



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

6.576.1

JULY 14, 2023

## EFFECTIVE DATE

(07-14-2023)

## PURPOSE

- (1) This transmits revised IRM 6.576.1, Use of Direct Buyouts (VSIP – Voluntary Separation Incentive Payments) and Job Swaps.
- (2) This IRM establishes Servicewide criteria and procedures for the use of direct buyouts and job swaps for bargaining and non-bargaining unit employees.

## MATERIAL CHANGES

- (1) Editorial changes are made throughout this IRM to update division and branch names, references, terminology, and other grammatical edits.
- (2) Added information involving the applicable Internal Controls sections of this program-related IRM, according to IMD Program Requirements in IRM 1.11.2.1, *IRM Process-Program Scope & Objectives*. Subsequent changes caused some renumbering of subsections.
- (3) Changed Audience from Members of the IRS Human Resources Community desiring to use buyout authority and employees interested in receiving buyouts to all operating divisions and functions.
- (4) Added new definitions/terminology.
- (5) Deleted subsection on and definition of irrevocable buyouts as they are no longer applicable.
- (6) Added VSIP Eligibility and Ineligibility Information.
- (7) Added information on the Job Swap Bulletin Board.
- (8) Added information on job swaps outside the commuting area.
- (9) Clarified job swaps to the same grade/band.
- (10) Added information on how buyouts are calculated and included examples.

## EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 6.576.1 issued January 22, 2010.

## AUDIENCE

All business units and functions.

Traci M DiMartini  
IRS Human Capital Officer



6.576.1

Use of Direct Buyouts (VSIP) and Job Swaps

## Table of Contents

6.576.1.1 Program Scope and Objectives

6.576.1.1.1 Background

6.576.1.1.2 Authority

6.576.1.1.3 Roles and Responsibilities

6.576.1.1.4 Program Management and Review

6.576.1.1.5 Program Controls

6.576.1.1.6 Acronyms

6.576.1.1.7 Terms and Definitions

6.576.1.1.8 Related Resources

6.576.1.2 Required Approval

6.576.1.3 Buyouts - Direct and Indirect

6.576.1.4 VSIP Eligibility and Ineligibility

6.576.1.5 Job Swap Bulletin Board

6.576.1.6 Buyout Authority Numbers

6.576.1.7 Buyout Reporting Requirements

6.576.1.8 Calculating the Buyout

6.576.1.9 Severance Pay Computation

Exhibits

6.576.1-1 Severance Pay Computation Example - Permanent

6.576.1-2 Severance Pay Computation Example - Permanent Part-Time

6.576.1-3 Severance Pay Computation Example - Seasonal Full-Time



6.576.1.1  
(07-14-2023)  
**Program Scope and Objectives**

- (1) **Purpose:** This IRM provides Servicewide policy for use of direct buyouts and job swaps as a mitigation strategy, when deemed appropriate, to minimize or eliminate the adverse effect on employees resulting from organizational change actions.
- (2) **Audience:** All Operating Divisions and Functions undergoing organizational change.
- (3) **Policy Owner:** IRS Human Capital Officer (HCO).
- (4) **Program Owner:** HCO, Office of Human Resources Operations, Talent Acquisition (TA), Program Execution Office (PEO), Staffing and Restructuring Support (S&RS) Branch.
- (5) **Primary Stakeholders:** Servicewide business units.
- (6) **Program Goals:** The goal of this program is to provide the business units with guidance pertaining to the use of the VSIP authority.

6.576.1.1.1  
(07-14-2023)  
**Background**

- (1) This IRM provides Servicewide policy for use of direct buyouts and job swaps as a mitigation strategy, when deemed appropriate, to minimize or eliminate the adverse effect on employees resulting from organizational change actions.
- (2) This policy allows employees directly impacted by change initiatives to separate using Voluntary Early Retirement Authority (VERA) and/or VSIP. The policy also allows certain non-impacted employees to volunteer to separate with an incentive payment by swapping positions with an impacted employee wishing to continue employment.

6.576.1.1.2  
(07-14-2023)  
**Authority**

- (1) Laws - United States Code (USC) at <https://uscode.house.gov>.

