



**PORTABILITY OF BENEFITS
FOR MOVES BETWEEN
CIVIL SERVICE AND
NONAPPROPRIATED FUND
EMPLOYMENT SYSTEMS**

REFERENCE GUIDE

July 2004



**Department of Defense
Civilian Personnel Management Service
Nonappropriated Fund Personnel Policy Division
and
Field Advisory Services Division**

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|--------------------|
| Acronyms | 2 |
| Introduction | 3 |
| Chronology of Public Laws on Portability of Benefits | 4 |
| Summary of Public Laws and Regulations on Portability of Benefits for DoD Employees | 5 |
| Summary of Major References | 7 |
| Processing Appointments for Employees Moving Between Civil Service and NAF Positions | 9 |
| Retirement Procedures | |
| NAF Employees Retiring under CSRS or FERS | 12 |
| APF employees Retiring under a NAF Retirement System | 14 |
| Death Benefit Procedures | 16 |
| CPMS Address and Phone Numbers | 17 |

ATTACHMENTS

1. Retirement Election Forms and Instructions for Employees Moving from Civil Service Positions to NAF Positions on or after December 28, 2001
2. Retirement Election Forms and Instructions for Employees Moving from NAF Positions to Civil Service Positions on or after December 28, 2001
3. Crediting DoD or Coast Guard NAF Service for CSRS or FERS Immediate Retirement Under Section 1132 of Public Law 107-107
4. Points of Contact

ACRONYMS

| | |
|-----------|---|
| APF | Appropriated Fund |
| AAFES | Army and Air Force Exchange Service |
| BAL | Benefits Administration Letter |
| BBA | Business Based Action |
| CFR | Code of Federal Regulations |
| CSRS | Civil Service Retirement System |
| DASD(CPP) | Deputy Assistant Secretary of Defense (Civilian Personnel Policy) |
| DUSD(CPP) | Deputy Under Secretary of Defense (Civilian Personnel Policy) (successor position to DASD(CPP)) |
| DoD | Department of Defense |
| EMF | Employee Medical Folder |
| FEGLI | Federal Employees Group Life Insurance |
| FEHB | Federal Employees Health Benefits |
| FERS | Federal Employees Retirement System |
| HRO | Human Resources Office |
| MRPF | Merged Records Personnel Folder |
| MSPB | Merit System Protection Board |
| MWR | Morale, Welfare, and Recreation |
| NAF | Nonappropriated Fund |
| NAFI | Nonappropriated Fund Instrumentality |
| NEXCOM | Navy Exchange Service Command |
| NOAC | Nature of Action Code |
| OPF | Official Personnel Folder |
| OPM | Office of Personnel Management |
| Pub. L. | Public Law |
| RIF | Reduction in Force |
| SF | Standard Form |
| TCC | Temporary Continuation of Coverage |
| TSP | Thrift Savings Plan |
| U.S.C. | United States Code |

INTRODUCTION

Under title 5, United States Code (5 U.S.C.) 2105(c), with certain exceptions, nonappropriated fund (NAF) employment is not considered to be Federal service for purposes of laws administered by the Office of Personnel Management (OPM). NAF employee benefits, including retirement, health, and life insurance coverage, are not subject to requirements applicable to civil service positions. Therefore, unless specifically provided by law, NAF service is not creditable for purposes of civil service benefits, nor is service in an appropriated fund (APF) position creditable for purposes of DoD NAF benefits. This handbook provides information about those laws and regulations that provide service credit and other portability of benefits for employees moving between NAF and APF civil service positions.

The Nonappropriated Fund Instrumentalities (NAFI) Employees' Retirement Credit Act of 1986, Public Law (Pub. L.) 99-638, was the initial law to permit civil service retirement system credit for former NAF service. That law provides Civil Service Retirement System (CSRS) credit for service in certain morale, welfare, and recreation (MWR) positions after June 18, 1952, but before January 1, 1966.

