State of Maryland
Voluntary Separation Program (VSP)

Frequently Asked Questions

1. What is the Voluntary Separation Program (VSP)?

A program designed to provide *eligible* employees, who voluntarily elect to separate from employment with the State, with specific severance pay and severance benefits.

2. Who is an "eligible" employee?

An "Eligible Employee" is employed in the Executive Branch of the State, including public higher education, in a classification, position or agency not designated as being excluded from the VSP by the Department of Budget and Management, and:

(a) is actively employed in a full-time permanent position;

(b) is not in a contractual, seasonal, temporary or emergency appointment; and

(c) has at least twenty-four (24) months of current, continuous service in a permanent position with an Executive Branch agency.

3. What is a "voluntary separation" under this Program?

State employees that are accepted into the VSP will voluntarily end their employment with the State on April 28, 2015. This separation may be through resignation or retirement.

4. How do State employees apply for this Program?

Eligible employees may apply to participate in the VSP by signing the VSP Application Form and Release Agreement, indicating that they elect to voluntarily separate from employment with the State.

VSP Applications must be received by the VSP Administrator's office by the deadline, which has been extended to 5:00 p.m. on March 17, 2015; such applications must be mailed or hand delivered to the VSP Administrator, DBM

Office of Personnel Services and Benefits, 301 W. Preston Street, Room 609, Baltimore, MD 21201. VSP Applications sent by facsimile, electronic mail or inter-governmental mail will not be accepted. Postmarks will not be accepted. If you hand deliver the VSP Application, it must be submitted to the VSP Administrator during normal business hours, but not later than 5:00 p.m. Eastern Standard Time on March 17, 2015. ***Updated***

5. **What are the severance pay and severance benefits of this Program?**

The severance pay for each Participant will be a lump sum payment of $15,000, and an additional severance payment of $200 per year of State service, less applicable taxes, withholdings, or monies owed to the State of Maryland.

The severance benefits for each Participant will be three months of fully subsidized health benefits at the level the State employee is enrolled in at the time the application to participate was submitted. These benefits include medical, dental and prescription benefits only. Additional continuation of medical coverage, under COBRA, may be elected for up to eighteen months from July 31, 2015. **If you are eligible for health benefits as a retiree, you may enroll in a health benefit plan using the Retiree Enrollment process.**

6. **If I participate in this Program, can I return to State service in the future?**

Employees who participate in this Program may not return to State service in any capacity for a period of eighteen months from April 28, 2015. This includes any work as an employee, temporary employee, independent contractor, or consultant with **any** State entity.

If a Participant is re-employed in any capacity with the State during this period, the Participant shall reimburse the State for the full amount of the severance pay and the full cost of the severance benefits.

7. **Once I apply for, and I am accepted into this Program, can I drop out of the Program before April 28, 2015 and stay employed with the State?**

You may revoke your VSP Application on or before close of business on March 27, 2015. If the VSP Application is not revoked by such date and you are accepted into the VSP, then your employment with the State will terminate as of April 28, 2015.

A revocation request must be in writing and must be received by the VSP Administrator's office by 5:00 p.m. on March 27, 2015; such requests must be mailed or hand delivered to the VSP Administrator, DBM Office of Personnel Services and Benefits, 301 W. Preston Street, Room 609, Baltimore, MD 21201. If mailed, the revocation request must be received no later than March 27, 2015; having the envelope postmarked on or before March 27, 2015 is not sufficient.

8. What happens to my leave balances when I voluntarily separate from employment on April 28, 2015?

Participants in the VSP will be paid for annual and compensatory leave in accordance with the law and standard practice.

9. Can I retire from State service on May 1, 2015 if I participate in this Program?

Yes. Participants may elect to retire from State service as their method of voluntary separation in this Program. This Program does not change the Retirement application processes, procedures or criteria.

It is important to note that if a Participant is retiring on May 1, 2015, since the Participant's employment is ending on April 28, 2015, the Participant will be without pay for a period of two days (i.e., April 29 – April 30, 2015) before the Participant's official first day of retirement.

Additionally, retiring Participants should be aware that a Participant's first retirement payment may be delayed until June 30, 2015. The payment will be retroactive to the May 1, 2015 retirement date.

10. Does my participation in this Program affect my retirement benefits?

Participation in this Program may impact your future State Retirement benefits. You should read the VSP Retirement documents carefully to determine any impacts on your situation. You may find these resources on the DBM and Maryland State Retirement Agency (MSRA) websites.

11. What are the criteria for acceptance into the Program for eligible employees?

All VSP applications are subject to the State's approval. Each organizational unit's Appointing Authority shall make a recommendation regarding whether to accept

or reject each application for participation in the VSP. Recommendations shall be based on whether the eligible employee's position may be eliminated on April 29, 2015.

