

ATTACHMENT 2

Retirement Election Forms and Instructions for Employees Moving from NAF Positions to Civil Service Positions on or after December 28, 2001

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Job Aid to Attachment 2

Eligibility to Retain NAF Retirement Coverage Based Upon an Appointment to a Civil Service Retirement-Covered Position on or after December 28, 2001

Eligibility Criteria	Actions
<p>1. Is the move between retirement-covered positions? The employee must move from a NAF retirement-covered position to an APF position covered by a civil service retirement plan. Verify NAF retirement coverage using the attached model request for verification.</p>	<p>Yes. Go to step 2.</p> <p>No. If the gaining or losing position does not provide retirement coverage, the employee is not eligible to retain NAF retirement coverage. For example, the employee cannot retain NAF retirement coverage if the move is to a civil service position that does not provide retirement coverage.</p>
<p>2. Is the break in service no more than one year? The employee must begin employment in a civil service retirement-covered position no later than 1 year after separation from NAF retirement-covered employment. (Note: An appointment during the 1-year break which is not subject to retirement coverage does not invalidate an otherwise qualifying move.)</p>	<p>Yes. Go to step 3.</p> <p>No. If the break in service is more than one year, the employee is not eligible to retain NAF retirement coverage.</p>
<p>3. Is this the employee's first opportunity to elect to retain NAF retirement coverage? Review the OPF to determine if the employee was given a prior opportunity to elect to continue NAF retirement coverage following a previous move from NAF to APF. If the employee was given a prior opportunity, the OPF should contain an election form (RI-38-134 for moves on or after 12/28/01; NAF-CS-1 for moves occurring on or after 8/10/96, but before 12/28/01; a retroactive election under P.L. 104-106; or RI 38-110 for moves occurring on or after 1/1/87, but before 8/10/96).</p>	<p>Yes. Go to step 4.</p> <p>No. If the employee was given a prior election to retain NAF retirement coverage, he or she is not eligible for another opportunity to retain that coverage as an APF employee.</p>
Election Procedure	Action
<p>4. Provide Election to Employee</p>	<p>Give employee form RI 38-134. Follow form instructions.</p>

[insert name and address of previous retirement system.]

Dear Retirement Plan Administrator:

We hired the individual named below on ***[insert date of employment subject to retirement coverage]***. We are trying to determine if *he/she* is eligible to elect to retain NAF retirement coverage based on a qualifying move occurring on or after December 28, 2001. Please verify whether or not the individual was a covered participant in the NAF defined benefit retirement plan you administer. If the individual was such a participant, please provide the date the individual separated from retirement covered NAF employment. Please return your response to:
[insert name, address, telephone number, and fax number.]

Thank you.

<i>To be completed by individual's current employing agency</i>	
Employee's Name (Last, First, MI)	Other names used
Date of Birth:	Social Security Number:
Dates of most recent NAF employment:	
Location of most recent NAF employment:	

<i>To be completed by NAF Retirement Plan Administrator</i>	
<input type="checkbox"/>	Employee was a participant in the _____ NAF defined benefit retirement plan and separated from retirement-covered employment (as defined by the NAF employer's retirement plan) on _____.
<input type="checkbox"/>	Employee was not a participant in the _____ retirement plan and is therefore not eligible to continue retirement coverage under this plan.
Signature of certifying official	Date
Certifying official printed name	Title
Address, telephone number, and fax number	

**PROCESSING EMPLOYEES MOVING FROM NAF TO CIVIL SERVICE
ON OR AFTER DECEMBER 28, 2001**

Retirement Election:

Retirement Election Option	Effect on Retirement Plan Contributions	Effect on TSP/401k Participation and Contributions
Remain in NAF retirement plan; or	APF employer forwards employer and employee contributions to NAF retirement plan.	APF employer forwards all required NAF employer and employee deductions and contributions to NAF 401(k). Employee may not join TSP.
Join FERS retirement plan (or re-join CSRS/CSRS Offset if eligible); receive no credit for prior NAF employment.	APF employer forwards employer and employee contributions to civil service retirement plan.	APF employer forwards employer and employee contributions to TSP. Employee may no longer contribute to NAF 401(k). Employee may roll over NAF 401(k) funds into TSP.

