



# CNIC

## NAF BENEFITS Retirement Guide



Information on your:

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

# Retirement Guide

## Table of Contents

<b>Title</b>	<b>Page</b>
<b>Introduction.....</b>	<b>3</b>
<b>Eligible Plan Participants.....</b>	<b>4</b>
<b>Service .....</b>	<b>5</b>
<b>Enrollment .....</b>	<b>6</b>
<b>Cost.....</b>	<b>6</b>
<b>Retirement Plan Eligibility.....</b>	<b>7</b>
<b>How Retirement Plan Benefits are Calculated.....</b>	<b>7</b>
<b>How Your Retirement Plan Benefit is Paid .....</b>	<b>11</b>
<b>In Service Death Benefit.....</b>	<b>12</b>
<b>If You Become Disabled .....</b>	<b>13</b>
<b>If You Leave CNIC .....</b>	<b>13</b>
<b>How and When to Apply For Your Benefit.....</b>	<b>14</b>
<b>Other Post Retirement Coverage.....</b>	<b>15</b>

# **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 Social Security benefits, your 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 highest consecutive three-year average earnings and years of Credited Service at the time of retirement.

In your first three to five years of retirement, your monthly annuity payments will total more than you paid into the Retirement Plan while you were working as a NAF CNIC employee. Your monthly annuity payments will continue for the rest of your life.

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

---

**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 actual 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 an employee of the United States Naval Academy (“USNA”) as of August 1, 2011, who has participated in the Norfolk Naval Shipyard Co-Operative Association Pension Plan (“NNS Plan”) and who have not previously been a CNIC employee

or

- are a civilian U.S. citizen working overseas in one of the above employment groups.

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

If you were hired on or after July 15, 2011, there is no waiting period and you are eligible to immediately begin participating in the Retirement Plan. Eligible employees may elect to join the Retirement Plan at any time on or after their date of hire. Participants must elect to begin contributing to the Retirement Plan within 30 days of making the election to join the Plan. 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.

If you were hired after January 1, 1989, but before July 15, 2011, you are eligible to participate in the Retirement Plan after you have been employed in an eligible position for one continuous year. You may elect to enroll in the Retirement Plan either on your date of hire or any date during your first year of Continuous Service. However, deductions for employee contributions will only begin after the completion of the one year waiting period. You will receive retroactive credited service for the one-year waiting period at no cost as long as you enroll in the Retirement Plan within 30 days of completion of your first year of continuous employment.

Eligible employees hired before January 1, 1989 had no waiting period and you were eligible to immediately begin participating in the Retirement Plan. Eligible employees could elect to join the Retirement Plan at any time on or after their date of hire.

## SERVICE

For Retirement Plan purposes, the following definitions apply.

- **Continuous / Vesting Service** - used to determine your eligibility to receive a benefit.
- **Credited Service** - used to calculate your pension benefit.

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

### **Continuous / Vesting Service**

Continuous / Vesting Service is important in determining your eligibility to receive a benefit. You earn Continuous / Vesting Service for all your years and months of continuous employment as an eligible employee.

### **Credited Service**

Credited Service includes all the years and months of NAF employment for which you make contributions to the Retirement Plan, plus:

- Unused sick leave (**if you retire with an immediate annuity**).
- Uniform service can be bought back if you served immediately prior to reemployment at CNIC and participate in the Retirement Plan within 12 months of notification, assuming you pay for the Credited Service within 5 years from hire (or rehire) date and meet the requirements of the Uniformed Services Employment and Reemployment Rights Act (USERRA).

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 notify your benefits representative within 30 days after you return to work in order to enroll when you are first eligible, and repay the contributions you withdrew (plus interest) within 12 months after your return to work date. You must buy back the entire Credited Service period. You cannot buy back only a part of it.

## **ENROLLMENT**

To enroll in the Plan, you must complete the Application for Participation (RP-2), agreeing 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 hired on or after July 15, 2011, your plan membership begins upon election to join the plan and the start of your employee contributions.

