

ATTACHMENT 3

Crediting DoD or Coast Guard NAF Service for CSRS or FERS Immediate Retirement under Section 1132 of Public Law 107-107

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Job Aid to Attachment 3**Eligibility to Credit DoD or Coast Guard NAF Service
for CSRS or FERS Immediate Retirement on or after December 28, 2001**

Eligibility Criteria	Actions
1. Does the employee need the credit for NAF service in order to qualify for immediate CSRS or FERS retirement? Review the OPF to determine if employee is eligible for an immediate CSRS or FERS retirement based on APF service alone.	Yes. Go to step 2. No. If the employee qualifies for an immediate CSRS or FERS retirement based on non-NAF service, he or she is not eligible for the election.
2. Does the employee have at least 5 years of creditable non-NAF civilian service and qualify for a deferred retirement benefit? 5 C.F.R. part 847, subpart H requires the employee to have enough otherwise creditable civilian service to qualify for deferred retirement.	Yes. Go to step 3. No. If the employee is not eligible for a deferred annuity based on non-NAF service, he or she is not eligible for an election to credit NAF service.
3. Does the employee have enough combined APF and NAF service to qualify for immediate CSRS or FERS retirement? Verify NAF service using the attached model request for verification of NAF service. NAF employers will return the completed verification of NAF Service Form (also attached). Employees cannot use NAF service that is already creditable under 5 U.S.C. 8332(b)(16) or 5 CFR part 847, subpart D. (Note: Any NAF service that is not already creditable for CSRS or FERS retirement may be used. This includes NAF service that was not covered by a NAF retirement plan.)	Yes. Go to Step 4. No. If the additional NAF service does not qualify the employee for an immediate retirement, no election can be made. Elections to credit prior NAF service must be made at the time of retirement.
Election Procedure	Action
4. Provide Election to Employee	Give employee form RI 38-145. Follow instructions for completing the form, including how to provide an estimate of the employee's annuity both with and without the NAF service. If the employee elects to use prior NAF service, forward a copy of the employee's election to the appropriate NAF employer.

Appropriate NAF Employer's Address

Dear Nonappropriated Fund Employer:

We are writing on behalf of **employee's name, employee's date of birth, employee's Social Security Number**, requesting verification of **his/her** service with the nonappropriated fund (NAF) instrumentality listed below. This employee is considering using that NAF service to qualify for immediate retirement under the Civil Service Retirement System (CSRS) / Federal Employees Retirement System (FERS) in accordance with Section 1132 of Public Law 107-107.

Nonappropriated Fund Employer	Beginning Date of Service	Ending Date of Service

Using the enclosed form, *Verification of Nonappropriated Fund (NAF) Service Pursuant to an Election Under Section 1132 of Public Law 107-107*, please:

- verify the dates of the employee's service for the period(s) listed above;
- provide the total hours the employee worked if the employee did not work a full-time schedule and can only get credit for time actually worked;
- indicate whether or not the employee received a refund of **his/her** retirement monies (if the employee did not participate in a NAF retirement plan, indicate "not applicable"); and
- indicate how an election to use the NAF service listed above to qualify for an immediate CSRS or FERS retirement would affect the employee's rights to retirement benefits under the NAF retirement plan. (If the employee elects to use the NAF service listed above to qualify for an immediate CSRS or FERS retirement, that NAF service cannot be credited for any purpose under any retirement system provided for NAF employees.)

If the employee elects to use the NAF service listed above to qualify for an immediate CSRS or FERS retirement, we will provide you with a copy of the employee's election form.

From Attachment 4 to BAL 03-102

Please send or fax your response to:

Agency Address and Fax Number

If you have any questions concerning this request please contact: ***name of agency contact, phone number, and email address.***

Thank you for your assistance.

Sincerely,

Signature of agency official

Enclosure

From Attachment 4 to BAL 03-102

**VERIFICATION OF NONAPPROPRIATED FUND (NAF) SERVICE
PURSUANT TO AN ELECTION TO CREDIT NAF SERVICE FOR IMMEDIATE CIVIL SERVICE
RETIREMENT UNDER SECTION 1132 OF PUBLIC LAW 107-107**
(completed by appropriate NAF employer)

Part 1 – Identifying Information

Employee's Name	Date of Birth	Social Security Number
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Other Names Used

Part 2 – Verification of Service (mark the appropriate box)

- We are unable to locate any records of service with this component.
- The individual named in Part 1 performed the following service as an employee paid from nonappropriated funds. (Please note, we are only providing information about the service identified in the request for verification of service.)

