



Nonappropriated Fund (NAF) Separation Incentives

Reference: DoD 1400.25-M, DoD Civilian Personnel Manual, Subchapter 1417 (Civilian Assistance and Reemployment (CARE) for NAF Employees Affected by Workforce Reductions)

Voluntary Separation Incentive Pay (VSIP)

Voluntary Separation Incentive Pay (VSIP) is used within the Department of Defense (DoD) as a tool for reducing involuntary separations during downsizing and base closure, and for restructuring the workforce at installations that are not facing personnel reductions. If your voluntary separation, early retirement, or optional retirement would help your installation to achieve either of these objectives, you may have an opportunity to apply for VSIP.

Your NAF employer may offer VSIP in the form of a lump sum or installment payment(s) equal to your severance pay entitlement, up to a maximum of \$25,000. When calculating VSIP for NAF employees, severance pay may not exceed the amount calculated using the civil service severance pay formula.

NAF employees who accept VSIP cannot be reemployed within DoD in a NAF or appropriated fund position for 12 months after separation, and may not be employed in a NAF or appropriated fund position in any Federal agency within 5 years, including under a personal services contract without repaying the full VSIP amount.

The policy in place for civil service employees is the basis for the NAF policy on VSIP. Check with your supporting NAF human resources office (HRO) for more details.

Voluntary Early Retirement and Discontinued Service Retirement

Each DoD NAF Component administers its own retirement plan. Your NAF employer's retirement plan may have provisions for early retirement and discontinued service retirement in workforce reduction and BRAC situations. Check with your HRO for NAF eligibility rules.