

PART 2045 - GENERAL

Subpart KK - Rural Development Phased Retirement Program

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PART 2045 - GENERAL

Subpart KK - Rural Development Phased Retirement Program

§ 2045.1801 **Objective.**

The Rural Development (RD) Phased Retirement Program serves as a human resource tool which will allow full-time employees to work part-time schedules while beginning to draw retirement benefits. This program will serve as a management tool that will allow for the transfer of institutional knowledge from an experienced employee to new and/or transitioning employees by providing a unique, goal-driven mentorship. Phased retirement is not intended for long-term use; but rather, the program is used as a tool to transition both the organization and retiring employees.

§ 2045.1802 **Eligibility Criteria.**

To be eligible for phased retirement an employee must meet the following criteria:

(a) **Phased Retiree.** The phased retiree must be eligible for an immediate voluntary retirement under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS) under the following criteria:

| CSRS | FERS |
|---|---|
| Age 55, with 30 years of creditable service; or | Minimum Retirement Age is age 55-57 depending on the year of birth, with 30 years of creditable service; or |
| Age 60, with 20 years of creditable service | Age 60, with 20 years of creditable service |

(b) **Employed Full-Time.** The employee must have been employed full-time for 80 hours per pay period for at least three consecutive years immediately prior to the effective date of the phased retirement.

(c) **Phased Retirement.** The prospective phased retiree has been rated as fully successful or better on the prior three performance ratings.

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(d) Employees Not Eligible for Phased Retirement.

- (1) Employees subject to a mandatory retirement, such as under the firefighter or law enforcement officer retirement.
- (2) Employees who have previously retired, including reemployed annuitants.
- (3) Employees who previously participated in the phased retirement program may not reenter a phased retirement agreement. If the phased retiree returns to full-time employment or enters full retirement, he or she may not reenter phased retirement.
- (4) Employees in managerial or supervisory positions. To participate in phased retirement, managers and supervisors must be reassigned to non-supervisory positions. Please note that this may impact the grade of the position.

§ 2045.1803 Definitions.

For the purposes of this Instruction the following definition apply:

Agency Approving Official is an official authorized to approve Form 2045-13 "Phased Employment/Phased Retirement Agreement."

Composite Retirement Annuity is an annuity computed when a phased retiree fully retires and is no longer employed.

Full-Time Employment is an employees officially established recurring work schedule requirement of:
40 hours within one work week; or
80 hours within two work weeks (as established for employees with a flexible or compressed work schedule).

Full Retirement Status occurs when an employee has ceased employment and is entitled, upon application and approval, to a composite retirement annuity.

Phased Retiree is a retirement-eligible employee who, with the approval of the Agency Approving Official, has entered phased retirement status as opposed to full retirement.

Form RD 2045-13 "Phased Employment/Phased Retirement (PE/PR) Agreement"

is the approved agreement between the phased retiree and the Agency Approving Official. The agreement identifies the time of the phased employment; mentoring duties and responsibilities to be performed; and expected accomplishments or outcomes to occur during the term of the agreement.

Phased Retirement Annuity is the annuity payable under 5 USC 8336a or 5 USC 8412a prior to full retirement. This approximates 50 percent of the full-earned annuity.

Phased Retirement Status occurs when a phased retiree is concurrently employed in phased employment and eligible to receive a phased retirement annuity.

Mentoring (for phased retirement) is the process of transferring skill or knowledge from a more experienced employee to a less experienced employee(s), by providing guidance and support to develop an employee(s). This process may involve the transfer of knowledge through training, and/or developing documents such as operating procedures, checklists, manuals, and/or other guidance. Selection of mentees must adhere to Merit System Principles with no bias or indication of preselection for future position.

§ 2045.1804 **Compensation.**

(a) **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 for their assigned position.

(b) **Phased Retirement Annuity.** The phased retiree will receive a monthly annuity payment directly from OPM. The annuity will be approximately 50 percent of his/her earned annuity. Additional information on the phased retirement annuity is under the section, Computation of the Phased Retirement Annuity or from www.opm.gov.

(c) **Other Income.** There are no restrictions on earning non-Federal income outside the phased retiree's established work hours, other than the normal conflict of interest and ethics regulations.

(d) Deductions from Basic Pay.

(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) Thrift Savings Plan (TSP). Phased retirees may continue to contribute to TSP up to the maximum annual amount allowed by the Internal Revenue Service. Matching contributions are based on the basic pay earned as a phased retiree (FERS Only). Deductions for TSP loans, if applicable, will continue.

(4) Insurance Elections. Phased retirees continue to have their elected insurance deduction from their basic pay.

(i) FEHB premiums will continue at the same rate as full-time employees.

(ii) FEGLI premiums will continue to be based on the full-time salary of the position.