The Portability of Benefits for NAF Employees Act, Pub. L. 101-508, was enacted in 1990 to provide portability of pay and benefits for employees moving between NAF and APF positions. Under the Portability Act, employees who move with a break in service of no more than **three days** between **DoD** NAF and **DoD** APF positions may be eligible for pay, leave, reduction-in-force, and retirement benefit protection. Section 1043 of Pub. L. 104-106, enacted in 1996, expanded the authorities provided by the Portability Act, primarily in the area of retirement coverage elections. Section 1131 of the National Defense Authorization Act for Fiscal Year 2002, Pub. L. 107-107, further expanded the retirement election opportunity to make it easier for employees to continue retirement coverage after moving between NAF and APF positions.

Under current retirement portability law, eligible employees who move with a break in service of **no more than one year** between DoD or Coast Guard NAF positions and retirement covered civil service positions in **any agency** may elect to continue retirement coverage in the losing employment system's retirement plan. Additionally, Pub. L. 107-107, section 1132, permits employees in CSRS and Federal Employees Retirement System (FERS) to use prior NAF service to qualify for an immediate retirement. Credit for NAF service under this law **will not** result in higher CSRS or FERS annuity benefits. A chronology of portability laws is provided at page 4 of this Handbook, followed on page 5 by a summary of the benefits provided by the laws and implementing regulations.

This handbook is provided for DoD APF and DoD NAF civilian human resources office (HRO) use in processing appointments and retirements for employees who move between NAF and APF employment systems. It is an adjunct to the public laws, DoD policy, and the various, relevant OPM regulations and benefits administration letters.

CHRONOLOGY OF PUBLIC LAWS ON PORTABILITY OF BENEFITS

The Nonappropriated Fund Instrumentalities Employees' Retirement Credit Act of 1986, Pub. L. 99-638.

- Provides CSRS credit for former NAF service.
- Requires that NAF service be in certain MWR positions after June 18, 1952, and before January 1, 1966. (Covered employees were primarily Army NAF employees in recreation, youth activities, and arts and crafts positions who were not covered by a NAF retirement system.)

Portability of Benefits for NAF Employees Act of 1990, Pub. L. 101-508, Section 7202.

- Provides pay and benefits protection.
- Covers moves between DoD NAF and DoD APF positions on or after January 1, 1987, without a break in service of more than 3 days.
- Permits employees to remain in their civil service or NAF retirement plan, if vested (vesting generally requires five years participation in retirement plan).

FY 96 National Defense Authorization Act, Pub. L. 104-106, Section 1043.

- Expands the 1990 Portability Act retirement election provisions to cover moves to APF positions outside of DoD and to cover moves on or after August 10, 1996, with a break of not more than one year.
- Requires employees be vested in the losing employment system's retirement plan in order to have retirement election.
- Provides eligible FERS or NAF employees the opportunity to combine FERS and NAF service credit retroactively. (Move must have occurred on or after January 1, 1966, but before August 10, 1996; election deadline of August 11, 1997.)
 - No retirement election for employees in CSRS.
 - For FERS credit, NAF employer and employee contributions transfer. If the funds transferred are less than the increase in the actuarial present value of the retirement benefit attributable to the additional service, the employee's annuity is reduced accordingly.

FY 02 National Defense Authorization Act, Pub. L. 107-107, Sections 1131 and 1132.

- Section 1131 permits employees moving between NAF and APF positions on or after December 28, 2001, to continue coverage in the retirement plan that covered them immediately before the move, even if they are not vested in that retirement plan. Employees must move between retirement-covered positions with a break of not more than one year.
- Section 1132 permits employees in the CSRS and FERS to use prior NAF service to qualify for an immediate retirement on or after December 28, 2001. Credit for NAF service under this law **will not** result in higher CSRS or FERS annuity benefits.

