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DEPARTMENT OF COMMERCE
OFFICE OF HUMAN RESOURCES MANAGEMENT

HUMAN RESOURCES (HR) BULLETIN #192, FY16

SUBJECT: Phased Retirement Policy

EFFECTIVE DATE: Date of issuance of the Bulletin

EXPIRATION DATE: Until superseded or revoked

SUPERSEDES: Not applicable

BACKGROUND: Section 100121 of the "Moving Ahead for Progress in the 21st Century Act" (Public Law 112-141, 126 Stat. 906, July 6, 2012), referred to here as MAP-21, established a new authority to allow eligible Federal employees to apply for "phased retirement." Phased retirement allows full-time employees to work part-time schedules while beginning to draw retirement benefits. This new tool will allow managers to better provide unique mentoring opportunities for employees while increasing access to the decades of institutional knowledge and experience that retirees can provide.

During a phased retirement period, the participant is required to conduct mentoring and/or learning activities that allow for the transfer of knowledge and skills to one or more fellow employees, or conduct other types of knowledge-transfer activities. Upon conclusion of the phased retirement period, program participants will typically separate from Federal service and enter full retirement status. Participation in phased retirement is voluntary but requires the consent of the employee and the approval of the agency.

Government-wide implementing regulations were first proposed by the Office of Personnel Management (OPM) on June 5, 2013 (at 78 *Federal Register* (*FR*) 33912). Final regulations were published on August 8, 2014 (at 79 *FR* 46608). The policy described in this bulletin is intended to be consistent with the final regulations, primarily codified in Title 5, Code of Federal Regulations (CFR) § 831 Subpart Q; Title 5, CFR § 838 (concerning court orders); and Title 5, CFR § 848. The statutory basis for phased retirement is codified at Title 5, United States Code (U.S.C.) § 8336a (for the Civil Service Retirement System – CSRS) and at Title 5, U.S.C. § 8412a (for the Federal Employees' Retirement System – FERS).

PURPOSE: To set forth Department of Commerce (Department) policy and guidance for implementing phased retirement.

APPLICABILITY: This policy applies to all Department employees in the competitive or excepted service, and those in the senior executive service, who occupy a position covered by this policy (except for those excluded below) and who meet one of the following regulatory eligibility requirements:

(1) General Schedule or equivalent positions, including supervisory and non-supervisory positions
(2) Federal Wage System positions including supervisory and non-supervisory
(3) Members of the Senior Executive Service (SES), appointed under Title 5, U.S.C. Chapter 31, subchapter II
(4) Senior-level (SL pay plan) employees (under Title 5, U.S.C. § 5108) or scientific or professional (ST pay plan) employees appointed under 5 U.S.C. § 3104
(5) Administratively Determined positions

EXCLUSIONS: This policy excludes all positions within the U.S. Patent and Trademark Office, Office of Inspector General, NOAA Corps, Foreign Commercial Service Officers, and all Law Enforcement Officer and firefighter positions.

ELIGIBILITY:

Regulatory Eligibility: Under the MAP-21 statute and Government-wide regulations, a retirement-eligible employee may seek to enter phased retirement status if he or she has been employed on a full-time basis for no less than a 3-year period ending on the effective date of the approved phased retirement status, as described under Title 5, CFR § 831.1714(a) (for the CSRS) or Title 5, CFR § 848.203 (for FERS). A full-time basis is defined as a basic workweek that consists of 40 hours within the employee's administrative workweek, or a recurring basic work requirement of 80 hours per pay period, for employees approved to work flexible or compressed schedules (see Title 5, U.S.C. Chapter 61, subchapter II).

