

FACT SHEET: SEVERANCE PAY ESTIMATION WORKSHEET

Description

Severance pay is authorized under 5 U.S.C. 5595 and 5 CFR part 550, subpart G, for full-time and part-time employees who are involuntarily separated from Federal service and who meet other conditions of eligibility. (See [Fact Sheet: Severance Pay](#) for additional guidance.) This fact sheet provides a worksheet that can be used to calculate a severance pay estimate, an example of a severance pay calculation, and a table providing the age adjustment factors used in severance pay computations for employees more than 40 years old.

Basic Severance Pay Allowance

The basic severance pay allowance consists of—

- One week of pay at the rate of basic pay for the position held by the employee at the time of separation for each full year of creditable service through 10 years;
- Two weeks of pay at the rate of basic pay for the position held by the employee at the time of separation for each full year of creditable service beyond 10 years; and
- Twenty-five percent of the otherwise applicable amount for each full 3 months of creditable service beyond the final full year.

Age Adjustment Allowance

The basic severance pay allowance is augmented by an age adjustment allowance consisting of 2.5 percent of the basic severance pay allowance for each full 3 months of age over 40 years.

Rate of Basic Pay

“Rate of basic pay” means the rate of pay fixed by law or administrative action for the position held by the employee, including, as applicable, annual premium pay for standby duty, law enforcement availability pay, straight-time pay for regular overtime hours for firefighters, night differential for prevailing rate employees, locality payments, and special rate supplements. Rate of basic pay does not include additional pay of any other kind. (See the definition of “rate of basic pay” in 5 CFR 550.703.)

Note: The following worksheet is intended to allow an employee who is eligible for severance pay to calculate the approximate amount of severance pay he or she may receive. The actual calculation formula is somewhat more complicated and technical. The computation below presumes that the employee was full-time and has not previously received severance pay based on an earlier involuntary separation. The Office of Personnel

Management is not responsible for the accuracy of the estimate that this worksheet may provide. Employees should contact their agency's human resources office for information on their official severance pay entitlement.

Severance Pay Estimation Worksheet

STEP

DESCRIPTION

Step 1 Annual Rate of Basic Pay (at time of separation) = _____

Weekly Rate (divide result of step 1 by 2,087 and then multiply by 40)

Step 2 (_____ / 2,087) x 40 = _____

(Note: This weekly rate can also be derived by dividing the annual rate by 52.175.)

Years of Service (use step 3A or step 3B below, as appropriate)

A. If your length of service is less than 10 years, enter your length of service: _____. Continue to step 4.

B. If your length of service is more than 10 years:

(1) enter your length of service: _____

Step 3

(2) subtract 10 from your length of service from line 1: _____ - 10 = _____

(3) multiply the result of line 2 by 2: _____ x 2 = _____

(4) add 10 to the result of line 3: _____ + 10 = _____

This is your adjusted years of service. Continue to step 4.

Basic Severance Pay (multiply result of step 2 by the result of step 3A or 3B, as appropriate)

Step 4

_____ x _____ = _____

Age Adjustment Factor (If your age is above 40, look up your age on the "Age Table and Factors" chart below. Enter the "factor" shown. If your age is below 40 years and 3 months, your "factor" is 1.)

Step 5

Age = _____ years and _____ months

Factor = _____

Adjusted Severance Pay (multiply the result of step 4 by the factor listed in step 5)

Step 6

_____ x _____ = _____

Step 7

Multiply the result of step 2 by 52 weeks.

_____ x 52 = _____

STEP**DESCRIPTION**

This is the maximum amount of severance pay payable under the 1-year (52 weeks) limit.

If the result of step 6 exceeds the result of step 7, enter the result of step 7: _____

Step 8 Otherwise, enter the result of step 6: _____

This is the estimated amount of your total severance pay fund.

Multiply the result of step 2 by 2.

Step 9 _____ x 2 = _____

This is the estimated amount of your biweekly severance payment (before deductions).

Divide the result of step 8 by the result of step 9 and then multiply by 2.

Step 10 (_____ / _____) x 2 = _____

10

This is the approximate number of weeks of severance payments you will receive (assuming you are not reemployed by the Government).

Severance Pay Calculation Example

STEP**DESCRIPTION**

Step 1 Annual Rate of Basic Pay (at time of separation) = **\$73,619**

Weekly Rate (divide result of step 1 by 2,087 and then multiply by 40)

Step 2 $(\$73,619 / 2,087) \times 40 = \mathbf{\$1,411}$

(Note: This weekly rate can also be derived by dividing the annual rate by 52.175.)