SUMMARY OF PUBLIC LAWS AND REGULATIONS ON PORTABILITY OF BENEFITS FOR DOD EMPLOYEES

This summary is provided for general information only. Please refer to the referenced laws and regulations for more detailed information.

- **Retirement.** Employees who move between DoD NAF positions and APF positions in any agency without a break in service of more than one year may elect to continue coverage in that retirement system following the move. Alternatively, the employee may enter the gaining employer's retirement system with no service credit transfer. (5 U.S.C. 8347 (q) and 8461 (n); title 5 Code of Federal Regulations (5 CFR), Part 847 and Part 1620, Subpart D)
 - Employees who remain in a NAF retirement system are eligible to contribute to the applicable NAF 401(k) plan; employees who remain in CSRS or FERS are subject to Thrift Savings Plan (TSP) regulations. (5 CFR, Part 1620, Subpart D)
 - Certain employees who moved prior to August 10, 1996, were eligible for retroactive retirement coverage elections under Section 1043 of Pub. L. 104-106. Those elections should have been made by August 11, 1997; however, waivers of this deadline are authorized for employees who did not receive notice and counseling. (5 CFR, Part 847, Subpart C)
 - On or after December 28, 2001, employees who move between the civil service and NAF employment systems are not required to be vested in the losing retirement plan in order to continue participation in that plan. (5 CFR Part 847, Subpart B)
 - Employees may use prior NAF service to qualify for an immediate CSRS or FERS retirement. Credit for NAF service **will not** result in a higher CSRS or FERS annuity benefit. The retirement must occur on or after December 28, 2001. (5 CFR, Part 847, Subparts H and I)
- **Leave Accrual and Accumulation.** Employees who move between DoD NAF and DoD APF positions without a break in service of more than three days receive service credit for annual leave purposes. Annual, sick, and home leave balances transfer to the gaining employment system; employees may not receive lump sum payment for accumulated/accrued annual leave. (5 U.S.C. 5551(a); 5 U.S.C. 6308 (b), and 6312)
- **Initial Pay Setting.** Employees who move involuntarily between DoD NAF and DoD APF positions without a break in service of more than three days receive pay protection at the level of their last basic rate of pay. The employee's highest previous rate may be considered in voluntary moves. Grade and pay retention provisions may apply

SUMMARY OF PUBLIC LAWS AND REGULATIONS ON PORTABILITY OF BENEFITS FOR DOD EMPLOYEES

where an involuntary move results in a reduction. (5 U.S.C. 5334 (f); 5 CFR 531.206, 536.103 and 536.104; DoD 1400.25-M, Subchapter 531, SC531.2.4, and Subchapter 1405, Appendix 1, SC1405.AP1.5.2.4)

- **Step Increases.** Employees who move between DoD NAF and DoD APF positions without a break in service of more than three days receive service credit towards waiting periods for pay increases. (5 CFR 531.406 (b) (4))
- **Time-In-Grade.** DoD NAF service is creditable towards civil service time-in-grade requirements. (5 CFR 300.605)
- **Severance Pay.**
 - **Determining Creditable Service:** Employees who move between DoD NAF and DoD APF positions without a break in service of more than three days receive service credit for severance pay purposes. (5 CFR 550.705 and 550.708)
 - **Limitation on Payment of Severance Pay:** Employees who are entitled to NAF or APF severance pay are prohibited from receiving severance pay if they move between DoD NAF and DoD APF positions without a break in service of more than three days. Employees who are entitled to APF severance pay and who move to DoD NAF positions without a break in service of more than three days may be eligible to have the APF severance pay resumed if they are later involuntarily separated from the NAF position. (5 U.S.C. 5595 (h); DoD 1400.25-M, Subchapter 550, SC550.3.5.1, and Subchapter 1405, Appendix 5, SC1405.AP5.7)
- **Career Tenure.** An employee whose DoD NAF position is brought into the competitive service is eligible to have NAF service credited towards career civil service tenure. Employees hired under the authority of the DoD and OPM Interchange Agreement also receive credit for NAF service towards civil service career tenure. (5 CFR 315.201 (b) (1) (vi); a copy of the Interchange Agreement is available in DoD 1400.25-M, Subchapter 1403, Figure 1403 –1.)
- **Travel, Transportation, and Relocation.** Employees who move between DoD NAF and DoD APF positions without a break in service of more than three days are authorized expenses and allowances to the same extent and under the same conditions as transferred APF employees. (5 U.S.C. 5736)
- **Reduction-In-Force (RIF)/Business Based Action (BBA).** Employees who move, on or after January 1, 1966, between DoD NAF and DoD APF positions without a break in service of more than three days receive service credit for civil service RIF or NAF BBA purposes. (5 U.S.C. 3502 (a)(4)(C)(ii))

