



**Tips and Tidbits
Issue #: 02-2009**



15 February 2009

Question: Under what circumstances can a retention incentive be paid?

When it has been determined that the unusually high or unique qualifications of an employee makes it essential to retain that employee or the special needs of the activity for that employees' services/skill/talent warrants retention, an activity may offer to pay a retention incentive. Retention incentives are authorized for employees who are likely to leave the Federal service or, in the case of an organization's relocation or closure, if the employee is likely to leave his or her current position for a different position in the Federal service. This includes acceptance of a position in another Federal agency, another Department of Defense (DoD) Component, or a different position in the same DoD Component. In the event of base closure or relocation, an incentive may only be authorized when the employee has received a general or specific written notice from the organization that his or her position may or would be affected by the closure or relocation. In any event, a retention incentive may be paid only when the employee's rating of record under an official performance appraisal or evaluation system is at least "Fully Successful" or equivalent.

All retention incentive plans must be established prior to payment of an incentive. The plan must include the designation of officials with authority to review and approve the payment of retention incentives, the categories of employees who may not receive retention incentives, the required documentation for determining that an employee would be likely to leave the Federal service, requirements for determining the amount of a retention incentive, the payment methods that may be authorized, requirements governing service agreements and documentation and recordkeeping requirements. Management must adhere to regulatory guidance provided by their assigned Army Command (ACOM), and unless otherwise determined within the ACOM approved plan, an activity's retention incentive plan must be applied uniformly across the activity.

An individual retention incentive rate may not exceed 25 percent of the employee's rate of basic pay [which includes locality pay, certain special salary supplements, or local market supplements] and is normally paid in a single lump-sum after the completion of the full service period or in installments after the completion of specified period of service. Payment options may vary according to agency, but in no circumstance may a retention incentive be paid as an initial lump-sum payment at the start of a service period or in advance of fulfilling the

service period for which the retention incentive is received nor may it be offered or authorized for an individual prior to employment.

Prior to receiving a retention incentive, an employee must sign a written agreement to complete a specified period of service with the activity. The service period begins on the first day of a pay period and ends on the last day of a pay period. The service agreement must specify the retention incentive percentage rate established for the employee; the method and timing of incentive payments; the conditions under which an agreement will be terminated by the agency; and, any agency obligations if the service agreement is terminated. In any instance that the conditions of the service agreement should change such that the original determination to pay the retention incentive no longer applies or when payment is no longer warranted, the retention incentive must be terminated. Additionally, if the employee is demoted or separated for cause such as for unacceptable performance or conduct; receives a rating of record below "Fully Successful" or equivalent during the service period; or, otherwise fails to fulfill the terms of the service agreement, the service agreement must also be terminated. The employee is however, entitled to retain any retention incentive payment attributable to completed service and to receive any portion of the retention incentive payment owed for completed service.

Management should contact their servicing Civilian Personnel Advisory Center (CPAC) HR Specialist for additional information and assistance.

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