



CNIC

# NAF BENEFITS Retirement Guide



Information on your:

- Retirement Plan
- Post Retirement Medical
- Post Retirement Life Insurance

Effective  
October, 2013

# Retirement Guide

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## **Your Retirement Plan**

### **INTRODUCTION**

The CNIC NAF Retirement Plan (the Retirement Plan) is a voluntary, contributory defined benefit plan designed to provide you with a source of income when your career with CNIC ends. Together with the income you receive from your Social Security benefit, 401k Savings Plan, and any personal savings, your Retirement Plan benefit can help you enjoy the rewards of a well-earned retirement.

This booklet describes the general benefit provisions. The amount of your monthly annuity under the Retirement Plan is based on your earnings and years of participation in the retirement plan.

In your first two to four years of retirement, your monthly retirement payments will exceed your total contributions into the Retirement. Your monthly retirement payments will continue for the rest of your life.

If you have any questions after reading this booklet, please contact your local benefit representative.

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**This booklet was prepared as an aid to assist employees in understanding the Retirement Plan. If there are any differences in this and the actual Retirement Plan document, the Retirement Plan document will prevail.**

## **ELIGIBLE PLAN PARTICIPANTS**

You are eligible to participate in the Retirement Plan if you:

- are a civilian regular full time or regular part time CNIC NAF employee working in the United States (whether a U.S. Citizen or a Non-U.S. Citizen)
- or
- are a NAF regular full time or regular part time employee of the United States Naval Academy (“USNA”)

Non-U.S. Citizens overseas are not eligible to enroll in the retirement plan.

If you were hired on or after July 15, 2011, you are eligible to join the Retirement Plan at any time on or after your date of hire. Credited service will begin as of the first day of the payroll period (or the employee’s date of hire, if later) to which employee contributions begin.

## **SERVICE**

For Retirement Plan purposes, the following definitions apply.

- **Continuous Service** – is your service as a CNIC NAF regular employee. This time is used to determine your eligibility to receive a benefit, often referred to as vesting.

**Full vesting** - 5 years of Continuous Service.

- **Credited Service** – is the time that you contributed and participated in the retirement plan. This time is used to calculate your retirement benefit. When you retire your unused sick leave hours will be added to Credited Service.

Should you leave NAF employment and withdraw your Retirement Plan contributions, you will lose the Credited Service for that period of time. If you return to active CNIC employment as a regular employee, you are eligible to buy back your Credited Service. In order to buy back this Credited Service you must enroll into the Retirement Plan when you are first eligible, and elect to repay the contributions previously withdrawn (plus interest) within 30 days. Repayment of contributions must be received within 12

months after reemployment. You must buy back the entire Credited Service period.

**ENROLLMENT**

To enroll in the Plan, you must complete the Retirement Enrollment Form (RP-2), authorizing to have one percent (1%) of your salary deducted for the Retirement Plan each pay period. You will also be required to name a beneficiary (the person or persons you designate to receive death benefits from the Retirement Plan). If you are married you should consider naming your spouse as the sole beneficiary. Should you die while in service the retirement plan will provide your spouse monthly payments for the rest of his/her life; however you must name your spouse as the sole beneficiary to receive this benefit.

**COST**

CNIC covers the majority of the cost of the Retirement Plan. Your employee contributions will equal one percent (1%) of your gross salary. Contributions will be withheld from your paycheck each pay period.

You will never lose the money you contribute to the Retirement Plan. In the event you leave employment, you may request that your contributions be returned with interest. Should you leave with 5 or more years of Continuous Service (fully vested), you may withdraw your contributions with interest or leave them in the Retirement Plan to receive an annuity at age 52 or any time thereafter. When you leave CNIC NAF employment, contact your benefits representative to determine your vesting status. If you are considered to be fully vested, be sure to obtain a Deferral of Retirement Form (RP-5) to make your election.

**RETIREMENT  
BENEFIT  
ELIGIBILITY**

**Normal Retirement or Unreduced Early Retirement:** You may retire with an unreduced annuity when you meet the following requirements:

<b>Age</b>	<b>Years of Continuous / Vesting Service</b>
62 or older	5
60	20

55	30
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**Early Retirement (reduced):** You may choose to retire early at any time between the ages of 52 to 62, after obtaining 5 years of Continuous Service. This Early Retirement with Reduced Benefit requires a reduction from your retirement benefit of *4% per year*.

**Involuntary Early Retirement (reduced):** You may also be eligible for involuntary early retirement. You must have 25 years of Continuous Service at any age, or age 50 with 20 years of Continuous Service when you are involuntarily terminated due to a business-based action (BBA) prior to your Normal Retirement date.

Special early retirement benefits are reduced by one-sixth of one percent (.167%) for each month (*2% per year*) prior to age 55.

**HOW  
RETIREMENT  
PLAN BENEFITS  
ARE CALCULATED**

Your benefit will be calculated using a mathematical formula based on the following data:

- Years and months of Credited Service
- Highest thirty-six consecutive months average earnings
- Estimated Social Security benefit.

Please see your annual benefit statement for the results of your retirement calculation.

**HOW YOUR  
RETIREMENT  
PLAN BENEFIT  
IS PAID**

Your Retirement benefit is normally paid in monthly for life. Depending on your payment option election, you may elect a monthly benefit that continues to a spouse after you die. The options described below allow you to arrange your Retirement Plan benefit in a way that best suits your personal needs.

