



UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND
READINESS

June 21, 2016

Incorporating Change 3, June 14, 2019

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
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ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DoD FIELD ACTIVITIES

SUBJECT: Directive-type Memorandum (DTM) 16-004—Phased Retirement

References: (a) DoD Directive 5124.02, “Under Secretary of Defense for Personnel and Readiness (USD(P&R)),” June 23, 2008
(b) Title 5, United States Code
(c) Part 2635 of Title 5, Code of Federal Regulations

Purpose. In accordance with the authority in DoD Directive 5124.02, (Reference (a)) and sections 8336a and 8412a of Title 5, United States Code (Reference (b)), this DTM:

- Establishes policy, assigns responsibilities, and provides procedures for the DoD Phased Retirement Program.
- Is effective June 21, 2016; it will be converted to a new DoD instruction. This DTM will expire effective June 21, 2020.

Applicability. This DTM applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this DTM as the “DoD Components”).

Definitions. See Glossary.

Policy. It is DoD policy that:

- The Phased Retirement Program is a human resource tool that allows retirement eligible full-time employees to request to work on a part-time basis and receive a portion of their retirement annuity.
- Phased retirement is designed to assist DoD Components with the transfer of knowledge and continuity of operations on a short-term basis.
- Participation in the Phased Retirement Program is voluntary and requires the mutual consent of both the employee and an authorized DoD Component official. DoD Components may limit the number of employees included in the Phased Retirement Program, as appropriate.
- Approvals of requests for phased retirement must be based on a sound business case and comply with Office of Personnel Management regulations. DoD Components must have written criteria in place that will be used to approve or deny applications for phased retirement before approving or denying such applications.

Responsibilities. See Attachment 1.

Procedures. See Attachment 2.

Releasability. **Cleared for public release.** This DTM is available on the DoD Issuances Website at <https://www.esd.whs.mil/DD/>.

Summary of Change 3. The changes to this issuance are administrative and extend the expiration date to allow additional time for conversion to the new DoD instruction.



Peter Levine
Acting Under Secretary of Defense
for Personnel and Readiness

Attachments:
As stated

ATTACHMENT 1

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS (ASD(M&RA)). Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and in accordance with Reference (a), the ASD(M&RA) has overall responsibility for the development of DoD civilian personnel policy covered by this DTM.
2. DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY (DASD(CPP)). Under the authority, direction, and control of the ASD(M&RA), the DASD(CPP) supports the development of civilian personnel policy covered by this DTM and monitors its execution by DoD Components, ensuring consistent implementation and continuous application throughout the DoD.
3. DIRECTOR, DoD HUMAN RESOURCES ACTIVITY (DoDHRA). Under the authority, direction, and control of the USD(P&R) and in addition to the responsibilities in Section 4 of this attachment, the Director, DoDHRA, supports the DASD(CPP), as appropriate, in his or her execution of this DTM.
4. DoD COMPONENT HEADS. DoD Component heads:
 - a. May approve requests for phased retirement.
 - b. Will ensure that the procedures in Attachment 2 of this DTM are followed by their respective Components.

ATTACHMENT 2

PROCEDURES

1. ELIGIBILITY

a. A “retirement-eligible employee” is:

(1) An employee eligible under the Civil Service Retirement System for an immediate retirement who has at least 30 years of service and is at least 55 years old, or who has at least 20 years of service and is at least 60 years old.

(2) An employee eligible under the Federal Employees Retirement System for an immediate retirement who has at least 30 years of service and has reached his or her minimum retirement age (between ages 55 and 57, depending on his or her birth year), or who has at least 20 years of service and is at least 60 years old.

b. Retirement-eligible employees must have been employed on a full-time basis for at least a consecutive 3 year period ending on the effective date of entry into phased retirement status.

c. Employees who qualify for retirement under the special retirement program for law enforcement officers, firefighters, nuclear materials couriers, or air traffic controllers are not eligible for the DoD Phased Retirement Program.

2. WORKING PERCENTAGES AND ESTABLISHED HOURS

a. Working Percentage. The phased retiree will work one-half the number of hours he or she worked as a full-time employee immediately before entering phased retirement. An authorized DoD Component official may approve a phased retiree working in excess of the 50 percent working schedule only in rare and exceptional circumstances meeting all of the following conditions:

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

(2) An authorized 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 established work schedule is subject to any applicable agency policy and applicable collective bargaining agreement.

3. MENTORING. Phased retirees will mentor other employees for at least 20 percent of their working hours. DoD Components will establish mentoring guidelines to best fit their needs.

