



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

CPM 2025-22

MEMORANDUM

TO: Heads of Departments and Agencies
FROM: Scott Kuper, Director, U.S. Office of Personnel Management
DATE: December 19, 2025
RE: Final Regulations on Recruitment and Relocation Incentives

The U.S. Office of Personnel Management (OPM) is pleased to announce the issuance of final regulations to provide agencies additional flexibility to pay recruitment and relocation incentives under 5 U.S.C. § 5753 and 5 CFR part 575, subparts A and B. The regulations are effective on February 13, 2026, and are accessible on the Federal Register [website](#). The final regulations—

- Expand the authority to approve waivers of the normal payment limitations for recruitment and relocation incentives. This authority provides agencies with access to higher payment limitations for these incentives without requesting approval from OPM.
- Remove the 6-month minimum service period requirement for recruitment incentives to allow agencies to establish service agreements of any length, not to exceed 4 years, in line with relocation incentive service agreements.

Attachment 1 to this memorandum provides guidance on the new recruitment and relocation incentive flexibilities, including examples of how the expanded authorities may be used to recruit and retain employees critical to agency missions. Attachments 2 and 3 provide templates that may be used when approving recruitment and relocation incentive payment limit waivers.

Agency headquarters-level human resources offices may contact OPM at paypolicy@opm.gov. If an agency requires a waiver of the normal payment limits on recruitment or relocation incentives before the February 13, 2026 effective date of the final regulations, a waiver request may be submitted to this email address. Component-level human resources offices must contact their agency headquarters for assistance. Employees must contact their agency human resources office for assistance.

Attachments (see below)

cc: Chief Human Capital Officers (CHCOs), Deputy CHCOs, and Human Resources Directors

Attachment 1: Information on Recruitment and Relocation Incentives

I. Background

Under 5 U.S.C. § 5753 and 5 CFR part 575, subpart A, an agency may pay a [recruitment incentive](#) to an employee newly appointed to a General Schedule or other covered position in the Federal service when the agency determines the position is likely to be difficult to fill in the absence of an incentive. Under 5 U.S.C. § 5753 and 5 CFR part 575, subpart B, an agency may pay a [relocation incentive](#) to a current employee who must relocate to accept a General Schedule or other covered position in a different geographic area (permanently or temporarily) if the agency determines that the position is likely to be difficult to fill in the absence of an incentive. For both recruitment incentives and relocation incentives, the employee must sign an agreement to fulfill a period of service with the agency.

II. Payments and Waivers of the Normal Payment Limitations

Typically, a recruitment or relocation incentive may not exceed 25 percent of the employee's annual rate of basic pay in effect at the beginning of the service period, multiplied by the number of years (including fractions of a year) in the service period (not to exceed 4 years). The incentive may be paid as an initial lump-sum payment at the beginning of the service period, in installments throughout the service period, as a final lump-sum payment upon completion of the service period, or in a combination of these methods.

For example, a waiver is not required for an agency to pay a recruitment or relocation incentive of up to 25 percent of annual basic pay for a 1-year service agreement, 50 percent of basic pay for a 2-year service agreement, or 100 percent of basic pay for a 4-year service agreement. However, an agency was previously required to seek a waiver from OPM to pay a recruitment or relocation incentive of 50 percent of annual basic pay for a 1-year service agreement or 100 percent of annual basic pay for a 2-year service agreement. Upon the February 13, 2026, effective date of this final rule, agencies will now have the authority to waive the normal limits and approve a recruitment or relocation incentive of up to 50 percent of an employee's annual rate of basic pay times the number of years in a service agreement (not to exceed 100 percent of annual basic pay), based on a critical agency need. OPM has provided a [fact sheet](#) on calculating maximum recruitment and relocation incentives for service periods of various lengths.

A waiver determination must include a description of the critical agency need the proposed recruitment or relocation incentive would address. The authorized agency official must determine that the competencies required for the position(s) are critical to the successful accomplishment of an important agency mission, project, or initiative (e.g., programs or projects related to a national emergency or implementing a new law or critical management initiative). To assist agencies in using the waiver authority, OPM has updated the waiver request templates for recruitment incentives and relocation incentives for agency use. (See Attachments 2 and 3 below.) OPM will replace the online templates when the regulations become effective.