Employees are considered retirement-eligible under this program if they are eligible for immediate optional retirement under subsection (a) or (b) of Title 5, U.S.C. § 8336 (for the CSRS) or subsection (a) or (b) of Title 5, U.S.C. § 8412 (for FERS). Individuals who satisfy these conditions are:

(1) At least 55 years of age, with 30 or more years of service (CSRS)
(2) At least the minimum retirement age, with 30 or more years of service (FERS)
(3) At least 60 years of age, with 20 or more years of service (CSRS or FERS)

Regulatory Ineligibility: Under the MAP-21 statute and Government-wide regulations, certain categories of employees are not eligible to enter phased retirement. Ineligible employees Government-wide include:

(1) Individuals who would otherwise qualify for optional retirement under other age-and-service rule combinations, such as:
    a. Age 62 and 5 years of service (see Title 5, U.S.C. § 8336(f) for CSRS and Title 5, U.S.C. § 8412(c) for FERS); or

    b. Age 50 and 20 years of service, or 25 years of service and any age, under voluntary early retirement authority (see Title 5, U.S.C. § 8336(d)(2)(D) for the CSRS and Title 5, U.S.C. § 8414(b)(1)(B) for FERS).

(2) Individuals who occupy law enforcement, firefighter, and other positions subject to mandatory retirement, described further in the regulations contained at Title 5, CFR § 831.1711 (for CSRS) and Title 5, CFR § 848.201 (for FERS);

(3) Individuals covered by a special work schedule authority that does not allow for a regular, recurring part-time schedule, such as firefighters covered by Title 5, U.S.C. § 5545b (see further Title 5, CFR § 831.1711 (for the CSRS) and Title 5, CFR § 848.201 (for FERS)).

POLICY: The Department adopts phased retirement as a human resources (HR) flexibility. This option is intended to enhance the mentoring and training of employees who will potentially be filling the positions or performing the duties of more experienced retiring employees. It can also be used for various activities that allow for the transfer of knowledge and skills from one employee to another or for knowledge transfer or documentation to be used by the organization.

Phased retirement allows full-time employees to work part-time schedules while beginning to draw partial retirement benefits. This new tool will allow managers to better provide unique mentoring opportunities for employees while increasing access to the decades of institutional knowledge and experience that retirees can provide. Phased retirement will be implemented according to the provisions below. The Government-wide regulations under new Title 5, CFR § 831, subpart Q and Title 5, CFR § 848 provide for the following.

Phased retirement is intended to be a temporary status that ends with the employee's transition to full retirement. An employee entering phased retirement must enter into a written agreement that defines the conditions and commitments of his/her participation in the program. Among the provisions of each agreement will be:

(1) An intention to fully retire at the end of the approved phased retirement period, including extensions.

(2) In the event that a request to enter into phased retirement, extend phased retirement, or return to full-time duty is denied, appeals are limited to statutory avenues to challenge these actions, such as any applicable administrative or collective bargaining grievance procedures; the right to file a complaint of discrimination with the Equal Employment Opportunity Commission (EEOC), and the right to file a complaint with the Office of Special Counsel, but no new rights are provided.

A. General Policy:

(1) Employees must meet the regulatory eligibility requirements, including being employed in the Federal Government on a full-time basis for no less than a 3-year period ending on the effective date of approved phased retirement.

(2) Phased retirement is not an employee's right or entitlement; therefore, not all requests will be approved. Applicants will be given reasons for the denial.

(3) The phased retiree's position may **NOT** be backfilled on a full-time basis during the period of phased retirement, as the employee is still encumbering the position on a part-time basis. However, the phased retiree's position may be filled on a part-time basis.

(4) An employee may be moved into a new position before phased retirement so that the original full-time position becomes unencumbered and then may be backfilled.

(5) The phased retiree may request in writing to be returned to a full-time work schedule

at any time during the agreed upon period of phased retirement. However, it is not a phased retiree's right or entitlement to be approved to return to a full-time work schedule. The authorizing approving official must approve the employee to return to a full-time work schedule. It is expected that returning to full-time employment will be an uncommon exception and not part of the typical course of program implementation.

(6) Employees may only be approved to enter phased retirement status once, but the time period may continue to be extended up to the maximum of **2** years (approved and extended in increments of up to 1 year). If a phased retiree returns to full-time work or fully retires, he/she is not eligible for a second phased retirement period.

(7) Phased retirees cannot be appointed to more than one Federal Government position at the same time.

(8) Denial of an employee's application for phased retirement is not an appealable adverse action under Title 5, U.S.C. Chapter 75; however, it may be appealable under administrative grievance procedures. In addition, for bargaining unit employees, the collective bargaining agreement can also provide a method for challenging a denial of a phased retirement application.