SUMMARY OF MAJOR REFERENCES

- 5 U.S.C. 8332 (b) (16), implements Pub. L. 99-638, providing CSRS credit for certain NAF service.
- 5 U.S.C. 8347 (q), and 8461 (n) implement Section 1131 of Pub. L. 107-107, providing retirement portability elections for employees moving between NAF and APF positions.
- 5 U.S.C. 8332 (b) (17) and 5 U.S.C. 8411 (b) (6) implement Section 1132 of Pub. L. 107-107, permitting an employee to elect to credit NAF service towards CSRS or FERS immediate retirement.
- 5 CFR Parts 831 (Retirement), 837 (Reemployment of Annuitants), 841 (FERS General Administration), 842 (FERS Basic Annuity), 843 (FERS Death Benefits and Employee Refunds), 844 (FERS Disability Retirement), and 847 (Election of Retirement Coverage by Current and Former Employees of Nonappropriated Fund Instrumentalities) provide retirement regulations applicable to CSRS and FERS.
- 5 CFR Part 1620, Subpart D, provides regulations governing TSP participation by employees who move between DoD NAF and APF positions.
- Benefits Administration Letter 96-107, August 20, 1996, deals with retirement election opportunities for certain NAF employees appointed to civil service positions on or after August 10, 1996. (www.opm.gov/asd/html/bal-1.htm)
- Benefits Administration Letter 96-108, September 6, 1996, deals with retirement election opportunities for certain FERS employees appointed before August 10, 1996, with previous NAF service in DoD or the Coast Guard. (www.opm.gov/asd/html/bal-1.htm)
- Benefits Administration Letter 02-102, May 1, 2002, describes retirement election opportunities under Pub. L. 107-107 for employees moving between civil service and NAF positions on or after December 28, 2001. (www.opm.gov/asd/html/bal-1.htm)
- Benefits Administration Letter 03-102, January 22, 2003, describes how employees may make an election to credit NAF service to qualify for immediate retirement and how to compute the annuity when such an election is made. (www.opm.gov/asd/html/bal-1.htm)
- CSRS/FERS Handbook, Chapter 20, Section 20A2.1-5 provides information on credit for service with a NAFI; Chapter 12, Section 12A5.1-4, provides information on portability of benefits for nonappropriated fund employees. (www.opm.gov/asd/html/hod.htm)