Election Form:

The employee uses form RI 38-134 to make the retirement coverage election. A copy of this form, and instructions for its completion is attached. The form is Attachment C to OPM BAL 02-102, found at www.opm.gov/asd/htm/bal02.htm.

As stated on the form, the retirement election is irrevocable. Employees who elect not to retain NAF coverage will not be given another opportunity to be covered by a NAF retirement plan while under a civil service appointment. An employee who elects to retain NAF retirement coverage will continue coverage under that retirement system regardless of future movement between APF and NAF employment, any break in service, or change in retirement status.

A copy of the completed election form, along with retirement coverage verification received from the NAF employer, must be placed in the employee's OPF.

When an employee is eligible for a retirement coverage election, it is necessary to cut two SF-50s. The first SF-50 serves as the retirement coverage action until the employee makes his or her decision. The APF HRO completes the normal appointment SF-50 and determines the appropriate retirement coverage. In most situations, the employee will be FERS. In a few situations, the employee may have previous CSRS-covered service and be vested in CSRS, in which case the employee is placed in CSRS Offset.

PROCESSING EMPLOYEES MOVING FROM NAF TO CIVIL SERVICE ON OR AFTER DECEMBER 28, 2001

Election Deadline:

Employees who are eligible to elect retention of NAF retirement system coverage have 30 days to make their decision.

Employees may need NAF and APF annuity estimates to help decide whether to combine NAF and future APF service for retirement purposes, or keep them separate. The APF HRO refers the employee to the applicable NAF retirement benefits office (see Attachment 4 for addresses) for information on NAF retirement benefits.

Agencies may waive the 30-day time limit if the election opportunity was not given in a timely manner, or if the employee was prevented from making the decision by circumstances beyond his or her control. Decisions on waiver of the time limit must be in writing and contain notice of MSPB appeal rights for individuals whose CSRS or FERS rights are affected by the decision.

Election to Retain NAF Retirement Coverage:

Election Documentation: The HRO should follow election form instructions to document the election. The HRO must correct the SF-50 to reflect the NAF retirement coverage election. The HRO should use OPM's "Guide to Processing Personnel Actions," (www.opm.gov/feddata/gppa/gppa-acc.asp) to locate the appropriate nature of action codes, authority codes, and other pertinent information for processing the appointment SF-50. The Guide's Table 9-I, Rule 57, states that the remark "B63" is used to indicate retention of the NAF retirement system. The remark on the SF 50 should be "Employee elected to retain coverage under a retirement system for NAF employees." OPM's "Guide to Personnel Data Standards," (www.opm.gov/feddata/gp30.pdf) under "Retirement Plan," lists code "5" as the "Other Retirement System" code for employees who have retained coverage under a retirement system for NAF employees.

Employer Contributions and Employee Deductions: APF employers will forward employee salary deductions and employer contributions for civil service employees who continue NAF retirement coverage. See DoD Financial Management Regulation 7000.14-R (www.dtic.mil/whs/directives/corres/html/700014r.htm), Volume 8, "Civilian Pay Policy and Procedures," Chapter 4, Paragraph 040303, "Civil Service Employees Covered by Retirement Systems for Nonappropriated Fund Employees."

**PROCESSING EMPLOYEES MOVING FROM NAF TO CIVIL SERVICE
ON OR AFTER DECEMBER 28, 2001**

Employees who retain NAF coverage are not eligible to contribute to a civil service retirement plan or to TSP. They may continue to participate in the NAF 401(k) plan. The TSP Code should be "R1B" followed by the NAF Retirement Indicator. HROs should review the Defense Civilian Personnel Data System (DCPDS) instructions and select the proper indicator for the NAF Retirement Indicator.