NAFI and Location	Beginning Date	Ending Date	Actual Hours Worked If Other Than Full -Time	Retirement Monies Refunded? (yes/no/not applicable)

Part 3 – NAF Retirement Eligibility (mark the appropriate box)

- The employee is not eligible for a NAF retirement benefit (immediate or deferred), therefore the election to credit the service listed in Part 2 for CSRS or FERS retirement eligibility purposes does not affect eligibility for NAF benefits.
- The employee is eligible for a NAF retirement benefit (immediate or deferred) only if the service listed in Part 2 remains creditable for NAF retirement purposes. If the employee elects to credit that service for CSRS or FERS retirement eligibility purposes, the employee must request a refund of NAF retirement monies and give up his or her rights to the NAF retirement benefit.
- The employee is eligible for a NAF retirement benefit (immediate or deferred). Electing to use the service listed in Part 2 for CSRS or FERS retirement eligibility purposes does not affect the employee's eligibility for the NAF retirement benefit. However, the election would reduce the amount of his or her NAF retirement benefit

Part 4 – Certification

Signature of Certifying Official	Date
Printed Name	Title
Phone Number	Fax Number
Address	

From Attachment 4 to BAL 03-102

PROCESSING ELECTIONS TO CREDIT PRIOR NAF SERVICE TOWARDS ELIGIBILITY FOR IMMEDIATE CSRS OR FERS RETIREMENT

Election:

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.

Regulations covering this election are found in 5 CFR, Part 847, Subparts H and I. Servicing HROs should follow the procedures outlined in OPM Benefits Administration Letter 03-102 (www.opm.gov/asd/htm/bal03.htm). BAL 03-102 contains examples of who can make the election, information on how to credit NAF service, and procedures for notifying the appropriate NAF retirement plan and verifying NAF employment.

Effect of Election on CSRS or FERS Annuity:

Using credit for NAF service under this provision will not result in a higher CSRS or FERS annuity benefit.

As discussed in BAL 03-102, it is important that employees seek Benefits Office assistance in deciding whether to use prior NAF service to qualify for immediate retirement. Employees electing to use NAF service to qualify for an immediate CSRS or FERS annuity receive an annuity that is actuarially reduced to offset the additional cost to the CSRS or FERS retirement fund. Therefore, employees should consider whether it would be more advantageous to work the additional years required to qualify for retirement without using NAF service.

BAL-03-102 describes how to compute the CSRS or FERS annuity when employees elect to credit prior NAF service. Employees cannot make deposits to CSRS or FERS to cover the NAF service and NAF retirement deductions and contributions cannot be transferred to CSRS or FERS.

Effect on NAF Retirement Benefit:

NAF service used to qualify for an immediate retirement from CSRS or FERS cannot be used under a NAF retirement system for any purpose. Employees should also consider whether they will have to give up any NAF retirement benefit in order to use the NAF service towards CSRS or FERS retirement.

**PROCESSING ELECTIONS TO CREDIT PRIOR NAF SERVICE TOWARDS
ELIGIBILITY FOR IMMEDIATE CSRS OR FERS RETIREMENT**

Election Form

Employees must complete the NAF service credit election form, RI 38-145, and submit it to their employing agency before the actual retirement date. The form should be submitted as part of the retirement package to the appropriate Benefits Office. If the employee elects to use prior NAF service, forward a copy of the employee's election to the appropriate NAF employer. The HRO should attach a "flag" to the retirement package to alert OPM to the credit. The election form, RI 38-145, and the "flag" are attached. The form is Attachment 3 to BAL 03-102, www.opm.gov/asd/pdf/2003/03-1023.pdf. The election "flag" is Attachment 5 to BAL 03-102, www.opm.gov/asd/pdf/2003/03-1025.pdf.

See BAL 03-102 for additional processing and documenting information.

**Election to Use Nonappropriated Fund (NAF) Service to Qualify for
Immediate Retirement Under the Civil Service Retirement System (CSRS)
or the Federal Employees Retirement System (FERS)
in Accordance with Section 1132 of Public Law 107-107**

Part 1 - (To be completed by employing agency)

Employee's name (last, first, middle)	Date of birth (mm/dd/yyyy)	Social Security Number
Date of retirement (mm/dd/yyyy)	Type of separation <input type="checkbox"/> Voluntary <input type="checkbox"/> Involuntary	Amount of NAF service needed to qualify for immediate CSRS or FERS retirement <input type="text"/> years <input type="text"/> months <input type="text"/> days
Date employee would first qualify for CSRS or FERS retirement benefits if NAF service were not used to qualify for immediate retirement (mm/dd/yyyy)		

