

ANNULMENT CONTRACT PROGRAM FOR LOCAL NATIONAL EMPLOYMENT

The Enhanced Annulment Contract Program for Local National (LN) Employees in Germany is available to eligible local national employees. Additional benefits are available to employees eligible for early retirement.

Annulment contracts are not an employee entitlement, must always be approved first by management and are based on the organization's mission requirements.

Managers and employees who have questions concerning this program should contact their local civilian personnel advisory center for information and assistance.

Enhanced Annulment Contract

This program grants enhanced indemnities to employees:

- whose overhire positions have been abolished,
- whose positions will be abolished as a result of Reduction in Force (RIF) actions,
- who vacate a position for placement of an employee whose position has been abolished or will be abolished as a result of a RIF action **or**
- whose positions are subject to workforce restructuring.

The following options are available:

- For employees not entitled to benefits under the Social Security Agreement (SSA) or those waiving their SSA entitlements:
 - one month's pay per creditable year of service for the first ten years, **plus**
 - one half month's pay per creditable year of service starting with the eleventh year up to a maximum of 5 months' pay, **plus**
 - 50% of salary savings if the individual notice period is waived.

The maximum indemnity for employees observing their individual notice period will be 15 months' pay and for those employees leaving earlier the maximum indemnity pay will amount to 18.5 months' pay.

- For employees taking advantage of SSA benefits:
 - 2 months' pay IAW the Tariff Agreement of 2 July 1997 on Protection from Rationalization Measures, Termination of employment and Income Protection (Protection Agreement), **plus**
 - an additional 8 months' pay, **plus**
 - 50% of salary savings if the individual notice period is waived.

The maximum indemnity pay for employees observing their individual notice period will be 10 month's pay and for those employees leaving earlier the maximum indemnity pay will amount to 13.5 months' pay.

Employees eligible for early retirement

The enhanced indemnity pay program offers additional incentives to employees who meet the criteria for an annulment contract, are eligible for early retirement and wish to leave employment earlier.

- This group of employees will receive the indemnity offered to those employees not entitled to benefits under the Social Security Agreement (SSA) or those waiving their SSA entitlements plus the following benefits:
 - a lump-sum equivalent to the amount they would need to pay into their social insurance account to avoid a pension deduction (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), **and**
 - 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.