(iii) Flexible Spending Accounts continue based on elections.

(iv) Long-Term Care Insurance continues based on elections and eligibility.

(5) Other Allotments. Phased retirees are eligible to have allotments deducted in the same method as all other employees.

(e) Work Schedule. The work schedule is established in agreement with the phased retiree's direct supervisor. Changes to the work schedule must be documented in writing and may be approved by the phased retiree's supervisor without initiating a new agreement provided the work percentage does not change. The phased retiree's work schedule limitations are:

§ 2045.1804 (Con.)

(1) Phased retiree must work 40 hours per pay period or be in an approved leave status equating to the 40 hours per pay period. The employee cannot be allowed to work (or be in a leave status) for greater than or fewer than 40 hours per pay period.

(2) Exceptions to the 40-hour limitation:

(i) Phased retirees may accumulate up to ten credit hours for carryover to the next biweekly pay period, if they are on an approved flexible work schedule with a credit hours option.

(ii) Other exceptions are limited to extremely rare and exceptional circumstances. Any exception for emergency reasons must meet all requirements described in 5 CFR 831.1715(h) or 5 CFR 848.205(j). Any exception must receive the written recommendation and approval of the Agency Approving Official prior to working the additional hours. The supervisor must maintain this documentation for the entire period of the Phased Employment/Phased Retirement (PE/PR) Agreement and this documentation may be reviewed by the Agency or Office of Personnel Management (OPM) to determine if the Agency will be allowed to continue to offer the phased retirement option in the future.

(3) Phased retirees cannot be allowed to work overtime or earn compensatory time in lieu of overtime except in the extremely rare exception listed above.

(4) Phased retirees may earn compensatory time for travel.

(5) Each pay period the phased retiree must enter at least eight hours per pay period as mentoring on the time card using the electronic time and attendance reporting system (WebTA).

(6) Phased retirees cannot be assigned to an intermittent work schedule.

(7) Phased retirees cannot be assigned to a compressed work schedule.

(8) With the approval of the supervisor, the phased retiree may work a maxi flex or a fixed part-time work schedule, on the same basis as any other part-time employee.

(9) Violations of these requirements are cause to remove the phased retiree from the phased retirement program and/or be returned to regular employment status.

(10) Phased retirees are eligible to telework if they and their position are eligible, and if mutually agreed upon with their supervisor and approving official. The type of schedule and frequency is determined in accordance with the established telework procedures.

(f) Paid Holidays. The phased retiree is entitled to the same paid holidays as other employees assigned to a part-time tour-of-duty, as described below:

(1) Part-time employees are entitled to a paid holiday when the holiday falls on a day when the employee would otherwise be required to work or take leave.

(2) Part-time employees are entitled to the pay equal to the number of hours that the employee was scheduled to work on the day of the holiday, not to exceed eight hours.

(3) Part-time employees are not entitled to an in lieu of holiday, such as when the holiday falls on the weekend or non-work day.

(4) Example: Maria normally works 20 hours per week: Monday 8 hours; Wednesday 8 hours; and Friday 4 hours. Although she may flex her days or hours, this is her normal work schedule when her supervisor anticipates she will be working. If the holiday falls on: Monday = 8 hours holiday pay; Thursday = 0 hours holiday pay; Friday = 4 hours holiday pay.

(g) Annual Leave. The annual leave balance is not paid when the employee enters phased retirement. The hours of accrued annual leave remain available for the phased retiree's use until full retirement.

§ 2045.1804 (Con.)

(1) Annual Leave Accrual. The phased retiree earns annual leave at the same rate as a part-time employee with 20-30 years of service. The annual leave accrual for part-time employees is prorated based on the number of work hours. Phased retirees earn four hours of annual leave per pay period while working 40 hours per pay period.

(2) Maximum Annual Leave Accumulation. The maximum annual leave accumulation is in accordance with the requirements in CFR 630. The maximum annual leave that may be carried over at the end of the leave year to the succeeding year is 240 hours.

(3) Lump Sum Annual Leave Payment. Because phased retirees have not fully separated, they are prohibited from receiving a lump sum annual leave payment when entering phased retirement. The lump sum annual leave payment is paid at full retirement.

(4) Mentoring Requirement while on leave. Mentoring is required for 20 percent of the actual hours worked. Hours while the employee is on leave are not used in this calculation.

(h) Sick Leave. The sick leave balance is not used in computing the phased retirement annuity. The sick leave balance remains available to be used by the phased retiree during phased employment. The sick leave balance will be used to calculate the composite annuity at the time of full retirement. The phased retiree earns sick leave at the same rate as a part-time employee, which is two hours per pay period for those working 40 hours per pay period.

