



**DEPARTMENT OF THE NAVY
COMMANDER
NAVAL EDUCATION AND TRAINING COMMAND
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NETCINST 12841.1
N1CP
5 Jan 2024

NETC INSTRUCTION 12841.1

From: Commander, Naval Education and Training Command

Subj: CIVILIAN PHASED RETIREMENT

Ref: (a) DoD Instruction 1400.25, Volume 833 of 13 March 2020
(b) DASN(CHR)/OCHR memo of 29 Oct 20

1. Purpose. Provide guidance and establish procedures regarding the Phased Retirement Program per references (a) and (b).

2. Background. The Department of the Navy (DON) reviewed reference (a) and implemented the Phased Retirement Program effective 29 October 2020 per reference (b). Phased retirement encourages experienced employees to work on a part-time basis and mentor less experienced employees to ensure they are fully equipped to fulfill the same duties and responsibilities as those employees transitioning to full retirement. While in a part-time employment status, phased retirees receive a portion of their retirement annuity.

3. Applicability. This instruction is applicable to all Naval and Education Training Command (NETC) activities.

4. Discussion

a. Phased retirement is not an employee entitlement, but rather a management tool to maintain highly qualified employees to capture the knowledge gap and mentor others as they prepare to enter full retirement. Phased retirement is a discretionary program, which activities may elect to implement. The implementation of phased retirement requires a complex realignment of end-of-career planning for both individuals and activities. Unlike many government personnel policies that apply to active employees or to retirees, but not to both, phased retirement is a mix of the two. A phased retiree is an active employee working part-time and drawing a partial annuity. The phased retiree will mentor within the organization,

maintaining continuity and training of employees who will be filling positions vacated by more experienced retired employees. Flexibilities also allow commands to use phased retirees for learning activities that would allow for the transfer of knowledge and skills from one employee to another. Approval to enter into phased retirement is delegated to the first level supervisor who should coordinate closely with the organization's human resources office to ensure that both the organization and employee are well aware of the impact phased retirement may have with regards to retirement benefits and to organizational billet authorizations. Commands must ensure, prior to granting the use of the Civilian Phased Retirement, that the command recruiting and requirements review process is fulfilled.

b. Any decision, to approve or deny a request for phased retirement, is at the sole discretion of authorized command official and will be based on activity requirements. Considerations will include, but are not limited to:

- (1) Employee's current performance rating.
- (2) Whether a part-time work schedule is appropriate for the employee's position.
- (3) Employee's willingness and ability to meet the mentoring requirement.
- (4) Management identification of appropriate mentoring activities for the employee to perform.
- (5) The effect an employee's change in work schedule may have on work unit's ability to meet goals and objectives.
- (6) Whether the operational needs require the employee to work in excess of a 50 percent work schedule.
- (7) Whether the employee holds a mission critical or emergency essential position.
- (8) Whether the employee has knowledge that needs to be transferred.
- (9) Whether funding is available for both a phased retiree and a newly-hired employee.

5. Eligibility

a. Participation in the Phased Retirement Program is voluntary and requires the mutual consent of the employee and the employing agency. To apply for phased retirement, an employee must have been employed on a full-time basis for at least a 3-year period ending on the effective date of entry into phased retirement and must be eligible for one of the following immediate retirements:

(1) Civil Service Retirement System (CSRS) employees are eligible for phased retirement if they have at least 30 years of service and are at least 55 years of age, or they have 20 years of service and are at least 60 years of age.

(2) Federal Employees Retirement System (FERS) employees are eligible for phased retirement if they have at least 30 years of service and have reached minimum retirement age (between ages 55 and 57 depending on their birth year), or have 20 years of service and are at least 60 years of age.

b. Employees who qualify for retirement under the provisions of law enforcement officers, firefighters, nuclear materials couriers, air traffic controllers, and overseas positions are not eligible for phased retirement.

6. Requirements

a. Working Percentages. A phased retiree will be appointed to a position with a 50 percent work schedule. The phased retiree may not be assigned additional hours of work except in rare circumstances when management documents in writing that all of the following conditions are met:

(1) The work is necessary to respond to an emergency posing a significant, immediate, and direct threat to life or property.

(2) An authorized Department of Defense (DoD) component official determines that no other qualified employee is available to perform the required work.

(3) The phased retiree is relieved from performing excess work as soon as reasonably possible (e.g., by management assignment of work to other employees).

