

Subject: PHASED RETIREMENT PROGRAM

Number: D-XXX.1	Approved: X/XX/2017	Review: Z/XX/2022	Certified:			
Responsible Office: Division of Human Resources						
Office of the General Manager						

- 1. <u>**PURPOSE.**</u> This Directive establishes the policy governing the <u>phased retirement</u>¹ program for the Defense Nuclear Facilities Safety Board (Agency).
- 2. <u>CANCELLATION</u>. None.
- 3. <u>APPLICABILITY</u>. This Directive applies to all Agency employees.
- 4. **EXEMPTIONS**. None.
- 5. <u>POLICY</u>. It is the policy of the Agency to take advantage of programs that allow it to continue to benefit from the services of experienced employees who might otherwise retire. It is intended, in part, to provide mentoring and enable critical knowledge transfer and skill development to employees, any of whom may be selected to eventually assume the positions, or parts of positions, of senior and experienced employees who are preparing for full retirement.
 - A. Phased retirement permits an individual to retire from part of his or her employment, while continuing to accrue credit towards full retirement based upon the individual's ongoing part-time employment.
 - B. An employee who enters phased retirement (hereafter, "<u>phased retiree</u>") receives a parttime salary and half of his or her retirement annuity. Once the phased retiree enters full retirement, the part-time employment may entitle the phased retiree to a greater annuity than if he or she had fully retired at the time of the transition to phased retirement. When the phased retiree enters full retirement, the phased retiree will receive a <u>composite retirement annuity</u>.
 - C. Participation in phased retirement is voluntary, is not an entitlement, and requires the mutual consent of both the employee and the Agency. The Agency will establish a time limit on the <u>phased retirement period</u> as a condition of approving the employee's participation in phased retirement. Phased retirement is offered at the discretion of the Agency.

¹ Defined terms (Section 11) are underlined when first used.

- D. In order to participate in phased retirement, an employee must have been a full-time employee for at least three (3) years prior to entry in phased retirement <u>and</u> meet the requirements of an unreduced immediate retirement annuity established by Office of Personnel (OPM) regulations. The Agency reserves the right to disapprove an employee's application for phased retirement based on an analysis of the criteria described in the Section 6 of the Requirements section below. The Agency's decision to disapprove an employee's request to participate in phased retirement is not grievable.
- E. A phased retiree will continue to encumber and remain at the same grade or pay band level of his or her position of record upon entering phased retirement. However, a phased retiree may request and subsequently be reassigned or detailed to another position without any change in grade or pay band level.
- F. After entering phased retirement, a phased retiree may end his or her phased retirement and return to regular employment status, subject to the Agency's approval. Once the individual returns to a regular employment status, he or she will be ineligible to participate in phased retirement again. The decision not to allow an employee to return to a regular employment status is grievable.
- G. At any point during the period of phased retirement, a phased retiree may voluntarily apply for full retirement in the same manner as other employees. The employee does not have to obtain Agency permission to retire.
- H. During phased retirement, an employee must work half-time, or 40 hours per pay period. The phased retiree must spend at least 20 percent of his or her working hours mentoring or engaging in any learning activity that would allow for the transfer of critical knowledge and skills.
- I. A time limit on the employee's period of phased employment will be established as a condition of approval of the employee's request to enter phased retirement. The employee and the Office Director or Chair, as applicable, must implement a <u>phased</u> retirement agreement, including all terms prescribed under 5 C.F.R. § 831.1713 or 5 C.F.R. § 848.203, such as the termination date of the employee's period of phased retirement and a statement that the employee has a right to elect to fully retire at any time. See agreement template in Appendix A.
- J. The phased retirement agreement must be for at least six (6) months. The phased retirement agreement may not exceed one (1) year. The one-year agreement may be extended, but the total time period of phased retirement may not exceed twenty-four months.

6. **<u>REQUIREMENTS</u>**.