Title	Part	Subpart	Chapter	Subchapter	Section	Description
5	III	B	35	II	3521 and 3522	Retention Preference, Voluntary Separation Incentive Payments, Restoration and Reemployment
6			1		101-106	Homeland Security Organization

- (2) Regulations - Code of Federal Regulations at <https://www.ecfr.gov>.

Title	Chapter	Subchapter	Part	Subpart	Description
5	I	B	576		Voluntary Separation Incentive Payments
5	I	B	550	G	Pay Administration (General) - Severance Pay

- (3) National Agreement Between the IRS and National Treasury Employees Union (NTEU) (Document 11678), Articles 15 and 19 at <https://publish.no.irs.gov/cat12.cgi?request=CAT1&Catnum=32781>.

## 6.576 Voluntary Separation Incentive Payments (VSIP)

- (4) Business units may request specific authority to use VSIP to mitigate the impact in an organizational change initiative by submitting justification for its use to HCO who then, in coordination with Treasury, submits the request to the OPM.

6.576.1.1.3  
(07-14-2023)

### **Roles and Responsibilities**

- (1) The IRS Human Capital Officer has responsibility for requesting and monitoring VSIP authority and ensuring that the rules and regulations pertaining to this authority are followed.
- (2) The S&RS Branch has responsibility for consulting with business units on the requirements for requesting buyout authority, assisting with preparation of the business case, monitoring use of the authority, ensuring adherence to relevant regulations and submitting required reports to the OPM.
- (3) LERN has responsibility for ensuring that contractual requirements for job swaps as a mitigation strategy are adhered to as negotiated between the IRS and NTEU.
- (4) The business units have responsibility for consulting with HCO on the request for buyout authority, preparing the business case and timely submission of the request through HCO to Treasury and the OPM. They are responsible for determining the circumstances and extent to which they plan to offer buyouts within their organizations (e.g., to all impacted employees, to specific groups of employees, etc.) based on their mission and goals. In addition, the business units are responsible for ensuring that any costs associated with buyouts are budgeted and funded.

6.576.1.1.4  
(07-14-2023)

### **Program Management and Review**

- (1) P&A, Employment, Restructuring and Security Policy (ERSP) will conduct periodic reviews of program requirements. Refer to IRM 6.10.1.2, IRS Human Capital Assessment and Accountability Framework for program oversight requirements.
- (2) Requests for VERA and VSIP are housed in a centralized SharePoint and accessible to P&A, ERSP.
- (3) P&A, ERSP will conduct annual review of the IRM to ensure it is current and consistent with law, rule and regulation.

6.576.1.1.5  
(07-14-2023)

### **Program Controls**

- (1) PEO and S&RS will review all requests for VERAs and VSIPs.

6.576.1.1.6  
(07-14-2023)

### **Acronyms**

- (1) This table lists commonly used acronyms used in this IRM:

<b>Acronym</b>	<b>Definition of Acronyms</b>
<b>BU</b>	<b>Bargaining Unit</b>
<b>BeST</b>	<b>Benefits and Services Team</b>
<b>CTAP</b>	<b>Career Transition Assistance Plan</b>
<b>CFR</b>	<b>Code of Federal Regulations</b>
<b>DSR</b>	<b>Discontinued Service Retirement</b>
<b>EO</b>	<b>Employment Office</b>
<b>ERC</b>	<b>Employee Resource Center</b>
<b>ERSP</b>	<b>Employment, Restructuring and Security Policy</b>
<b>HCO</b>	<b>Human Capital Office</b>
<b>HR</b>	<b>Human Resources</b>
<b>IMD</b>	<b>Internal Management Document</b>
<b>IRM</b>	<b>Internal Revenue Manual</b>
<b>IRS</b>	<b>Internal Revenue Service</b>
<b>LERN</b>	<b>Labor/Employee Relations and Negotiations</b>
<b>MSPB</b>	<b>Merit Systems Protection Board</b>
<b>NA</b>	<b>National Agreement</b>
<b>NTEU</b>	<b>National Treasury Employees Union</b>
<b>NBU</b>	<b>Non-Bargaining Unit</b>
<b>NCAC</b>	<b>Noncompetitive Action Center</b>
<b>OPM</b>	<b>Office of Personnel Management</b>
<b>PAR</b>	<b>Personnel Action Request</b>
<b>P&amp;A</b>	<b>Policy and Audits</b>
<b>PEO</b>	<b>Program Execution Office</b>
<b>RIF</b>	<b>Reduction in Force</b>
<b>SET</b>	<b>Senior Executive Team</b>
<b>S&amp;RS</b>	<b>Staffing and Restructuring Support Branch</b>
<b>TA</b>	<b>Talent Acquisition</b>
<b>TIGTA</b>	<b>U.S. Treasury Inspector General for Tax Administration</b>
<b>USC</b>	<b>United States Code</b>
<b>VERA</b>	<b>Voluntary Early Retirement Authority</b>
<b>VSIP</b>	<b>Voluntary Separation Incentive Payments</b>