(9) The "Federal Employees Part-time Career Employment Act of 1978" does not apply to employees in phased retirement. However, all phased retirees must work on a half-time tour of duty (i.e., 40 hours per biweekly pay period). An intermittent work schedule is not permitted.

(10) Phased retirement opportunities do not require a vacancy posting. Eligible employees may request to participate at any time. The Career Transition Assistance Program will have to be cleared if the individual is to be reassigned to a new position prior to entering into phased retirement.

(11) Military deposits must be completed before entering into phased retirement.

(12) Civilian deposits and redeposits must be completed before entering phased retirement.

(13) Phased retirees may apply for transfer to another Department bureau or other Federal agency, and if selected, the receiving bureau/agency may choose to approve a continuation of phased retirement status. Phased retirement does not automatically continue upon transfer to another bureau within the Department or to another Federal agency.

(14) The approving official and the employee may **mutually** rescind an existing agreement or enter into a new agreement to extend or reduce the term of phased retirement in an existing agreement, by entering into a new written agreement, before the expiration of the agreement currently in effect. The only situation in which an approving official may rescind an existing agreement unilaterally is when OPM:

   (a) Has determined that the employee has worked or is working a significant amount of hours in excess of the working percentage; and

   (b) Directs the agency to unilaterally end participation in phased retirement.

(15) The phased retirement worker may fully retire at any time. The employee does not have to obtain permission to retire fully.

(16) An employee may withdraw his or her application at any time before the election becomes effective, but **not after the effective date**. In addition, an employee may not withdraw his or her application after OPM has received a certified copy of a court order (under Title 5, Code of Federal Regulations, Part 581 or 838) affecting benefits.

(17) Employees must have received at least fully successful or equivalent performance ratings during the previous year.

B. Maximum Time Period:

(1) The maximum time period that an employee can be in phased retirement is **2 years, and phased retirement periods may** be approved or extended in increments of up to 1 year.

(2) Requests to extend the period of phased retirement must be submitted **60 days** in advance of the expiration date (to allow adequate review/approval time).

(3) Timely submitted extensions **must** be approved before the expiration date of the agreement currently in effect. Failure of management to act automatically extends the agreement until management acts, up until the maximum 2-year time limitation.

C. Expiration of Agreement:

(1) Upon expiration of an agreement, phased retirees will be voluntarily separated from the Department on the effective date in the phased retirement agreement, unless the employee: (a) elects to enter full retirement at an earlier date (under Title 5, CFR § 831.1731 and § 848.401); (b) applies for and is approved to return to a full-time work schedule; (c) has been approved for an increment extension **before** the expiration of the existing agreement; (d) is under an automatic extension in accordance with B.3 above; (e) is employed at a new Federal agency within 3 calendar days from the expiration of the agreement (with or without the new agency's approval of phased retirement), or (f) is employed in a new position in the Department, either within or outside of the employee's current bureau/operating unit, within 3 calendar days from the expiration of the agreement (with or without approval for phased retirement in the new position).

(2) An individual is considered to have elected full retirement if separated from phased retirement and is not employed within 3 calendar days at a Federal agency.

D. Bargaining Unit Status:

(1) An employee's bargaining unit status could change as a result of the change to a part-time work schedule, depending on the individual collective bargaining agreement.

(2) Certain rights provided as a result of an employee's bargaining unit status could change if the employee's bargaining unit status changes as a result of unencumbering a position or changing to a part-time work schedule.

MENTORING

The MAP-21 statute and OPM's regulations require that employees in phased retirement spend a minimum of 20 percent of working hours (i.e., 8 hours per biweekly pay period when working 40 hours in a biweekly period) conducting mentoring activities. Mentoring the potential successor to the phased retiree's position is just one possible way to meet the mentoring requirement. The bureau/operating unit and the phased retiree may choose from any learning activities that would allow for the transfer of knowledge and skills from one employee to others or to the organization in general. Knowledge-transfer activities to an individual or the organization require that the phased retiree record his/her mentoring activities.

