



Preparing for the DOGE Workforce Reductions



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How to control your response by knowing your options in advance

Preparing for the DOGE workforce reductions

Welcome

- » Our audience today
- » Q&A – the ProFeds Support Team standing by
- » Handouts – available for download
- » Recorded – how to get the replay
- » Stay until the end!

Preparing for the DOGE workforce reductions

Your ProFeds Presenter



Chris Kowalik

- » ProFeds Founder
- » Developer of the FedImpact Retirement Workshop
- » Host of the FedImpact Podcast



Support Team

- » Standing by for your questions

Agenda

- » **CATEGORIES:** Reviewing the likely scenarios for various groups of federal workers
- » **NUMBERS:** Eliminating most of the uncertainty by knowing your numbers
- » **RIPPLE EFFECT:** Understanding the consequences of leaving government service early
- » **PRIORITIES:** Creating your checklist of must-do “pre-notice” action items
- » **BONUS:** Benefits changes on the docket

What this webinar will NOT cover

My Hope for You Today

- » Strive to be in control of what you can control
- » Avoid the “why?” or “this is unfair” dialogue — it will likely leave you angry (and still unprepared)
- » Set the priority to prepare yourself for “worst case”
- » Here’s the question you need to focus on during today’s webinar:

“If I am let go (or choose to leave), what happens to my federal retirement and benefits?”

Typical Ways the Government Reduces in Size







- » **Hiring Freeze:**
Halting any new hiring within an agency or job series
- » **Natural Attrition:**
Not filling the seats of employees who separate or retire
- » **Reductions-in-Force:**
Involuntary layoffs (termination)
- » **Early Outs / Discontinued Service Retirements:**
Allowing employees to retire earlier than normally allowable

For Today's Discussion

- » The order we will cover:
 - Full eligibility
 - Voluntary Early Retirement Authority (VERA)
 - Voluntary Separation Incentive Payment (VSIP)
 - Discontinued Service Retirement (DSR)
 - Reduction-in-Force (RIF)
 - Delayed Resignation
- » For each topic, we will review 6 case studies to examine their eligibility to qualify for each type

Our Employee Case Studies Today



Aaron	Carolyn	Jackie	Shawn	Brett	Nancy
					
Age 28 & 4 years of service	Age 28 & 5 years of service	Age 48 & 25 years of service	Age 55 & 32 years of service	Age 57 & 10 years of service	Age 62 & 37 years of service

Fully-Eligible to Retire

Highlights

- » When an employee meets the “full” age and service year requirements, this is a voluntary separation
- » The employee has full control over when they choose to retire
- » Pension begins immediately with no penalties

Full Eligibility

CSRS Full Eligibility	
Age	Years
62	5
60	20
55	30

FERS Full Eligibility	
Age	Years
62	5
60	20
MRA (55-57)	30

Minimum Retirement Age

Born in	MRA
1947 & earlier	55
1948	55 & 2 months
1949	55 & 4 months
1950	55 & 6 months
1951	55 & 8 months
1952	55 & 10 months
1953-1964	56
1965	56 & 2 months
1966	56 & 4 months
1967	56 & 6 months
1968	56 & 8 months
1969	56 & 10 months
1970 & later	57

Who is Fully-Eligible to Retire?

Aaron



Age 28 &
4 years
of service



Carolyn



Age 28 &
5 years
of service



Jackie



Age 48 &
25 years
of service



Shawn



Age 55 &
32 years
of service



Brett



Age 57 &
10 years
of service



Nancy



Age 62 &
37 years
of service



If Nancy takes the “fully-eligible” option:

Nancy



Age 62 and
has 37 years
of service

- » She will simply file for regular retirement
- » Based on her 37 years of service, her IMMEDIATE pension begins right away
- » She may keep FEHB & FEGLI as long as she meets the criteria to do so
- » She is not eligible for the FERS Special Retirement Supplement (already age 62)
- » Once separated, she can access TSP without penalty

Voluntary Early Retirement Authority (VERA)

Highlights

- » Commonly known as an “early out,” VERAs are voluntary separations
- » Certain age and creditable services years must be met for an agency to consider offering an employee an early out

If an Early Out (VERA) is Offered













- » For an employee to take advantage of a VERA, the agency must extend the VERA offer to employees for consideration (you can’t just decide to do this!)
- » The VERA offer will have a specific retirement date/window identified
- » VERAs are intended to be used in preparation for a reduction in force (RIF)

FERS Early Out	
Age	Years
50	20
Any age	25
In FERS, there is no penalty for being under age 55	

If an Early Out (VERA) is Offered (Cont.)