Annuity Estimates

1. If you elect to use your NAF service to qualify for immediate CSRS or FERS retirement:
 - Your gross monthly retirement benefit is estimated to be \$ _____
 - The gross monthly survivor benefit payable to your spouse is estimated to be \$ _____
2. If you do not elect to use NAF service to qualify for immediate CSRS or FERS retirement:
 - Your gross monthly retirement benefit as of the date you first qualify for CSRS or FERS benefits without NAF service is estimated to be \$ _____.
 - The gross monthly survivor benefit payable to your spouse is estimated to be \$ _____

Signature of Authorized Agency Official	Phone number	Date (mm/dd/yyyy)
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Part 2 - (To be completed by employee)

I elect to use my NAF service listed below to qualify for an immediate retirement benefit under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). I understand:

- This NAF service cannot be used to increase the amount of my CSRS or FERS benefit;
- My benefit will be reduced to ensure that it is actuarially equivalent to the present value of the deferred annuity I would receive if I leave government service and do not use the NAF time to qualify for immediate retirement;
- If I am covered under FERS, I am not eligible to receive the FERS Annuity Supplement; and
- This NAF service cannot be credited for any purpose under any retirement system provided for NAF employees.

Nonappropriated Fund Employer and Location	Beginning Date (mm/dd/yyyy)	Ending Date (mm/dd/yyyy)
Employee's signature	Date (mm/dd/yyyy)	

(Instructions on the reverse)

Instructions for Completing Election Form RI 38-145
Election to Use Nonappropriated Fund (NAF) Service to Qualify for
Immediate Retirement Under the Civil Service Retirement System (CSRS)
or the Federal Employees Retirement System (FERS)

Part 1 - To Be Completed by the Employing Agency Human Resources or Benefits Office

- Enter the employee's name, date of birth and social security number.
- Enter the date the employee wants to retire.
- Indicate whether the employee has decided to voluntarily separate and receive retirement benefits or whether the employee is facing an involuntary separation. (An employee cannot use NAF service to qualify for a Discontinued Service Retirement if the separation is involuntary and for cause on charges of misconduct or delinquency.)
- Enter the amount of NAF service needed to qualify for immediate CSRS or FERS retirement benefits as of the date of retirement.
- Determine the date the employee would first qualify for CSRS or FERS retirement benefits if NAF service were not used for CSRS or FERS retirement.
 - If the employee has the option to continue working, enter the earliest date the employee would qualify for immediate retirement benefits if the employee continued to work.
 - If the employee does not have the option to continue working (that is if the employee is facing an involuntary separation), enter the earliest date the employee would qualify for a deferred retirement benefit.
- Provide an estimate of the gross monthly rate payable to the employee if the employee elects to use NAF service to qualify for immediate retirement. If the employee elects to provide a survivor benefit, provide an estimate of the survivor benefit monthly rate as well. (Compute these estimates following the instructions provided in Attachment 2 of Benefits Administration Letter 03-102.)
- Provide a second estimate showing the gross monthly rate payable to the employee if NAF service is not used to qualify for immediate retirement. This estimate should reflect the benefit payable as of the date the employee would first qualify for CSRS or FERS retirement benefits without NAF service. If the employee elects to provide a survivor benefit, provide an estimate of the survivor benefit monthly rate as well.
- Sign the form, date it, and provide your phone number.
- After completing Part 1, give the form to the employee to complete Part 2.
- When the employee returns the completed election form, make two copies of it. Attach the original to the employee's retirement application package along with the verification of NAF service you obtained from the appropriate NAF employer. Send a copy of the election to the appropriate NAF employer and file a copy in the employee's Official Personnel Folder.

Part 2 - To Be Completed by the Employee

- Identify the NAF service that you want to use to qualify for immediate CSRS or FERS retirement benefits. Provide the name of the NAF employer, the location of employment, the date the service began, and the date the service ended. (Note, you must enter complete periods of service. For example, if you need 1 year and 6 months of NAF service to qualify for an immediate CSRS or FERS retirement benefit, and you performed service with a NAF from January 15, 1977 to July 3, 1979, you should enter the entire period of NAF service.)
- Sign and date the form.
- Make a copy of the form for your records. Return the original to your Human Resources or Benefits office along with your application for immediate retirement benefits.

NAF SERVICE CREDIT ELECTION

FLAG

Please Leave on Top of Retirement Application Package

**THIS RETIREMENT INCLUDES NAF SERVICE
USED UNDER SECTION 1132 OF PUBLIC LAW
107-107 TO MAKE EMPLOYEE ELIGIBLE FOR
IMMEDIATE RETIREMENT**

**UPON ARRIVAL AT OPM,
DO NOT AUTOMATICALLY AUTHORIZE
INTERIM PAY**

FLAG NAF SERVICE CREDIT ELECTION FLAG