Mentoring Requirement:

(1) The specific mentoring duties and the knowledge to be transferred will be documented in the Phased Retirement Request/Agreement.
(2) The number of hours spent mentoring must be certified and maintained by the first-line supervisor.
(3) Phased retirees may mentor more than one person; however, mentoring duties may consist of some other knowledge transfer, documentation activities, or a combination of these.
(4) An employee is expected to mentor for at least 20 percent of working hours per biweekly pay period. However, there may be exceptional circumstances when a mentee is unavailable for the full 20 percent requirement due to annual leave, sick leave, or work demands. In such cases, supervisors or employees may meet this requirement through ensuring that there are a variety of mentoring duties that could be performed, such as: developing future mentoring plans, general office or agency mentoring activities, or other knowledge-transfer activities.

Waivers of Mentoring Requirement

The approving official may only waive the mentoring requirement in the event of an emergency or other unusual circumstance (including active duty in the Armed Forces), when the official determines that the event or circumstance would make it impracticable for a phased retiree to fulfill the mentoring requirement.

MANDATORY WORK SCHEDULE

Phased Retirees:

(1) Must have an established part-time schedule; he or she may **not** work an intermittent work schedule.
(2) May vary the number of hours he or she works per week within a pay period, but must have an established part-time schedule per biweekly basis (i.e., a total of 40 hours per pay period).
(3) Must work a schedule equal to one-half the number of hours he or she would have been scheduled to work had he or she remained in a full-time work schedule.
(4) May not be "assigned hours" of work in excess of the basic tour unless approved by the designated approving official and <u>only</u> in rare and exceptional circumstances that meet all of the conditions found in Title 5, CFR §§ 831.1715(h)(2) and 848.205(j)(2).
(5) May participate in a flexible or compressed work schedule in accordance with the bureau/operating unit's work schedule policy.
(6) May earn credit hours, as can any other part-time employee, under a flexible work schedule, in accordance with the bureau/operating unit's work schedule policy. Credit hours are earned for voluntary work in excess of the established work schedule; therefore, they are not considered "assigned hours." Credit hours can be applied to another workday, workweek, or biweekly pay period. Phased retirees can carry over not more than one-fourth of the hours in his or her biweekly work requirement.
(7) May participate in teleworking in accordance with the bureau/operating unit's telework implementation plan.

APPROVING AUTHORITY

In accordance with Department Administrative Order (DAO) 202-250, "Delegation of Authority for Human Resources Management," the heads of operating units[1] have authority to approve or disapprove applications for phased retirement for General Schedule/equivalent positions and Federal Wage System positions and to approve or disapprove applications to return to full-time work schedules. The heads of operating units have the authority to re-delegate approval authority within the operating unit. However, an approving official must be no lower than two reporting levels below the most senior career Senior Executive Service member of the operating unit, except when the applicant reports directly to the head of the operating unit.

For positions within the Office of the Secretary, the Department's Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA) will fulfill the responsibilities of the head of an operating unit.

Delegations of authority below the head of the operating unit must be in writing and maintained by the SHRO.

All SES, SL, and ST positions must be approved by the Department's CFO/ASA. This approval authority may not be re-delegated.

RECONSIDERATION

An employee may request a reconsideration of a denied request to participate in phased retirement and a denied request to return to full-time employment from the approving official one level above the approving official who denied the initial request, unless the initial approving official is at the highest level of the operating unit. An employee may also request a reconsideration of a denied extension of phased retirement in the same manner. The reconsideration decision is final with no additional reconsiderations permitted.

APPEAL OF DECISIONS

An employee who is dissatisfied with any decision regarding his or her request to participate in phased retirement, for an extension of phased retirement, or to return to full-time employment, may elect to follow the procedures in DAO 202-771, "Administrative Grievance Procedure" or the applicable negotiated grievance procedure, as appropriate. If an employee believes a decision was based on an illegal discriminatory or retaliatory motive, he or she has a right to file a complaint with the Equal Employment Opportunity Commission, and/or with the Office of Special Counsel. A denial of an employee's application for phased retirement, extension of phased retirement, or return to full-time duty, is not an appealable adverse action that would be reviewed by the Merit Systems Protection Board under Title 5, U.S.C. Chapter 75.

