

**Facts & Resources for Employees Experiencing
Reduction in Force (RIF) and Considering Retirement
March 11, 2025**

This document is intended to provide an overview of the federal reduction in force (RIF) process and to assist employees in assessing their retirement options and personal benefits decisions. This is based on current law and regulations in Title 5, United States Code, the 2025 Executive Orders to date, and guidance issued by OMB and OPM. Keep in mind that DOGE has not been following all the normal rules and processes, and circumstances are changing daily.

What's the latest information on probationary employees that were terminated in February?

On March 5, 2025, the Merit Systems Protection Board (MSPB) ordered a 45-day reinstatement (March 5 – April 18, 2025) of the nearly 6,000 probationary USDA employees who were fired on or after February 13, 2025. The agency was given 5 working days to comply. [MSPB Case Decision 3/6/2025](#)

What happens next? While the MSPB order requires Forest Service to reinstate employees to their previous jobs and pay them for the 45-day period, it's possible that they may not actually be returned to duty. Instead, they could be placed on administrative leave while the agency conducts a RIF process and issues new termination notices.

What is happening with the USDA Forest Service plan for RIF?

- **Timeline:** The USDA RIF plan is due to OMB and OPM on March 14, then agencies have 30 days to finalize their implementation plans and begin issuing 30-day RIF notices to employees (shortened from the usual 60-day RIF notice period). So, RIF actions could be effective as early as May. It's also possible that employees could be put on administrative leave during the RIF notice period.
- **RIF Size and Scope:** A RIF plan involves determining the size and scope of workforce reductions needed to meet budget and programmatic objectives. Specifically, the plan should include:
 - **Size:** How many jobs will be cut. At least one news report said that Forest Service plans to cut about 7,000 jobs in addition to probationary and retirement losses, which would reduce the roughly 30,000 workforce by about one third.
 - **Scope:** Which positions will be cut. There are two components in the scope of a RIF:
 - (1) **Competitive area** - may be across the entire agency, limited to certain regions, units, or local commuting areas, or entire programs or functions.
 - (2) **Competitive levels** – the specific occupational series, grades, and tour of duty (e.g., full-time, part-time, seasonal) of positions in the RIF.

What to expect: The federal agency RIFs that are now being planned are bigger and broader than any we've ever seen. By selecting entire offices, programs, or functions in the competitive area, the agency can simplify and speed up the RIF process and avoid or minimize the RIF "bump and retreat" process.

What is the first step in implementing the RIF Plan? [OPM RIF Overview](#)

Normally, the HR staff works with managers to review (a) every POSITION in the competitive area to assign a competitive level; and (b) every EMPLOYEE to assign a retention standing and create a retention register based on four retention factors:

1. tenure of employment (e.g., type of appointment - career, career-conditional, excepted)
2. veterans' preference
3. length of service [the service computation date (SCD) show on your SF 50]
4. performance ratings

Normally, all the POSITION competitive level codes and EMPLOYEE retention registers are managed in a RIF data system that organizes positions and employees based on these factors and determines bump and retreat opportunities. Again, this process can be simplified if all positions in a defined competitive area are eliminated.

What is RIF Bump and Retreat? It's complicated! *Normally*, the RIF process entails a highly complex "bump and retreat" process in which employees with higher retention levels may "retreat" to a job they've previously held or qualify for and "bump" employees with lower retention levels out of their jobs. In the end, the employees going out the door are those with the lowest retention standings (see 4 factors above). Bump and retreat occurs within defined competitive areas and competitive levels.

For example, you are in one of five GS-7 Forestry Technician positions in a district office and three of the five positions get cut, then the bump and retreat process will determine who ends up in the two positions. If ALL five positions are cut, or the entire office is closed, then there are no jobs to bump or retreat to and everyone goes out the door.

How will RIF impact me? It's complicated! It will depend on the conditions above and what happens to those employees who opted to resign in response to the "fork in the road" email and the number of employees who decide to retire (under VERA, regular, or discontinued service retirement due to RIF).

- **Severance pay:** If you are separated involuntarily from federal service under RIF procedures, you'll be eligible for severance pay if you have completed at least 12 months of continuous service by the date of separation. The [OPM RIF Benefits](#) page includes the computation for severance pay based on years of service, basically 1 week's basic pay for each year of civilian service up through 10 years, plus 2 weeks' basic pay for each year of creditable service beyond 10 years. [OPM Severance Pay Fact Sheet](#)

Note: Employees who retire with an immediate annuity under VERA or DSR will not receive severance pay.