- » The FERS Special Retirement Supplement will begin when the employee reaches their Minimum Retirement Age (55-57, depending on their year of birth)

Who May be Offered an Early Out (VERA)?

Aaron	Carolyn	Jackie	Shawn	Brett	Nancy
					
Age 28 & 4 years of service	Age 28 & 5 years of service	Age 48 & 25 years of service	Age 55 & 32 years of service	Age 57 & 10 years of service	Age 62 & 37 years of service
					

Jackie



Age 48 and has 25 years of service

If Jackie takes the “VERA” option:

- » She will qualify to be receiving an IMMEDIATE pension
- » She will keep FEHB and FEGLI (as long as she meets the typical requirements)
- » She will begin receiving the FERS Special Retirement Supplement when she reaches her MRA (age 57)
- » Once separated, she can access TSP, but will have a 10% penalty for all funds received before age 59½

Shawn



Age 55 and has 32 years of service

If Shawn takes the “VERA” option:

- » He will qualify to be receiving an IMMEDIATE pension
- » He will keep FEHB and FEGLI (as long as he meets the typical requirements)
- » He will begin receiving the FERS Special Retirement Supplement when he reaches his MRA (age 57)
- » Once separated, he can access TSP without penalty

Nancy



Age 62 and
has 37 years
of service

If Nancy takes the “VERA” option:

- » She will simply file for regular retirement
- » Based on her 37 years of service, her IMMEDIATE pension begins right away
- » She may keep FEHB & FEGLI as long as she meets the criteria to do so
- » She is not eligible for the FERS Special Retirement Supplement (already age 62)
- » Once separated, she can access TSP without penalty

Discontinued Service Retirement (DSR)

Highlights

- » DSRs are involuntary separations
- » Must not be removed for misconduct or delinquency
- » Must not decline a reasonable offer of another position

If a DSR is Offered

- » This is typically done when an agency eliminates a position which it determines to no longer be necessary
- » The eligibility requirements are the same as for a VERA (Early Out) except that DSRs are involuntary, so the employee has no say in the matter.
- » The employee’s pension would begin immediately

FERS Discontinued Service	
Age	Years
50	20
Any age	25
In FERS, there is no penalty for being under age 55	

If a DSR is Offered (Cont.)

- » The FERS Special Retirement Supplement will begin when the employee reaches their Minimum Retirement Age (55-57, depending on their year of birth)

Who May be Offered a Discontinued Service (DSR)?

Aaron



Age 28 &
4 years
of service



Carolyn



Age 28 &
5 years
of service



Jackie



Age 48 &
25 years
of service



Shawn



Age 55 &
32 years
of service



Brett



Age 57 &
10 years
of service



Nancy



Age 62 &
37 years
of service



Voluntary Separation Incentive Payment (VSIP)

Highlights

- » Commonly known as one version of a “buyout,” VSIPs are voluntary separations
- » Most agencies are allowed to offer \$25k (DOD is \$40k)
- » A VSIP can be offered as a standalone option, or be coupled with a VERA

If a VSIP is Offered

- » For an employee to take advantage of a VSIP, the agency must extend the VSIP offer to employees for consideration (you can’t just decide to do this!)
- » The VSIP offer will have a specific retirement date/window identified
- » VSIPs are intended to be used in preparation for a reduction in force (RIF)
- » Employees who choose to take the VSIP offer, may also qualify for a pension

Who May be Offered a Separation Incentive (VSIP)?