Upon retirement, subsequent employment as either a civil service or NAF employee will be subject to the NAF retirement plan's rules and regulations for re-employed annuitants.

Election NOT to Retain NAF Retirement Coverage:

Election Documentation: HROs should follow election form instructions to document the election.

Employer Contributions and Employee Deductions: The employee will be offered the same civil service retirement system coverage as a new employee. No NAF service credit transfers for CSRS or FERS retirement purposes. The employee may not continue to contribute to the NAF 401(k). The employee joins TSP as a new employee.

Credit for NAF Service towards CSRS or FERS immediate retirement:

Although service credit does not transfer for CSRS or FERS retirement purposes, 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 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.)

**Election to Retain NonAppropriated Fund (NAF) Retirement Coverage
As a Result Of A Move From A NonAppropriated Fund Position To A
Civil Service Position On or After December 28, 2001**

Instructions: The Human Resources Office will complete Part 1 of this form and give it to the employee. The employee must indicate his/her election by signing in Part 3 and returning the signed form to the Human Resources Office on or before the due date shown in Part 1.

Part 1 – (To be completed by agency)

Employee's name <i>(last, first, middle)</i>	Date of birth <i>(mm/dd/yyyy)</i>	Social Security Number
Name of NAF Retirement Plan	Due date <i>(mm/dd/yyyy)</i> Human Resources Office must receive election on or before _____	

I verify that in accordance with §§ 8347(q) and 8461(n) of title 5, U.S.C., and OPM regulations at 5 CFR part 847, this employee is eligible to retain coverage in the NAF retirement plan because he/she –

- (1) Has never previously had an opportunity to elect to retain coverage in a NAF retirement plan; and
- (2) Has moved, on or after December 28, 2001, from a NAF position subject to a NAF retirement plan to a civil service appointment covered by CSRS, CSRS Offset, or FERS without a break of more than 1 year.

Authorized Signature	Date of move <i>(mm/dd/yyyy)</i>
Title	Date signed <i>(mm/dd/yyyy)</i>

Part 2 - Acknowledgement of Receipt and Notice of Effect of Failure to Elect

I understand that I am eligible to retain retirement coverage in the NAF retirement plan shown above. I acknowledge that the Human Resources Office has completed Part 1 of this election form and given it to me on this date. I understand that if I fail to complete Part 3 and return the completed form to the Human Resources Office before the close of business on the Due Date (shown in Part 1) I will automatically be considered to have chosen Option 2 in Part 3. I also understand that the option I choose below (or am automatically considered to have chosen) will restrict my retirement plan entitlement for the rest of my Government career and that I can never change this election regarding retention of NAF retirement coverage as a civil service employee.

Employee's Signature	Date <i>(mm/dd/yyyy)</i>
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Part 3 - Employee's Election (*Instructions to employee:* Sign only the box for the option that you elect.)

Option 1: I elect to retain retirement coverage in the NAF retirement plan. I understand that because of this irrevocable decision, I will never be able to earn additional credit under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). I understand that regardless of future moves between NAF and civil service employment, breaks in service, and changes in employment or retirement status, my retirement coverage will remain with a NAF retirement plan in accordance with the rules of that plan.

Employee's signature	Date <i>(mm/dd/yyyy)</i>
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Option 2: I do **not** elect to retain retirement coverage in the NAF retirement plan. Because I have made this decision:

- (1) I will enter FERS, CSRS, or CSRS Offset coverage as appropriate. In the future, I may be able to elect to credit my NAF service to qualify for an immediate FERS, CSRS, or CSRS Offset retirement. I will only be able to make such an election at the time I retire. I understand that my NAF service will not increase the amount of any future FERS, CSRS, or CSRS Offset annuity to which I may become entitled.
- (2) I will not be given another opportunity to retain coverage in a NAF retirement plan if I ever move from a NAF position to a civil service appointment in the future. However, if I move back to a NAF position, I will be subject to the NAF plan in accordance with its rules.
- (3) If in the future I move back to a NAF retirement covered position without a break in service of more than 1 year, including employment covered by the NAF retirement plan that I am leaving, I will be given a one-time opportunity (if I never before have been given the opportunity) to elect to retain coverage in FERS, CSRS, or CSRS Offset as appropriate, or to enter the appropriate NAF plan without transfer of FERS, CSRS, or CSRS Offset service credit.