We note that 5 U.S.C. 5754 does not permit the expansion of the waiver authority for [retention incentives](#) found at 5 CFR part 575, subpart C. Therefore, retention incentives were not included in the final regulations. Agencies may continue to submit waiver requests to OPM using the current template for [retention incentives](#).

Example

A Federal agency may decide to use a recruitment incentive as a tool to compete with a private sector employer for a job candidate who would meet a critical agency need. Upon appointment, the employee's annual rate of basic pay would be \$57,164, which is the [2025](#) rate for GS-7, step 1, in Washington, DC. Under the normal recruitment incentive payment limitations, the agency could pay a recruitment incentive of up to \$14,291 for a 1-year service agreement ($\$57,164 \times 25 \text{ percent} \times 1 \text{ year}$). To receive the maximum recruitment incentive of \$57,164, a 4-year service period would be required ($\$57,164 \times 25 \text{ percent} \times 4 \text{ years}$).

However, if the agency determines that the criteria for a waiver to the normal payment limitations are met, the employee could receive a recruitment incentive of up to \$28,582 for a 1-year service agreement ($\$57,164 \times 50 \text{ percent} \times 1 \text{ year}$) and the maximum recruitment incentive of \$57,164 in 2 years ($\$57,164 \times 50 \text{ percent} \times 2 \text{ years}$).

Using a recruitment incentive waiver to increase the individual's total compensation during the early years of employment could be a useful tool in helping the agency to compete with the private sector employer for the job candidate.

III. Recruitment Incentive Service Period

In addition to expanding the waiver approval authority, the final regulations also give agencies flexibility to set the length of the required service period for recruitment incentives to a period less than 6 months but not more than 4 years, which aligns the service requirements for recruitment incentives with those for relocation incentives and provides agencies with additional flexibility in taking advantage of this incentive as a recruitment tool. For example, this allows an agency to determine that a summer internship position is likely to be difficult to fill and authorize a recruitment incentive for an intern with a 3-month service agreement.

IV. Accountability and Oversight

As noted in the November 5, 2025 OMB-OPM guidance memorandum entitled [Guidance on Executive Order 14356, Ensuring Continued Accountability in Federal Hiring](#) an agency's Strategic Hiring Committee must approve the creation or filling, as applicable, of each vacancy within the agency. As part of its responsibilities, the agency Strategic Hiring Committee should consider whether to grant a recruitment incentive when approving a vacancy for hire. Further, the use of waivers should be considered in agency staffing plans and may be considered in Strategic Hiring Committee decisions.

As described in the “Oversight” section within the Supplementary Information of the final rule, OPM and agencies have certain oversight and accountability responsibilities in administering the recruitment and relocation incentives program. These oversight and accountability controls include the requirements for agencies to designate the officials with authority to waive the recruitment and relocation incentive payment limitation in their recruitment and relocation incentive plans. (See 5 CFR §§ 575.107(a) and 575.207(a).) Also, agencies are required to monitor the use of recruitment incentives under 5 CFR 575.112(a) and monitor the use of relocation incentives under 5 CFR §§ 575.212(a) to ensure that the agency’s recruitment and relocation incentive plans and the payment of those incentives are consistent with the statute and regulations. OPM has posted a [fact sheet](#) that provides additional guidance on this topic.

V. Updated Guidance

When the regulations take effect 60 days after publication in the Federal Register (i.e., February 13, 2026), OPM will update its online guidance on [recruitment and relocation incentives](#) to reflect the changes made by the final regulations. As part of these updates, we will replace the online recruitment incentive waiver template and relocation incentive waiver template to reflect the new flexibility for agencies to approve recruitment and relocation incentive waivers without requesting approval from OPM.

Attachment 2: Recruitment Incentive Waiver Template

An agency may pay a recruitment incentive to a newly appointed employee if the agency has determined that the position is likely to be difficult to fill in the absence of an incentive.