SUMMARY OF MAJOR REFERENCES

- DoD 1400.25-M, “DoD Civilian Personnel Manual,” provides civilian personnel policy for DoD. Chapter 1400 contains Nonappropriated Fund Personnel Management policy. (www.cpms.osd.mil/cpm/cpm.html)
- DoD Financial Management Regulation 7000.14-R, Volume 8, Civilian Pay Policy and Procedures, provides payroll regulations for appropriated fund activities; Volume 13, Nonappropriated Funds Policy and Procedures, directs financial management requirements, systems, and functions for NAF activities. (www.dtic.mil/whs/directives/corres/html/700014r.htm)
- Deputy Assistant Secretary of Defense (Civilian Personnel Policy) (DASD(CPP)) memorandum, dated August 9, 1996, Subject: Retirement Coverage Election Under Section 1043, Pub. L. 104-106. This memorandum amends the retirement coverage section of Appendix F of DoD 1401.1-M, transmitted by DASD(CPP) memorandum dated April 6, 1991, Subject: DoD Employee Benefit Portability Programs.*
- DASD(CPP) memorandum, dated October 28, 1996, Subject: Retirement Coverage Election Under Section 1043, Pub. L. 104-106, provides OPM forms and instructions for NAF employees who moved on or after August 10, 1996. It also provides retroactive retirement elections for eligible employee who moved between the two systems after December 31, 1965, and before August 10, 1996.*
- DASD(CPP) memorandum, dated June 10, 2002, Subject: Retirement Election Opportunities Under Pub. L. 107-107, The National Defense Authorization Act for Fiscal Year 2002, advises that the requirement for an employee to be vested in the losing retirement plan, in order to continue coverage in that retirement plan upon a move between the civil service and NAF employment systems, was eliminated effective December 28, 2001.*
- DUSD(CPP) memorandum, dated March 12, 2003, Subject: Retirement Election Opportunities Under Pub. L. 107-107, National Defense Authorization Act for Fiscal Year 2002, provides guidance on how CSRS and FERS employees may elect to credit DoD or Coast Guard NAF Service for the sole purpose of establishing eligibility for immediate retirement benefits. This election will not result in higher CSRS or FERS annuity benefits.*

* Copies of DASD(CPP)/DUSD(CPP)memorandums are available from the NAF Personnel Policy Division, Civilian Personnel Management Service, 1400 Key Boulevard, Suite B200, Arlington, VA 22209-5144; Telephone (703) 696-3310 or DSN 426-3310.

PROCESSING APPOINTMENTS FOR EMPLOYEES MOVING BETWEEN DoD CIVIL SERVICE AND DoD NAF POSITIONS

Portability of Pay and Benefits other than Retirement.

The appointing HRO determines whether the employee is eligible for portability of pay and benefits other than retirement. To be eligible the employee must:

1. Move between a DoD APF position and a DoD NAF position; and
2. Move without a break in service of more than three days.

If the employee is eligible for pay and benefit portability, the HRO adjusts pay, service computation dates, and leave balances accordingly. The HRO processes the employee using the same procedures and forms as for any other employee; however, service records are combined using a Merged Records Personnel Folder, as explained below.

Documentation applicable to DoD NAF appointments: If the NAF appointment form contains a “Remarks” section, it should be used to document the employee’s eligibility for portability of benefits under Pub. L. 101-508.

Documentation applicable to DoD APF Civil Service appointments: The HRO should use the “Guide for Processing Personnel Actions,” (www.opm.gov/feddata/gppa/gppa-acc.asp) to obtain appropriate nature of action codes (NOAC), authority codes, and other pertinent information for processing the appointment SF-50. Chapter 9, Table 9-D, in the “Guide” provides the NOAC and authority code for employees appointed under the Interchange Agreement.

Use of a Merged Record Personnel Folder (MRPF). Use OPM-designated folders, Standard Form 66-C, “Merged Records Personnel Folder,” and Standard Form 66-D, “Employee Medical Folder” (EMF) to retain the records of employees who qualify for portability of pay and benefits under Pub. L. 101-508. Contact the losing HRO to expedite records transfer.

Portability of Retirement Coverage.

To be eligible for an election to continue coverage in the losing employment system’s retirement plan, the employee must:

1. Move between a CSRS or FERS retirement-covered civil service position in any agency and a retirement-covered NAF position in DoD or Coast Guard; and
2. Move without a break in service of more than one year.

(Employees who moved prior to December 28, 2001, had to be vested in the retirement plan of the position they were leaving.)

