

Partial Pay FAQs

Partial Paycheck FAQs for Employees Who Resign/Retire on September 30, 2025 for Employing Agency HR & Benefit Offices Some of the Deferred Resignation Programs' selected resignation or retirement date of September 30, 2025, falls in the middle of the September 21 – October 4, 2025, pay period that applies to most employees. The following questions address issues and scenarios that may arise in this situation.

Q: What happens to my paycheck if I resign, retire, or separate in the middle of a pay period?

A: If the effective date of an employee's resignation, retirement, or separation is in the middle of a pay period, the employee may receive a partial paycheck for that pay period. For example, an employee who resigns effective September 30, 2025 (which is in the middle of the September 21 – October 4, 2025, pay period) will receive pay for work performed and paid time off taken only through September 30 of that pay period.

Q: Can I use annual leave or paid time off to cover workdays after Sept. 30 to receive a full paycheck for that pay period?

A: No. The separation date for DRP employees who agreed to resign or retire on September 30, 2025, may not be extended through the use of their annual leave or other paid time off to provide for a full paycheck for the September 21 – October 4, 2025, pay period.

Q: What is the order of precedence for applying deductions if my gross pay is insufficient?

A: Agencies follow the guidance on the [order of precedence](#) for applying deductions from the pay of their employees when gross pay is insufficient to cover all authorized deductions.

Q: Will the amount taken from a partial paycheck for deductions be the same as the amount taken from a full paycheck?

A: Some deductions that are based on the amount of an employee's gross pay (or basic pay) will be reduced in size. For example, deductions for the Federal Employees Retirement System (FERS) Basic Benefit are a percentage of basic pay paid to an employee. Other deductions, such as health insurance premiums, may be a fixed dollar amount and will not be affected. Consequently, the amount of money a DRP employee normally sees in their paycheck for the September 21 – October 4, 2025, pay period will be different than what they might expect.

Q: If I resign or retire on September 30, in the middle of a pay period, how will deductions for allotments be affected?

A: The impact on an employee's allotments may vary. DRP employees may want to review their allotments to determine whether they need to make alternative arrangements due to a partial paycheck (e.g., if using allotments to pay loans, alimony, etc.).

Q: Will my enrollment or coverage in benefit programs be affected? Will the government pay their FEHB premiums for the partial pay period?

A: For employees who are retiring on September 30, any health or life insurance coverage they are eligible to take and have elected to take into retirement will be active while their retirement case is being processed. The employee must meet specific criteria, including retiring on an immediate annuity and having been insured for the five years before retirement or from their earliest opportunity to enroll. The premiums for this coverage will be withheld from their adjustment payment once their retirement case is complete. Employees with flexible spending accounts through FSAFEDS (Federal Flexible Spending Account Program) who are retiring may follow the information related to employees resigning. FSAFEDS is not available as a benefit for annuitants.

For employees who are resigning on September 30:

Federal Employees Health Benefits (FEHB) coverage will terminate at the end of the pay period that includes the date of separation. If the partial paycheck is insufficient to permit deductions for the full FEHB premium, the employee's employing office should follow the procedures outlined in 5 CFR 890.502(b) when an employee's pay is not enough to cover the premiums. The separated employee will receive a 31-day temporary extension of FEHB coverage at no cost. The separated employee's FEHB Carrier can provide assistance to the employee in enrolling in an individual policy.

FEDVIP (Federal Employees Dental and Vision Insurance Program) coverage will terminate on the last day of the pay period that includes the date of separation. There is no 31-day temporary extension of coverage. If the partial paycheck is insufficient to permit deductions for the full FEDVIP premium, BENEFEDS will direct bill the enrollee for the coverage through the last pay period. Federal Employees' Group Life Insurance (FEGLI) coverage automatically terminates upon the date of separation, with a 31-day extension of coverage after separation. The insufficient pay in the final partial paycheck does not affect the employee's coverage at termination based on resignation.

FSAFEDS coverage - Health Care FSA (HCFSA) eligibility terminates on the date of separation, with only pre-separation health care expenses being reimbursable. Even if the employee accelerated their allotments, any health care expenses incurred during the period for which allotments were not deducted will not be eligible for reimbursement. Dependent Care FSA (DCFSA) eligibility terminates on the date of separation, with dependent care expenses through the end of the calendar year being reimbursable. Dependent care expenses incurred during the period for which allotments were not deducted will be eligible for reimbursement, up to the account balance.

If the usual allotment for the pay period cannot be fully deducted from the final paycheck, this will simply reduce the final amount deposited in the FSA.

Q: Will any deductions be taken from my lump-sum annual leave payment?

A: A lump-sum annual leave payment is subject to withholding for any applicable Federal, State, or local tax, and to garnishment under 5 CFR parts 581 and 582. Deductions for payment of outstanding debts due the Government could also be taken from an employee's lump-sum annual leave payment. However, a lump-sum payment is not subject to deductions for retirement under the Civil Service Retirement System or the Federal Employees Retirement System; health benefits under the Federal Employees

Health Benefits program; life insurance under the Federal Employees' Group Life Insurance program; or savings under the Thrift Savings Plan.

Q: Will I accrue annual or sick leave if I separate before completing the biweekly pay period?

A: No. Annual and sick leave only accrues if an employee is in a pay status for a full biweekly pay period. For full time employees, a biweekly pay period is 80 hours. Part time employees must complete their regular tour of duty for that pay period. For example, if a part-time employee has regularly scheduled hours of work on Monday-Wednesday and separates on Tuesday of the second week in the pay period, he or she would not receive any leave for that pay period.

Additional FAQ on Deferred Resignation Program-Related Matters

Q: If a civilian employee under the Deferred Resignation Program (DRP) is on active duty that continues through the end of the DRP separation date (whether separated via resignation or retirement), is the agency required to keep the employee on the rolls in Absent-US status due to 38 U.S.C. 4316(a)?

A: No. The regulation at 5 CFR 353.106(a) states an employee absent because of service in the uniformed service may be separated when the employee knowingly provides written notice of intent not to return to a position. A signed Resignation DRP agreement is considered sufficient written notice of the employee's intent to separate (via resignation or retirement), therefore the employee may be separated on the effective date specified in the DRP agreement.