Aaron



Age 28 &
4 years
of service



Carolyn



Age 28 &
5 years
of service



Jackie



Age 48 &
25 years
of service



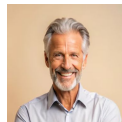
Shawn



Age 55 &
32 years
of service



Brett



Age 57 &
10 years
of service



Nancy



Age 62 &
37 years
of service



Reduction in Force (RIF)

Highlights

- » Commonly known as a mass “layoff,” RIFs are involuntary separations
- » This should not be confused with an “early out”
- » Typically, this comes with a severance package for certain employees













If a RIF is Offered

- » Agencies follow a process to conduct RIF actions to determine the order by which employees get laid off
- » If you are already eligible to retire when you are notified of a RIF, you are permitted to submit for retirement
- » Employees are not permitted to take a VERA offer along with a severance package through a RIF
- » Employees may file for unemployment based on their state’s rules (but must report the severance amount)

Payout of Severance Pay

- » Severance payments will be paid out at the same pay period intervals that the employee would have had if they were still employed
- » Payments are subject to income tax & Social Security tax
- » If you return to a federal position before your full severance pay has been received, future payments will be terminated
- » An employee may not receive a total of more than 52 weeks of severance pay during his or her lifetime

Who May be Selected for a RIF (with Severance)?

Aaron	Carolyn	Jackie	Shawn	Brett	Nancy
					
Age 28 & 4 years of service	Age 28 & 5 years of service	Age 48 & 25 years of service	Age 55 & 32 years of service	Age 57 & 10 years of service	Age 62 & 37 years of service
					

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Aaron



Age 28 and
has 4 years
of service

If Aaron is required to take the “RIF” option:

- » He'll be paid severance pay (4 weeks)
- » Since he is not vested with at least 5 years of service, a pension is not payable
- » He will lose FEHB, FEGLI and the FERS Special Retirement Supplement
- » Once separated, he can access TSP, but will have a 10% penalty for all funds received before age 59½

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Carolyn



Age 28 and
has 5 years
of service

If Carolyn is required to take the “RIF” option:

- » She'll be paid severance pay (5 weeks)
- » Since she is vested with at least 5 years of service, a pension is payable
- » Based on her 5 years of service, a DEFERRED pension will begin at age 62
- » She will lose FEHB, FEGLI and the FERS Special Retirement Supplement
- » Once separated, she can access TSP, but will have a 10% penalty for all funds received before age 59½

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Jackie



Age 48 and
has 25 years
of service

If Jackie is required to take the “RIF” option:

- » She'll be paid severance pay (40 weeks)
- » Since she is vested with at least 5 years of service, a pension is payable
- » Based on her 25 years of service, a DEFERRED pension will begin at age 60
- » She will lose FEHB, FEGLI and the FERS Special Retirement Supplement
- » Once separated, she can access TSP, but will have a 10% penalty for all funds received before age 59½

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Shawn



Age 55 and
has 32 years
of service

If Shawn is required to take the “RIF” option:

- » He'll be paid severance pay (52 weeks)
- » Since he is vested with at least 5 years of service, a pension is payable
- » Based on his 32 years of service, a DEFERRED pension will begin at age 57
- » He will lose FEHB, FEGLI and the FERS Special Retirement Supplement
- » Once separated, he can access TSP without penalty

Delayed Resignation

Highlights

- » On 1/28, OPM emailed most employees offering a voluntary delayed resignation
- » They'll need to leave federal service no later than 9/30
- » If an employee wishes to take this offer, they must accept it by 2/6

A Call for “Delayed Resignations” Has Been Announced

- » Certain groups are excluded from this offer (including the military, postal workers, immigration enforcement, national security)
- » Employees who are eligible for and accept this “delayed resignation” will be placed on administrative leave and paid until 9/30 (33 weeks)
- » Employees are permitted to take non-federal employment while on administrative leave
- » You will continue to accrue service time until 9/30

Who May Accept a Delayed Resignation (NLT 9/30)?

Aaron



Age 28 &
4 years
of service



Carolyn



Age 28 &
5 years
of service



Jackie



Age 48 &
25 years
of service



Shawn



Age 55 &
32 years
of service



Brett



Age 57 &
10 years
of service



Nancy



Age 62 &
37 years
of service



What Happens After the Delayed Resignation?