If more eligible employees in a classification in a unit apply to participate in the VSP than the number of positions in that classification able to be eliminated, applications for eligible employees in that classification in that unit will be considered and approved based on seniority.

12. Who decides which positions are eligible for this Program?

The Department of Budget and Management's VSP Administrator will determine the classifications, positions and agencies that are included and excluded from this Program.

13. Are contractual employees eligible for this Program?

No; to be an eligible employee, employees must be actively employed in a permanent State position.

14. What if I am terminated from State employment before April 28, 2015?

If terminated before April 28, 2015, you shall <u>not</u> be eligible for severance pay or severance benefits under the VSP if the VSP Administrator determines that any of the following apply:

(a) you are not or cease to be an "Eligible Employee" as defined in the Program;

(b) you submitted a resignation notice prior to the submission of your VSP Application;

(c) you submitted an application for service or disability retirement prior to the submission of your VSP Application;

(d) you are terminated by reason of unacceptable performance or because of a violation of one of the State's laws, rules, or policies;

(e) you accept any other position within the State; or

(f) you leave employment with the State before April 28, 2015.

15. What, if any, other rights must I waive to participate in this Program?

Please read the VSP Application Form and Agreement very carefully before signing. This is a legal document and contains information on this topic.

16. Is there an age requirement to participate?

No. There is no age requirement or limit for eligibility or participation in this Program.

17. Is there a service requirement to participate?

Yes. State employees must have at least two years (i.e., twenty-four months), of current, continuous State service with an Executive Branch agency to be eligible for this Program.

18. What are "participating Executive Branch agencies" in this Program?

A list can be found at this link: Agency Participation List.

19. What State service is considered for eligibility in the Program?

Twenty-four (24) months of permanent, continuous State service with any Executive Branch agency. Executive Branch agencies are agencies established under the Governor's authority; the Judicial and Legislative Branches of the State Government are excluded.

20. Who do I call for additional questions related to retirement?

You may contact the Maryland State Retirement Agency at 410-625-5555.

21. Do I have to notify my supervisor if I choose to apply for this Program?

Keeping your supervisor informed of your future employment plans may expedite the review and approval process as related to this Program.

22. Can I use annual, personal and compensatory leave after I have applied for the Program?

Yes. All current leave policies and procedures remain in effect for applicants of this Program.

23. After the 18 months "no State employment" period, can I be reinstated to State service?

Yes. Former State employees may apply for State positions after the 18-month period. There is no guarantee of future employment as a reinstatement candidate.

24. Can I be forced to apply for this Program by my supervisor or agency?

No. This is a voluntary Program.

25. If I am eligible for Retirement now, must I apply for this Program?

No. Application to this Program is completely voluntary and up to the employee. Application for State Retirement also is completely voluntary and is separate from this Program.

26. If I retire from State service <u>after</u> April 28, 2015, will the benefits through the VSP Program be available to me?

No. This Program will only consider applications submitted by the deadline, which has been extended to March 17, 2015, and the benefits of the Program are available only to approved Participants. ***Updated***

27. If I have already applied for and am scheduled to retire on or before May 1, 2015, am I eligible for this Program?

No. Employees who have submitted a resignation notice, retirement application, or have a pending disability retirement application prior to the submission of the VSP Application will be considered ineligible for the Program; this cannot be cured by withdrawing or rescinding the resignation notice or retirement application.

28. Will I be eligible for Unemployment Insurance benefits if I participate in this Program and separate voluntarily from employment?

Anyone may apply for Unemployment Insurance benefits; however, such benefits generally are not available to an employee who voluntarily separates from his or her position. Since participation in this program is entirely voluntary, Participants likely will not be eligible to receive unemployment benefits. Unemployment Insurance benefit determinations are made by the Department of Labor, Licensing and Regulation, not DBM.

29. Why is my classification excluded from this Program?

DBM made determinations regarding the exclusion of specific classifications based on the type of work performed by employees in those classifications. These excluded classifications usually involve essential services that the State cannot reduce or stop.

30. Why isn't my agency participating in this Program?

DBM designed this Program to effectively reduce the State's general fund budget with the reduction of non-critical positions. Agencies that are funded differently or have critical positions were not included in this Program.

31. Is this Program an "early retirement" Program?

No. This Program does not give additional retirement service credit toward existing Retirement criteria for employees who do not meet the current Retirement criteria.

32. What Retirement forms should I use to apply for State Retirement if I am an applicant or participant of this Program?

Applicants and Participants of VSP should use the Retirement Agency Forms that are designated for this Program. These forms can be found on the DBM website on the VSP page. Using these VSP forms will expedite the processing time at the State Retirement Agency.

33. What happens if I accept employment with the State before the 18 month employment restriction period ends?

A VSP Participant who returns to State employment before 18 months from April 28, 2015 will be required to repay the State for the complete severance payments and the cost of the severance benefits. The repayment will be in full.