Agencies have the authority to approve a recruitment incentive for payments of up to 25 percent of an employee's annual rate of basic pay times the number of years in a service agreement (not to exceed 4 years or 100 percent of annual basic pay). A waiver to the normal payment limitations is required when an agency would like to exceed this payment limit to make larger payments over shorter service agreement lengths, based on a critical agency need. An agency may grant a recruitment incentive waiver approving a recruitment incentive of up to 50 percent of an employee's annual rate of basic pay times the number of years in a service agreement (not to exceed 100 percent of annual basic pay).

For example—

- A waiver is not required for an agency to pay a recruitment incentive of up to 25 percent of annual basic pay for a 1-year service agreement, 50 percent of basic pay for a 2-year service agreement, or 100 percent of basic pay for a 4-year service agreement.
- A waiver is required for an agency to pay a recruitment incentive of 50 percent of annual basic pay for a 1-year service agreement or 100 percent of annual basic pay for a 2-year service agreement.

An agency may approve a recruitment incentive waiver for an individual candidate or a group of positions. (See 5 CFR 575.105(a) and (b).) A recruitment incentive waiver must be approved before an employee enters on duty in the position for which recruited.

Additional information on recruitment incentive coverage, approval criteria and payment, and service agreement requirements may be found at 5 U.S.C. 5753, 5 CFR part 575, subpart A, and the [fact sheets](#). Agency headquarters-level human resources offices may contact OPM at PayPolicy@opm.gov for additional information. Employees must contact their agency human resources office for further information.

Agencies may use the template below to submit an individual or group recruitment incentive waiver request to the authorized agency official designated in the agency's recruitment incentive plan and to document the waiver determination. The use of waivers may be considered in Strategic Hiring Committee decisions.

*Use of this template does not guarantee approval. The **[authorized agency official]** will make a determination on each submission based on the documentation provided by the requesting **[office/bureau/component]**.*

[Authorized agency official]
[Title]
[Address]

Dear [authorized agency official]:

In accordance with 5 CFR 575.109(c), [office/bureau/component] requests that the [department/agency] waive the limitation on recruitment incentive payments—i.e., 25 percent of the employee’s annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years in the service period. Based on the critical agency need described below, we are requesting [department/agency] approval to pay a recruitment incentive to [individual/ group/position(s)] of [percentage/total dollar amount].

The criteria for approving a recruitment incentive waiver for [individual/group/position(s)] are met by the information provided below.

1. Information on the job candidate, if known, and/or position(s) the recruitment incentive waiver would cover. [Insert information on the job candidate or position.]

2. A description of the critical agency need the proposed recruitment incentive would address. The authorized agency official must determine that the competencies required for the position(s) are critical to the successful accomplishment of an important agency mission, project, or initiative (e.g., programs or projects related to a national emergency or implementing a new law or critical management initiative). [Insert description of the critical agency need.]

3. The basis for determining that the position (or group of positions) is likely to be difficult to fill. An agency must consider the following factors listed in 5 CFR 575.106(b), as applicable to the case at hand, in determining that the position (or group of positions) is likely to be difficult to fill in the absence of an incentive. [Insert information that addresses each of the following factors or explain why a factor isn’t applicable.]

- The availability and quality of candidates possessing the competencies required for the position(s), including the success of recent efforts to recruit candidates for the position(s) or similar positions using indicators such as offer acceptance rates, proportion of positions filled, and the length of time required to fill similar positions;
- The salaries typically paid outside the Federal Government for similar positions;
- Recent turnover in similar positions;
- Employment trends and labor-market factors that may affect the agency’s ability to recruit candidates for similar positions;
- Special or unique competencies required for the position(s);

Use of this template does not guarantee approval. The [authorized agency official] will make a determination on each submission based on the documentation provided by the requesting [office/bureau/component].

- Agency efforts to use non-pay authorities, such as special training and work scheduling flexibilities, to resolve difficulties alone or in combination with a recruitment incentive;
- The desirability of the duties, work or organizational environment, or geographic location of the position(s); and
- Other supporting factors.