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[1] Officials who are assigned by the President or by the Secretary to manage the primary or constituent operating units of the Department (as defined in Department Organization Order 1-1, "Mission and Organization of the Department of Commerce," and in the Orders establishing the respective operating units.

PAY, LEAVE, BENEFITS

Pay:

(1) Rate of pay is determined under the rules of the pay system covering the employee.
(2) Phased retirees are eligible for within-grade increases and career-ladder promotions (if applicable) as are any other employees on a part-time tour of duty. Days of full-time and part-time service are equally creditable toward within-grade-increase waiting periods. A phased retiree is treated the same as a part-time employee for the purposes of holiday pay and is entitled to a paid holiday when the holiday falls on a day that he or she would otherwise be required to work or take leave.
(3) Phased retirees are eligible to earn overtime pay or compensatory time off when required to work more than eight hours in a day or 40 hours in a biweekly pay period based on a rare and exceptional circumstance that meets all of the conditions found in Title 5, CFR §§ 831.1715(h)(2) and 848.205(j)(2). The phased retiree would receive either overtime pay or compensatory time off as applicable under the normal rules for overtime work.

Leave:

(1) Phased retirees maintain their earned paid leave (i.e., annual, sick, compensatory time, compensatory time for travel, and credit hours (if continuing on a flexible work schedule as a phased retiree)) as they had prior to entering into phased retirement.
(2) Annual leave and sick leave rate accruals for part-time employees are prorated based on hours in a pay status.
(3) Part-time employees with 15 years or more of service earn 1 hour of annual leave per pay period for each 10 hours per pay period in a pay status.
(4) Part-time employees earn 1 hour of sick leave per pay period for each 20 hours per pay period in a pay status.

Note: Credit for accumulated sick leave toward years of service is not applied at the time of calculation of the phased annuity amount; it is applied at the time of full retirement. In addition, employees do not receive lump-sum payments for annual leave upon entering phased retirement. Lump-sum leave payments will be made in full when the phased retiree fully retires.

Travel:

(1) Travel considered "hours of work" that is beyond the phased retiree's part-time schedule is possible only under the limited exceptions in Title 5, CFR §§ 831.1715(h) and 848.205(j).
(2) Travel time outside of regular working hours generally is not considered hours of work. Therefore, a phased retiree's travel time outside of his or her officially established part-time schedule usually will not cause a violation of the restriction on work hours provided in the citations above.
(3) The rules applicable to travel as hours of work depend on whether an employee is covered by or exempt from the "Fair Labor Standards Act of 1938," as amended.
(4) Phased retirees are eligible to earn compensatory time off for travel for time spent in a travel status away from the employee's official duty station when such time is not otherwise compensable.

Benefits:

(1) Phased retirees are deemed to be full-time employees for the purpose of Title 5, U.S.C. Chapter 89 and Title 5, CFR Part 890 (related to health benefits), as required by Title 5, U.S.C. § 8336a(i); Title 5, CFR § 831.1715(a)(1); Title 5, CFR § 831.1715(a).
(2) If participating in the Federal Employees' Health Benefits (FEHB) program and/or the Federal Employees' Group Life Insurance Program (FEGLI), the employee's share of the premiums will be the same as if he or she were still employed full-time.
(3) Phased retirees are considered to be employees for purposes of the Federal Long Term Care Insurance Program, Federal Flexible Spending Accounts Programs, Federal Employee Dental and Vision Insurance Program, and Premium Conversion, and continue to be covered under these programs.
(4) An election of phased retirement is not a "qualifying life event," which would allow benefit changes outside of open season. Changes to FEHB and FEGLI coverage will only be allowed in accordance with current FEHB and FEGLI change regulations.