- » Assuming no additional programs (such as VERA, VSIP, DSR, RIF) are offered, an employee will only qualify for a retirement pension if they meet certain age and service year criteria
- » If they qualify for a pension, it may:
 - start right away or later
 - be penalized
 - not allow certain benefits to be carried into retirement

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Aaron



**Age 28 and
has 4 years
of service**

If Aaron takes the “delayed resignation” option:

- » He'll be paid through 9/30 (33 weeks), plus
- » The “normal resignation” rules apply:
 - Since he is not vested with at least 5 years of service, a pension is not payable
 - He will lose FEHB, FEGLI and the FERS Special Retirement Supplement
 - Once separated, he can access TSP, but will have a 10% penalty for all funds received before age 59½

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Carolyn



**Age 28 and
has 5 years
of service**

If Carolyn takes the “delayed resignation” option:

- » She'll be paid through 9/30 (33 weeks), plus
- » The “normal resignation” rules apply:
 - Since she is vested with at least 5 years of service, a pension is payable
 - Based on her 5 years of service, a DEFERRED pension will begin at age 62
 - She will lose FEHB, FEGLI and the FERS Special Retirement Supplement
 - Once separated, she can access TSP, but will have a 10% penalty for all funds received before age 59½

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Jackie



**Age 48 and
has 25 years
of service**

If Jackie takes the “delayed resignation” option:

- » She'll be paid through 9/30 (33 weeks), plus
- » The “normal resignation” rules apply:
 - Since she is vested with at least 5 years of service, a pension is payable
 - Based on her 25 years of service, a DEFERRED pension will begin at age 60
 - She will lose FEHB, FEGLI and the FERS Special Retirement Supplement
 - Once separated, she can access TSP, but will have a 10% penalty for all funds received before age 59½

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Shawn



**Age 55 and
has 32 years
of service**

If Shawn takes the “delayed resignation” option:

- » He'll be paid through 9/30 (33 weeks), plus
- » The “normal resignation” rules apply:
 - Since he is vested with at least 5 years of service, a pension is payable
 - Based on his 32 years of service, a DEFERRED pension will begin at age 57
 - He will lose FEHB, FEGLI and the FERS Special Retirement Supplement
 - Once separated, he can access TSP without penalty

Brett



**Age 57 &
10 years
of service**

If Brett takes the “delayed resignation” option:

- » He'll be paid through 9/30 (33 weeks), plus
- » The “normal resignation” rules apply:
 - Since he is vested with at least 5 years of service, a pension is payable
 - Based on his 10 years of service, an MRA+10 pension is payable now with a penalty (or he may postpone until 62 to avoid the penalty)
 - He may keep FEHB & FEGLI as long as he meets the criteria to do so, but loses the FERS Special Retirement Supplement
 - Once separated, he can access TSP without penalty

Nancy



**Age 62 and
has 37 years
of service**

If Nancy takes the “delayed resignation” option:

- » She'll be paid through 9/30 (33 weeks), plus
- » The “normal resignation” rules apply:
 - Since she is vested with at least 5 years of service, a pension is payable to her
 - Based on her 37 years of service, her IMMEDIATE pension begins right away
 - She may keep FEHB & FEGLI as long as she meets the criteria to do so
 - She is not eligible for the FERS Special Retirement Supplement (already age 62)
 - Once separated, she can access TSP without penalty

Benefits Changes Under Review

Highlights

- » Keep in mind that most legislation does not pass, and until it does, there is very little we can do about it (except plan!)
- » Consider looking at best-case vs. worst-case scenario if you believe you'll be affected

Benefits Changes Under Review

- » Making all regular FERS contribute 4.4%
- » Creating an “at will” and “merit based” workforce
- » Elimination of the FERS Special Retirement Supplement
- » Change the “High-3” to “High-5”
- » Exclude locality pay from the High-3 calculation
- » FEHB/PSHB changes to voucher system
- » Proposal to increase VSIP to \$40k for all agencies
- » Changing early-out criteria from 20 yrs to 15 yrs

Some Final Thoughts

- » Don't wait to prepare until you're told you're on your way out the door – things are changing quickly
- » Download a copy of your eOPF for safekeeping
- » If you wish to make military deposits, do it now
- » Get retirement training and get your numbers
- » Seek help from a professional before you make irreversible decisions or ones with unintended consequences



Retire with confidence.

- » Attend a workshop:
 - In-person training
 - No cost to attend
 - Covers all of the federal benefit topics and decisions to be made
 - One-on-one help available
- » See all the details at:
FedImpact.com/Attend

Handouts and Replay



- » Handouts
 - Download
 - Emailed
- » Replay
 - Link will be emailed to all registered participants

Next Webinar



- » Next webinar topic:
 - **What HR Can't Tell You About Your Retirement**
How to avoid asking for help from people who can't help you
- » Sign-up at:
FedImpact.com/Webinar

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and news updates



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