

# Facts & Resources for Employees on Voluntary Separation Incentive Payments (VSIP)

March 19, 2025

## What is a Voluntary Separation Incentive Payment (VSIP)?

The Voluntary Separation Incentive Payment (VSIP) authority, also known as buyouts, allows agencies that are downsizing or restructuring to offer employees lump-sum payments up to \$25,000 as an incentive to voluntarily separate.

When authorized by the Office of Personnel Management (OPM), an agency may offer [VSIP](#) to employees who are in “surplus” positions or have skills that are no longer needed in the workforce who volunteer to separate by resignation, optional retirement, or voluntary early retirement (VERA), if approved.

- **Eligibility:** VSIP eligibility is limited to employees in permanent jobs *with at least 3 continuous years of federal service*. For full eligibility details, refer to the [OPM Guide to VSIP Payments](#).
- **Repayment Requirement:** An employee who receives a VSIP and later accepts another federal job *within 5 years of the date of the separation* on which the VSIP is based, including work under a personal services contract or other direct contract, must repay the entire amount of the VSIP before the individual's first day of reemployment.
- **Impact on Benefits:** The same benefits options apply to employees who accept a VSIP and resign or retire with an immediate annuity. Refer to the NAFSR RIF Fact Sheet dated March 11, 2025, for detailed information on employee benefits.

By allowing employees to leave their jobs voluntarily, agencies can minimize or avoid involuntary separations through costly and disruptive reductions in force (RIFs). Normally, agencies only approve a VSIP for an employee if their job would be abolished in a RIF or their job can be used to place another employee whose job would be abolished in a RIF.

## How much is VSIP?

An agency computes a Voluntary Separation Incentive Payment based on the lesser of:

1. An amount equal to the amount of severance pay the employee would be entitled to receive in reduction in force (RIF), or
2. \$25,000.

The amount of severance pay or VSIP is based on years of service and current pay rate, so an employee with only a few years of service in a low grade job would receive a VSIP amount much less than \$25,000. Use the [OPM Severance Pay Estimate Worksheet](#) to estimate your severance pay entitlement under RIF.

Note that the amount of severance pay or VSIP pay that the employee actually receives is also reduced by tax deductions, including Federal, state, social security, and Medicare, as applicable (deductions are typically about 20% of the total amount).

**What is the benefit of applying to separate with a VSIP, if offered?** For employees who don't want to go through the uncertainty of the RIF process and are ready to leave government service – perhaps they are ready to retire, take another job, care for family, or start a small business – and have more than ten years of service, a VSIP payment may be beneficial. For others, it may make more sense to wait and see if RIF impacts their position. Employees with less than 3 years of service are not eligible for VSIP.

Remember, if you do receive a RIF separation notice and are ineligible to retire, you will receive severance pay comparable to a VSIP payment but without the repayment requirement if you return to federal service within 5 years.

### **Will USDA Forest Service be offering VSIP?**

As of March 18, 2025, Forest Service has not announced any VSIP plans, although Department of Interior announced both VERA and VSIP opportunities across their agencies on March 17, 2025. [GovExec.com Story on Interior Buyouts-Early-Outs](#)

On March 10, 2025, Forest Service announced a Voluntary Early Retirement Authority (VERA) application window from March 10-25 with VERA retirements to be effective by May 31, 2025. VSIP is not included in this offer.

It's possible that Forest Service could open a VSIP window, or multiple phased VSIP windows, once the RIF plan is approved and prior to issuing formal RIF notices.

Remember, whether or not a VSIP is offered, if you do receive a RIF separation notice and you are not eligible to retire, you will be eligible to receive severance pay, which is comparable to a VSIP without a repayment requirement if you return to federal service within 5 years.

### **What if I am not yet ready to apply for Voluntary Early Retirement Authority (VERA)? Will I have a chance to apply for VERA or VSIP later if RIF impacts my position?**

If you are eligible for VERA but you are not ready to apply in the current March 10-25 window, then you may not get another opportunity to retire early unless RIF impacts your job. If your job is identified for a RIF action, then you could be eligible for discontinued service retirement (DSR) with the same early retirement benefits as VERA. It's possible that the Forest Service could open another VERA window along with a VSIP window. The only thing we know for sure is RIF planning is underway and will be implemented soon, with or without additional VERA or VSIP windows.

### **What's the current outlook for workforce reductions in USDA Forest Service?**

On February 26, 2025, OMB and OPM jointly directed development of Agency RIF and Reorganization Plans ([ARRPs](#)) with a two-phase implementation by Sept 30, 2025. Each Department can have differing approaches to VERA and VSIP offers, and RIF and reorganization phases.

On March 12, 2025, OPM directed agencies to review their [RIF bargaining](#) provisions in their union bargaining agreements and ensure collective bargaining requirements are met prior to conducting a RIF. Forest Service will need to meet any bargaining requirements with the National Federation of Federal Employees (<https://www.nffe-fsc.org/>) and any other affected bargaining units prior to implementing its RIF plan.

VERA and VSIP are often offered together by agencies to incentivize more employees to leave voluntarily and avoid adverse RIF actions on valued employees. However, there has been nothing normal about the actions taken so far in the current federal workforce reductions. And so far, internal agency communication with employees on these plans has been highly restricted.

**Which jobs will stay, and which jobs will go?** It depends on what's in the USDA and Forest Service Agency Reduction and Reorganization Plans. The Trump Administration and DOGE have already begun abolishing government programs related to diversity, equity, and inclusion, research, climate change, and international programs, so those areas could be targeted for reduction or elimination. On the other hand, work contributing to forest products, fire management, and recreation, for example, may not be eliminated but are likely to be reorganized. Many organizational units could be consolidated, relocated, downsized, or eliminated.

**What can you do now to prepare for decisions on VSIP, VERA, and RIF?** Talk to your supervisor and consider whether your position is likely to qualify for a VSIP or VERA – that is, whether your job is likely to be abolished, relocated, or changed to a lower grade in a RIF?

VERA and VSIP are intended as incentives for employees to leave their jobs *voluntarily before any involuntary RIF actions are taken*. If you believe your job is likely to be abolished in a RIF process, then you may want to consider applying for VERA, if you are eligible, or VSIP, if it is offered. It's possible that your position may not qualify for a VSIP and may not be impacted by RIF if it supports agency program priorities in this Administration. However, if your job is in a program area that is targeted for reduction, it's a good idea to consider your voluntary options now before involuntary RIF actions come into play.

Remember, if you are eligible for early retirement but you choose not to apply in the current VERA window, and your job is later identified for RIF, you will then have the option to retire early through a discontinued service retirement (DSR) with the same benefits as VERA.