Phased Retirement Annuity:

(1) Phased retirees will receive a partial monthly annuity from OPM, computed in accordance with Title 5, CFR § 831.1741.
(2) Calculation of partial annuity does not include credit for unused sick leave since the individual is still employed.
(3) Employees covered under FERS are not eligible for the Social Security Supplement while under phased retirement.
(4) Phased retirees covered under FERS or the CSRS will not have a survivor benefit deduction from their partial annuity, as they are still employed. This deduction will begin when the phased retiree fully retires.
(5) Basic pay received for hours outside the employee's officially established part-time schedule (as described in Title 5, CFR § 831.1712(a)(1) and (b)) **is** subject to retirement deductions and agency contributions, but is not used in computing retirement benefits.
(6) Premium pay received for overtime work or hours outside the full-time schedule, which would otherwise be basic pay for retirement, will **not** be subject to retirement deductions or agency contributions, in accordance with Title 5, U.S.C. § 8336a(d), and any such premium pay received will not be included in computing retirement benefits.
(7) If a phased retiree dies before separating for full retirement benefits, the phased retiree will be deemed to have been a deceased employee for purposes of determining survivor benefits. The time the phased retiree worked while receiving phased retirement annuity will be credited as part-time service.

Thrift Savings Plan (TSP):

(1) For TSP purposes, the employment status of a phased retiree does not differ from that of a regular part-time employee.
(2) Phased retirees who are covered by FERS and the CSRS continue their eligibility to participate in the TSP and are subject to the normal restrictions regarding TSP loans, financial hardship withdrawals, and/or age-based, in-service withdrawals.
(3) Phased retirees are not eligible for post-full-time employment withdrawals. They must be fully retired before beginning to receive regular annuity payments.

(4) Phased retirees are not subject to required minimum distributions or the TSP withdrawal deadline if they are 70 years of age or older.
(5) TSP contributions for phased retirees are based upon the basic pay received by the employee during each pay period. TSP contributions will not be based on the phased retirement annuity payable by OPM.

BASIC APPLICATION PROCESS

(1) Prior to submitting a Phased Retirement Request/Agreement, an employee must first obtain certification of his/her basic eligibility from their servicing human resources office (SHRO), including receipt of one estimate of the phased annuity and one estimate of the full annuity, to help inform the decision-making process. (See the Phased Retirement Request/Agreement, Section B, attached.)

(2) After receiving basic eligibility certification, the employee applies in writing to the first-line supervisor by providing the Phased Retirement Request/Agreement, with Sections A, B, C, and D completed.

(3) Following the discussion on the initial proposal, if the employee and supervisor agree to pursue phased retirement, Section E of the Phased Retirement Request/Agreement must be completed by the first-line supervisor and the second-line supervisor (if applicable). In addition, the employee must complete Part 1a, Section A&B of Standard Form (SF) 3116, Phased Employment/Phased Retirement Status Elections. The following must be submitted to the Agency Head (or designee) for approval, through the bureau/operating unit's internal routing process:
   (a) The Phased Retirement Request/Agreement; and
   (b) Sections A&B of Standard Form (SF) 3116, Phased Retirement Election.

   The SF-3116 form can be found at: http://www.opm.gov/forms/standard-forms/

(4) Upon Agency Head (or designee) approval of the Phased Retirement Request/Agreement, Section F, the approving official must complete "Section C – Agency Certification" on page 7 of the Standard Form (SF) 3116, Phased Employment/Phased Retirement Status Elections.
(5) Upon Agency Head (or designee) approval, and prior to entering into phased retirement, the employee must complete either SF-2801 (CSRS), or SF 3107 (FERS) Application for Immediate Retirement, as applicable; Section G of the Phased Retirement Request/Agreement, which now serves as the approved agreement and details the terms and time limits of the phased retirement. The employee then returns the agreement and forms to their SHRO. The forms can be found at: http://www.opm.gov/forms/standard-forms/

The SHRO will file a copy of the election in the Official Personnel Folder, and forward a copy of the election, along with the employee's application for immediate retirement and appropriate payroll records to OPM. Upon receipt of all of the above, OPM will calculate and begin paying the individual the phased retirement annuity.
Note: More detailed standard operating procedures are provided below.

WITHDRAW OF APPLICATION

An employee may withdraw his or her application at any time before the election becomes effective, but **not after the effective date**.

Note: An employee may not withdraw his or her application after OPM has received a certified copy of a court order (under Title 5, CFR, Part 581 or 838) affecting the benefits. Examples of court orders affecting annuities are those following annulment of marriage, legal separation, divorce, garnishment orders for child support or alimony.