- **Retained pay and grade:** If you are placed in a lower-graded position through RIF procedures, you will be entitled to retain the higher grade for two years if you completed at least 52 consecutive weeks at the higher grade. After two years, you are entitled to pay retention.
- **Repromotion consideration:** If you are downgraded because of RIF, you will receive priority consideration for promotion to positions up to your former grade level.
- **Reemployment consideration:** If you are separated by RIF, you are eligible for reemployment priority within the agency (RPL) and placement other federal agencies (ICTAP).
What to expect: Since ALL federal agencies are downsizing right now, reemployment and placement options will likely be very limited for the foreseeable future. [OPM Guide to Career Transition](#)

- **Unemployment Compensation:** If you are separated by RIF, you may apply for federal unemployment compensation through your state unemployment office. You must present your social security card, official notice of separation or non-pay status (Standard Form 50), your RIF notice letter, and unemployment insurance notice (Standard Form 8).

How will RIF impact my benefits? If you are separated under RIF procedures, you have the following benefits entitlements. The National Association of Retired and Federal Employees (NARFE) provides detailed FAQs on benefits: [NARFE.org Benefits FAQs](https://www.narfe.org/benefits-faqs)

- **Unused Annual Leave:** If you are separated under RIF, you are entitled to receive a lump sum payment for accrued annual leave, as well as any unused compensatory time or credit hours earned. If you are close to retirement age, you may be able to use annual leave to qualify for retirement benefits in some cases.
- **Unused Sick Leave:** You will not be paid for unused sick leave if you are separated. However, if you are later reemployed in the federal government, you are entitled to have your sick leave restored to your sick leave account. Be sure to keep a copy of your last earnings and leave statement (ELS) showing your leave balances.
- **Health Insurance (FEHB):** If you have been receiving Federal Employee Health Benefits (FEHB) but are not eligible for an immediate retirement annuity, you can continue health insurance free for 31 days after separation. You can then elect to continue receiving benefits under FEHBP. However, continued coverage is not automatic. You must request it in writing within 60 days of separation (or within 60 days of receiving a notice from the agency that FEHB coverage is terminating). You must pay your share, the government's cost, and an additional 2 percent administrative fee. This totals 102 percent of the cost. This temporary extension of coverage can last for 18 months only. Your dependents can carry this coverage for up to 36 months. You can also convert to a private plan.

Employees retiring with an immediate annuity under VERA or DSR authority may continue their FEHB coverage into retirement if they were covered under the FEHB for the last 5 years of their federal service. Employees who don't meet this requirement may request a waiver to continue FEHB coverage.

- **Life Insurance (FEGLI):** You will be covered by Federal Employees Group Life Insurance (FEGLI) without cost to you for 31 days. If you are separated and not eligible for an immediate annuity, you can convert all or part of the life insurance to an individual policy without taking a medical examination. You can purchase the individual policy from any eligible insurance company. This will be a private transaction between you and the company. You will pay the entire premium of the conversion policy, and the conversion must be made within 31 days after the effective date of the separation.
- **Thrift Savings Plan (TSP):** When you separate from Federal service for more than 31 days, you can choose to leave your money in your TSP account if you have more than \$200 invested, or you can withdraw the vested TSP account balance. You will be taxed for any funds paid directly to you from TSP (if not rolled over into an IRA). If you separate before the year you reach age

55, you will be charged a 10 percent penalty for early TSP withdrawal. [TSP.gov - Leaving-the-federal-government](https://www.tsp.gov/leaving-the-federal-government)

Once you leave the federal government, you'll no longer be able to make employee contributions. However, you can still change your investment mix, transfer eligible money into your account, and enjoy our low costs—all while your account continues to accrue earnings.

As you prepare to leave federal service, here are some important things you must do:

1. Make sure the TSP has your current address.
 2. If you have any TSP loans, decide if you want to pay them off, keep them open and set up monthly payments, or allow them to be foreclosed and accept the outstanding balance and accrued interest as taxable income.
 3. Read the TSP booklets Distributions and Tax Rules about TSP Payments to fully understand your options and their consequences.
- **Retirement Refunds:** If you separate from Federal employment before completing a minimum of 5 years of creditable civilian service, you will not be eligible to receive optional or deferred annuity benefits. However, you can request a refund of your FERS retirement contributions.
 - If you receive a refund and are later reemployed with the federal government, you can repay the refunded amount plus interest so that the period of service covered by the refund can be included in the computation of annuity benefits.
 - You do not have to take a refund of your CSRS or FERS retirement contribution if you are separated from Federal service. Employees are paid interest on their FERS accounts, but they receive no interest on CSRS accounts that are more than 5 years old.
 - You have already paid taxes on the retirement deductions that have been deducted from your paycheck. You must also pay taxes on the interest earned on the money in your retirement account.