(i) Worker's Compensation. If a phased retiree suffers a work-related injury or occupational disease and files a claim which is accepted by the Department of Labor, Office of Workers' Compensation Programs (OWCP), then OWCP will be responsible for the administration of Federal employees' compensation. However, in general, an individual cannot receive both annuity (including a phased retirement annuity) and OWCP nonscheduled award benefits at the same time. An employee may receive immediate medical emergency care; however, for loss of time, a phased retiree can use accrued sick or annual leave but cannot receive loss of time OWCP award benefits when receiving a phased retirement annuity.

(j) Insurance Benefits.

(1) Federal Employees Health Benefits (FEHB). Enrollment remains with the agency and remains at the same cost to the employee.

(2) Federal Employees Group Life Insurance (FEGLI). Enrollment remains with the agency as a permanent employee. The coverage amounts, and the costs are based on the full-time salary for the position assigned during the phased retirement.

(3) Other Insurance Benefits. Enrollment remains the same, as with any other permanent employee. This coverage includes options for the Federal Long-Term Care Insurance Program (FLTCIP), Federal Dental and Vision Program (FEDVIP), and the Flexible Spending Account (FSA).

(k) Thrift Savings Program. Phased retirees who are covered by FERS and CSRS continue their eligibility to participate in the TSP. Phased retirees are subject to the normal employee restrictions regarding TSP loans, financial hardship withdrawals and/or age-based withdrawals.

(1) TSP contributions and any matching contributions (for FERS employees) will be based upon the basic employment pay received by the phased retiree during each pay period. Contributions cannot be based on the retirement annuity payable by OPM.

(2) Withdrawals. Phased retirees must wait until full retirement to elect post-employment withdrawals from the TSP. Employees in phased retirement will not be subject to required minimum distributions.

§ 2045.1805 Computation of the Phased Retirement Annuity.

The phased retirement annuity is computed by OPM in accordance with 5 CFR 831.1741 for Civil Service Retirement System or 5 CFR 848.501 for Federal Employee Retirement System. The phased retirement annuity equates to approximately one half of the full annuity.

Employees should obtain a retirement estimate from their servicing HR Specialist prior to applying for phased retirement to understand the full financial effects of phased retirement.

(a) **Deposits and Redeposits for Service Credit.**

(1) Military Service. Deposits for military service must be paid-in-full prior to the date of the phased retirement, if the military service occurred before commencement of the phased retirement. Deposits for prior military service will not be allowed after phased retirement begins.

(2) Civilian Service. Deposits or redeposits for civilian service must be completed prior to the phased retirement annuity adjudication. No deposit or redeposits may be made after phased retirement begins.

(b) **The FERS Supplement.** The FERS Supplement is not payable to any phased retiree. At full retirement, phased retirees may receive the FERS Supplement if they fully retire before the age of 62 and they are otherwise eligible. The FERS Supplement is a temporary retirement supplement that ends at age 62 that may be reduced or eliminated if the retiree's earnings are more than the maximum earnings limitation established by Social Security.

(c) **Reductions and Deductions in the Phased Retirement Annuity.**

(1) The annuity will be reduced actuarially for any applicable unpaid deposit or unpaid redeposit service.

(2) The annuity will be reduced for any applicable offset that would apply to a regular employee retiring under CSRS Offset provisions at age 62. The annuity is subject to court orders providing for division, allotment, assignment, execution, levy, attachment, garnishment, or other legal process.

Note: There will not be any deductions to the Phased Retirement Annuity for a survivor annuity or insurance elections. Insurance elections will remain as deductions from the employment salary. Unused sick leave will not be used in the computation of the phased retirement annuity; however, any unused sick leave will be considered at full retirement.

§ 2045.1806 Social Security.

Phased retirees may apply for Social Security when they are eligible. However, if the phased retiree has not reached the Full Retirement Age for Social Security, the Social Security income might be reduced by \$1 for every \$2 earned over the annual earnings limit set by Social Security. In addition, delaying the start the benefits may increase the amount of the future Social Security benefit.

§ 2045.1807 Request Approval Criteria.

(a) Participation in the Phased Retirement Program is strictly voluntary and requires a written agreement initiated and signed by the employee, employee's direct supervisor and the Director of HR. After these initial approvals, the agreement is sent to the Business Center's Chief Operating Officer (COO) for final determination.

(b) Phased retirement is not an employee right or entitlement, but rather an option that requires the consent of the employee and the employing agency. The decision to approve or deny an application for phased retirement must be fair and equitable and adhere to Merit System Principles.

(c) Additionally, management's determination on the phased retirement request must be based on the following criteria:

(1) The Phased Employee/Phased Retirement (PE/PR) Agreement must be mutually beneficial to the phased retiree and RD for an agreement, with agreed upon goals and accomplishments to occur during the agreement period. There must be a position available to accommodate the phased retiree. The position cannot be encumbered by more than one full-time employee. Therefore, if the phased retiree is mentoring their replacement, there must be separate positions for the phased retiree and the replacement. Managers are advised to coordinate with their budget advisors to determine a workable solution regarding an effective and affordable plan prior to approving a PE/PR Agreement.

