

**State of Maryland  
Voluntary Separation Program (VSP) 2025**

**Frequently Asked Questions**

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

A program designed for eligible employees who voluntarily choose to separate from their employment with the State. This program offers specific severance pay and benefits to those who elect to participate.

**2. Who is an “eligible” employee?**

To be considered an "eligible employee" for the VSP, an individual must be employed within the Executive Branch in a [classification](#) or [agency](#) that has not been specifically excluded from the VSP by the Department of Budget and Management. Additionally, eligible employees must meet all of the following criteria:

- Are actively employed in a full-time permanent position in the Executive Branch of the State (you are considered actively employed if you are actively at work, on paid leave, on unpaid leave of absence under FMLA, or on military leave);
- Are not in a classification or agency designated as excluded from the VSP; and
- Have at least twenty-four (24) months of current, continuous State service in a permanent position with an Executive Branch agency (required months of service must be achieved by August 4, 2025). Note that if you are an employee who underwent a contractual conversion as part of your continuous service, your contractual service time will apply for eligibility requirements.

**3. Under what circumstances would an employee be deemed ineligible to participate in the VSP?**

An employee is ineligible to participate in the VSP if the employee:

- Ceases to be eligible under the requirements of the program;
- Submits a resignation prior to July 10, 2025 (**rescinding a resignation will not resolve ineligibility for the VSP**);
- Has a pending application for service or disability retirement, which has been approved or is under consideration by the State Retirement Agency (**rescinding a retirement application or declining retirement will not resolve ineligibility for the VSP**);
- Was terminated or received notice of termination prior to September 30, 2025;
- Accepts another position with the State between the period July 10, 2025, and September 30, 2025; or

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- Leaves State employment before VSP Separation date (September 30th, 2025).

If the VSP is canceled, rescinded, or otherwise terminated, an employee's eligibility to participate in the program will be terminated.

### **4. What is a “voluntary separation” under this Program?**

State employees who are accepted into the VSP will voluntarily end their employment with the State on September 30, 2025. This separation may be through resignation or retirement.

### **5. How do State employees apply for this Program?**

Eligible employees will be able to apply through SPS/Workday. On the employee's Home page, there will be an Announcement entitled ***VSP Submission***. Employees will be able to click on this Announcement and follow the instructions to apply.

If you are an employee within the State Personnel Management System, the system (i.e., SPS/Workday) will not allow you to apply if you are not eligible because you are in an ineligible classification or you are employed by a non-participating agency. Individuals who are ineligible because of other criteria (e.g. a pending retirement application) will still be allowed to apply and their eligibility will be determined subsequently, outside of the SPS/Workday application process.

Employees of the Transportation Service Human Resources System (i.e., MDOT employees) will be allowed to apply in SPS/Workday regardless of their eligibility. Their eligibility to participate in the VSP will be determined subsequently, outside of the SPS/Workday application process.

If you are found to be ineligible, you may contact your agency HR office to find out more about why you are not eligible.

Applications submitted outside of SPMS/Workday will not be accepted.

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

The severance pay for each Participant will be a lump sum payment of \$20,000, and an additional severance payment of \$300 per year of State service. For purposes of the service payment, partial years of service will be rounded up. For example, if you have 5 years and 3 months of State service, you will receive credit for a total of 6 years of State service for purposes of computing the additional service payment. The net amount an individual receives will be lower after taxes and any other required deductions.

The severance health benefits for each Participant will be six (6) months of fully subsidized medical, dental, and prescription drug coverage, as well as continuation of any life insurance coverages for the six month period. VSP participants will be eligible to

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make changes during the annual open enrollment period for medical, dental and/or prescription drug benefits.

Additional continuation of medical, dental, and prescription drug coverage, under COBRA, may be elected for up to eighteen (18) months from April 1, 2026 (ending date of fully paid coverage). Under COBRA, you are required to pay the full cost for such coverage, plus a 2% administrative fee.

If the Participant is eligible for health benefits as a retiree, the Participant may enroll in a health benefit plan using the Retiree Enrollment process following the severance period. You can find more information on the VSP and health benefits [here](#).

#### **7. May employees who are approved to participate in the VSP 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 (18) months from September 30, 2025 (date of separation under the VSP). This employment prohibition includes any work as a State/regular employee, temporary employee, independent contractor, or consultant with **any** State entity.