An agency also may determine that a position (or group of positions) is likely to be difficult to fill if OPM has approved the use of a direct-hire authority applicable to the position(s). (See 5 CFR 575.106(c).) [Insert whether OPM has approved the use of direct-hire authority for the position(s).]

4. The proposed recruitment incentive payment amount and a justification for that amount. The justification for the amount should provide supporting evidence, such as the success of recruitment incentives offered under normal payment limitations and/or the salaries typically paid outside the Federal Government for similar positions. Under a waiver, the total amount of recruitment incentive payments paid to an employee in a service period may not exceed 50 percent of the employee's annual rate of basic pay at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period. However, in no event may a waiver provide total recruitment incentive payments exceeding 100 percent of the employee's annual rate of basic pay at the beginning of the service period. (See [fact sheet](#).) [Insert the proposed recruitment incentive payment amount and a justification for that amount.]

5. The timing and method of making the proposed recruitment incentive payments. Recruitment incentives may be paid as an initial lump-sum payment at the beginning of the service period, in installments throughout the service period, as a final lump-sum payment upon completion of the service period, or in a combination of these methods. [Insert the timing and method of making the proposed recruitment incentive payments.]

6. The length of the required service period. An employee's required service period may not exceed 4 years. [Insert the length of the required service period.]

7. Any other information pertinent to the case at hand. [Insert any other pertinent information.]

The point of contact for this request is [office/bureau/component POC], who can be contacted at [phone number and/or email address].

Sincerely,
[Name of Requestor]
[Title]

[Attachments—if any]

Use of this template does not guarantee approval. The [authorized agency official] will make a determination on each submission based on the documentation provided by the requesting [office/bureau/component].

☐ Approve

☐ Let's Discuss

Authorized Agency Official

Date

*Use of this template does not guarantee approval. The **[authorized agency official]** will make a determination on each submission based on the documentation provided by the requesting **[office/bureau/component]**.*

Attachment 3 - Relocation Incentive Waiver Template

An agency may pay a relocation incentive to a current employee who must relocate to accept a position in a different geographic area if the agency determines that the position is likely be difficult to fill in the absence of an incentive. A relocation incentive waiver must be approved before an employee enters on duty in the position to which relocated.

Agencies have the authority to approve a relocation incentive for payments of up to 25 percent of an employee's annual rate of basic pay times the number of years in a service agreement (not to exceed 4 years or 100 percent of annual basic pay). A waiver to the normal payment limitations is required when an agency would like to exceed this payment limit to make larger payments over shorter service agreement lengths, based on a critical agency need. An agency may grant a relocation incentive waiver approving a relocation incentive of up to 50 percent of an employee's annual rate of basic pay times the number of years in a service agreement (not to exceed 100 percent of annual basic pay).

For example—

- A waiver is not required for an agency to pay a relocation incentive of up to 25 percent of annual basic pay for a 1-year service agreement, 50 percent of basic pay for a 2-year service agreement, or 100 percent of basic pay for a 4-year service agreement.
- A waiver is required for an agency to pay a relocation incentive of 50 percent of annual basic pay for a 1-year service agreement or 100 percent of annual basic pay for a 2-year service agreement.

Additional information on relocation incentive coverage, approval criteria and payment and service agreement requirements may be found at 5 U.S.C. 5753, 5 CFR part 575, subpart B, and the [fact sheets](#). Agency headquarters-level human resources offices may contact OPM at PayPolicy@opm.gov for additional information. Employees must contact their agency human resources office for further information.

Agencies may use the template below to submit a relocation incentive waiver request to the authorized agency official designated in the agency's relocation incentive plan and document the waiver determination. Relocation incentives generally must be approved on an individual, case-by-case basis. The use of waivers may be considered in Strategic Hiring Committee decisions.

*Use of this template does not guarantee approval. The **[authorized agency official]** will make a determination on each submission based on the documentation provided by the requesting **[office/bureau/component]**.*

[Authorized agency official]
[Title]
[Address]

Dear [authorized agency official]:

In accordance with 5 CFR 575.209(c), [office/bureau/component] requests that the [department/agency] waive the limitation on relocation incentive payments—i.e., 25 percent of the employee’s annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years in the service period. Based on the critical agency need described below, we are requesting [department/agency] approval to pay a relocation incentive to [individual] of [percentage/total dollar amount].

