DEPARTMENT OF THE ARMY
UNITED STATES ARMY, EUROPE, and SEVENTH ARMY
UNIT 29351
APO AE 09014-9351

REPLY TO
ATTENTION OF:

2 2 AUG 2005

AEAGA-CL

CPD Policy Memorandum LN-GE-EMP 3

SUBJECT: Enhanced Indemnity Pay for Employees Eligible for Early Retirement (Effective 1 September 2005)

1. The Enhanced Indemnity Pay Program is a workforce management tool offering employees who are eligible for early retirement an incentive to leave employment earlier. This program is not an employee entitlement. Management must approve each contract based on organization mission requirements.

a. LN employees whose positions have been abolished or will be abolished as a result of RIF actions are eligible for this option. In addition, employees who vacate positions for placement of employees who are facing RIF will also be eligible. The following categories of LN employees are eligible to exercise this option for voluntary early retirement, effective 1 September 2005.

(1) Employees aged 60 and above with a recognized severely handicapped status, provided they have been employed at least 35 years.

(2) Female employees aged 60 and above, provided they have made social contributions for a minimum of 10 years after age 40, and have been employed at least 15 years.

(3) Male employees aged 63 and above, provided they have been employed at least 35 years.

b. Employees, with the exception of those who attained handicapped status on or before 16 November 2000, who retire voluntarily before the mandatory retirement age of 65 will incur a pension reduction of 3.6% per annum with a maximum deduction of 18% for retirement at age 60. Furthermore, the net pay from the Group Life Insurance will be lower because the employer will no longer pay premiums after the employee's retirement. This option is designed to encourage eligible employees to consider voluntary early retirement by granting lump sum compensations for the mandatory pension reduction and the loss of premiums paid to the Group Life Insurance. This option also includes an indemnity package.

2. It is imperative that employees first contact their respective social insurance carrier for resolution of their social insurance account (Kontenklärung). Once the account has been reconciled, employees must obtain a statement from their social insurance carrier indicating the amount by which their pension would be reduced due to the early retirement. Upon presentation of this document, employees will be offered the following benefits:

a. The indemnity of up to 15 months' pay for employees observing their individual notice period and up to 18.5 months' pay for employees leaving earlier. The indemnity will be pro-rated for employees with less than 18.5 months until they reach age 65.

b. A lump-sum as compensation for the reduction employees incur for retiring before the mandatory retirement age of 65. The amount of this payment is based on the statement obtained from the social insurance carrier. The employee can elect to have this lump-sum payment included in the indemnity or authorize the Foreign Forces Payroll Office (FFPO) to pay the amount directly to his/her social insurance carrier.

c. Employees who attained handicapped status on or before 16 November 2000 will not incur a reduction in pension if they retire at age 60. Therefore, no lump-sum payment will be made to this group of employees.

d. 4% of the annual salary for each year they retire before reaching age 65 to compensate for loss of premium payments to the Group Life Insurance.

3. An existing annulment contract, signed by the employee and a management representative prior to 1 September 2005, is binding and will not be converted. As with all other annulment contracts, contracts under this option require prior approval from this office.

4. HQ USAREUR/7A POC is Gerlinde Kluger, 375-2517, email gerlinde.kluger@us.army.mil.

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