(2) The phased retiree's new position must meet the requirements below:

§ 2045.1807(c) (2) (Con.)

(i) Non-supervisory position. Those in supervisory positions interested in becoming a phased retiree may be reassigned, or request a change to lower grade, vacant, or non-supervisory position to participate in the Phased Retirement Program.

(ii) Mentoring responsibilities must equal at least 20 percent of the assigned duties and be incorporated into the primary purpose of the position by ensuring the mentoring duties addendum is added to the position description. The position description addendum is located as "Exhibit A" to this document. The phased retiree cannot be assigned to the same position description held prior to entering phased retirement because it must include the mentoring duties.

(3) The phased retiree must have significant knowledge, skills or abilities to transfer to other employees. They must have mastery of the duties within the position they are assigned to as a phased retiree, including the ability to mentor others or transfer the knowledge.

(4) On the rare occasion when and if there are multiple requests to enter phased retirement received at the same time, and not all of the applications can be approved, the Agency Approving Official must base the approval or denial decision on mission needs concerning the transfer of significant knowledge. The decision must be in writing, specify the mission essential basis for the decision, and adhere to Merit System Principles. If a mission need cannot be articulated, and/or both applicants are virtually identical, the applicant with the greatest length of service based on the Leave Service Computation Date (SCD) will be approved.

(5) Additional approval considerations are:

(i) Is a part-time work schedule appropriate for the employee's position?

(ii) Is the employee willing and able to meet the mentoring requirement?

(iii) Can management identify appropriate mentoring activities for the employee to perform?

(iv) How will the employee's change in work schedule affect the work unit's ability to meet goals and objectives?

(v) Will operational needs require the employee to work in excess of a 50 percent work schedule?

(vi) What is the length of time needed to keep the employee in phased retirement to mentor other employees successfully?

(vii) What type of mentoring would be appropriate for this situation: traditional, situational, peer-to-peer or group mentoring?

§ 2045.1808 Form RD 2045-13 "Phased Employment/Phased Retirement Agreement Requirements."

(a) Time Limit. The PE/PR Agreement must specify the beginning and ending date for the phased retirement service period. The beginning date must be at the beginning of a pay period. PE/PR Agreements must be for one year and may be extended for an additional year. Any request for an extension of the phased retirement agreement must be submitted in writing by the employee by following the Phased Retirement Approval process. When the term of the agreement ends, the phased retiree will be separated from employment unless another agreement is in place. This separation is considered voluntary and is based upon the written Form RD 2045-13. Phased retirees may separate earlier than the agreed upon date as specified under the section End of Form RD 2045-13.

(b) Commencing Date. Phased retirement and phased employment begin on the same date. They are effective the first day of the first pay period beginning after the PE/PR Agreement is approved by the authorized agency official or the first day of a later pay period specified and agreed upon between the phased retiree and the Agency Approving Official.

(c) Work Schedule. The phased retiree's assigned work schedule must be identified for each day of the pay period. This information will be used to determine the hours paid on a holiday. Changes to the work schedule must be documented in writing and may be approved by the phased retiree's supervisor without initiating a new agreement. However, under no circumstances may the scheduled work hours be less than or more than 40 hours per pay period.

§ 2045.1808 (Con.)

(d) Mentees. The PE/PR Agreement must identify a RD employee or group of employees that will be mentored and would gain significantly from the phased retiree sharing his or her knowledge to enhance other employees' knowledge, skill, and/or ability to perform required RD duties and responsibilities.

(e) Position Description Changes/Mentoring Responsibilities. The phased retiree must have the mentoring duties added to their position description and the position description should be attached to the agreement. The phased retirement position must be non-supervisory. The phased retiree and their supervisor must address what accomplishments will result from the mentoring or knowledge transfer. The plan must address the criteria below that applies, and at a minimum include the expectations and outcomes anticipated from mentoring:

- (1) Analysis of the gaps in the current workforce's knowledge
- (2) What improvement or changes are expected to be implemented through mentoring?
- (3) What is the intended outcome?
- (4) What topics will be addressed?
- (5) What knowledge is most critical to capture?
- (6) What product will be produced (manuals, procedures, knowledge maps)?
- (7) Who will receive the information or be mentored?
- (8) Who will benefit?
- (9) How will it be delivered (training, workshops, one-on-on mentoring, on-the- job training, job-shadowing)?
- (10) How will progress be monitored to include specific milestones and frequent feedback periods?

§ 2045.1809 Phased Retirement Key Responsibilities.