If a Participant is reemployed in any capacity with the State during this period, the Participant shall reimburse the State for the full amount of the severance payment and the cost of the subsidized health benefits.

#### **8. May an employee rescind a VSP application?**

An employee may rescind their VSP Application at or before 11:59PM EST on August 18, 2025. If the VSP Application is not rescinded by this date and the employee is accepted into the VSP, then the employee's employment with the State will terminate as of September 30, 2025 (date of separation under the VSP).

To rescind a VSP Application, an employee must send an email to [vsp.administrator@maryland.gov](mailto:vsp.administrator@maryland.gov). They will receive a confirmation email within two business days of notice of their recission.

#### **9. May an employee retire from State service if approved to participate in the VSP?**

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; however VSP applicants are encouraged to use the specially coded retirement form provided by the State Retirement Agency (click this [link](#) to access) to prioritize the retirement application due to the short turnaround times for the VSP.

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Employees who retire should be aware that there may be a delay in receiving their first pension check to November 30, 2025, but this payment will be retroactive to October 1, 2025 (first day after VSP separation date).

If you subsequently seek to rescind your retirement for any reason, please use the form at the following link – [Form To Rescind VSP Retirement Requests](#).

### **10. Does participation in this Program affect retirement benefits?**

When considering participation in this Program, an employee should review their retirement eligibility and benefit allowance carefully to assess whether this Program is beneficial. The following links may be helpful:

- [SRPS Homepage](#)
- [Separating Membership Guidelines](#)
- [VSP and Impact on Retirement](#)
- [Claim of Retirement Credit for Military Service Form](#)
- [Request to Purchase Previous Service](#)
- [Application for Withdrawal of Accumulated Contributions Package](#)

Additional resources for your retirement planning include:

- [SSA Retirement Estimator](#)
- [SSA Retirement FAQ](#)

If you have any questions regarding retirement, your eligibility, or any other retirement matter please contact the State Retirement Agency at 1-800-492-5909, 410-625-5555 or [sra@sra.state.md.us](mailto:sra@sra.state.md.us).

### **11. Where do I submit the State Retirement forms if I anticipate retiring as a Participant in this Program?**

All State Retirement forms must be taken to your agency's retirement coordinator. Your retirement coordinator will submit your forms via the Employer Portal to the Maryland State Retirement Agency. State Retirement forms **cannot** be submitted to the DBM VSP Administrator.

### **12. What happens to leave balances when an employee separates through the VSP?**

Participants in the VSP will be paid for annual and compensatory leave in accordance with State law and standard practice. Leave payouts will be made within two pay periods of the separation date.

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If paid directly to you, the payment will be taxed immediately as ordinary income. Alternatively, for tax management, you can rollover a portion of your Annual Leave payment to your existing Maryland Supplemental Retirement Plans (MSRP) account or establish a new MSRP account for these funds.

### **13. When can I open a new MSRP account or make transactions in my MSRP account?**

You may open a new MSRP account to rollover your annual leave if you don't already have one. To enroll in MSRP, please visit the Nationwide Retirement Solutions MSRP website at [marylanddc.com](http://marylanddc.com) or text MSRPReady to 877697. The customer service number is 1-800-545-4730, and representatives are available Monday through Friday 8:00 a.m. to 11:00 p.m. ET and Saturdays from 9:00 a.m. to 6:00 p.m. ET.

Because of the upcoming MSRP Plan Administrator transition from Nationwide Retirement Solutions to Empower Retirement, there will be a "blackout" period starting September 10, 2025 at 4:00 p.m. ET. After this date and time, Nationwide will not be able to do any transactions or activity in MSRP accounts. The blackout period is scheduled to end on September 25, 2025 at the latest, although Empower will be live and available to answer questions as of September 18, 2025. The new Empower Retirement MSRP website will be [mymsrp.com](http://mymsrp.com). The customer service number will be 1-833-272-0093, and representatives will be available Monday through Friday 8:00 a.m. to 10:00 p.m. ET and Saturdays from 9:00 a.m. to 5:30 p.m. ET.