34. If I mail my VSP Application, does it have to be delivered by 5:00 pm. on March 13 or March 17, 2015?

The application **must be delivered** to the VSP Administrator's Office by the deadline, which has been extended to 5:00 pm. on March 17, 2015. Having the envelope postmarked on or before March 17, 2015 is not sufficient if it is not delivered by the deadline. ***Updated***

35. When will employees be notified that they have been accepted into the VSP as Participants?

Employees will be notified between Monday, April 20, 2015 and Friday, April 24, 2015.

36. How can I check that my VSP Application has been received by the DBM VSP Administrator?

Employees who mail in the VSP Application may decide to send it via certified mail, receipt requested or via a mail delivery service that has tracking and delivery information as part of its service.

37. Where do I submit the State Retirement forms if I anticipate retiring on May 1, 2015 as a Participant in this Program?

All State Retirement forms must be submitted to the Maryland State Retirement Agency address located on each form. State Retirement forms **cannot** be submitted to the DBM VSP Administrator with the VSP Application.

38. Are federally funded State positions excluded from the VSP based on their funding?

No. Positions are excluded from the VSP if the position is located in a non-participating agency or is listed on the Excluded Class Listing.

39. What date is used to calculate the 24 months of current, continuous State service for VSP eligibility?

Employees must have the acquired 24 months of State service by March 17, 2015. *Updated*

40. What is an "Executive Branch Agency"?

Executive Branch agencies are agencies that are not part of the Judiciary or Legislative Branch. You can find the participating Executive Branch agencies at this link: Agency Participation List.

41. If I am approved as a VSP Participant and choose to retire effective May 1, 2015 (last day of employment on April 28, 2015), do I have to sign up for health benefits through COBRA after my three months of free health benefits?

No. Any benefits through COBRA are completely voluntary. Employees who retire and are eligible for enrollment in the State's Health Benefits Program as retirees may complete the enrollment form as part of the Retirement process.

42. Can I rollover my severance payment in my final check into my supplemental retirement account?

No. The $15,000 and the $200 per service year severance payments cannot be rolled into any supplemental retirement account. Annual Leave payout amounts, upon separation, continue to be eligible for rollover into supplemental retirement accounts.

43. Is the $200 per service year a one-time payment?

Yes. This payment will be part of the total VSP severance payment issued on May 6, 2015 to VSP Participants. *Updated*

44. Can VSP Participants be employed with other States during the 18 month period following their separation?

Yes. VSP Participants can work for other state governments, other than the State of Maryland.

45. If I apply for VSP and State Retirement, then I find out that my VSP Application has been rejected, can I rescind my State Retirement Application?

Yes. Employees who are not approved for a VSP separation may rescind their Retirement Application. In this situation, employees should notify their supervisor and Agency Retirement Coordinator of their intention to continue their employment as soon as they receive their VSP rejection.

46. Are all local Health Departments excluded from participation in the VSP?

Yes. All local Health Departments are excluded and their employees are not eligible for the VSP.

47. If I am eligible to retire and want to apply for the VSP, do I need to request <u>and receive</u> a retirement estimate from the State Retirement Agency before I submit my VSP Application to DBM?

No. VSP Applications must be received by the VSP Administrator's Office by the deadline, which has been extended to 5:00 p.m. on March 17, 2015. You may request a retirement estimate; however, due to the restricted timeframe, you may want to refer to any recently received retirement estimate, your June 30, 2014 Personal Statement of Benefits or use the benefit estimators on the State Retirement Agency website to give you an idea of your estimated Basic Monthly Allowance. ***Updated***

48. If I am eligible to retire, should I wait until I am accepted into the VSP to submit a retirement application and accompanying retirement forms?

No. If you are eligible to retire and have made application to the VSP, properly complete and submit your retirement application and associated forms to the State Retirement Agency. These specially-designated forms can be found on the DBM website on the VSP page. If you are not accepted into the VSP, you may rescind your retirement in writing to the State Retirement Agency prior to receiving your first pension check.

49. Do I need to submit the entire VSP Application to the VSP Administrator or only the last page with my signature?

The entire VSP Application must be submitted to the DBM VSP Administrator.

50. Will retirees maintain their current health benefits coverage through July 28, 2015 even if they are age 65?

Yes. Retirees will maintain their active coverage during the three-month period of fully subsidized benefits (April 29 – July 28, 2015). If the retiree is over 65, DBM will not designate the Participant Medicare Primary until July 29, 2015, when the retiree health benefits start.

51. I applied for, but did not get accepted to participate in the VSP. Now I want to rescind my retirement application. What do I do?

As soon as you find out that you are not approved to participate in the VSP, and you have decided to rescind your retirement application (or a request to purchase service credit or obtain a refund of your pension contributions), you should fill out the Form to Rescind VSP Retirement Requests, and take it to your agency Retirement Coordinator, who also will sign it and submit it for you. You should not make this request directly to SRA.