The potential phased retiree, the supervisor and/or other management official may begin the initial conversation about phased retirement. There are key responsibilities that must occur at the initiation of the agreement, during the agreement and at the end of the agreement by the employee, supervisor, approving official, and HR.

(a) Initiation of the Agreement.

(1) Employee responsibilities are:

(i) Obtain a retirement estimate to determine eligibility for phased retirement and understand the effects of phased retirement on the phased retiree's annuity and income, including the deposit and redeposit limitations, absence of the FERS Supplement from a FERS annuity, the potential effects on the Social Security annuity, Thrift Savings Plan withdrawals and lump sum annual leave payments.

(ii) Complete the employee portion of the PE/PR Agreement.

(iii) Work with the supervisor or management official to determine the acceptable mentoring responsibilities and accurately describe these responsibilities on the agreement.

(iv) Complete and submit the SF-3116 form to HR Policy and Programs Branch after the PE/PR agreement has been approved.

(2) Supervisor responsibilities are:

(i) Review and complete the PE/PR Agreement with the employee and sign the agreement.

(ii) Establish the position description to include the mentoring duties as a primary responsibility totaling at least 20 percent of the time. Ensure the position description is submitted to HR classification for review and evaluation.

(iii) Initiate a Request for Personnel Action, SF-52 with the agreement and employee's phased retirement paperwork attached.

§ 2045.1809(a) (2) (Con.)

(iv) Update the performance plan to include the mentoring responsibilities and eliminate the supervisory responsibilities, if applicable.

(v) Work with the employee to determine the acceptable mentoring responsibilities and accurately describe these responsibilities and the anticipated accomplishments on the PE/PR Agreement.

(vi) Managers are advised to coordinate with their budget advisors to determine a workable solution regarding an effective and affordable plan prior to approving a PE/PR Agreement.

(3) Approving Official responsibilities are:

(i) Review the proposed agreement for completeness and adequacy.

(ii) Decide to approve or deny the PE/PR Agreement based on the mission reasons outlined in this policy. If the request for phased retirement is denied, the employee should be informed promptly and provided an explanation for the decision.

(iii) Review and sign the PE/PR Agreement.

(4) HR responsibilities are:

(i) The servicing HR Specialist must provide the employee with an estimate of their retirement benefits and determine the basic retirement eligibility for phased retirement purposes. If the PE/PR Agreement is approved, process the required phased retirement paperwork and ensure the retirement paperwork and PE/PR Agreement are scanned into the phased retiree's electronic Official Personnel File (e-OPF).

(ii) HR Classification must review the addition of the mentoring duties to the position and determine the accurate classification of the position or add mentoring addendum to the existing current position description.

(iii) HR Staffing must accurately code the approved SF-52, *Request for Personnel Action*, for phased retirement. This includes updating the annuity indicator; the hours worked, the part-time service indicator, adding the appropriate remarks for the action, and document any position description change. The Staffing Specialist must also ensure the employee is qualified to perform the duties described in the position description and the employee is not being assigned to supervisory duties.

(b) **The Agreement Period:**

(1) Phased Retiree responsibilities are:

(i) Accurately document at least eight hours of mentor duties on the time card each pay period.

(ii) Accurately account for 40 hours of work or leave per pay period, unless one of the very limited exceptions listed in this policy is ordered and approved prior to working the additional hours.

(2) Supervisor responsibilities are:

(i) Ensure the phased retiree spends at least eight hours performing mentoring duties each pay period and it is documented on each timecard.

(ii) Ensure the phased retiree does not work more or less than 40 hours per pay period. There are only very limited exceptions listed in this policy for allowing a phased retiree to exceed 40 hours per pay period.

(iii) Ensure the terms of the agreement are met, including the accomplishment of the forecasted mentoring outcomes and the time limit of the phased retirement agreement is not exceeded.

(iv) Ensure the mentoring duties are evaluated during performance reviews.

(3) HR responsibilities are:

(i) OPM and USDA may require future data reports concerning phased retirement and the benefits to the agency.

§ 2045.1809(b) (Con.)

(4) Timekeeper responsibilities are:

(i) Confirm with the Human Resources Information Systems Branch when an employee changes from Full-time to Part-time

(ii) Confirm the work schedule for the employee

(c) End of the Phased Employment/Phased Retirement Agreement.

(1) Phased Retiree responsibilities are:

(i) Submit the full retirement paperwork to your servicing HR Office at least 60 days prior to the end of the agreement.

(ii) If the phased retiree is returning to full-time employment or transfers agencies, ensure the HR Office is promptly notified as soon as the phased retiree is aware of the change in employment status so that the HR Specialist can promptly notify OPM of the change.

(2) HR responsibilities are:

(i) HR Office must process the retirement paperwork promptly at the time of full retirement.