A. To enter phased retirement status, a <u>retirement-eligible employee</u> must submit a written request to the Office Director or Chair, as applicable, requesting participation in phased retirement. In determining whether to approve an employee's phased retirement request, the approving official, with input from the first-line supervisor, will take the following criteria into consideration:

- i. whether 40-hours per pay period is appropriate for the employee's position;
- ii. whether the employee is willing and able to meet the knowledge transfer requirement under 7.B.i.;
- iii. whether management can identify appropriate knowledge transfer activities for the employee to perform;
- iv. whether the employee's change in work schedule affects the Office's ability to meet goals and objectives:
- v. whether operational needs will require the employee to work in excess of a 50 percent work schedule;
- vi. whether the employee's most recent performance rating was at least successful/ satisfactory and the employee has not had a within grade increase denied during the most recent appraisal period;
- vii. whether the employee was subject to discipline and/or received a reprimand or admonishment in the last calendar year;
- viii. whether the Office's workload demands warrant the approval of additional phased retirees when other employees in the same or similar positions as the applicant have been approved for phased retirement;
- ix. if the employee is a supervisor (including a member of the Senior Executive Service (SES)), whether it has been demonstrated that a deputy or other qualified employee is available to perform the phased retiree's duties in an acting capacity for the twenty hours a week the executive is prevented from working; and
- x. whether, when considering the totality of all factors, approving the employee's request for phased retirement is in the interest of the Office.
- B. An approved participant in the phased retirement program must submit an SF 3116: *Phased Employment/Phased Retirement Status Elections* to the Division of Human Resources (DHR) for processing.
- C. The Agency must meet all of the OPM reporting requirements, as applicable, outlined in 5 C.F.R. Part 831, Subpart Q and 5 C.F.R Part 848.

7. <u>RESPONSIBILITIES</u>.

- A. <u>Chairman</u>. The Chairman is responsible for oversight of the phased retirement program. The Chair shall approve or disapprove, in writing, phased retirement applications and effective use of the program for all agency employees who are members of the SES. These activities include those enumerated under 7.B.i. through 7.B.iv below.
- B. <u>Office Directors</u>. Office Directors, with input from first-line supervisor (if applicable), will approve or disapprove, in writing, phased retirement applications and oversee the

effective use of the program for all employees except members of the SES. These activities include:

- i. If the application is approved, preparing brief statements of the anticipated knowledge transfer goals to be achieved by those approved for the program;
- ii. If the application is disapproved, preparing a brief justification based on the criteria;
- iii. In consultation with the DHR, approving a phased retiree to perform hours of work in excess of the officially established half-time schedule; and
- iv. Ensuring all of the following criteria are met in order for a phased retiree to work in excess of 40 hours per pay period:
 - a) The work is necessary to respond to an emergency posing a significant, immediate, and direct threat to life or property;
 - b) The authorized agency official determines that no other qualified employee is available to perform the required work;
 - c) The phased retiree is relieved from performing excess work as soon as reasonably possible (e.g., by management assignment of work to other employees); and
 - d) When an emergency situation can be anticipated, agency management makes advance plans to minimize any necessary excess work by the phased retiree.
- C. <u>Director of Human Resources</u>. The Director of Human Resources, or his or her designee, are responsible for:
 - i. Verifying the employee meets the phased retirement eligibility standards established by OPM;
 - ii. Reviewing the submitted application for completeness;
 - iii. Reviewing statements developed by the Office Director or Chair, as applicable, regarding responsibilities for consistency with the purpose of phased retirement;
 - iv. Reviewing the SF-3116 for completeness and processing the form;
 - v. Ensuring the Agency complies with applicable statutes and OPM regulations; and
 - vi. Maintaining all records governing the phased retirement program.

8. <u>CONTROLS AND MEASURES</u>.

- A. DHR will perform a quarterly review to identify any cases of a phased retiree working in excess of 40 hours per pay period and request additional documentation of justification from the Office, if not already approved by DHR pursuant to 7.B.iii.
- B. In accordance with 5 C.F.R. § 848.205 and 5 C.F.R. § 831.1715, all documents related to an exception made to allow an employee to perform hours of work in excess of the officially established part-time schedule will be retained for at least six (6) years.
- **9.** <u>**RECORDS.**</u> DHR is responsible for maintaining records associated with the phased retirement program.

10. <u>REFERENCES.</u>

- A. 5 U.S.C. § 8336a
- B. 5 U.S.C. § 8412a
- C. 5 C.F.R. Part 831, Subpart Q
- D. 5 C.F.R. Part 848

11. <u>DEFINITIONS</u>.