## 6.576 Voluntary Separation Incentive Payments (VSIP)

6.576.1.1.7  
(07-14-2023)

### Terms and Definitions

- (1) **Buyout/Direct Buyouts.** Monetary incentives used to encourage voluntary separation by employees who occupy positions impacted by organizational change. [See paragraph (7) below.]
- (2) **Impacted Employee.** Employee whose position is to be reduced or eliminated by organizational change.
- (3) **Job Swap/Indirect Buyout.** Pursuant to 5 USC Section 3522 and 5 CFR Part 576.102, requests for buyout authority submitted to the OPM for approval must identify the specific positions and functions identified by organizational code, series, grade and post of duty (POD) city/state to be reduced or eliminated under the buyout plan. Only individuals who occupy the specified positions are eligible for voluntary separation with a buyout. However, through the IRS's job swap procedure, a non-impacted employee whose position does not appear on the buyout plan approved by the OPM, but who is qualified for an impacted employee's position, is permitted to voluntarily "swap" positions with an impacted employee via **reassignment** into an impacted position to retire or resign with a (indirect) buyout.
- (4) **Just cause (used in conjunction with qualification determinations during job swaps).** Just cause is the only valid basis for management to deny an employee a job swap opportunity. Job swap denials based on just cause must stand up to third party scrutiny. They must be valid, factually supportable and understandable to parties called upon to review a denial if it is contested.
- (5) **Non-Impacted Employee.** Employee whose position is not directly impacted by the organizational change but who is qualified for an impacted employee's position and volunteers for a **reassignment** (job swap) into the impacted position to retire or resign with a buyout.
- (6) **Voluntary Early Retirement Authority (VERA)** - also known as an early out. Allows agencies undergoing substantial restructuring, reshaping, downsizing or reorganization to temporarily lower the age and service requirements to increase the number of employees eligible to retire.

**Note:** Authorization and approval for VERA does not automatically authorize VSIP.

- (7) **Voluntary Separation Incentive Payment (VSIP)** - also known as buyout or direct buyout. A lump sum payment authorized by the OPM allowing agencies that are downsizing or restructuring to offer employees an incentive to separate voluntarily thereby minimizing the use of adverse action or Reduction-in-Force (RIF) procedures.

6.576.1.1.8  
(07-14-2023)

### Related Resources

- (1) Voluntary Separation Incentive Payment (VSIP) - Buyout Fact Sheet at <http://hco.web.irs.gov/worktran/workrestruct/transmgmtprog/vsipqas061003.html>
- (2) Voluntary Early Retirement Authority (VERA) - Early Out Fact Sheet at <http://hco.web.irs.gov/worktran/workrestruct/transmgmtprog/bsc-earlyosht091102.html>
- (3) Job Swap Fact Sheet at <https://irssource.web.irs.gov/HCO/Documents/JobSwapFactSheet.pdf>

6.576.1.2  
(07-14-2023)

### Required Approval

- (1) Business units must receive approval from the Senior Executive Team (SET) to request the use of VSIP and/or VERA before submitting a formal request for buyout authority.



- (2) If the SET approves, the business unit's formal request will go through the IRS Human Capital Officer and the Department of Treasury to the OPM for approval.

