



**City of Laredo
Human Resources Department**

Policy 2025-003

**Voluntary Retirement
Incentive Program Policy**

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City of Laredo
Human Resources
Laredo, TX
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VOLUNTARY RETIREMENT INCENTIVE PROGRAM POLICY

Summary

Implementing a Voluntary Retiree Incentive Program (VRIP) can be a strategic move for organizations looking to manage workforce transitions effectively. The program aims to recognize the contribution of employees, promote knowledge transfer, and optimize planning.

A VRIP is a strategic initiative implemented by organizations to encourage employees to voluntarily retire from their position by offering them incentives established by management criteria. These incentives may include financial benefits, extended healthcare coverage, or other prescribed criteria, aimed at facilitating workforce transitions and managing organizational resources effectively.

Applicability

The policy applies to all eligible City of Laredo employees with twenty or more years of continuous full-time employment service; For employees who were privatized to United Water in 2002 and subsequently returned to City employment in 2005, the period of employment with United Water shall be deemed continuous City service; and for Employees impacted by the Reduction in Workforce due to loss of funding.

Distribution

This policy is available in hard copy and in electronic media on the City of Laredo's website under the City Manager's Department category and in the Human Resources Department category.

Timing and Implementation

The Voluntary Retiree Incentive Program will be implemented based on the Policy Activation Mechanism as outlined below, through City Council approval.

Communication Plan

The Human Resources Department will provide a report on eligible employees who meet the retirement criteria as outlined and conduct an information session to educate those employees about the Voluntary Retirement Incentive Program, including eligibility criteria, incentives offered, and the application process. Regular communication via email, mail-outs, flyers, posted flyers, text messaging, and newsletters will keep employees informed about program updates and deadlines.

SECTION 1: ELIGIBILITY CRITERIA

Voluntary Retirement Incentive Program

- Have 20 or more years of continuous employment with the City of Laredo
- Be a Texas Municipal Retirement System (TMRS) eligible member
- Equal to 85: age plus years of service

Reduction in Workforce

Reduction in Workforce (RIF) refers to a strategic downsizing of staff that is not related to employee performance but is necessitated by broader organizational or economic conditions. In the context of the Voluntary Retirement Incentive Program (VRIP), a RIF may occur under the following classifications:

1. Loss of Funding Source
 - a. Elimination of grants or external funding streams that support specific positions.
 - b. Departmental or city-wide budget cuts that result in the discontinuation of certain roles.
2. Organizational Restructuring
 - a. Changes in the City's operations or structure that lead to redundancy or realignment of positions.
 - b. Streamlining to improve efficiency and reduce duplication of duties.
3. Succession Planning Initiatives
 - a. Planned transitions that coincide with leadership or senior staff retirements.
 - b. Workforce reshaping efforts that encourage voluntary exits to open opportunities for internal promotions.
4. Strategic Workforce Downsizing
 - a. Forecasted reductions in service demand.
 - b. Technological changes or automation replacing manual tasks.
5. Economic or Operational Adversity
 - a. Impact from natural disasters, pandemics, or major economic downturns.
 - b. Financial challenges limiting the City's operational capacity.
6. TMRS Vesting Window Alignment
 - a. Employees who are within 90 days of Texas Municipal Retirement System (TMRS) vesting eligibility.
 - b. Eligibility under this classification must align with a formal RIF notice and cannot be based on performance or disciplinary actions.

Conditions for Classification:

1. A formal Reduction In Workforce notice must be issued.
2. The employee must not be subject to termination due to misconduct.
3. The extension or reassignment must be fully funded through existing department budgets or approved Reduction In Workforce transition waivers.

Restrictions:

1. No use of grant funds beyond the eligible funding period.
2. No extensions if the employee is already fully vested.
3. No creation of new permanent roles solely for the purpose of transition.
4. Duration of any reassignment is limited to the number of days required to reach vesting.