(ii) HR Office ensures OPM is notified if the employee returns to full employment or transfers.

§ 2045.1810 **Service Period.**

(a) The phased retirement service period is a mutually agreed upon period up to one year and may be extended for an additional year, dependent upon agency needs. The extension must be approved prior to the expiration of the agreement. If the initial agreement period is less than one-year, additional month(s) may be granted, provided the total phased retirement period is equal to one year. The service period must start at the beginning of a pay period. The service period may be terminated early for any of the following reasons:

(1) The phased retiree elects to fully retire.

(2) The phased retiree requests and is approved to return to full-time status.

(3) The phased retiree is selected for a position in another agency.

(4) The phased retiree is removed for conduct or performance reasons, including but not limited to, less than fully successful performance, or failure to maintain required conditions of employment, such as an applicable security clearance (access authorization), medical or physical standard, failure to mentor employees, or applicable professional credential to perform the work, and is terminated in accordance with established regulations.

(5) Death of the phased retiree.

(b) RD HR must notify OPM within 15 days if the phased retiree's status has ended by sending a copy of Part 3B of SF-3116, *Phased Employment/Phased Retirement Status Elections* to: phasedret@opm.gov.

§ 2045.1811 Phased Retirement Processes and Procedures.

(a) **Phased Retirement Approval process:**

(1) Employee submits Form RD 2045-13 to his/her Supervisor for approval/ disapproval.

(2) Supervisor recommends approval or disapproval of the application.

(3) The appropriate State Director or Administrator (RUS, RBS & RHS) approves or disapproves the application.

(4) Application will be sent to the Director of HR for concurrence before being sent to the COO for approval/disapproval.

(5) The COO will make the final approval or disapproval decision of the application.

(6) Note: There will be exceptions to the approval process for employees who work under the Business Center. For example, if the employee works directly for the COO, step 3 will be omitted.

§ 2045.1811(a) (Con.)

(7) Prior to initiating a PE/PR Agreement, the employee considering phased retirement must request a retirement estimate and retirement eligibility determination for phased retirement by submitting a request to the HR Office. The HR Office will predetermine if the employee is eligible for a voluntary, immediate retirement, and thus eligible for phased retirement.

(b) Position Description Review: The position description must be reviewed by the supervisor and HR Specialist prior to initiating the PE/PR agreement. The mentoring duties must be added, and other duties may be eliminated. If the original position was supervisory, all supervisory duties must be removed from the phased retirement position description. The HR Specialist must review the position description and validate the classification and grade after the changes to the duties.

(c) Form RD 2045-13 Phased Employment/Phased Retirement Agreement: The requesting employee and his or her supervisor must complete and sign Form RD 2045-13. By signing the Form RD 2045-13, the supervisor is recommending approval of Form RD 2045-13 to the Agency Approving Officials.

(d) Request for Personnel Action: After the agreement has been signed by all parties, entering phased retirement will require an SF-52, *Request for Personnel Action*, submitted by the supervisor and sent to their servicing HR Office for processing. The following items must be attached: The new position description including the mentoring duties; the approved agreement; the required retirement application documents; and, Part 1A of SF-3116, *Phased Employment/Phased Retirement Status Elections*. The servicing HR office will review the position description for classification, verify and document qualifications and reassign the employee into the permanent, part-time position eligible for phased retirement. This includes changing the employee's work hours to 40 hours per pay period; changing the employee's annuity indicator; ensuring the position is a non-supervisory position and ensuring the phased retirement mentoring duties are added to position description of record.

(e) Retirement Application: After the agreement has been signed by all parties, the phased retiree must complete all forms required for retirement as advised by the HR Specialist, as well as the Phased Retirement Elections, Election of Phased Employment/Phased Retirement Status, SF-3116. These forms must be attached to the SF-52, *Request for Personnel Action*.

(f) **Effective Date:** The effective date of the phased retirement and phased employment are the same day. They must occur simultaneously at the beginning of a pay period.

§ 2045.1812 **Withdrawing or Rescinding an Application or Agreement.**

(a) **Withdrawing Form RD 2045-13 Application.** An application for phased retirement may be withdrawn by the employee or management official by submitting a signed, written request to the Agency Approving Official before the phased retirement's effective date. The SF-52, *Request for Personnel Action*, must also be cancelled. A phased retirement cannot be withdrawn after it becomes effective. For additional information, see section titled Ending Phased Retirement.

(b) **Rescinding Form RD 2045-13.** The Agency Approving Official may rescind an existing agreement by entering into a new agreement before the expiration of the agreement currently in effect. If a new agreement is executed, the cumulative time limit of the agreements cannot exceed one year.