The criteria for approving a relocation incentive waiver for [individual] are met by the information provided below.

1. Information on the employee and position the relocation incentive waiver would cover.

[Insert information on the employee and position.]

2. A description of the critical agency need the proposed relocation incentive would address. The authorized agency official must determine that the competencies required for the position are critical to the successful accomplishment of an important agency mission, project, or initiative (e.g., programs or projects related to a national emergency or implementing a new law or critical management initiative). [Insert description of the critical agency need.]

3. The basis for determining that the position is likely to be difficult to fill. An agency must consider the following factors listed in 5 CFR 575.206(b), as applicable to the case at hand, in determining that the position is likely to be difficult to fill in the absence of an incentive. [Insert information that addresses each of these factors or explain why a factor isn’t applicable.]:

- The availability and quality of candidates possessing the competencies required for the position, including the success of recent efforts to recruit candidates for the position or similar positions using indicators such as offer acceptance rates, proportion of positions filled, and the length of time required to fill similar positions;
- The salaries typically paid outside the Federal Government for similar positions;
- Recent turnover in similar positions;
- Employment trends and labor-market factors that may affect the agency’s ability to recruit candidates for similar positions;
- Special or unique competencies required for the position;
- Agency efforts to use non-pay authorities, such as special training and work scheduling flexibilities, to resolve difficulties alone or in combination with a relocation incentive;

Use of this template does not guarantee approval. The [authorized agency official] will make a determination on each submission based on the documentation provided by the requesting[office/bureau/component].

- The desirability of the duties, work or organizational environment, or geographic location of the position; and
- Other supporting factors.

An agency also may determine that a position is likely to be difficult to fill if OPM has approved the use of a direct-hire authority applicable to the position. (See 5 CFR 575.206(c).)

4. The proposed relocation incentive payment amount and a justification for that amount.

The justification for the amount should provide supporting evidence, such as the success of relocation incentives offered under normal payment limitations and/or the salaries typically paid outside the Federal Government for similar positions. Under a waiver, the total amount of relocation incentive payments paid to an employee in a service period may not exceed 50 percent of the employee's annual rate of basic pay at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period. However, in no event may a waiver provide total relocation incentive payments exceeding 100 percent of the employee's annual rate of basic pay at the beginning of the service period. (See [fact sheet](#).)
[Insert the proposed relocation incentive payment amount and a justification for that amount.]

5. The timing and method of making the proposed relocation incentive payments.

Relocation incentives may be paid as an initial lump-sum payment at the beginning of the service period, in installments throughout the service period, as a final lump-sum payment upon completion of the service period, or in a combination of these methods. [Insert the timing and method of making the proposed relocation incentive payments.]

6. The length of the required service period. An employee's required service period may not exceed 4 years. [Insert the length of the required service period.]

7. The geographic location of the employee's new position and residence. The agency must document that the worksite of the employee's new position is not in the same geographic area as the worksite of the position held immediately before the move (or a waiver was approved under 5 CFR 575.205(b)) and the employee will establish a residence in the new geographic area.

[Identify the geographic location of the employee's position held immediately before the move, the location of the new position, verify that the positions are at least 50 miles apart or request a waiver of that requirement if needed, and confirm that the employee will establish a residence in the new geographic area.]

8. Any other information pertinent to the case at hand. [Insert any other pertinent information.]

The point of contact for this request is **[office/bureau/component POC]**, who can be contacted at **[phone number and/or email address]**.

*Use of this template does not guarantee approval. The **[authorized agency official]** will make a determination on each submission based on the documentation provided by the requesting**[office/bureau/component]**.*

Sincerely,
[Name of Requestor]
[Title]

[Attachments—if any]

☐ Approve

☐ Let's Discuss

Authorized Agency Official

Date

Use of this template does not guarantee approval. The [authorized agency official] will make a determination on each submission based on the documentation provided by the requesting[office/bureau/component].