### **14. How much of my annual leave payment can I roll over into my MSRP account?**

Employees may defer the following amounts of an employee's annual leave payout to the employee's supplemental retirement account:

- *Pre-tax rollover – i.e. pay taxes later on your leave payment amount and earnings are also tax-deferred*
  - You may contribute/defer up to 85% of the dollar amount of your annual leave payment.
  - For example: with a \$10,000 annual leave payment you could roll over up to \$8,500 to a pre-tax plan.
- *After-tax (Roth) rollover – i.e. pay taxes now on your leave payment amount, earnings grow tax-deferred, and qualified withdrawals are tax-free.\**
  - You may contribute/defer up to 50% of the dollar amount of your annual leave payment.
  - For example: with a \$10,000 Annual Leave payment you could roll over up to \$5,000 to a Roth plan.

Additional information about this process is available at [msrp.maryland.gov](http://msrp.maryland.gov). You can contact MSRP at [membersrvs.msrp@maryland.gov](mailto:membersrvs.msrp@maryland.gov), 1-800-543-5605, or 410-767-8740. If you reach out by phone, please ask to speak with a Member Services Education Specialist.

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\*Earnings are not taxable in the year distributed assuming all deferrals/contributions have been held in the Roth account for five years after the first Roth contribution was made AND the distribution is made after age 59 1/2 (separation from State service for a Roth 457(b)); or for death or disability.

### **15. Who do I call for additional questions related to supplemental retirement?**

If you have questions regarding the supplemental retirement plans, you can also call MSRP at 1-800-543-5605 or 410-767-8740. Please ask to speak with a Member Services Education Specialist or send an email to [membersrvs.msrp@maryland.gov](mailto:membersrvs.msrp@maryland.gov).

### **16. What are the criteria for acceptance into the Program for eligible employees?**

All VSP applications are subject to the State's approval. The Governor has delegated final decision-making on which VSP applications to accept or reject to the Secretary of DBM.

Each organizational unit's Appointing Authority shall make a recommendation to DBM 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 permanently eliminated after September 30, 2025.

### **17. Are contractual employees eligible for this Program?**

Contractual employees are not eligible to apply to participate in the VSP.

### **18. What if an employee is terminated from State employment before September 30?**

If terminated before the VSP separation date, the employee is not an eligible participant and will not receive severance pay or severance benefits under the VSP.

### **19. Is there an age requirement to participate?**

No. There is no age requirement or age limit that impacts eligibility or participation in the VSP.

### **20. Is there a service requirement to participate?**

Yes. Employees must have at least twenty-four (24) months of current, continuous State service in a permanent position with an Executive Branch agency (required months of service must be achieved by August 4th). Note that if you are an employee that

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underwent a contractual conversion as part of your continuous service, your contractual service time will apply for eligibility requirements.

### **21. What State service is considered for eligibility in the Program?**

Twenty-four (24) months of permanent, continuous State service with any Executive Branch agency (including time as a contractual if the employee contractually converted). Executive Branch agencies are agencies established under the Governor's authority; the Judicial and Legislative Branches of the State Government are excluded.

### **22. Can an employee use annual, personal and compensatory leave after applying to participate in the Program?**

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

### **23. May an employee who participates in the VSP return to State service after 18-months?**

An employee who participates in the VSP may apply for State positions after 18 months (i.e., March 30, 2027, which is 18 months from the VSP separation date). There is no guarantee of future employment as a reinstatement candidate.

### **24. Can a supervisor force an employee to apply for this Program?**

No. Participation in the VSP is completely voluntary.

### **25. If an employee is eligible to retire, must the employee apply for this Program?**

No. Applying to participate in the VSP is completely voluntary.

### **26. May an employee who has submitted a resignation notice or a retirement application prior to submitting a VSP application be considered for participation in the VSP?**

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

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**27. Are Unemployment Insurance benefits available to an employee who is approved to participate in the VSP?**

Anyone may apply for Unemployment Insurance benefits. However, such benefits are generally not available to an employee who voluntarily separates from their position.

Since participation in the Program is entirely voluntary, Participants are likely not to be eligible to receive unemployment benefits. Please note that Unemployment Insurance benefit determinations are made by the Maryland Department of Labor, not DBM.

If you have any questions about your specific eligibility, we recommend contacting the Maryland Department of Labor directly.