§ 2045.1813 **Ending Phased Retirement.**

(a) **Full Retirement:** A phased retiree may enter full retirement at any time by applying for Immediate Retirement and SF-52, *Request for Personnel Action*, to the HRM Benefits Unit. A phased retiree cannot retire on a disability retirement. Once the full retirement is affected, the retiree may never return to phased retirement. The commencing date of the composite retirement annuity for full retirement is the day after separation from Federal service.

(b) **Returning to Full-Time Employment.** A phased retiree may request to return to full-time employment. They may also apply for other full-time positions. Approval to return to full-time employment is a rare occurrence and can only be approved by the COO. The request to return to full-time employment must also have the recommendations and adequate justification by the phased retiree's immediate supervisor and the Agency Approving Official. If the phased retiree returns to full-time employment, the servicing HR office must notify OPM that the phased retiree's status has ended by sending a copy of the signed approval, Part 3B of SF-3116, *Phased Employment/Phased Retirement Status Elections*, to OPM within 15 days of the change. If the employee is returned to regular employment status, the employee may never reelect phased retirement status in the future.

§ 2045.1813 (Con.)

(c) **Deemed Election of Full Retirement.** A phased retiree who is separated from employment, and is not reemployed within three days, will be deemed to have elected full, voluntary retirement.

(d) **Transferring Agencies.** An employee in phased retirement status may transfer to another agency and retain his or her phased retirement status only if the change would not result in a change in the working percentage and there is no break in service. The new agency must approve or disapprove the continuation of the phased retirement status. If the phased retirement status is disapproved or the employee wants to end the phased retirement, the phased retirement status will end on the effective date of the transfer. If a phased retiree is transferring agencies, he or she must submit to the losing agency Part 3A of SF-3116, *Phased Employment/Phased Retirement Status Elections*, with the signed approval of the authorizing official in the new agency. The phased retirement status will end automatically upon a move to another agency unless Part 3A of SF-3116, *Phased Employment/Phased Retirement Status Elections*, is completed with the signed approval of an authorized official in the new (gaining) agency. A copy of Parts 3A and 3B of SF-3116, *Phased Employment/Phased Retirement Status Elections*, must be emailed by the losing agency to OPM promptly, and maintained in the employee's OPF until full retirement.

(e) **Expiration of a Phased Employment/Phased Retirement Agreement.** The phased retiree will not be allowed to continue working beyond the expiration of the agreement. If a PE/PR Agreement is expiring, the employee will be deemed to have elected full retirement unless either a new agreement is entered into prior to the expiration date, or there is an approved agreement to return to full employment. Separations occurring at the end of the agreement are considered a voluntary retirement because the agreement entered was voluntary. If the phased retiree is not reemployed within, three calendar days he/she will be deemed to have elected full retirement.

(f) **Removal.** An employee in phased retirement may be removed prior to the end of the time limit agreement due to budget restrictions (as under RIF or Furlough requirements) performance, or conduct. The agency will continue to use existing workforce authorities such as removal for performance or conduct; transfer of function or reduction in force; as appropriate.

§ 2045.1814 Administration of Phased Retirement.

(a) Mentoring Responsibilities: A phased retiree must spend at least 20 percent of his or her work hours performing mentoring activities. The mentoring duties cannot be waived and must begin as soon as the employee enters phased retirement. Mentoring encompasses a wide range of activities that allow for the transfer of knowledge and skills from one employee to another. Mentoring is not limited to mentoring the employee expected to assume the phased retiree's duties.

- (1) Mentoring activities include, but are not limited to:
 - (i) Mentoring the employee replacing the phased retiree
 - (ii) Mentoring employees in positions similar to the position the phased retiree held
 - (iii) Developing training materials for a position or group of positions
 - (iv) Developing standard procedures or guidance for a position or group of positions
 - (v) Developing compliance or audit criteria
 - (vi) Conducting job specific training
- (2) Mentoring activities will not include:
 - (i) Mentoring non-federal employees
 - (ii) Volunteer-type activities
 - (iii) Developing training for a non-Federal entity

(b) Accounting for the Mentoring Duties. Employees must spend 20 percent of their time mentoring. This equates to completing at least eight hours per pay period of approved mentoring duties. The phased retiree must document at least eight hours of mentoring time per pay period in the electronic time and attendance reporting system (WebTA). Those failing to properly account for the time spent mentoring may be removed from the phased employment program and/or returned to full employment. The mentoring responsibilities must be added to the phased retiree's performance plan (**Exhibit B**).

RD Instruction 2045-KK
§ 2045.1814 (Con.)

(c) Mentoring Position Description Addendum. Mentoring duties represent a significant percentage (20 percent) of the assigned duties for the phased retiree, therefore an addendum describing the mentoring duties must be added to the assigned position description and the position will need to be reviewed by the servicing Classification Specialist to ensure the title, grade and series of the position have not changed. The recommended addendum describing the mentoring duties is attached **(Exhibit A)**.