### **Single Life Annuity**

Under this option you will receive your Retirement Plan benefit for as long as you live. In the event of your death, there would be no future benefit paid from the Retirement Plan. Your beneficiary would receive a one-time lump sum payment of any unpaid contributions plus interest, if any remain.

### **Spouses Annuity**

If you are married when you retire, you may elect an annuity that provides a portion of the benefit that continues to your spouse upon your death. This election results in a 10% reduction in your monthly benefit, but provides your spouse with a reduced monthly benefit for his or her lifetime after your death.

Upon your normal or early retirement, you would receive 90% of your Retirement Plan benefit each month. Upon your death, your spouse will begin to receive a monthly payment equal to 55% of your Retirement Plan benefit. Payments will continue for your spouse's lifetime **unless he or she remarries before age 60.**

If your spouse dies before you, but after your Retirement Plan benefit has begun, your monthly annuity payment will revert back to 100% and will remain at that level for the remainder of your lifetime, only if you contact the CNIC Retirement Resource Team (RRT) at the headquarters office to initiate the change.

### **IN SERVICE DEATH BENEFIT**

If you die while you are still working as a NAF employee, your beneficiary will be eligible to receive either a pre-retirement spousal benefit or a refund of your contributions including interest from the Retirement Plan.

### **Pre-Retirement Spousal Benefit**

Your spouse will receive a monthly benefit for his or her lifetime, starting on the first of the month following your death, if you are a participant in the Retirement Plan and:

- Have at least 18 months of Credited Service,
- Have been married for a year or more, and
- Named your spouse as the sole beneficiary.

### **Employee Contribution Refund**

If you are not married when you die, or if your spouse does not qualify for a pre-retirement spousal benefit, your beneficiary will receive a one-time lump sum payment equal to the total of your contributions including interest, which will represent a distribution of your full plan benefit.

### **IF YOU BECOME DISABLED**

#### **Plan Participation**

If you cannot work and go on leave without pay due to a illness or injury, your contributions to the Retirement Plan will end. If you return to work within 12 months, you will not have a break in Continuous Service. You will be eligible to buy back the Credited Service for the time you missed by repaying your employee contributions. The amount you repay will be based on your pay prior to going on leave.

You are not able to retire prior to age 62 if you are receiving a benefit from the CNIC Long Term Disability (LTD) Plan. LTD benefits must stop to be eligible for Early Retirement (reduced).

### **IF YOU LEAVE CNIC**

As mentioned earlier, you may qualify for a Retirement Plan benefit even if you quit or your employment is terminated.

If you terminate employment after you are vested in the Retirement Plan, you can choose to defer your retirement benefit.

If you elect this deferred benefit and die before your payments begin, your beneficiary will receive a one-time lump sum benefit equal to your contributions including interest. The Retirement Plan will not pay a monthly benefit to your beneficiary. This lump sum payment represents a full distribution of your plan benefits.



In lieu of a deferred benefit, you can elect to receive a refund of your contributions. This will be paid in a one-time lump sum and will include interest. If you elect to receive a refund of your contributions, you will not be eligible for a monthly benefit at a later date. The lump sum payment represents a full distribution of your plan benefits.

If you terminate employment from CNIC prior to becoming vested, you will receive a refund of your contributions including interest. The lump sum payment represents a full distribution of your plan benefits.

## **POST RETIREMENT MEDICAL INSURANCE CRITERIA**

You will be eligible to continue Medical Plan coverage for you and your family if:

- you retire from the Retirement Plan
- you have 15 years of cumulative participation . You may receive credit toward the 15 year participation requirement if you have continuous participation in a Federal Employment Health Benefit prior to moving from a GS to a CNIC NAF position with no more than 3 days of a break in service.
- you are covered by the NAF Medical Plan at the time you retire.

Post retirement Medical Plan coverage will be the same as that provided to active employees and will change if the active coverage changes. Your post retirement Medical Plan insurance will continue as long as the premiums are paid. If you choose to continue your post retirement Medical Plan coverage past age 65, Medicare will become your primary and you will be changed to Aetna Traditional Choice Plan, which will be your secondary coverage.

## POST RETIREMENT LIFE INSURANCE CRITERIA

You will be eligible to continue Life Insurance if you:

- Have been in the CNIC Life Insurance Plan for 5 consecutive years
- Age 52 or older when you retire
- Receive a monthly benefit from the Retirement Plan.

The *amount* of post retirement life insurance coverage will depend on when you retire and how long you are in the Retirement Plan immediately prior to retirement.

- If you have been in the Retirement Plan for at least 15 years and you retire at age 62 or older, your retiree life insurance coverage will continue in full until you are age 66. After age 66, it will be reduced 25% a year until it equals 25% of the original amount.
- If you have been in the Plan at least 5 years and you retire at age 52 or later, your retiree life insurance coverage will equal 25% of the amount you have just prior to retirement subject to a \$5,000 minimum and a \$10,000 maximum.
- If you defer annuity benefits until a later date, you will not be eligible for post retirement life insurance coverage.
- Coverage is paid 100% by the retiree. The cost will be based on the active optional coverage rates.





The NAF Benefits Retirement Plan is managed by the CNIC Headquarters Human Resources Branch.  
For additional information, send an email to [MILL\\_CNIC\\_RETIREMENT@navy.mil](mailto:MILL_CNIC_RETIREMENT@navy.mil).