PROCESSING APPOINTMENTS FOR EMPLOYEES MOVING BETWEEN DoD CIVIL SERVICE AND DoD NAF POSITIONS

Employees who had a prior opportunity to elect to continue retirement coverage based on a previous qualifying move are not eligible for another opportunity to make the same election.

If the agency determines the employee is not eligible to make an election, it must issue a final decision to the employee. The final decision must be in writing and provide the findings and conclusions of the agency. The agency decision must contain notice of Merit System Protection Board (MSPB) appeal rights with respect to the employee's rights or interests under CSRS or FERS. The agency decision is not subject to review under any employee grievance procedures.

Attachment 1 contains guidance on processing retirement elections for employees moving from Civil Service positions to DoD NAF positions on or after December 28, 2001.

Attachment 2 contains guidance on processing retirement elections for employees moving from DoD NAF positions to Civil Service positions on or after December 28, 2001.

Moves that occurred between Civil Service and DoD NAF positions prior to December 28, 2001.

If the HRO discovers that an employee was not provided a retirement election for which he or she was eligible based on a move prior to December 28, 2001, the HRO shall follow the DoD and OPM guidance applicable to the date of the move.

Regulations governing elections of retirement coverage for current and former NAF employees are in Part 847 of 5 CFR. OPM Benefits Administration Letter (BAL) 96-107, dated August 20, 1996, OPM BAL 96-108, dated September 6, 1996, and DASD(CPP) memorandum, dated October 28, 1996, Subject: "Retirement Coverage Election Under Section 1043, Pub. L. 104-106," provide additional information.

Consult DoD Component Headquarters staff or CPMS Field Advisory Service and NAF Personnel Policy Division staff for assistance in making retroactive retirement coverage corrections.

NAF 401(k) plan or Thrift Savings Plan (TSP) enrollment. Employees who elect to retain coverage in their previous retirement system are covered by the defined contribution plan (TSP or 401k) associated with that system. Employees who do not elect to retain coverage in the losing employment system's retirement plan (or who are not eligible for a retirement coverage election) are covered by the defined contribution plan applicable to the gaining employment system's retirement plan.

**PROCESSING APPOINTMENTS FOR EMPLOYEES MOVING BETWEEN
DoD CIVIL SERVICE AND DoD NAF POSITIONS**

Credit for NAF Service towards CSRS or FERS Immediate Retirement:

Employees moving between APF and DoD NAF positions may not transfer service credit from the losing retirement system to the gaining retirement system. However, employees who retire from CSRS or FERS on or after December 28, 2001, may be eligible to use prior NAF service to qualify for an immediate CSRS or FERS retirement. NAF service used towards CSRS or FERS retirement cannot be used in a NAF retirement calculation. Credit for NAF service will not result in higher CSRS or FERS annuity benefits. For further information see Attachment 3 in this Reference Guide.

Health and Life Insurance. Health and life insurance are not portable, regardless of the employee's retirement system election.

Moves to DoD NAF positions: Eligible employees may elect to join the DoD NAF Health Benefits Program within 31 days of appointment to the NAF position. Eligible employees may also enroll in the NAF employer's life insurance program under the employer's provisions for new employees.

Moves to DoD APF positions: Eligible employees may elect to join Federal Employees Group Life Insurance (FEGLI) within 31 days of appointment to the civil service position, and enroll in Federal Employees Health Benefits (FEHB) within 60 days of appointment.

RETIREMENT PROCEDURES

NAF EMPLOYEES RETIRING UNDER CSRS OR FERS

Retirement Forms.

The NAF HRO is responsible for providing and processing forms for NAF employees retiring under CSRS or FERS. However, in order to properly assist these employees, the NAF HRO should seek assistance from an APF retirement specialist or the NAF benefits point of contact designated by the employer. Most necessary CSRS and FERS forms may be found on OPM's website at www.opm.gov/forms/index.asp.

