

Attachment 2: Phased Retirement Service Agreement

Introduction

This is an employment agreement between _____ (*employee's name*) (hereinafter referred to as “you” or “your”) and the _____ (*Departmental element*) (hereinafter referred to as “the employer” or Departmental element) for the purpose of the employer committing to retaining you in a phased retirement status to fulfill a critical need and, in return, your committing to a period of service to the employer. This agreement must be signed by all parties prior to the effective date of this agreement.

Position

This agreement is for the position of _____ (*Title, series, & grade*). If mutually agreed, you may be detailed to perform work anywhere in or outside the Department of Energy (DOE) or assigned to another position within (*Departmental element*) or its successor organization during the period of this agreement without any impact on your status. If assigned to a different Departmental element, then a new service agreement is required.

Effective Date

The effective date of this agreement will be (*date - the first day of the first pay period after phased retirement is approved or other mutually agreed upon date, if later*), which will be the date that your status changes from full-time to part-time as a phased retiree. That date will be documented on your SF-50, Notification of Personnel Action.

Period of Service

The period of phased retirement service with DOE will be for (*number of months or years, not to exceed 2 years*) beginning (*insert the effective date from the previous section*) and ending _____ (*date*). The period may be extended one additional year for a maximum of 3 years or terminated early for one of the reasons specified in the Conditions section of this Agreement.

Work Schedule

The number of hours per pay period that you agree to work will be (*50% of the number that the employee would work if full-time; normally 40*). The type of work schedule, i.e., regular, compressed, or flexible, and your tour of duty will be mutually agreed to with your supervisor or other approving official based on the work schedule options available in your organization. You may not work more than the total number of hours per pay period unless you are approved to work overtime and all of the following conditions apply:

1. The work is necessary to respond to an emergency posing a significant, immediate, and direct threat to life or property.

2. The approving official determines that no other qualified employee is available to perform the required work.
3. You are relieved from performing the overtime work as soon as possible.
4. When an emergency situation can be anticipated in advance, management made advance plans to minimize any necessary overtime work that you are required to perform.

Compensation

1. Basic Pay - You will receive one-half your normal annual pay that you would otherwise receive as a full-time employee, along with your retirement annuity, as provided in 5 CFR 848.501.
2. Premium Pay – You are 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 – You are eligible for compensatory time off for travel (travel comp).
4. Credit Hours – You are eligible to earn up to (no. up to 10) credit hours per pay period if you are on a flexible work schedule that authorizes credit hours.
5. Retirement Annuity – You will receive a monthly annuity payment based on 50% of your highest three consecutive average pay years effective the same date as this agreement 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. 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 you in the Retirement Fund, will be reduced by the monthly annuity paid during phased retirement.
6. Thrift Savings Plan (TSP) – You are eligible to apply for loans, financial hardship withdrawals, and age-based-in-service withdrawals. At age 70.5, you are not subject to taking a mandatory minimum distribution during your phased retirement period. You are required to make a mandatory withdrawal choice by April 1st of the year following the year you become age 70.5, or, if still employed at age 70.5, by April 1st of the year following the year that you separate from Federal service.
7. Non Federal Retirement Account – Payout may begin at age 59.5. By April 1st of the year following the year you become age 70.5, you are required to take a mandatory minimum distribution during his/her phased retirement period.

8. Social Security – If eligible, you will receive your benefit based on the age you begin 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>.
9. Other Income – There is no restriction on earning non-Federal income outside the 40 hours per pay period that you work 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 – You will continue to accrue credit toward, and make contributions for, an adjusted composite retirement annuity upon full retirement. Applicable deductions are made from your biweekly pay.
3. Health Insurance - You are eligible for the Federal Employee Health Benefit (FEHB) program and may continue your health plan or meet eligibility requirements for enrollment. Your premiums will continue to be deducted from your pay and employer contributions made as for full-time employees.
4. Life Insurance – You are eligible for the Federal Employee Group Life Insurance (FEGLI) program. Coverage amounts will be based on the full-time salary of the position. Your premiums will continue to be deducted from your pay.
5. Thrift Savings Plan (TSP) – You 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 – You are eligible to participate if you meet enrollment requirements.
7. Union Dues – If you occupy a bargaining unit position, you are subject to the union dues if required by the applicable collective bargaining agreement.
8. Other Allotments – You are eligible to have allotments made the same as full-time and other part-time employees.

Worklife Benefits

1. Leave – You will accrue annual and sick leave on a reduced basis as a part-time employee, i.e., it is prorated based on the number of hours in a pay status. If you work 40 hours per pay period, you will earn 4 hours of annual leave and 2 hours of sick leave. You are subject to the applicable annual leave carryover ceiling. Phased retirees will not receive a lump-sum payment for unused annual leave until full retirement begins.
2. Holidays – You are entitled to a paid holiday when the holiday falls on a day when you would otherwise be required to work or take leave. If a holiday falls on a non-workday, you are not entitled to an “in lieu of” holiday.
3. Telework – If your position is eligible and if mutually agreed to with your supervisor and approving official, you may telework. Your telework arrangement, i.e., routine, situational, or medical, and frequency that you may telework will be determined by your management.