6.576.1.3  
(07-14-2023)

**Buyouts - Direct and Indirect**

- (1) Direct buyouts can be used for one of two purposes:
  - a. To offer those employees who are in surplus positions an incentive to voluntarily separate. In such situations, the organization offering the buyouts **must** not fill behind buyout recipients; OR
  - b. To correct a skills imbalance within an organization by offering employees having unnecessary or obsolete skills an incentive to leave the workforce voluntarily so that new employees with more mission-related skills can be appointed.
- (2) Indirect buyouts can be used through the IRS's job swap procedures. A non-impacted employee whose position does not appear on the buyout plan approved by the OPM but who is qualified for an impacted employee's position is permitted to volunteer for **reassignment** into an impacted position to retire or resign with a buyout. This job swap allows an impacted employee to remain employed and allows the non-impacted employee to officially occupy a position that was on the agency's OPM-approved buyout list.
  - a. Both the impacted and non-impacted employees must receive manager approval for the job swap.
  - b. Both job swap candidates must occupy positions at the same grade/band with the same full working level and have fully successful or higher ratings.
  - c. Each employee involved must meet minimum qualification requirements for the other's position to voluntarily be reassigned into it.
  - d. In addition, the impacted employee must be able to perform the duties of the non-impacted employee's position without formal training or with only minimal on the job instruction.
  - e. Job swaps are for the sole benefit of the employees involved.
  - f. Incumbents of positions classified as "incumbent only" may not offer their positions to impacted employees and accept a buyout. Such positions are abolished when they are vacated.

**Note:** Employees who hold (or have previously held) full-time permanent positions can job swap into positions with other work schedules. All other job swaps involving work schedule changes require competition (unless otherwise negotiated with NTEU). In addition, employees who job swap into positions that are other than full-time should be aware of the impact on retirement, RIF, health and life insurance, promotion, and step increases. A formerly impacted employee who job swaps into a position with a different work schedule must accept that work schedule.
- (3) Impacted employees who qualify for job swaps are expected to be placed, absent **just cause** for excluding them from the reassignment.
- (4) For a job swap outside of the commuting area, both the impacted and the swapping employee will be assigned to their new POD. Pay and tax obligations of the employee receiving the buyout will be based on the POD subject to the RIF. Moving expenses will not be offered or paid.

## 6.576 Voluntary Separation Incentive Payments (VSIP)

- (5) The designated EO buyout coordinator/team will review the buyout applications, verify eligibility and the other information provided, and coordinate approvals with the HCO service providers, the Payroll Centers, and the Benefits and Services Team (BeST).
- (6) After separation, the incentive is paid in a lump sum and is equivalent to the employee's severance pay entitlement, up to a maximum of \$25,000 (minus applicable taxes). Employees who accept any employment for compensation with the federal government within five years after their separation (including personal services or other direct contracts) are generally required to repay to the IRS the entire gross amount of the buyout they received before their first day of employment.

6.576.1.4  
(07-14-2023)

### **VSIP Eligibility and Ineligibility**

- (1) **VSIP Eligibility.** To be eligible for VSIP, the employee:
  - a. Must have been employed with the federal government for a continuous period of at least three years (including any military service performed because of a call to active duty),
  - b. Must not be a reemployed annuitant,
  - c. Must not be on a time-limited appointment (i.e., Term or Temporary appointment),
  - d. Must not have a pending or approved application for disability retirement and
  - e. Cannot be in receipt of an official notice of involuntary separation for misconduct or unacceptable performance that will occur on or before the not-to-exceed date for the OPM-approved buyout authority.
- (2) **VSIP Ineligibility.** An employee is ineligible for VSIP if they:
  - a. Accepted a position outside of the competitive area or with another federal agency,
  - b. Have already separated from the IRS,
  - c. Previously received a VSIP which has not been repaid,
  - d. Received a student loan repayment benefit within the 36 months preceding separation or
  - e. Received a retention allowance within 12 months preceding separation.

6.576.1.5  
(07-14-2023)

### **Job Swap Bulletin Board**

- (1) The Job Swap Bulletin Board is a tool developed to facilitate job swaps and assist employees in finding a match at their same grade and same full working level/career ladder.
- (2) Once the buyout window opens, interested employees can input their information and then search for a match. Searches may be conducted daily as results change constantly with interested employees adding their information.
- (3) The online bulletin board and the job swap announcement provide advice about applying for job swaps and the steps required in the job swap process.
- (4) Employees may also find their job swap match outside of the Job Swap Bulletin Board. Use of the bulletin board is not mandatory.

