

**State of Tennessee
Voluntary Buyout Program (“VBP”)**

Second Round: Frequently Asked Questions

If there is a difference between this information and the program document, the terms of the program document will control.

FAQ CATEGORIES

Eligibility	VBP Benefits	VBP Process and Timeline
Employee Resources	Re-employment By State	Tuition Assistance
Retirement	Health Benefits	Health Benefits and Medicare

ELIGIBILITY

Q. Who is Eligible for the Voluntary Buyout Program (VBP)?

The VBP is only available to eligible employees in the Executive Branch of state government who meet the service requirements below and are designated by their appointing authority as being eligible to apply for the VBP. Eligible employees will receive a notification letter in late May, 2015.

To be considered eligible, you must (i) be actively employed in a full-time Executive Service position or full-time Preferred Service position and (ii) have a total of five (5) or more years of service with the state of Tennessee as of May 26, 2015.

Q. Who is not eligible to participate in the VBP?

You are not eligible to apply for the VBP if you are not designated by your appointing authority as being eligible to participate, you submit a resignation notice and do not withdraw it before May 26, 2015, or you submit an effective notice of retirement and do not withdraw it before May 26, 2015. See the “Retirement” FAQs below for more information about withdrawing a resignation or retirement notice.

You also are not eligible to participate if:

- you are terminated for unacceptable performance, unacceptable conduct or a violation of one of the state’s laws, rules or policies;

- you accept any other position within Tennessee state government through your voluntary separation date;
- you leave employment with the state before the voluntary separation date defined in the VBP; or
- the VBP is terminated.

Q. If I am out on leave, am I considered “actively employed” for purposes of the VBP?

Under the VBP, “actively employed” means being actively at work, on vacation, on sick leave, on military leave, on paid leave of absence or on an unpaid leave of absence that has not exceeded one (1) year as of July 17, 2015.

Q. How will positions be chosen for the VBP?

Departments and agencies will determine how many positions will be eligible for the VBP in job classifications in each agency or within certain of its divisions, business units, subdivisions, sub-business units and/or office locations (also called designated units).

Eligible classifications may vary between departments and agencies – and in each department or agency, within certain business units and/or office locations – depending on service delivery needs.

Q. What if too many employees apply to participate in the VBP?

If there are too many applicants for a classification within a designated unit, employees will be accepted within such designated unit according to their seniority in state government. Those accepted into the VBP will be notified in late July, 2015.

Q. Can I volunteer to participate in the VBP?

No, only certain employees in the Executive Branch who are designated by their appointing authority can participate in the VBP. All eligible employees will receive a notification letter in late May, 2015. If you are eligible, you may voluntarily apply for the VBP. If you are not eligible, you may not volunteer.

Q. Will the state offer another VBP or similar program later this year?

No. The state will not extend the VBP and does not intend to offer a similar or different voluntary program. The VBP is a unique opportunity that provides severance pay and benefits to employees who decide to voluntarily separate from the state according to the guidelines of the VBP program document.

Q. Will there be involuntary layoffs in certain agencies if there are not enough voluntary separations through the VBP?

The state established the VBP to facilitate the effective and efficient operation of state government by reducing staffing levels and also reducing or avoiding involuntary layoffs that will likely happen in certain state agencies. If an insufficient number of eligible employees voluntarily separate from employment in certain agencies, those agencies will likely have involuntary terminations. Any involuntary layoff will be in accordance with state law and the applicable agency business plan. While the state will offer severance benefits required by state law for any employee who terminates as part of a layoff, those benefits will likely be less generous than the benefits offered under the VBP. If the VBP does not achieve the anticipated number of voluntary separations, the state may consider an involuntary reduction in force at a later date. For additional information regarding your agency's business plan, please visit the VBP website at <http://www.tn.gov/dohr/> and click on the button that says "Voluntary Buyout Program."

Q. Will I be eligible for state unemployment insurance benefits if I participate in the VBP?

No. state unemployment insurance benefits are not available for employees who participate in employee programs like the VBP that incentivize voluntary terminations.

VBP BENEFITS

Q. What benefits are available through the VBP?

- Lump sum payment equal to four (4) months of base salary.
- \$500 per year of state service through the employee's voluntary separation date (partial years will be rounded up).
- Advanced longevity payment based on years of state service, calculated according to normal state practice and accrued through June 30, 2016
- Normal payment of unused annual and compensatory leave accrued as of the voluntary separation date
- Subsidized medical care coverage for the first six (6) months of COBRA continuation healthcare coverage if the employee timely enrolls in COBRA. The subsidy is intended to provide participants with the same rate as an active employee for the coverage level (e.g., employee, employee + spouse, employee + child(ren), employee + spouse + child(ren)) that they were receiving on their voluntary separation dates.
- In lieu of subsidized medical coverage under COBRA, participants who are 65 years of age or older on their voluntary separation dates will receive a one-time \$3,000 cash payment to assist in the transition to Medicare.
- Tuition assistance of up to \$15,600 at the schools, institutions and entities governed by the Tennessee Board of Regents and the University of Tennessee Board of Regents, as well as state certified apprenticeship programs. GED classes will also be available. Tuition assistance can only be used for courses that begin after September 1, 2015 and prior to June 30, 2018.