- A. <u>Retirement-Eligible Employee</u>. An employee who has met the eligibility requirements established under 5 U.S.C. 8336(a) and (b) for Civil Service Retirement System (CSRS) employees or 5 U.S.C. 8412(a) and (b) for Federal Employees' Retirement System (FERS) employees. By regulation, in order to be eligible for phased retirement an employee must have been employed full-time for at least the past three years (i.e. full-time means having worked 40 hours per week). In addition, the employee must qualify for immediate retirement with at least 30 years of service at age 55, or 20 years of service at age 60, if covered by the CSRS; or at least 30 years of service at the appropriate minimum retirement age, or 20 years of service at age 60, if covered by the FERS.
- B. <u>Composite Retirement Annuity</u>. The retirement annuity the phased retiree is eligible for at the commencing date of full retirement. The composite retirement annuity consists of the <u>phased retirement annuity</u>, adjusted for cost of living, plus the fully retired phased component. The fully retired phased component is calculated according to the amount of annuity that would have been payable had the retiree remained a full-time employee during the phased retirement period, multiplied by the working percentage, or 50 percent under the current regulations. A phased retiree separated from phased employment for more than three (3) days is automatically deemed to have entered full retirement.
- C. <u>Phased Employment</u>: The half-time schedule worked by a phased retiree.
- D. <u>Phased Retiree</u>: A retirement-eligible employee who, with the concurrence of the agency, has entered <u>phased retirement status</u>, but has not entered full retirement status.

- E. <u>Phased Retirement</u>. A human resources tool for Federal agencies to retain employees who would have fully retired, but who are willing to continue in Federal service for a period of time on a part-time schedule while engaging in mentoring. It allows employees to work 50 percent of the time (part time) and receive 50 percent of their annuity as a precursor to full retirement.
- F. <u>Phased Retirement Agreement</u>. A written condition of approval whereby the Agency and the employee mutually agree on a specified time limit the employee may work as a phased retiree.
- G. <u>Phased Retirement Annuity</u>. The annuity payable under 5 U.S.C. 8412a before full retirement.
- H. <u>Phased Retirement Period</u>: The period beginning on the date an individual begins work on a half-time basis as a phased retiree (and becomes entitled to receive a phased retirement annuity) and ending on the date the individual separates from phased retirement.
- I. <u>Phased Retirement Status</u>: A phased retiree that is concurrently employed in phased employment and eligible to receive a phased retirement annuity.
- 12. <u>CONTACT</u>. Address questions concerning this Directive to the Division of Human Resources, Office of the General Manager.

Sean Sullivan Chairman

APPENDIX A

DEFENSE NUCLEAR FACILITIES SAFETY BOARD PHASED RETIREMENT AGREEMENT

NAME:	
TITLE:	OFFICE:
GRADE / PAY BAND:	SERIES:
OFFICE:	PHONE:

Introduction

This is an employment agreement between ______(referred to as "you/your" and the <u>Defense Nuclear Facilities Safety Board</u> (referred to throughout this document as "the Agency") so the Agency may retain you in a phased retirement status to fulfill a need. In return, you agree to serve for the period of service described in paragraph C. below. This agreement must be signed by all parties prior to its effective date.

A. <u>POSITION</u>

This agreement is for the position of ______ (Title, Series, Grade/Pay Band). If mutually agreed to, you may be detailed to perform work anywhere in or outside the Agency or assigned to another position within the Agency during the period of this agreement without any impact on your status.

B. <u>EFFECTIVE DATE</u>

The effective date of this agreement will be ______, which will be the date that your status changes from full-time to part-time as a phased retiree. That date will be documented on your SF-50, *Notification of Personnel Action*.

C. <u>PERIOD OF SERVICE</u>

The period of phased retirement service will be for ______, beginning ______, date) and ending ______ (date). The period may be for a maximum period of 2 years or terminated early for one of the reasons specified under paragraph H. section of this agreement.