STANDARD OPERATING PROCEDURES AND RESPONSIBILITIES

Employee Responsibility

Step 1 –

- Fill out and submit Section A (organization information, eligibility information) on the Phased retirement Request/Agreement to the SHRO.

- Upon confirmation of basic eligibility, receive retirement counseling from the SHRO, including an estimated phased retirement annuity, and an estimated optional retirement annuity.

- Sign and date Section B on the Phased Retirement Request/Agreement certifying that retirement counseling has been completed.

Step 2 – Upon completion of the above, fill out Section C on the Phased Retirement Request/Agreement form. The form requests the following information:

- Describe the knowledge (e.g., technical, historical, institutional, etc.), expertise, or skills that could be transferred through mentoring and/or learning activities.

- Describe how the knowledge transfer and/or learning activities could be conducted (e.g., individual mentoring, development of written documentation, training material/manual, etc.).

- Describe the way this arrangement could benefit the organization.

- Describe benefits to supervisor, colleagues, and/or customers.

Step 3 – Complete Section D by checking each block acknowledging/consenting to information provided, and signing and dating the Phased Retirement Request/Agreement form and provide to the first-line supervisor.

Step 4 – Upon receiving supervisor agreement to pursue phased retirement, complete part 1a, Section A&B of SF-3116, Phased Employment/Phased Retirement Status Elections and provide both the "Request for Participation" and the "Phased Employment Elections" documents to the first-line supervisor.

Step 5 – Upon receiving final approval from Agency Head (or designee), and supervisor's signature in Section G of the Phased Retirement Request/Agreement, provide the agreement, SF-3116, and either the *Application for Immediate Retirement (Civil Service Retirement System)*, Standard Form 2801, or (*Federal Employees Retirement System)*, Standard Form 3107, as appropriate, to the SHRO.

Supervisor Responsibility:

Step 1 – Upon receipt of Phased Retirement Request/Agreement, meet with the employee to discuss.

Step 2 – Consider the following criteria, at a minimum, when considering approval of an individual's application for phased retirement:

- Did the Servicing Human Resources Office verify that the employee is eligible to participate?

- Can the duties of the potential phased retiree's position be accomplished with a part-time schedule, or will the employee be reassigned into another position and then approved for phased retirement, enabling the employees vacated position to be backfilled on a full-time basis?

  Note: The position the employee is occupying under phased retirement cannot also be filled on a full-time basis, as the phased retiree is in the position part-time (50 percent of the time).

- If reassignment to a new or existing part-time position is required, has the position management and budgetary approval been received? The employee must be moved into this new position before phased retirement can start.

- Is the application complete, including the signature of the employee?

- Did the applicant receive counseling from the SHRO?

Step 3 – Complete Section E on the Phased Retirement Request/Agreement form, and Concur or Not Concur with the phased retirement request. Blocks 1-3 of Section E need to be completed only if concurrence is given.

Step 4 – Upon concurrence with the request, sign the Supervisor section of the Phased Retirement Request/Agreement and provide the following information:

- Describe the succession plan for the phased retiree's position.
- What is the importance to the organization (and define the need for phased retirement) for the time period requested?
- Has the employee received at least fully successful or equivalent performance ratings during the previous year?

- Describe the plan for implementing the knowledge transfer and/or learning activities for the period of the phased-retirement agreement, and how it will be accomplished (i.e., preparing written documentation, training material/manual, mentoring, etc.). This information will have to be re-described in any subsequent extension agreement.

Step 5 – Submit the Phased Retirement Request/Agreement to the next individual, in accordance with the bureau/operating unit's established approval process.

Step 6 – Upon approval from the approving official in Section F of the Phased Retirement Request/Agreement, notify the employee, and fill out and sign, along with the employee, Section G of the Phased Retirement Request/Agreement, which now serves as the agreement outlining the terms and time limitations of the phased retirement. Provide the signed agreement to the employee to provide to their SHRO.

Step 7 – Track the number of hours the phased retiree spends on mentoring activities. This can be accomplished through a variety of ways such as webTA, spreadsheet, etc.