Q. Will I get paid for accrued sick leave?

No. Participants in the VBP will not receive a lump sum payment for the value of unused sick leave and will not receive payments after their voluntary separation date for unused sick leave (“terminal leave”).

Q. How will the VBP benefits be taxed?

The cash portion of the VBP benefits will be taxed by the federal government like ordinary income and will be subject to all applicable federal withholdings. The COBRA subsidy is exempt from federal taxation. See below for information about the taxation of the tuition assistance benefit.

Q. Do the VBP benefits cover dental and/or vision insurance?

No. The VBP benefits only cover medical insurance. You may elect to continue your dental and vision benefits (see “Health Benefits” and “Health Benefits and Medicare” below), but these benefits will not be subsidized as part of the VBP.

Q. Will the cash portion of the benefits be paid in a lump sum or in installments?

The cash portion of the VBP benefits - including the four (4) months of base salary, the \$500 per year of state service, advanced longevity payment and annual and compensatory leave payments - will be paid in one lump sum payment.

VBP PROCESS AND TIMELINE

Q. What are the key dates that eligible employees need to be aware of?

- ❖ May 21, 2015 – VBP packets mailed to Eligible Employees
- ❖ May 26, 2015 – VBP application period begins
- ❖ July 17, 2015 – Application deadline
- ❖ July 24, 2015 – Applicants notified of acceptance
- ❖ July 31, 2015 – Voluntary separation date for most employees

Q. When will notification letters be sent to employees who are eligible for the VBP?

Packets will be mailed to eligible employees in late May, 2015. In a separate mailing, the Tennessee Consolidated Retirement System (“TCRS”) will provide retirement information to those employees who are retirement-eligible and eligible for the VBP. This mailing will include additional information that retirement-eligible employees may wish to consider when deciding whether to apply for the VBP.

Q. When will the information sessions be held?

Information sessions for employees eligible for the program will be held in locations around the state beginning in June, 2015. Information sessions for eligible employees will continue in July if necessary.

Q. When will applicants be notified about acceptance into the VBP?

Applicants will be notified about acceptance into the program in late July, 2015.

Q. When will employees who are accepted into the VBP leave state government?

Most employees accepted into the VBP will have a voluntary separation date of Friday, July 31, 2015. If you are retirement eligible, please see the “Retirement” FAQs below for more information regarding your voluntary separation date.

EMPLOYEE RESOURCES

Q. Where can I get more information?

There are several ways in which you may have any questions about the VBP itself answered:

- This Web site includes Frequently Asked Questions, sample documents and links to other state resources. Go to <http://www.tn.gov/dohr/> and click on the button that says “Voluntary Buyout Program.”
- Call the VBP dedicated phone line at **615-770-1973** or toll free at **1-844-430-7679** to speak to a representative.
- A designated e-mail box has been established if you would rather e-mail your question. Email your questions to voluntary.buyout@tn.gov.
- Information sessions will be held across the state for VBP eligible employees throughout the summer. Employees should inform their supervisor if they would like to attend an information session.

Q. What other resources are available to help employees make a decision?

As participation in the VBP will result in your separation from state service, you also may wish to make use of the following state resources. These resources will not be in a position to answer questions about the terms of the VBP, but may be able to answer other questions you may have as you consider whether the VBP is right for you:

- Job postings and other alternative career information and services are available at the Department of Labor and Workforce Development. The Department offers services through Career Centers located across the state. Visit their Website at http://www.tn.gov/labor-wfd/cc/ccareas_local.htm for more information.
- The state of Tennessee’s Employee Assistance Program – or EAP – offers confidential, professional counseling services for employees at no cost. Call them toll free any time, day or night, at **1-855-437-3486**. More information about the Employee Assistance Program is also available online at <http://www.here4tn.com>.
- The staff of the Tennessee Consolidated Retirement System provides information about state employees’ retirement benefits. Visit their Website at www.treasury.tn.gov/tcrs to access online tools including frequently asked questions and a retirement benefits calculator.
- The Affordable Care Act website provides information on how you can enroll in an individual insurance policy and allows you to determine whether you might qualify for a subsidy to help offset the cost of coverage. Visit www.healthcare.gov for more information and to start the enrollment process.

RE-EMPLOYMENT BY STATE

Q. If I accept the buyout, can I be rehired by the state?

If you participate in the VBP, you cannot work for a period of two (2) years from your voluntary separation date in any capacity for any Executive Branch entity that participated in the VBP. This includes retirees, who may not be appointed to 120-day temporary positions.