D. WORK SCHEDULE

The number of hours per pay period that you agree to work will be ______ (normally 40 hours biweekly). The type of work schedule, i.e., regular, compressed, or flexible, and your tour of duty will be mutually agreed to with your supervisor or other approving official based on the work schedule options available at the Agency. You may not work more than the total number of hours per pay period described in this agreement unless you are approved to work overtime and all of the following conditions apply:

- 1. The work is necessary to respond to an emergency posing a significant, immediate, and direct threat to life or property;
- 2. The approving official determines that no other qualified employee is available to perform the required work;
- 3. You are relieved from performing the overtime work as soon as possible; and
- 4. When an emergency situation can be anticipated in advance, management made advance plans to minimize any necessary overtime work that you are required to perform.

E. <u>COMPENSATION</u>

- 1. <u>Pay</u>. You will receive one-half of your regular annual basic pay (base salary plus locality pay) that you would otherwise receive as a full-time employee, along with your retirement annuity, as described in paragraph 2 below.
- 2. <u>Retirement Annuity</u>. You will receive a monthly annuity payment based on 50 percent of your highest three (3) consecutive average pay years effective the same date as this agreement. The retirement annuity is <u>not</u> subject to reduction for any benefit(s) or form of survivor annuity, but is subject to a court order providing for division, allotment, assignment, execution, levy, attachment, garnishment, or other legal process. (See CFR 848.501.)
 - Unused sick leave will not be used in the computation of the phased retirement annuity. However, any unused sick leave will be taken into account at full retirement.
 - The retirement contributions credited to you in the retirement fund will be reduced by the monthly annuity paid during phased retirement.
- 3. <u>Other Income</u>. There is no restriction on earning non-Federal income outside the 40 hours per pay period that you work for the Agency other than normal conflict of interest and ethics regulations.

F. EMPLOYMEMT AND BENEFIT DEDUCTIONS FROM PAY

- 1. <u>Social Security, Medicare, and Income Tax Deductions</u>. Your part-time pay will be subject to Federal employment taxes and Federal and State income taxes, as applicable.
- 2. <u>Retirement Contributions</u>. You will continue to accrue credit toward, and make contributions for, an adjusted composite retirement annuity. Applicable deductions are made from your biweekly pay.
- 3. <u>Health Insurance</u>. You are eligible for the Federal Employee Health Benefit program and may continue your health plan or meet eligibility requirements for enrollment. Premiums will be deducted from your pay as if you were a full-time employee.
- 4. <u>Life Insurance</u>. You are eligible for the Federal Employee Group Life Insurance program. Coverage amounts will be based on the full-time salary of the position. If applicable, premiums will be deducted from your pay.
- 5. <u>Thrift Savings Plan (TSP)</u>. You are eligible to contribute to TSP up to the maximum annual amount allowed by the Internal Revenue Service. Normal restrictions for TSP loans, financial hardship withdrawals and age-based, in-service withdrawals continue to apply.

G. <u>LEAVE/OVERTIME</u>

June XX, 2017

- 1. <u>Leave</u>. You will accrue annual and sick leave on a reduced basis as a part-time employee, i.e., it is prorated based on the number of hours you are in a pay status. (For example, if you have been with the Agency for more than 15 years and you work 40 hours per pay period, you will earn 4 hours of annual leave and 2 hours of sick leave.) You are subject to the applicable annual leave carryover ceiling. Phased retirees will not receive a lump-sum payment for unused annual leave until full retirement begins.
- 2. <u>Overtime Pay and Compensatory Time Off.</u> Overtime pay and compensatory time off generally are earned for work in excess of 8 hours in a day or 40 hours in a workweek. As a phased retiree, you will normally work only the basic hours in your established part-time schedule and will not be performing overtime work.
 - Work beyond a phased retiree's part-time schedule is possible under limited exceptions (see 5 CFR 831.1715(h) and 848.205(j)). If you are allowed to work more than 40 hours in a biweekly pay period under an approved exception, then you could receive either overtime pay or compensatory time off under the normal rules for any overtime work in excess of the 40-hour weekly or 8-hour daily overtime threshold.
 - Phased retirees are eligible for compensatory time off for travel.
- 3. <u>Credit Hours</u>. You may participate in a flexible or compressed work schedule program on the same basis as any other part-time employee. You are eligible to earn up to ¹/₄ of your regular biweekly work requirement (up to 10 credit hours per pay period) if you are on a flexible work schedule that authorizes credit hours. (See 5 U.S.C. 6126a.)
- 4. <u>Holidays</u>. You will be treated as a part-time employee for the purposes of holiday pay. A parttime employee is entitled to a paid holiday when the holiday falls on a day when he or she would otherwise be required to work or take leave. If a holiday falls on a non-workday, a parttime employee is not entitled to an "in lieu of" holiday.