§§ 2045.1815 - § 2045.1850

Attachments: Exhibit A and B

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Mentoring Position Description Addendum

Performs mentoring duties, which may include (but are not limited to): Helping pass knowledge from one generation of workers to another; helping employees develop by improving their skills in translating values and strategies into productive actions, developing new and/or different perspectives, obtaining assistance for new and innovative ideas, demonstrating their strengths and exploring potential, and increasing career networks and receiving greater exposure within the Agency or the Department; and/or helping employees by communicating the agency's unwritten behavioral norms and standards.

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Mentoring Performance Plan Addendum

Mentoring duties represent a significant percentage of the assigned duties for the phased retiree; therefore, an addendum must be added to the phased retiree's performance plan to clearly outline what is expected of the phased retiree as a participant in the Phased Retirement Program.

Work Description - Mentoring Element (Critical):

Transfers skill or knowledge attained through prior experience to less experienced employees or group of employees, by providing guidance and support to develop the other employees. This process may involve the wider concept of knowledge transfer. This may include, developing and delivering training, developing documents to transfer the knowledge such as operating procedures, checklists manuals, processes or other guides to transfer key knowledge, skills and abilities.

Mentoring Standards:

This standard describes the level of expectation and achievement required of agency employees approved for participation in the Phased Retirement Program.

Performance Measures - Fully Successful:

- (A) Demonstrate a commitment to providing a minimum 20 percent of each pay period conducting mentoring or knowledge transfer duties for designated employees.
- (B) In consultation with unit leadership, develop and implement sound training plan designed for the successful transfer of program knowledge and career development of mentees.
- (C) In conjunction with unit leadership, develop and provide basic tools, job-aids, desk references or other products to facilitate the transfer of knowledge.

(D) Develop, implement, and maintain an effective working relationship with mentees within the organization that fosters a positive and effective transfer of program and specialty knowledge.

(E) Provides regular and ongoing coaching and transitional work experience to the mentees, to include meeting attendance, subject matter presentations, training and other duties specific to the phased retiree.

Performance Measures - Exceeds Fully Successful level:

(In addition to measures at the Fully Successful level, achieves the following additional considerations)

(A) Demonstrate a commitment to a minimum 20 percent of each pay period conducting mentoring duties for designated, less experienced unit staff members.

(B) Independently creates long-term knowledge base tools such as job aids, desk references, and other critically needed documentation that will support specific project lifecycles that continue well after the phased retiree's departure.

(C) Independently develops and provides training to mentees on the use of the developed tools or to facilitate the transfer of additional knowledge or skills critical to the work performed in the future.

(D) In consultation with unit leadership, contributes to the development of a comprehensive workforce succession plan that lends itself to a seamless transition of phased retiree duties.

(1) Enthusiastically works with mentees in developing long-range Individual Development Plans (IDPs) that specifically define their developmental needs to prepare them for successfully carrying-out the duties of the phased retiree.

General Information (Reference).

This guidance must be used in conjunction with:

(A) Title 5, United States Code, 8336a and 8412a

(B) The Office of Personnel Management (OPM) issued regulations in Title 5, Code of Federal Regulations, parts 581, 582, 831, 838, 841, 842, 843, 848, 870 and 890

(C) The Federal Register, Volume 79, No. 153, Phased Retirement dated August 8, 2014

OPM Benefits Administration Letters (BAL):

(A) BAL 14-106 - Data Element Values for New Phased Retirement Program.

(B) BAL 14-108 - Phased Retirement Employee Frequently Asked Questions.

(C) BAL 14-109 - Phased Retirement Instructions for Personnel and Payroll Offices.

(D) BAL 14-110 - Instructions for Personnel and Payroll Offices.

(E) BAL 14-111 - New Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) Instruction Pamphlets Available for Completing Applications for Phased Retirement and Full Retirement Status from Phased Employment.

(F) BAL 14-112 - Standard Form (SF) 3116: Phased Employment/Phased Retirement Status Elections.

(G) BAL 14-208 - Phased Retirement and Federal Employees' Group Life Insurance (FEGLI) Program Guidelines.

(H) BAL 14-209 - Phased Retirement and Federal Employees Health Benefits (FEHB).

Program Guidelines.

(A) BAL 14-303 - Data Element Values for New Phased Retirement Program

(B) BAL 14-307 - Phased Retirement Instructions for Payroll Offices

Thrift Savings Plan (TSP) Bulletin 14-5 Phased Retirement and the TSP

National Finance Center Bulletin Human Resources (HR) PAY 15-07 Phased Retirement

U.S. Department of Agriculture (USDA), Office of Human Resource Management (OHRM) Phased Retirement Implementation guidance dated March 27, 2015.

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