6.576.1.6  
(07-14-2023)  
**Buyout Authority  
Numbers**

- (1) Once the OPM has approved a business operating division's request for VERA and/or VSIP authority, S&RS will provide a copy of the approval letter to the appropriate business-based human resources (HR) professional(s) or business representative, BeST, and the appropriate Payroll Center. The approval letter will include the OPM-assigned authority numbers for the VERA and/or VSIP authorities.
- (2) If multiple VERA and/or VSIP authorities have been approved, those who advertise VERA and/or VSIP opportunities must ensure they use the correct the OPM-assigned VERA and/or VSIP authority number(s). If they are unsure of the correct number(s), they will contact S&RS to obtain the correct number. VERA and/or VSIP applicants should place the VERA and VSIP authority number(s) on their VSIP application in a location to be specified by those who are advertising the VERA and/or VSIP opportunities. If an applicant fails to provide the authority number on the VSIP application, the persons advertising the VERA and/or VSIP opportunity should place the correct authority number(s) on the application.
- (3) S&RS staff will provide Payroll with the appropriate authority number(s) for processing all resignations and associated VSIPs and will provide BeST the appropriate authority number(s) for processing all VERAs and associated VSIPs. If they are unsure of the correct VERA and/or VSIP authority number(s), they will contact S&RS. The OPM's instructions for using VSIP authorities specify that the separating employee's Standard Form 50 (SF-50), Notification of Personnel Action, is to be annotated with the VSIP authority number under which the VSIP is being paid. The OPM's VERA instructions indicate that the VERA authority number is to be placed in Block 5F of the separating employee's SF-50. These instructions are attached to each VERA and/or VSIP approval letter issued by the OPM.

6.576.1.7  
(07-14-2023)  
**Buyout Reporting  
Requirements**

- (1) The Service must provide **periodic buyout reports** as set forth below.
- (2) **Quarterly reports** - required by the OPM. These reports consist of data for all buyouts and job swap buyouts for each OPM-approved authority. S&RS is responsible for providing these quarterly reports to the OPM 30 calendar days after the end of each quarter. The final report will be due 60 days after the authority has expired. Data required in each report for each authority:
  - buyout authority number,
  - number of buyouts for each authority,
  - number of buyouts paid for each quarter,
  - geographic location for each buyout recipient,
  - organizational unit for each buyout recipient,
  - series and grade/band for each buyout recipient, and
  - average buyout amount for each buyout authority.
- (3) **Ad hoc reports.** S&RS may occasionally ask the HR Shared Services Technology Reporting Section to provide ad hoc reports capturing data on employees voluntarily separating with buyouts and the impacted employees reassigned into the buyout recipients' positions. S&RS may also request data to respond to requests for IRS VERA/VSIP information from outside parties (e.g., the quarterly reports submitted to the OPM and information provided in response to inquiries from TIGTA). The data required may be as follows:
  - buyout recipient's name,

## 6.576 Voluntary Separation Incentive Payments (VSIP)

- buyout recipient's organizational unit,
- buyout recipient's geographic location/commuting area (POD city and state as outlined in the VSIP request),
- buyout recipient's series,
- buyout recipient's grade/band,
- buyout recipient's buyout amount,
- buyout recipient's BU/NBU identifier,
- matching impacted employee's name,
- matching impacted employee's organizational unit,
- matching impacted employee's location/commuting area,
- matching employee's series,
- matching employee's grade/band, and/or
- matching employee's BU/NBU identifier.

6.576.1.8  
(07-14-2023)

### Calculating the Buyout

- (1) The buyout is computed on the basis of the lesser of:
  - An amount equal to the amount of severance pay the employee would be entitled to receive, as computed under 5 USC Section 5595(c), without adjustment for any previous payment made; or
  - An amount not to exceed \$25,000.
- (2) The amount that the employee actually receives is less than the amount determined using the above computations because of the deduction of taxes, including federal, state, social security, Medicare, and any indebtedness, as appropriate.