Exceptions can be made only with the written approval of the Commissioners of DOHR and F&A, the state's Chief Operating Officer, as well as the appointing authority of the Executive Branch entity requesting to hire you.

Q. Why does the VBP include a two-year rehire prohibition?

The VBP includes this provision for three (3) reasons. First, the state is offering the VBP as part of its effort to increase the efficiency of state services. If employees who separate under the VBP get rehired by the state, the state cannot meet its efficiency goals.

Second, the rehire policy prevents double-dipping from the Executive Branch entities that participate in the VBP. This means that employees cannot collect VBP benefits and also return to the payroll of an Executive Branch entity that participated in the VBP. The state will not pay employees both for leaving work and for working.

Third, your participation in the VBP is an agreement between you and the state: you agree to leave state employment in exchange for VBP benefits. The state agrees to pay those benefits to save money in the long run - by reducing payroll costs. If you return to the state's payroll, the state loses its benefit under the agreement.

TUITION ASSISTANCE

Q. Can I get the tuition assistance benefit as a cash payout?

No. The Tennessee Student Assistance Corporation will administer the tuition assistance benefit by reimbursing the institution or apprenticeship program directly.

Q. Can I use the tuition benefit to pay for my spouse or children to go to school?

No. The tuition assistance benefit is non-transferable, so it can only be used by the VBP participant.

Q. Can I use the tuition benefit to pay for books and athletic fees?

The tuition assistance program will provide funds to be used toward payment of tuition and mandatory fees only. Books and other fees (i.e., athletic fees, parking fees) are not covered.

Q. Will the tuition assistance benefit be subject to federal income taxes?

The tuition assistance benefit is offered through the State of Tennessee Educational Assistance Program (the “Education Program”) which clarifies that tuition reimbursements approved under the terms of the VBP are “educational assistance” and, therefore, exempt from federal income taxes, subject to a \$5,250 per calendar year maximum. Tuition reimbursements received through the VBP in excess of this maximum will be subject to federal income taxes.

Because the VBP provides tuition assistance benefits up to \$7,800 per year, which is \$2,550 more than the tax-free maximum, it is possible that a portion (but not more than \$2,550) of the tuition assistance benefits will constitute taxable income.

RETIREMENT

Q. Will participation in the VBP affect my eligibility for retirement benefits?

No. The VBP is a stand-alone program and will not affect your eligibility for retirement or the retirement benefits you may receive from the state.

Q. To retain my cost-of-living adjustment for 2016, I need to retire by June 30, 2015. Can I retire before July 31, 2015 and still be eligible for the VBP?

While most voluntary separation dates under the VBP will be July 31, 2015, if you are eligible for retirement benefits under the state's retirement plan, you may voluntarily elect to terminate employment with the state before July 31, 2015 and before your VBP application form is approved. However, in the event that your application is not approved, you will not be entitled to severance pay or severance benefits although your employment has terminated.

Q. If I have already submitted my retirement or resignation notice, can I withdraw it and participate in the VBP?

You can withdraw your retirement or resignation notice if it has not been processed by the TCRS. If TCRS has accepted your retirement or resignation notice, then you cannot withdraw it and you cannot participate in the VBP. Please contact TCRS to determine whether your retirement or resignation notice has been accepted.

Q. Will the buyout payment be included in compensation for retirement purposes?

No. In addition, the lump sum payment of accrued, unused annual leave and accrued, unused compensatory time cannot be included in compensation for retirement purposes.

Q. If I am a Participant in the VBP and take the buyout, will it affect my "high-five" for retirement?

No. The buyout payment that is part of the VBP is not considered to be part of your base salary, which is what TCRS uses to calculate your high-five.

Q. How can I estimate the value of my retirement benefit?

TCRS will be providing a benefit estimate to those employees who are eligible for retirement. In addition, the TCRS web-based retirement calculator is a quick method to receive a benefits estimate and project different scenarios. The calculator is located on the TCRS Web site at www.treasury.tn.gov/tcrs. Your 2014 TCRS Annual Statement also includes benefits estimates based on retirement eligibility.

HEALTH BENEFITS

Q. What is the Continuation of Medical Coverage that is offered as part of the VBP?

Under federal law (referred to as “COBRA”), if you participated in the state’s health plan on your voluntary separation date, you may be entitled to elect health care continuation coverage for up to eighteen (18) months. Under COBRA, you are required to pay the full cost for such coverage, plus a two-percent (2%) administrative fee.