SHRO Responsibilities

Upon issuance of this bulletin, SHRO's are responsible for creating and providing training on phased retirement to human resources specialists within their SHRO and to employees and managers within their serviced area.

Upon receipt of the Phased Retirement Request/Agreement:

Step 1 – Verify basic eligibility and sign and date Section B on the Phased Retirement Request/Agreement.

Step 2 – Provide counseling on provisions of phased retirement such as:

- Part-time schedule requirement
- The 20-percent-of-working-hours mentoring requirement
- Part-time working hour restrictions
- If hours in excess of the part-time schedule are approved, they are subject to retirement deductions and agency contributions but are not used in computing full retirement benefits.
- Premium pay (normally considered basic pay for retirement purposes) will not be subject to retirement deductions, and will not be included as wages for the final full annuity calculation (Title 5, CFR §§ 831.1715(h)(3) and 848.(j)(3)).
- Benefits (FEHB, FEGLI, TSP, etc.)
- Provide annuity estimates for both phased retirement and full retirement.
- Civilian Service Credit for Deposits and Redeposit service payments must be completed before the phased retirement annuity is finalized.
- Military deposits must be made prior to entering phased retirement.

Explain the terms of phased retirement, such as:

- When the agreed term of phased employment expires, the employee will be separated from employment and such separation will be considered voluntary based on the written agreement.
- Any application for an extension of an existing agreement must be submitted at least 60 days before the expiration of the existing agreement.
- An employee may withdraw his or her phased retirement application at any time **before** the election becomes effective, but not after the effective date.
- An employee may not withdraw his or her application after OPM has received a certified copy of a court order (under Title 5, CFR Part 581 or 838) that affects the benefits.
- During the agreed term of phased employment, the employee retains the option to request to return to full-time work, which may or may not be approved by the approving official.
- The effect of returning to full-time employment status at the Department or accepting an appointment with another Federal agency as a full-time employees, as described in Title 5, CFR § 831.1721–1723.
- The phased employee may accept another job within the Department or a different Federal agency. The approving official for the new position can either approve or disapprove a continuation of phased retirement.
- Once the phased employee leaves phased retirement, he or she cannot return to phased retirement.

Step 3 – Upon receipt of approved and signed Phased Retirement Request/Agreement:

- Process phased retirement in accordance with OPM guidance.

Approving a Return to Full-Time Employment

The phased retiree may request in writing to be returned to a full-time work schedule in lieu of retiring at any time during the agreed upon period of phased retirement. However, it is not a phased retiree's right or entitlement to be approved to return to a full-time work schedule. The authorizing approving official must approve the employee to return to a full-time work schedule. It is expected that returning to full-time employment will be an uncommon exception and not part of the typical course of program implementation.

Under the statute (Title 5, U.S.C. §§ 8336a(g) and 8412a(g)) and its implementing regulations (Title 5, CFR §§ 831.1721 and 848.301), a phased retiree may apply for this consideration by using a future Government-wide form specified by OPM.

REFERENCES: Section 100121 of the "Moving Ahead for Progress in the 21st Century Act" (Public Law 112-141, 126 Stat. 906, July 6, 2012); "Phased Retirement" Government-wide regulations (79 FR 46608, August 8, 2014).

OPM guidance: Employment as a Phased Retiree (August 2014)
http://www.opm.gov/retirement-services/phased-retirement/
OPM final rule on Phased Retirement (August 2014),
https://www.federalregister.gov/articles/2014/08/08/2014-18681/phased-retirement

OPM Benefits Administration Letter 14-109, "Phased Retirement Instructions for Personnel and Payroll Offices" (08/08/2014), http://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/2014/14-109.pdf

OPM Benefits Administration Letter 14-209, "Phased Retirement and Federal Employees Health Benefits (FEHB) Program Guidelines" (10/07/2014), http://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/2014/14-209.pdf

OPM Benefits Administration Letter 14-208, "Phased Retirement and Federal Employees' Group Life Insurance (FEGLI) Program Guidelines" (10/07/2014), http://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/2014/14-208.pdf

Federal Retirement Thrift Investment Board, Bulletin 14-5, "Phased Retirement and the TSP" (08/12/14), https://www.tsp.gov/PDF/bulletins/14-05.html

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