



## Explanation of the Severance Pay Computation

**The estimated** severance pay calculation is based on your work schedule, biweekly duty hours, salary, and average hours worked (for seasonal employees) as of the date that appears at the bottom of your estimate. Your age and creditable civilian service are projected as of the proposed date of your separation from the IRS.

**Note:** The *estimated* severance pay calculation for part-time permanent employees is computed on your biweekly duty hours at the time of separation, regardless of the number of hours actually worked.

### Components

There are two components considered when computing severance pay:

- Basic allowance
- Age allowance

### Basic Allowance

- One week of pay for each of your first 10 years of creditable **civilian** service
- Two weeks of pay for each of your years of creditable **civilian** service over 10 years
- 25% is credited for each full 3–month period over a year

**Seasonal Employees Please Note** – One week of pay in your basic allowance computation is determined by averaging the number of regular hours you worked in the 26 pay periods immediately preceding your separation. The average number of hours is then multiplied by your hourly rate of basic pay in effect at separation. The creditable hours worked listed on the attached estimate represent your regular hours worked for the 26 pay periods immediately preceding the date specified at the bottom of the sheet. If a pay period is not listed on the attached, it is because your regular hours worked for that pay period equaled zero.

### Age Allowance

Only for employees over 40 years of age

- 10% adjustment is added to the basic severance pay calculation for each year you are over age 40
- 25% of the adjustment is credited for each full 3-month period over a year

### Lifetime Limitation

Maximum of 52 weeks of severance pay taking into consideration severance pay you previously received.

### Payout of Severance Pay

Paid every two weeks until (1) the amount is exhausted or (2) you are reemployed in the federal government.