CSRS: The NAF HRO will provide the employee's completed retirement application package to OPM: Employees applying for immediate retirement must complete SF 2801 and accompanying forms. Employees applying for a deferred CSRS annuity must request an application from the Office of Personnel Management, Civil Service Retirement System, Employee Service and Records Center, Boyers, PA 16017.

FERS: The NAF HRO will provide the employee's completed application package to OPM. Employees applying for immediate retirement must complete SF 3107 and accompanying forms. For FERS employees applying for a deferred or postponed retirement, use OPM Form RI 92-19.

Disability retirement requires completion of an SF 3112. Discontinued service retirement applications must contain OPM Form 1510 for both CSRS and FERS covered employees. For all CSRS and FERS retirements, the Individual Retirement Record must be submitted with the retirement package.

Electing Credit for Prior NAF Service towards Retirement Eligibility.

Some employees may have NAF service that occurred before their portability move and election to retain CSRS or FERS coverage. Section 1132 of Pub. L. 107-107 gives CSRS and FERS employees the opportunity to elect to credit DoD or Coast Guard NAF Service that is not otherwise creditable in CSRS or FERS. The credit may only be used for the purpose of establishing eligibility for immediate CSRS or FERS retirement benefits. Employees who are eligible for an immediate CSRS or FERS retirement based on their non-NAF service are not eligible for this election.

Attachment 3 contains guidance on processing retirement elections for employees electing to use NAF service to qualify for immediate CSRS or FERS retirement.

NAF EMPLOYEES RETIRING UNDER CSRS OR FERS

Health and Life Insurance.

NAF health and life insurance eligibility rules apply. The DoD NAF Health Benefits Program requires 15 years of cumulative participation in the health program in order to continue health coverage in retirement. Continuous time in FEHB as of the day before a move from a DoD APF position to a DoD NAF position will be credited towards this requirement. The move must have occurred without a break in service of more than three days. The 15-year participation requirement is waived for employees who had five years of continuous FEHB enrollment at the time of an involuntary move to NAF.

The NAF HRO must complete the NAF life and health forms and submit them to the servicing NAF Benefits Office. That office will bill the retiree for the retiree's share of the premium. If the employee is not eligible to carry NAF health insurance into retirement, the HRO must advise of any Temporary Continuation of Coverage (TCC) eligibility. The applicable NAF Benefits Office is responsible for providing future NAF health and life insurance materials to those CSRS and FERS retirees eligible to continue NAF health and life insurance coverage.

NAF employees retiring under CSRS or FERS are not eligible for FEHB or FEGLI coverage.

Sick Leave. Sick leave is credited in accordance with the rules of the employee's retirement system. (See CSRS rules for crediting sick leave. Employees covered by FERS do not receive credit for sick leave.)

APF EMPLOYEES RETIRING UNDER A NAF RETIREMENT SYSTEM

Retirement Forms.

When an employee elects to retire, the APF HRO will provide the applicable NAF retirement benefits office (addresses at Attachment 4) with a list of the employee's service covered under the NAF retirement plan. The NAF retirement benefits office will provide a retirement estimate.

SF-50: If all requirements for retirement under the NAF retirement plan are met, the APF HRO documents the retirement SF-50, using codes and remarks provided in the "Guide for Processing Personnel Actions," www.opm.gov/feddata/gppa/gppa-acc.asp. Chapter 30, "Retirements."

- Use Table 30-A for "Documenting Retirements," regarding "A retirement system *other* than the Civil Service Retirement System or Federal Employees Retirement System." Use the appropriate NOAC and authority code "USM," Section 1131 of Pub. L. 107-107.
- Use Table 30-B, "Remarks Required for Retirement Actions," and Table 30-C, "Remarks and Codes" to find the proper codes and remarks. Per those tables, the remark is B63, "Elected to retain coverage under a retirement system for NAF employees."

The applicable NAF retirement benefits office will provide the appropriate NAF forms and process the completed employee application.