**28. Why are certain classifications excluded from this Program?**

DBM's decisions to exclude specific job classifications are based on the nature of the work performed within those roles. Typically, these exclusions apply to essential services that the State must maintain without interruption or reduction.

**29. Why are certain agencies excluded from this Program?**

This Program is designed to effectively meet the requirements of reductions contained in the FY26 State budget. Excluded agencies are generally those agencies that are not in the Executive Branch or that are not budgeted for as part of the regular State budget process.

**30. Is this Program an “early retirement” Program?**

No. This Program does not grant additional retirement service credit or alter the pension system rules in any way.

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

Employees will be notified in writing no later than September 16, 2025.

**32. What retirement forms should be used to apply for State retirement once an application to participate in the Program has been submitted?**

Please use the adapted retirement form at the following link – [Application for Disability or Service Retirement](#).



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If you subsequently seek to rescind your retirement for any reason, please use the form at the following link – [Form To Rescind VSP Retirement Requests](#).

#### **33. 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 the [classification](#) itself is excluded.

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

Employees must have acquired 24 months of eligible, continuous State service by August 4, 2025 (the deadline for applications).

#### **35. May a VSP Participant defer the \$20,000 severance and the \$300 per service year payment into a supplemental retirement account?**

No. The \$20,000 and the \$300 per service year severance payments cannot be rolled into any supplemental retirement account.

#### **36. May a VSP Participant be employed by another state government (i.e., outside of the State of Maryland) during the 18-month period following their separation?**

Yes. VSP Participants may work for another government agency that is not a State of Maryland agency, unit, or entity or a contractor with a State of Maryland agency, unit, or entity.

#### **37. If the employee's VSP Application has been denied, can the employee rescind their retirement application?**

Yes. Employees who are not approved to participate in the VSP may rescind their retirement application. In this situation, employees should notify their supervisor and their agency's Retirement Coordinator of their intention to continue their employment as soon as they receive their VSP denial.

The **Form to Rescind VSP Retirement Request** (which is available by clicking on this [link](#)) should be filled out as soon as possible after receiving the denial and it should be submitted to the employee's Retirement Coordinator immediately. The agency's Retirement Coordinator will submit it to the State Retirement Agency with a copy to the Employee Benefits Division.

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This form also may be used to rescind a request to obtain a refund of pension accumulated contributions.

These types of requests should be made directly with your Agency.

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

Yes. All local Health Departments are excluded agencies, and their employees are not eligible to apply for participation in the VSP.

**39. If an employee is eligible to retire and wants to apply for the VSP, should the employee request a retirement estimate from the State Retirement Agency before submitting the VSP Application?**

VSP Applications must be submitted by the deadline, which is August 4, 2025. Due to the deadline to apply, employees are encouraged to log on to the State Retirement Agency's secure online portal [mySRPS](#) and review their estimated benefits.

**40. If an employee is eligible to retire, should the employee wait until the employee is accepted into the VSP to submit a retirement application and accompanying retirement forms?**

No. An employee who has applied for the VSP and is retirement-eligible should properly complete and submit the retirement application found at this [link](#). If the employee is not accepted into the VSP, the employee has the ability to rescind their retirement application at any time prior to receiving the first pension check.

**41. Will retirees maintain their current health benefits coverage through March 31, 2026 (this date is the last day of the month of the State's full coverage of benefits) even if they are age 65?**

Yes. Retirees will maintain their active coverage during the 6-month period of fully subsidized benefits (October 1, 2025 - March 31, 2026). If the retiree is over 65, DBM will not designate the Participant Medicare Primary until April 1, 2026, the first day of the month when the retiree health benefits start.

**42. When will Medicare eligible retirees be required to enroll in an individual Medicare Part D prescription drug plan?**

Medicare eligible retirees who receive the VSP severance package will be required to select a Part D plan as of April 1, 2026, which marks the end of the 6-month period for continuation of fully subsidized benefits.

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**43. Will I be treated differently if I apply for the VSP?**

If you are eligible to apply and decline to do so, you will not be treated any differently with respect to future terms and conditions of employment than any other similarly situated employee. Similarly, if you apply and are not approved to participate in the VSP, you will continue to serve in your role with no change in treatment.