H. <u>CONDITIONS</u>

- 1. The Agency's decision to disapprove an employee's request to participate in phased retirement is not grievable.
- 2. Phased retirement is part-time permanent employment. You have all rights associated with this status.
- 3. The percentage of time (50 percent) and hours that you work per pay period may not be changed during your phased retirement period. You may change to another position in the Agency only if the working percentage (50%) does not change. You may accept a new full-time appointment in another agency at any time during phased retirement, but you would not be eligible for phased retirement again.
- 4. You may <u>not</u> be employed in the Federal Government in more than one phased retirement position at any time. However, you may be employed outside the Federal Government, such as self-employment, if there is no conflict of interest or ethics issue.

- 5. You must spend *at least 20 percent* of the time as a phased retiree *mentoring*. You are expected to have a work plan established and to maintain a record/log of your mentoring activities to ensure this requirement is satisfied.
 - NOTE: The mentoring requirement may be waived by the official who approved this agreement (or his or her successor). He/she may only provide this waiver due to an emergency or other unusual circumstance (e.g., entry into active duty military service or receipt of workers' compensation) that makes it impractical for you to fulfill this requirement.
- 6. When the period of service in this agreement ends, you will be separated from the Agency. The separation is considered voluntary because you entered into this agreement voluntarily. If you have a break in service of more than three (3) calendar days from the date of termination, your status will be that of full retirement.
- 7. You have the right to elect full retirement at any time this agreement is in effect. Once effective, you will receive an adjusted composite retirement annuity.
- 8. You may ask to terminate this agreement early and return to regular, full-time duty status at any time this agreement is in effect, or within three (3) calendar days of its expiration by using Standard Form (SF) 3116, *Phased Employment/Phased Retirement Status Elections*.
 - a. If your request is approved by management, you may subsequently cancel it before the effective date by submitting a signed request to the same official who approved your initial request or his/her successor or higher official, and by obtaining approval to cancel. However, you may not elect phased retirement again, as you are limited to one election during your retirement-eligible lifetime. The effective date of your full-time status and termination of your retirement annuity is determined based on the day of the month that your request is approved within the Agency or, if changing to another agency, the effective date that your position in the Agency ends.
 - b. If your request to return to regular employment is not approved, you have the option to continue work as a phased retiree or enter full retirement. The decision not to allow you to return to a regular employment status is grievable.
- 9. You will continue to be subject to the Agency's performance management system and required to maintain at least a *Fully Successful* or equivalent performance rating. You also must maintain all conditions of employment, such as an applicable security clearance, medical or physical standards, and/or applicable professional credentials.

If your performance rating falls below *Fully Successful* or equivalent rating, your security clearance is revoked, you fail to maintain a medical or physical standard or a professional credential that is required for your position, or you are separated for cause, this agreement will be terminated.

- 10. The Agency reserves the right to terminate this agreement early if:
 - a. The basis for entering into this agreement no longer exists;
 - b. Funding is no longer available for your position.

- c. Your position is subject to a management-initiated action, such as a reduction in force or reassignment, but not a transfer of function or reclassification when the competencies of the position are retained, or due to some other unforeseen management need.
- d. The Agency or OPM determines that you have been working a significant amount of overtime, in which case you will be returned to full-time status as if you elected to return to full-time status.

You will receive written notification at least 30 calendar days in advance of the effective date of the termination. The notification will include the justification for the termination and a description of your rights.

- 11. If you die during the phased retirement period, we consider it a death in service during part-time employment, with no credit for extra hours worked, for the purpose of determining survivor benefits.
- 12. If applicable laws or regulations change that would result in a change(s) in the terms and conditions of this agreement, the parties who have signed this agreement are subject to those changes. Any changes other than those required by applicable laws or regulations must be mutually agreed to in writing by the parties who signed the agreement.

