§ 536.301 Mandatory pay retention.

(a) Subject to the requirements in §536.302 and this section, an agency must provide pay retention to an employee who moves between positions under a covered pay system or from a position not under a covered pay system to a position under a covered pay system and whose payable rate of basic pay otherwise would be reduced (after application of any applicable geographic conversion under §536.303(a)) as a result of—

(1) The expiration of the 2-year period of grade retention under subpart B of this part;

(2) A reduction in force or reclassification action that places an employee...
§ 536.302 Optional pay retention.

(a) Subject to the requirements in §536.102 and this section, an authorized agency official may provide pay retention to an employee not entitled to pay retention under §536.301, but whose payable rate of basic pay otherwise would be reduced (after application of any applicable geographic conversion under §536.303(a)) as the result of a management action. This includes a management action to move an employee’s position, without a break in service of more than 3 days, from a Department of Defense or Coast Guard nonappropriated fund instrumentality (as defined in 5 U.S.C. 2105(c)) to a position under a covered pay system in the same agency.

(b) If an employee’s official worksite changes in conjunction with an action that may entitle the employee to pay retention under paragraph (a) of this section, the agency must apply the geographic conversion rule in §536.303(a) before determining whether an employee’s rate of basic pay otherwise would be reduced.

(c) Eligibility for pay retention under this section ceases under the conditions specified in §536.308.

§ 536.303 Geographic conversion.

(a) Geographic conversion at time of action that may provide initial entitlement to pay retention. If, in conjunction with a pay action that may entitle the employee to pay retention under paragraph (a) of this section, the agency must apply the geographic conversion rule in §536.303(a) before determining whether an employee’s rate of basic pay otherwise would be reduced.

(b) An employee is considered “placed” under paragraph (a)(2), (3), (4), and (5) of this section only when the employee remains in a position in the same agency. Optional pay retention under §536.302 may apply when an employee transfers to a different agency as a result of a reduction in force or reclassification action or is selected by a different agency to fill a position under a formal employee development program, if all other qualifying conditions are met.

(c) Eligibility for pay retention under this section ceases under the conditions specified in §536.308.