Employee's signature	Date <i>(mm/dd/yyyy)</i>
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(Instructions on the reverse)

Instructions for Completing Election Form RI 38-134
Election to Retain NonAppropriated Fund (NAF) Retirement Coverage As a Result Of A
Move From A NonAppropriated Fund Position To A Civil Service Position
On or After December 28, 2001

The Human Resources Office should:

- (1) Complete Part 1 of the form and photocopy it. The due date is 30 days after the date of appointment. (This time limit may be waived by the agency for employees who, despite due diligence, are prevented by circumstances beyond their control from making an election within the time limit.)
- (2) Give the original and the photocopy to the employee. Instruct the employee to read and acknowledge receiving the form by signing Part 2 of one copy of the form.
- (3) Collect the copy of the form the employee signed (with Parts 1 and 2 completed), and file it on the left side of the Official Personnel Folder (OPF), or in some other temporary file. Keep it there until the employee makes an election, or the time limit for making the election expires.
- (4) If the employee makes an election by signing either Option 1 or Option 2 in Part 3, mark the date you received the form. Make two photocopies of the form. File the form with the original signature in Part 3 on the right hand side of the OPF. Return one copy to the employee. Mail the other copy to the appropriate NAF benefits office. Destroy the copy of the form with Part 2 completed.

If the employee fails to return the election form before the time limit expires, note on the form with Part 2 completed that the employee did not file a form with Part 3 completed, and file it on the right hand side of the OPF.
- (5) If the employee elects to retain coverage in the NAF plan, place the Notice of NAF Election flag on the right side of the OPF. This flag will serve to alert subsequent employing offices that the employee is covered by a NAF plan and is excluded from CSRS, CSRS Offset, or FERS.

The Employee should:

- (1) Acknowledge receiving the form by signing Part 2 of one copy and returning it to the Human Resources Office.
- (2) Keep a copy of the form with only Part 1 completed.
- (3) Make a retirement coverage election by signing Option 1 or Option 2 in Part 3 of the form. Submit the election to the Human Resources Office by the Due Date shown in Part 1. If you fail to submit an election by the due date, you will be considered to have elected Option 2 in Part 3.

NOTICE OF NAF ELECTION

RETIREMENT COVERAGE ELECTION UNDER SECTION 1131 OF
PUBLIC LAW 107-107

**THIS EMPLOYEE HAS ELECTED TO RETAIN
COVERAGE UNDER THE NONAPPROPRIATED
FUND (NAF) RETIREMENT PLAN IDENTIFIED
BELOW AND IS EXCLUDED FROM COVERAGE
UNDER **CSRS** AND **FERS****

For further information, contact the NAF retirement plan
identified below.

	Department of the Army	(703) 681-7260 (DSN 761)
	Department of the Air Force	(210) 652-2834 (DSN 487)
	U.S. Marine Corps	(703) 432-0419 (DSN 378)
	Bureau of Naval Personnel	(901) 874-6716 (DSN 882)
	Navy Exchange Service Command	(757) 440-4718
	Army and Air Force Exchange Service	(800) 519-3381
	Coast Guard	(202) 267-2747

Current as of 06/04

Keep this document on the right side of OPF.

Instructions for Completing Notice of NAF Election

- Complete this flag when an employee elects to continue NAF retirement coverage under Section 1131 of Public Law 107-107
- Identify the appropriate NAF retirement plan contact by marking the box to the left of the plan.
- File this document on the right hand side of the OPF with the employee's NAF retirement election.