Conditions

1. Phased retirement is part-time permanent employment. You have all rights associated with this status.
2. The percentage of time (50%) and hours that you work per pay period (*normally 40 hours*) may not be changed during your phased retirement period. You may change to another position in DOE or another agency only if the working percentage (50%) does not change. However, you may accept a new full-time appointment in another agency at any time during phased retirement, but you would not be eligible for phased retirement again.
3. You may not be employed in the Federal Government in more than one phased retirement position at any time. However, you 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 you work as a phased retiree 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 for you to fulfill this requirement. You are expected to have a work plan established and to maintain a record/log of your mentoring activities that ensures that this requirement is satisfied.
5. When the period of service of this agreement ends, you will be separated. The separation is considered voluntary because you entered into this agreement voluntarily. If you are not reemployed within 3 calendar days, i.e., you have a break in service of more than 3 calendar days from the date of termination, you will be deemed to have elected full retirement.

6. You reserve the right to elect to be fully retired at any time that this agreement is in effect. Once effective, you will receive an adjusted composite retirement annuity.
7. You may request to terminate this agreement early and return to regular, full-time status at any time that this agreement is in effect or within 3 calendar days of its expiration by using the applicable Office of Personnel Management (OPM) approved form.
 - a. If your request is approved by your management, you may subsequently cancel it before the effective date to return to full-time status by submitting a signed request to the approving official who approved your request to return to regular, full-time status or his/her successor or higher official, and obtaining the approval to cancel your request. However, you may not elect phased retirement again, as you are limited to one election during your retirement-eligible lifetime. The effective date of your full-time status and termination of your retirement annuity is determined based on the day of the month that your request is approved within DOE or, if changing to another agency, the effective date that your position in DOE ends.
 - b. If your request is not approved, that decision is not grievable or appealable. If there was an administrative error in the processing of your request or not acted on within 15 working days of receipt if submitted within 3 calendar days of its expiration, you may grieve the issue utilizing the applicable procedure available to you as if still employed.
8. You are 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 of entering phased retirement.
9. You 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 your performance rating falls below the fully successful or equivalent performance rating level, your security clearance is revoked, you fail to maintain a medical or physical standard or a professional credential that is required for your position, or you are separated for cause, then this agreement will be terminated, in which case you may appeal or, if applicable, grieve this action in accordance with 5 CFR 430.208(i)(2) or 752.406.
10. As a part-time employee, you are eligible for a pro-rated performance award.
11. The employer reserves the right to terminate this agreement early based on appropriate authorities by notifying you in writing, which includes your rights, at least 30 days in advance of the effective date of termination in the event that

- a. the basis for entering into this agreement no longer exists (see the attached justification).
- b. funding is no longer available for your position.
- c. your 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. you apply and are selected for a similar or different position in a Departmental element other than the Departmental element that entered into this agreement.
- e. it is determined by DOE or OPM that you have been working a significant amount of overtime, in which case you will be returned to full-time status as if you elected to return to full-time status.

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

- 12. 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 extra hours worked, for the purpose of determining survivor benefits.
- 13. In the event that applicable laws or regulations change that would result in a change(s) in the terms and conditions of this agreement, the parties hereto mutually agree that this agreement will be subject to them. Any changes other than those required by applicable laws or regulations must be mutually agreed to in writing by the parties hereto.

Certification

I hereby certify that I have read and understand the terms and conditions of this agreement.

Employee's Signature

Date

Human Resources Official

Date

Financial Management Official

Date

Approving Management Official

Date

Privacy Act Notice

Title 5 Code of Federal Regulations section 831.1713(d)(2) and 848.203(d)(2) require the use of an agreement to document a phased retirement work arrangement. Signing this agreement is voluntary, but an employee's failure to sign this agreement will be deemed withdrawal of their request to work this arrangement. The use of this agreement is by applicable management officials and supporting administrative staffs, payroll and accounting staffs, human resource staffs, and equal employment opportunity staffs to verify that this agreement is properly completed, to process and make the payments and applicable deductions, to maintain appropriate documents that support the use of Government funds, to ensure compliance with the applicable laws and regulations, and to report the use of the authority for phased retirements as part of any reporting requirement to the Office of Personnel Management and/or Congress. There are no additional uses that may be made of the information collected.

The official copy of this agreement is maintained in your electronic Official Personnel File (eOPF), which is a category of record included in the OPM/GOVT-1 General Personnel Records system. One copy of this agreement will be maintained in your payroll file, which is a category of record included in DOE-13, Payroll and Leave Records. Other copies may be maintained in your Departmental element, such as by your supervisor and administrative support staff, which is appropriate under the OPM/GOVT-1 records system.

Attachment: Copy of the approved justification

Distribution:

Original: Electronic Official Personnel File (e-OPF)

Copy: Employee

Departmental element

Payroll record