What are my retirement options related to RIF?

- **Optional Retirement (FERS):** If you are under FERS, you will be eligible for an immediate annuity if you meet the following minimum age and service requirements:
 - Age 62 and 5 years creditable civilian service, or
 - Age 60 and 20 years total creditable service, or
 - Minimum retirement age (MRA) and 10 years total creditable service.

If you are a FERS employee who was born before 1948, the minimum retirement age is 55. It gradually increases from 55 to 57 if you were born between 1948 and 1970.

Your FERS annuity will be reduced by 5 percent for each year you are under age 62, unless you retire early under VERA or DSR. You can also avoid the age reduction entirely by choosing to begin your annuity either on:

- a date that is less than 1 full month before you reach age 62 if you have less than 20 years of service; or
- the first day of any month after you have reached age 60 if you have at least 20 years of service.

For CSRS retirement details, see the [OPM CSRS Retirement](#).

- **FERS annuity supplement:** The FERS supplement is paid if you are eligible to retire before age 62 and are not yet eligible for the Social Security benefits. It is payable to an employee who meets Minimum Retirement Age (MRA is 55 to 57, depending on date of birth) until eligibility for Social Security begins at age 62, subject to an earnings limitation. The FERS annuity supplement is payable whether you are retiring under an immediate, VERA, or discontinued service retirement. The supplement is not available to those who resign and later apply for a deferred retirement. [OPM FERS Annuity Supplement](#)
- **Voluntary Early Retirement Authority (VERA):** Voluntary Early Retirement offers apply to employees covered under both the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). When an agency has received VERA approval from OPM, an employee who meets the general eligibility requirements may be eligible to retire early. VERA eligibility:
 - At least age 50 with at least 20 years creditable Federal service, or
 - Any age with at least 25 years creditable Federal service.

For FERS employees, there is no FERS annuity reduction if you retire on an early voluntary retirement under age 55. A FERS transferee with a CSRS component in his/her annuity, who retires before age 55, will have the CSRS portion of the payable annuity reduced by one-sixth of one percent for each full month he/she is under age 55. [OPM VERA Guide](#)

- **Discontinued Service Retirement (FERS):** A discontinued service retirement provides an immediate annuity for employees who are separated involuntarily due to RIF. If you are eligible for VERA but choose not to apply for VERA and later receive a RIF separation notice, **you can choose to retire early with a discontinued service annuity** (unless you decline a “reasonable offer” of another position in your commuting area). Like VERA, if you are under the age of 55, your annuity will not be reduced. [OPM Early Retirement Fact Sheet](#)

If you have transferred to FERS and have service under CSRS, the CSRS portion of your annuity will be reduced by 2 percent per year if you are under age 55. The FERS annuity supplement applies to those who meet the minimum retirement age (see VERA above).

DSR eligibility:

- Age 50 and 20 years total creditable service, or
 - Any age and 25 years total creditable service.
- **Deferred Retirement:** If you separate from the Federal service after completing at least 5 years of creditable civilian service, but before becoming eligible for an immediate annuity, you will be entitled to a deferred annuity at age 62 under either CSRS or FERS. If you are under FERS, you may be eligible for a deferred annuity before age 62 under certain conditions. If you are eligible for a deferred annuity, you can receive a refund of your retirement deductions in lieu of the annuity, provided that you are more than 31 days away from qualifying for an annuity when filing for the refund.

Note: The FERS supplement is not available with a deferred retirement. If you receive a deferred annuity, you are not eligible to continue any health benefits, life insurance coverage, or dental and vision benefits you had while employed. [OPM FERS Deferred Retirement](#)

- **Using Annual Leave to Reach Retirement Eligibility:** Normally, if you are scheduled to be separated by RIF, you can use your accumulated annual leave to remain on your agency's rolls past the RIF effective date if doing so would allow you to reach your first retirement eligibility date or FEHB carryover eligibility. You must have enough annual leave to cover the period from the RIF effective date to the first date you meet the minimum age and service criteria for CSRS or FERS retirement (as applicable). You must meet the other eligibility requirements for optional or discontinued service retirement.