If you timely enroll in COBRA, the VBP provides a special subsidy for the medical plan at the coverage level (e.g., employee, employee + spouse, employee + child(ren), employee + spouse + child(ren)) in effect as of your voluntary separation date. For the first six (6) months after your voluntary separation date, you will only be required to pay the same share of the applicable medical plan premium that would apply if you were participating in the medical plan as an active employee. Thereafter, you will be required to pay the full applicable COBRA premium to continue your coverage for the remainder of the eighteen (18) month COBRA period. For example, if you pay 20% of your health insurance cost as an employee, you will continue to pay your 20% share of the medical plan cost for the first six (6) months under COBRA. The VBP does not subsidize dental or vision benefits.

All of the terms and conditions of the state-sponsored medical, dental and vision benefit plans, as amended from time to time, shall be applicable to you (and your eligible dependents) if you are participating in any form of continuation coverage under the state-sponsored medical, dental and vision benefit plans. More information regarding your COBRA benefits will be provided after your voluntary separation date.

Q. Are there other coverage options available?

Instead of enrolling in COBRA continuation coverage, there may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, TennCare, or other group health plan coverage options (such as a spouse’s plan) through what is called a “special enrollment period.” Some of these options may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based health coverage, it is important that you choose carefully between COBRA continuation coverage and other coverage options, because once you have made your choice, it can be difficult or impossible to switch to another coverage option.

Q. What is the Health Insurance Marketplace?

The Marketplace is a website that helps you find and compare private health insurance options. In the Marketplace, you could be eligible for a tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments), and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace, you will also learn if you qualify for free or low-cost coverage from [Medicaid](#) or the [Children's Health Insurance Program \(CHIP\)](#). You can access the Marketplace for your state at www.HealthCare.gov.

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage will not limit your eligibility for coverage or for a tax credit through the Marketplace.

HEALTH BENEFITS AND MEDICARE

Q. If I am retirement-eligible and under age 65, what options do I have to continue medical coverage if my VBP application is accepted?

As a retirement-eligible employee under age 65, there are two state-sponsored medical care options available to you for continuation coverage:

1. COBRA continuation coverage; and/or
2. State Plan coverage as a retiree.

Please see the FAQs above regarding “Health Benefits” for information regarding COBRA and additional options that may be available to you under the Affordable Care Act’s Health Insurance Marketplace. You should compare these options and determine what is best for you and your family.

State Plan Only Coverage Option

Alternatively, you may elect to continue medical coverage under the state plan as a retiree if you meet the eligibility criteria. Retiree premiums under the state plan are based on length of state service. If you elect this option (i.e., State Plan Only Coverage Option), you must submit your application to enroll in the state plan as a retiree within one (1) full calendar month from the expiration of active insurance.

COBRA and State Plan Combination Coverage Option

If you would be charged a lower premium amount by electing COBRA continuation coverage for the first six (6) months following your voluntary separation date than you would be charged if you immediately enrolled in the state plan as a retiree, then you may opt to do that for the first six (6) months and then later elect to participate in the state plan as a retiree thereafter. *In order to do so, however, you must submit your application to enroll in the state plan as a retiree within one (1) full calendar month from the expiration of active insurance.* A failure to submit your application to enroll in the state plan as a retiree within one (1) full calendar month from the expiration of active insurance may result in a complete loss of eligibility under the state retiree insurance program. Information regarding enrollment in the state retiree insurance program is located at http://tn.gov/finance/ins/pdf/retirement_guide_st.pdf.

Q. If I am age 65 or older, what options do I have to continue medical coverage if my VBP application is accepted?

Because individuals generally became Medicare eligible at age 65, there are three (3) medical care options available to you for continuation coverage. You should compare these options and determine what is best for you and your family.

1. Medicare;
2. Medicare with state-sponsored Medicare Supplement Plan; and

3. COBRA continuation coverage.

If you choose to enroll in Medicare, you will also become eligible to participate in the state-sponsored Medicare Supplement Plan. Medicare has its own enrollment rules and under those rules you must timely enroll in Medicare. If you fail to timely enroll in Medicare, you must pay increased Medicare premiums for the duration of your Medicare coverage. For additional information regarding Medicare enrollment, please visit <https://www.medicare.gov/>. For additional information concerning the Medicare supplemental insurance plan offered by the state, please visit http://www.tn.gov/finance/ins/pdf/medsupp_handbook_15.pdf.

Alternatively, you can continue to participate in the state's plan by enrolling in COBRA on the terms outlined above under "Health Benefits" if you were a participant in the state's plan on your voluntary separation date.

To decide whether this subsidized COBRA coverage is the right choice for you and your family, you need to consider how your COBRA coverage is impacted if you enroll in Medicare. *If you elect COBRA continuation coverage and do not timely enroll in Medicare, you must pay increased Medicare premiums if you later elect to enroll in Medicare.* Additionally, your enrollment in Medicare after electing COBRA coverage will result in the termination of your COBRA continuation coverage.

If there is a difference between this information and the program document, the terms of the program document will control.