(4) When an emergency situation could have been anticipated in advance, management made advance plans to minimize any necessary excess work by the phased retiree.

b. Established Hours. The phased retiree's work schedule is subject to any applicable agency policy and applicable collective bargaining agreement. Any basic pay received for hours outside of the phased retiree's work schedule is subject to retirement deductions and agency contributions. However, it is not used in computing retirement benefits.

c. Mentoring. Phased retirees will spend at least 20 percent of their working hours engaged in mentoring. DoD components will establish mentoring guidelines to best fit their needs.

(1) Mentoring is not limited to an employee who may assume the phased retiree's duties upon the phased retiree's final retirement.

(2) An authorizing DoD component official may waive the mentoring requirement in the event of an emergency or other unusual circumstances (e.g., extended absence of the mentee) that would make it impractical for the phased retiree to fulfill the mentoring requirement.

7. Applying for Phased Retirement

a. Employees meeting the eligibility requirements for phased retirement will complete and submit Phased Employment and Phased Retirement Status Elections (Standard Form (SF) 3116).

b. After the command has determined that the employee meets all requirements for phased employment and phased retirement status and therefore is eligible for phased employment, the employee may initiate a request by submitting Phased Retirement Request and Agreement (DD 3018). If approved, the activity must alert the Civilian Benefits Center (CBC) of an employee's approval. The CBC will generate an annuity estimate based on Phased Retirement. If the employee is still interested, the

employee must complete section D, "Employee Agreement and Acknowledgement" of the DD 3018 and submit it to the CBC, along with the appropriate retirement application. The Office of Personnel Management (OPM) released final guidance for completing an application for phased retirement that can be found at:

(1) Information and Instructions for Completing an Application for Phased Retirement under the CSRS (SF 2825) can be found at the OPM web site: (<https://www.opm.gov/retirement-center/publications-forms/pamphlets/sf2825.pdf>).

(2) Phased Employment and Phased Retirement Status Elections (SF 3116) can be found at the OPM web site: (https://www.opm.gov/forms/pdf_fill/sf3116.pdf).

(3) Information and Instructions for Completing an Application for Phased Retirement under the FERS (SF 3117) can be found at the OPM web site: (<https://www.opm.gov/retirement-center/publications-forms/pamphlets/sf3117.pdf>).

b. Additional information on the Phased Retirement Program can be found at the OPM web site: Employment as a Phased Retiree (<https://www.chcoc.gov/sites/default/files/Employment-as-a-Phased-Retiree-Q-and-A.pdf>).

8. Procedures. If an activity wishes to grant an employee's phased retirement request, authorizing officials must notify NETC Headquarters via NETC N1CP. The following actions will be required:

a. Notification packages must include supporting documentation. Supporting documentation will include certification from activity that employee meets all program requirements and is eligible.

b. Activities will ensure sufficient funds are available to fund requests.

c. NETC N1CP will review and analyze requests to ensure eligibility requirements are met. After determination is made that requirements are met, NETC N1CP will send acknowledgement letter to activity stating it may proceed with request process.

d. Activities will process request on a first come, first serve basis including keeping mission requirements a priority.

e. Activities will ensure program integrity such as part-time work schedules are adhered to, performance plans contain required mentoring element, ensuring the CBC and NETC are notified of approvals, terminations, etc.).

f. NETC N1CP will annually evaluate the overall effectiveness of Civilian Phased Retirement Program and track participating employees by grade and pay level.

9. Records Management

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned per the records disposition schedules located on the DON Assistant for Administration, Directives and Records Management Division portal page at <https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx>.

b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact the local records manager.

10. Review and Effective Date. Per OPNAVINST 5215.17A, NETC will review this instruction annually around the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, Department of Defense, Secretary of the Navy, and Navy policy and statutory authority using OPNAV 5215/40 (Review of Instruction). This instruction will be in effect for 10 years, unless revised or cancelled in the interim, and will be reissued by the 10-year anniversary date if it is still required, unless it meets one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the instruction is no longer required, it will be processed for cancellation as soon as the need for cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.

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11. Forms

a. The following form is available for download from the DoD Forms Management Program web site (<https://www.esd.whs.mil/Directives/forms/>): DD 3018 (Phased Retirement Request and Agreement)

b. The following forms are available for download from the OPM web site (<https://www.opm.gov/forms/>):

(1) SF 3116 (Phased Employment and Phased Retirement Status Elections)

(2) SF 3117 (Information and Instructions for Completing an Application for Phased Retirement under the FERS)

(3) SF 2825 (Information and Instructions for Completing an Application for Phased Retirement under the CSRS)



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Releasability and distribution:

This instruction is cleared for public release and is available electronically on the NETC public website (www.netc.navy.mil) or by e-mail at netc-directives@us.navy.mil.