

Separation Incentive Pay (Buyout)

- **Authority:** National Defense Authorization Act (2004).

- **Purpose:** To allow the Department of Defense to establish a program under which employees may be eligible for early retirement, offered separation incentive pay or a combination of both.

Buyouts are not required of agencies, they are discretionary tools of management to help reduce the workforce. A legitimate management need must exist before a buyout may be authorized.

- **Benefits:** To eliminate or reduce the need for conducting reductions-in-force (RIFs). RIFs are costly, disruptive, and have a negative effect on morale. The cost of separating employees through RIF is generally higher than giving them an incentive to voluntarily separate,

- **How Much:** The amount of what an individual would be entitled to in severance pay or \$25,000, whichever is less.

- **Eligibility:**
 - The activity (USUHS) must be granted buyout allocations from Navy.
 - The employee accepts the offer.
 - The employee voluntarily retires, takes an early retirement, or resigns during the buyout period.
 - Note: *Employees have no right or entitlement to a buyout.*