I. CERTIFICATION

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

Employee's Signature:	Date:
Supervisor's Signature:	Date:
Office Director's/Chair's Signature:	Date:
Human Resources Official:	Date:

Privacy Act Notice

Title 5 Code of Federal Regulations section 831.1713(d)(2) and 848.203(d)(2) require the use of an agreement to document a phased retirement work arrangement. Signing this agreement is voluntary, but if an employee does not sign this agreement, we determine that action to be a withdrawal of the request to work in a phased retirement status. Applicable management officials and supporting administrative staffs, payroll and accounting staffs, human resource staffs, and equal employment opportunity staffs use this agreement, and verify that it is properly completed, to process and make the payments and applicable deductions, to maintain appropriate documents that support the use of Government funds, to ensure compliance with the applicable laws and regulations, and to report the use of the authority for phased retirements as part of any reporting requirement to OPM or Congress, or both. The Board may not use the information collected in this document for any additional uses.

AFFIRMATION OF BOARD VOTING RECORD

SUBJECT: Phased Retirement Directive

Doc Control#2017-300-081

The Board, with Board Member(s) Sean Sullivan, Bruce Hamilton, Jessie H. Roberson, Joyce L. Connery *approving*, Board Member(s) none *disapproving*, Board Member(s) Daniel J. Santos *abstaining*, and Board Member(s) none *not participating*, have voted to approve the above document on July 12, 2017.

The votes were recorded as:

	APRVD	DISAPRVD	ABSTAIN	NOT PARTICIPATING*	COMMENT	DATE
Sean Sullivan	\mathbf{X}					07/11/17
Bruce Hamilton	\boxtimes					07/11/17
Jessie H. Roberson	\boxtimes					07/12/17
Daniel J. Santos			\boxtimes			07/12/17
Joyce L. Connery	\boxtimes					07/11/17

*Reason for Not Participating:

This Record contains a summary of voting on this matter together with the individual vote sheets, views and comments of the Board Members.

Comm Stolm

Assistant Executive Secretary to the Board

Attachments:

- 1. Voting Summary
- 2. Board Member Vote Sheets
- cc: Board Members OGC OGM Records Officer OTD

DEFENSE NUCLEAR FACILITIES SAFETY BOARD NOTATIONAL VOTE RESPONSE SHEET

Sean Sullivan FROM:

SUBJECT: Phased Retirement Directive

Doc Control#2017-300-081

Approved X

Disapproved

Abstain

Recusal – Not Participating

COMMENTS:

Below Attached

None

Date

DEFENSE NUCLEAR FACILITIES SAFETY BOARD NOTATIONAL VOTE RESPONSE SHEET

FROM: **Bruce Hamilton**

SUBJECT: Phased Retirement Directive

Doc Control#2017-300-081

Approved X_

Disapproved_____

Abstain____

Recusal – Not Participating

COMMENTS:

Below____ Attached_

None X

Bruce Hamilton

11 JULY 2017

Date

DEFENSE NUCLEAR FACILITIES SAFETY BOARD NOTATIONAL VOTE RESPONSE SHEET

FROM: Jessie H. Roberson

SUBJECT: Phased Retirement Directive

Doc Control#2017-300-081

Approved

Disapproved_____

Abstain____

Recusal – Not Participating____

COMMENTS:

Below____ Attached____

Non

Jessie H. Roberson Date

DEFENSE NUCLEAR FACILITIES SAFETY BOARD NOTATIONAL VOTE RESPONSE SHEET

FROM: Daniel J. Santos

SUBJECT: Phased Retirement Directive

Doc Control#2017-300-081

Approved_____

Disapproved____

Abstain

Recusal – Not Participating

COMMENTS:

Below____ Attached____

None

Santos **Daniel** J

Damera Sauto

Date

DEFENSE NUCLEAR FACILITIES SAFETY BOARD NOTATIONAL VOTE RESPONSE SHEET

FROM: Joyce L. Connery

SUBJECT: Phased Retirement Directive

Doc Control #2017-300-081

Approved X Disapproved

Abstain

Recusal – Not Participating

COMMENTS:

Below____ Attached____

None_X___

____Signature on file_____ Joyce L. Connery

____07/11/2017_____ Date