandum addressed through subordinate managers to the head of the employee's Headquarters or Field element or Site Office. The head of the element or Site Office has 15 business days, unless a lesser timeframe is in an applicable collective bargaining unit agreement, to act on the employee's request.
 - a. As a part of the approval process, supervisors should consider the mentoring selection criteria on page 11 of the *DOE Mentoring Program Guidance and Program Plan*, which is available at <http://www.energy.gov/dvu/doe-mentoring-program>.
 - b. If there is more than one eligible application received concurrently and not all applicants can be utilized, the following should be considered to determine which one(s) will be selected.

- 1) When no phased retiree exists in an organization, priority must be given to the most significant organization's need for transferring knowledge and the difficulty in recruiting a suitable replacement, including at a lower grade level as a cost reduction strategy.
 - 2) When a phased retiree exists in an organization, the terms of the existing service agreement must be honored, unless mutually agreed to be changed to accommodate another eligible candidate. If a change is not agreed to, consideration should be given to utilizing the new candidate in another organization. If no option is available, the application must be denied.
5. If the employee's request is approved, the head of the Headquarters or Field element or Site Office should prepare a memorandum that addresses the criteria in the Purpose section above and request concurrence from the following individual.
 - a. If a Headquarters element other than NNSA, the memorandum should be addressed to the Chief Human Capital Officer (CHCO) or the Chair, Senior Management Review Board (SMRB), as applicable. (Note: The IG may concur on SES applications as the Chair of the OIG Executive Review Board if delegated the authority from the Secretary.)
 - b. If an NNSA organization, the memorandum should be addressed to the Administrator, NNSA, or through the Administrator if the application requires the concurrence of the SMRB.
 - c. If a non-NNSA Field element or Site Office, the memorandum should be sent through the respective Headquarters program office to the CHCO or SMRB, as applicable.
 6. If the employee's request is disapproved, the employee should be informed promptly and provided an explanation for the disapproval. The decision is not grievable or appealable.
 7. If the request is approved and concurred on by the above applicable official, a Phased Retirement Service Agreement must be completed and signed by the employee, the head of the element or his/her designee as the Approving Management Official, the servicing Benefits Officer as the Human Resources Official, and the applicable Financial Management Official for cost tracking purposes.
 8. Local procedures must be in place to ensure that the continuance or extension of the service period is reviewed and reauthorized at least annually by the head of the element. In addition, the Remarks section of the SF50 Notification of Personnel Action effecting the action must contain the following statement:

The use of this authority is subject to review and reauthorization at least annually, but may be terminated at any time when the basis for the use of the authority no longer exists.

9. In the event that the services of the phased retiree are needed beyond 2 years, the process in paragraphs 3 and 4 of this section should be followed to request concurrence for an extension. The request should address why the extension is needed.

10. In the event that management determines that the service agreement should be terminated early, the phased retiree should be given notice at least 30-days prior to the termination date, unless there is an unusual circumstance, such as a sensitive conduct issue or unexpected change in funding, that necessitates a lesser time.
11. The phased retiree's position description (PD) should be at least amended to add the mentoring requirement. If the duties and/or responsibilities will change due to the reduction in hours worked, a new PD should be written and classified. If the phased retiree will be on detail, a statement of work is needed for the assignment.
12. A work plan must be established that describes the mentoring activities that are expected to be done. A log (also referred to as a mentoring log) of the time spent performing the activities must also be maintained.
13. Documentation of overtime must address all the conditions specified in the Work Schedules and Tours of Duty section, and must be retained for 6 years.