6.576.1.9  
(07-14-2023)

### Severance Pay Computation

- (1) Severance pay is computed based on creditable **civilian** service. No credit is allowed for military service unless it interrupts otherwise creditable civilian service. Severance pay is computed based on two elements:
  - A Basic Severance Allowance (BSA) **AND**
  - An Age Adjustment Allowance for people over the age of 40.
- (2) Except as provided in paragraph 3 of this section, the BSA formula consists of the following:
  - a. One week of pay, at the rate of basic pay for the position held by the employee at the time of separation, for each full year of creditable service through 10 years.
  - b. Two weeks of pay, at the rate of basic pay for the position held by the employee at the time of separation, for each full year of creditable service beyond 10 years; and
  - c. 25% of the otherwise applicable amount for each full three months of creditable service beyond the final full year.
- (3) BSA is calculated differently for seasonal employees. To compute a seasonal severance pay benefit, certain factors need to be determined. These factors are:
  - the average weekly hours in pay status,
  - the hourly rate,
  - average weekly salary, and
  - average biweekly salary.

Average weekly hours in pay status are determined by the number of hours worked in the last 52 weeks (26 pay periods) - the last pay period being the pay period of separation. For a buyout calculation, separation is by RIF, resignation, or retirement and does not include furlough in non-pay status.

- (4) The second element of severance pay, the Age Adjustment Allowance, is 10% of the total BSA for each year the employee is over 40 years of age at the time of the involuntary separation. To compute the Age Adjustment Allowance, compute 10% of the BSA, then multiply that figure by the number of years the employee is over the age of 40. Credit for part of a year is given at 2.5% for each three months of age above 40.
- (5) The BSA is added to the Age Adjustment Allowance to equal the total severance pay amount.

**Note:** Examples of severance pay computations can be found in Exhibits 6.576.1-1, 6.576.1-2, and 6.576.1-3.

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**Exhibit 6.576.1-1 (07-14-2023)****Severance Pay Computation Example - Permanent**

Full-time employee, age 45 with 22 years of creditable civilian service, earning \$41,600 annually (weekly salary = \$800)

- Basic Severance Allowance (BSA)

\$800 x 10 years	\$8,000
\$1,600 x 12 years	\$19,200
<b>Total BSA</b>	<b>\$27,200</b>

- Age Adjustment Allowance

\$27,200 X 10%	\$2,720
\$2,720 X 5 years	<b>\$13,600</b>

**Total severance pay computation = \$40,800**

**Note:** The maximum buyout amount this employee will receive is **\$25,000**.

**Exhibit 6.576.1-2 (07-14-2023)****Severance Pay Computation Example - Permanent Part-Time**

Part-time employee, age 46 with 12 years of creditable civilian service, earning \$34,426 annually (weekly salary = \$330)

- Basic Severance Allowance (BSA) - Bi-weekly duty hours for part-time employee = 40 hours (20 hours per week); [ $\$34,426 \div 2087 = \$16.50$  per hour;  $\$16.50$  hourly rate x 20 hours = **\$330** weekly salary]

$\$330 \times 10$ years	\$3,300
$\$660 \times 2$ years	\$1,320
<b>Total BSA</b>	<b>\$4,620</b>

- Age Adjustment Allowance

$\$4,620 \times 10\%$	\$462
$\$462 \times 6$ years	<b>\$2,772</b>

**Total severance pay computation = \$7,392**

**Note:** The maximum buyout amount this employee could receive is **\$7,392**.



**Exhibit 6.576.1-3 (07-14-2023)****Severance Pay Computation Example - Seasonal Full-Time**

Full-time seasonal employee, age 45 with 14 years of creditable civilian service, earning \$40,480 annually (weekly salary = \$349.20)

PP	Creditable Hours		PP	Creditable Hours
03	00		11	64
04	40		12	80
05	72		13	64
06	80		14	72
07	80		15	80
08	64		16	72
09	72		17	00
10	80			

Average total hours in pay status for the past 52 weeks = 920

[Average hours worked over the past 52 weeks = 17.69 (rounded to 18)]

\$19.40 hourly rate x 18 hours = **\$349.20** weekly salary

- Basic Severance Allowance (BSA)

\$349.20 x 10 years	\$3,492.00
\$698.40 x 4 years	\$2,793.60
<b>Total BSA</b>	<b>\$6,285.60</b>

- Age Adjustment Allowance

\$6,285.60 x 10%	\$628.56
\$628.56 x 5 years	<b>\$3,142.80</b>

**Total severance pay computation = \$9,428.40**

**Note:** The maximum buyout amount this employee could receive is **\$9,428.40**.