- a. Mentoring is not limited to an employee who may assume the phased retiree's duties upon the phased retiree's final retirement.
- b. An authorized DoD Component official may waive the mentoring requirement in the event of an emergency or other unusual circumstances (e.g., the phased retiree being called up for active duty) that would make it impractical for the phased retiree to fulfill the mentoring requirement.

4. APPLYING FOR PHASED RETIREMENT

- a. Employees meeting eligibility for phased retirement will complete and submit the Standard Form 3116, "Phased Employment/Phased Retirement Status Elections," along with any appropriate documentation, to an authorized DoD Component official.
- b. An authorized DoD Component official must approve the application in writing and must establish a time limit for the period of phased retirement in accordance with Section 5 as a condition of approval, using DD Form 3018, "Phased Retirement Request and Agreement."
- c. If approved for phased retirement, the employee must submit the appropriate documentation to his or her servicing human resources office to transition into a phased retirement status.
- d. An employee may withdraw his or her application at any time before the phased retirement becomes effective, but not after.

5. TIME LIMITATION FOR PHASED RETIREMENT

- a. The DD Form 3018 will document the date the employee's period of phased employment will end.
- b. The following information about the termination of the employee's phased employment will be included in the DD Form 3018:
 - (1) A statement that the employee may request permission from an authorized DoD Component official to return to regular employment status at any time and an explanation of how returning to regular employment status would affect the employee.
 - (2) A statement that the employee may elect to fully retire at any time without DoD Component approval.
 - (3) A statement that the employee may accept a new appointment at another agency, with or without the new agency's approval for phased retirement, at any time before the

agreement expires, or within 3 days after it expires and a statement that the DoD Component's agreement will terminate upon the employee's acceptance of an appointment at an outside agency.

(4) A statement that when the phased retirement time limit ends, the phased retiree will be separated from employment and that such separation will be considered voluntary.

(5) A statement that if the employee is separated from phased employment and is not employed by another federal agency within 3 days (i.e., the employee has a break in service of greater than 3 days), the employee will be deemed to have elected full retirement.

c. The authorized DoD Component official and the employee may mutually agree to rescind an existing agreement, or enter into a new agreement to extend or reduce the agreed upon term of phased employment, by entering into a new written agreement before the existing agreement expires.

6. CRITERIA FOR APPROVAL OR DENIAL. Any decision to approve or deny a request for phased retirement is at the sole discretion of authorized DoD Component officials and will be based on a sound business case. Considerations will include, but are not limited to:

- a. Whether the employee's current performance rating is at least "Fully Successful" or equivalent.
- b. Whether a part-time work schedule is appropriate for the employee's position.
- c. Whether the employee is willing and able to meet the mentoring requirement.
- d. Whether management has identified appropriate mentoring activities for the employee to perform.
- e. How the employee's change in work schedule will affect the work unit's ability to meet goals and objectives.
- f. Whether operational needs require the employee to work in excess of a 50 percent work schedule.
- g. Whether the employee holds a mission critical or emergency essential position.
- h. Whether the employee has knowledge that needs to be transferred.
- i. As applicable, whether funding is available for both a phased retiree and a newly-hired employee.

7. OUTSIDE EMPLOYMENT WHILE ON PHASED RETIREMENT. While on phased retirement, an individual remains a DoD employee in accordance with part 2635 of Title 5, Code of Federal Regulations (Reference (c)). The employee is bound by ethics rules and any restrictions on outside employment.

8. **BARGAINING OBLIGATIONS.** Before implementing the Phased Retirement Program for bargaining unit employees, organizations must fulfill their collective bargaining obligations.

9. **EMPLOYEE RIGHTS.** Any complaint procedures, including any applicable administrative or collective bargaining grievance procedures that are available in regular employment, remain available to phased retirees. No new rights are provided.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ASD(M&RA)	Assistant Secretary of Defense for Manpower and Reserve Affairs
DASD(CPP)	Deputy Assistant Secretary of Defense for Civilian Personnel Policy
DoDHRA	Department of Defense Human Resource Activity
DTM	Directive-type Memorandum
USD(P&R)	Under Secretary of Defense for Personnel and Readiness

PART II. DEFINITIONS

These terms and their definitions are for the purposes of this DTM.

authorized DoD Component official. A DoD Component head or one or more officials delegated authority by that DoD Component head to approve requests for phased retirement.

full-time. An officially established recurring work schedule of 80 hours per biweekly pay period.

phased employment. Less than full-time employment of a phased retiree.

phased retiree. Retirement-eligible employee who enters phased retirement status and who is not fully retired.