Step 3

Years of Service (use step 3A or step 3B below, as appropriate)

A. If your length of service is less than 10 years, enter your length of service: _____. Continue to step 4.

B. If your length of service is more than 10 years:

STEP**DESCRIPTION**

(1) enter your length of service: **18**

(2) subtract 10 from your length of service from line 1: $18 - 10 = 8$

(3) multiply the result of line 2 by 2: $8 \times 2 = 16$

(4) add 10 to the result of line 3: $16 + 10 = 26$

This is your adjusted years of service. Continue to step 4.

Basic Severance Pay (multiply result of step 2 by the result of step 3A or 3B, as appropriate)

Step 4

$\$1,411 \times 26 = \$36,686$

Age Adjustment Factor (If your age is above 40, look up your age on the "Age Table and Factors" chart below. Enter the "factor" shown. If your age is below 40 years and 3 months, your "factor" is 1.)

Step 5

Age = 52 years and 0 months

Factor = **2.2**

Adjusted Severance Pay (multiply the result of step 4 by the factor listed in step 5)

Step 6

$\$36,686 \times 2.2 = \$80,709.20$

Multiply the result of step 2 by 52 weeks.

Step 7

$\$1,411 \times 52 = \$73,372$

This is the maximum amount of severance pay payable under the 1-year (52 weeks) limit.

If the result of step 6 exceeds the result of step 7, enter the result of step 7: **\$73,372**

Step 8 Otherwise, enter the result of step 6: _____

This is the estimated amount of your total severance pay fund.

Multiply the result of step 2 by 2.

Step 9

$\$1,411 \times 2 = \$2,822$

This is the estimated amount of your biweekly severance payment (before deductions).

Step

10

Divide the result of step 8 by the result of step 9 and then multiply by 2.

$(\$73,372 / \$2,822) \times 2 = 52$

STEP**DESCRIPTION**

This is the approximate number of weeks of severance payments you will receive (assuming you are not reemployed by the Government).

Age Table and Factors**Years Months Factor Years Months Factor Years Months Factor**

40	3-5	1.025	48	6-8	1.850	56	9-11	2.675
40	6-8	1.050	48	9-11	1.875	57	0-2	2.700
40	9-11	1.075	49	0-2	1.900	57	3-5	2.725
41	0-2	1.100	49	3-5	1.925	57	6-8	2.750
41	3-5	1.125	49	6-8	1.950	57	9-11	2.775
41	6-8	1.150	49	9-11	1.975	58	0-2	2.800
41	9-11	1.175	50	0-2	2.000	58	3-5	2.825
42	0-2	1.200	50	3-5	2.025	58	6-8	2.850
42	3-5	1.225	50	6-8	2.050	58	9-11	2.875
42	6-8	1.250	50	9-11	2.075	59	0-2	2.900
42	9-11	1.275	51	0-2	2.100	59	3-5	2.925
43	0-2	1.300	51	3-5	2.125	59	6-8	2.950
43	3-5	1.325	51	6-8	2.150	59	9-11	2.975
43	6-8	1.350	51	9-11	2.175	60	0-2	3.000
43	9-11	1.375	52	0-2	2.200	60	3-5	3.025

Age Table and Factors

Years Months Factor Years Months Factor Years Months Factor

44	0-2	1.400	52	3-5	2.225	60	6-8	3.050
44	3-5	1.425	52	6-8	2.250	60	9-11	3.075
44	6-8	1.450	52	9-11	2.275	61	0-2	3.100
44	9-11	1.475	53	0-2	2.300	61	3-5	3.125
45	0-2	1.500	53	3-5	2.325	61	6-8	3.150
45	3-5	1.525	53	6-8	2.350	61	9-11	3.175
45	6-8	1.550	53	9-11	2.375	62	0-2	3.200
45	9-11	1.575	54	0-2	2.400	62	3-5	3.225
46	0-2	1.600	54	3-5	2.425	62	6-8	3.250
46	3-5	1.625	54	6-8	2.450	62	9-11	3.275
46	6-8	1.650	54	9-11	2.475	63	0-2	3.300
46	9-11	1.675	55	0-2	2.500	63	3-5	3.325
47	0-2	1.700	55	3-5	2.525	63	6-8	3.350
47	3-5	1.725	55	6-8	2.550	63	9-11	3.375
47	6-8	1.750	55	9-11	2.575	64	0-2	3.400
47	9-11	1.775	56	0-2	2.600	64	3-5	3.425
48	0-2	1.800	56	3-5	2.625	64	6-8	3.450

Age Table and Factors

Years Months Factor Years Months Factor Years Months Factor

48 3-5 1.825 56 6-8 2.650 64 9-11 3.475