Health and Life Insurance.

FEHB and FEGLI rules apply.

- Use the same rules you apply for CSRS and FERS retirements using the five-year or first opportunity rule to continue coverage into retirement.
- **Remind employees that they must elect NAF retirement plan survivor benefits through the NAF HRO in order for a spouse to continue FEHB upon the retiree's death.**

The APF HRO completes the same FEGLI or FEHB forms used for employees retiring under CSRS or FERS, then transmits those forms to the NAF retirement benefits office, with a memorandum explaining the transfer of benefits to the NAF retirement plan. The NAF retirement plan is responsible for forwarding the employee portion of the FEHB and FEGLI, which is deducted from the retiree's annuity. If the annuity is not adequate to pay the premium, the employee may pay directly to the retirement plan. The agency share is paid by OPM. However, to enable OPM to determine the appropriate government share, the NAF retirement benefits office must show the government share on the SF 2812.

APF EMPLOYEES RETIRING UNDER A NAF RETIREMENT SYSTEM

The applicable NAF retirement benefits office is responsible for providing health and life insurance open season materials and information to NAF retirement plan annuitants and survivors covered by FEHB and FEGLI.

If the employee is not eligible to carry FEHB into retirement, FEHB is terminated using the SF 2810. The APF HRO must offer the employee a 31-day extension of coverage, conversion privileges, and Temporary Continuation of Coverage (TCC). If the employee enrolls in TCC, the APF HRO follows the same procedures as for any other TCC enrollment and sends the completed forms to the National Finance Center.

APF employees retiring under a NAF retirement system are not eligible for NAF health or life insurance coverage.

Sick Leave. Sick leave is credited in accordance with the rules of the employee's NAF retirement plan.

DEATH BENEFIT PROCEDURES

NAF EMPLOYEES WHO RETAINED CSRS OR FERS

Death of an Active NAF Employee Covered by CSRS or FERS.

In establishing a case file for the deceased, see reference guide at www.cpms.osd.mil/fas/benefits/pdf/205_214_rg.pdf for information applicable to CSRS/FERS retirement. The NAF HRO processes the same NAF health and life insurance forms as for any other NAF appointment.

Death of a Retired NAF Employee Covered by CSRS or FERS.

The NAF HRO processes the same NAF health and life insurance as for any other retired NAF employee. Application of death benefits should be submitted to Office of Personnel Management, Retirement Operations Center, P. O. Box 45, Boyers, PA 16017. The Retirement Operations Center telephone number is (202) 606-0500.

APF EMPLOYEES WHO RETAINED NAF RETIREMENT SYSTEM

Death of an Active APF Employee Covered by a NAF Retirement Plan.

When an APF employee covered by a NAF retirement plan dies, the APF HRO contacts the applicable NAF retirement benefits office and requests appropriate NAF retirement plan or survivor benefit forms for completion by next of kin. The NAF retirement benefits office will process the completed forms. The APF HRO processes the same FEGLI and FEHB forms as it would for any other APF employee.

Death of a Retired APF Employee Covered by a NAF Retirement Plan.

When an APF retiree covered by a NAF retirement plan dies, the survivor should notify the applicable NAF retirement benefit office as soon as possible. The NAF retirement benefits office will provide the appropriate application for death benefits forms, inform survivors of their entitlement, and prepare and process the appropriate FEHB/FEGLI forms.

CPMS PHONE NUMBERS AND ADDRESSES



Questions should be referred to:

APPROPRIATED FUND

Field Advisory Service (FAS)
(703) 696-6301
DSN: 426
e-mail: fas@cpms.osd.mil

NONAPPROPRIATED FUND

NAF Personnel Policy Division
(703) 696-3310
DSN: 426
e-mail: naf@cpms.osd.mil

Address for FAS and NAF is:

**1400 Key Blvd., Suite B200
Arlington, VA 22209-5144**