SECTION 2: APPROVED ACCOMMODATION METHODS

Approved Accommodation Methods are mechanisms to support eligible employees approaching retirement while aligning with operational needs and funding constraints. These options provide flexibility for departments to retain essential staff for a limited period or reassign duties to continue benefiting from their experience while they finalize their retirement eligibility period.

Option A: Extension in Current Role

- Remains in current position until vesting date
- Must be funded through authorized non-grant sources
- Must continue supporting operational needs

Option B: Temporary Reassignment

- Reassigned to another City department/division
- Not funded by grant dollars
- Must provide operational value

SECTION 3: INCENTIVES

The City Manager **may** propose the following with approval by the City Council:

Financial Incentives

- a. 25%, 35%, 50% Lump-sum bonus based on base salary.
- b. Continued healthcare coverage for a specific period.

Non-Financial Incentives

- a. Career transition counseling and coaching.
- b. Professional development and training programs.
- c. Priority for part-time or consulting roles.
- d. Recognition ceremonies and appreciation tokens.

SECTION 4: POLICY ACTIVATION MECHANISM

The Policy Activation Mechanism outlines the specific conditions under which the Voluntary Retirement Incentive Program may be triggered. These criteria ensure that the program is deployed strategically and responsibly in response to organizational needs and external pressures. The policy's activation is subject to review and approval by the City Council to confirm alignment with the City's broader workforce management goals.

1. Succession Planning: A Succession plan is in place for key positions
2. Adverse Impacts:
 - Natural disasters
 - Financial operational challenges
 - Economic downturn
 - Market workforce shifts
 - Pandemic impacts
3. Reduction in Workforce: Loss of funding source

SECTION 5: APPLICATION PROCESS

The Application Process outlines the steps employees must follow to participate in the Voluntary Retirement Incentive Program. It ensures that all applications are submitted consistently and timely, allowing the Human Resources department to review and process requests efficiently. Employees are encouraged to consult with the Human Resources Department for guidance throughout the process to ensure a smooth transition into retirement.

1. Submit a formal retirement application to the Human Resources Department
2. Include personal and TMRS retirement details
3. Human Resources Department reviews and communicates retirement terms

SECTION 6: CONFIDENTIALITY

The Human Resources Department ensures strict confidentiality regarding retirement decisions and personal data.

SECTION 7: REVIEW AND REVISION

The policy will be reviewed periodically and revised based on laws and organizational needs.

SECTION 8: MONITORING AND EVALUATION

The Human Resources Department will monitor program participation, feedback, and outcomes to assess effectiveness.

SECTION 10: LEGAL COMPLIANCE

This policy shall be administered in accordance with all applicable local, state, and federal laws, including but not limited to:

- a. Texas Government Code, Subtitle G (Title 8) – TMRS Act
- b. Texas Administrative Code (TAC) – TMRS Regulations
- c. Title VII of the Civil Rights Act of 1964
- d. Americans with Disabilities Act (ADA)
- e. Texas Labor Code – Chapter 21
- f. Equal Employment Opportunity (EEO) Regulations
- g. Fair Labor Standards Act (FLSA)
- h. City of Laredo Code of Ordinances
- i. City of Laredo Compensation and Classification Policy 2025-001

The City of Laredo is committed to fostering a workplace that values fairness, transparency, and equal opportunity for all employees.

Severability Clause

If any provision, section, subsection, sentence, clause, or phrase of this policy, or its application to any employee or set of circumstances, is found to be invalid, unlawful, or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the remaining portions of the policy. It is the intent of the City of Laredo that the remaining provisions shall remain in full force and effect, and that this policy be interpreted and applied in a manner that preserves its overall purpose and integrity to the greatest extent possible.

This policy ensures that employees who obtain job-relevant certifications are compensated fairly while maintaining the City of Laredo's budgetary responsibility. Compensation is contingent upon budget availability and full approval from the required departments. Certifications/licenses obtained outside of pre-approved lists or through non-accredited agencies will not qualify. The City reserves the right to amend or terminate this policy at any time.