If you are hired before July 15, 2011, your plan membership and deductions will start on the first day of the pay period after you return your enrollment card, one year after your eligible hire date.

## **COST**

CNIC pays a 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 / Vesting Service (fully vested), you may withdraw your contributions with interest or leave them in the Retirement Plan to draw an annuity at age 52 or any time thereafter. When you leave CNIC NAF employment, contact your benefits representative to obtain Notice of Termination of Employment form (RP-6) to make your election.

You can elect to stop participating in the Retirement Plan at any time. Your enrollment will be cancelled and your contributions stopped. To do this, complete the Election to Discontinue Active Participation form (RP-5). You will not be allowed to resume contributing for one year.

---

**IMPORTANT NOTE:** If you choose to stop participating in the Retirement Plan, your Credited Service from that point in time until you again participate will NOT be included in the calculation of your Retirement Plan benefit when you later retire!

---

**RETIREMENT  
PLAN  
ELIGIBILITY**

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

<b>Age</b>	<b>Years of Continuous / Vesting Service</b>
62 or older	5
60	20
55	30

**Early Retirement (reduced):** You may retire early any time after you reach age 52 and complete 5 years of Service. You are eligible to receive reduced benefits between age 52 and 62, reduced by one-third of one percent (.333%) for each month (*4% per year*) prior to age 62.

**Special Early Retirement (reduced):** You may also be eligible for special early retirement. You must have 25 years of Service at any age or age 50 with 20 years of Service when you are involuntarily terminated or retire because of a reduction in force (RIF) or business-based action (BBA).

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**

The amount of your benefit will be figured using a mathematical formula based on the following data:

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

The formula(s) used to calculate the Retirement Plan benefits for NAF employees is as follows:

**BASIC FORMULA:** (A. plus B. plus C.) minus D.

A. 1.5% times the highest three year average earnings times Credited Service for the *first five (5) years* of Credited Service

*Plus*

B. 1.75% times the highest three year average earnings times Credited Service for the *next five (5) years* of Credited Service

*Plus*

C. 2.0% times the highest three year average earnings times Credited Service for *all years of Credited Service thereafter*

*Minus*

D. 2.5% times Estimated Social Security benefit times Credited Service (Maximum 50%)

**PRIOR SERVICE FORMULA  
(For Credited Service prior to September 1, 1974):**

*First ten (10) years of Credited Service:*

(A. Plus B.) Times C.

A. 1% times the highest three consecutive average earnings up to \$3,600

*Plus*

B. 1.5% times the highest three consecutive average earnings in excess of \$3,600

*Times*

C. Credited Service for each of the first 10 years



*Credited Service in excess of ten (10) years:*

(A. Plus B.) Times C.

A. 1.25% of the first \$3,600 of your high three average earnings

***Plus***

B. 2% of your high three average earnings in excess of \$3,600

***Times***

C. Credited Service for *all years of Credited Service thereafter*

### **MINIMUM Formula**

The Retirement Plan benefit will never be less than the benefit calculated below:

A. Times B.

A. .5% times the highest three year average earnings

***Times***

B. All years of Credited Service

The Retirement Plan benefits calculated under this formula will be paid in the form of a monthly annuity for your lifetime or in certain circumstances, in a lump sum.

### **Credited Service**

Your Retirement Plan benefit depends on your Credited Service under the Retirement Plan. See the Section on Service on page 5 for more information on the time that will be included in your Credited Service.

## **Highest Three Years of Consecutive Earnings**

Your benefit also depends on the average earnings of your highest three years of consecutive earnings. Earnings include your base salary, overtime and shift differential. Relocation expenses, reimbursements, tuition refunds and other special forms of compensation are not included.

## **Social Security Offset**

Your Retirement Plan benefit will be paid in full, without the Social Security Offset until your age 62. At age 62, the Social Security offset will be applied.

---

**IMPORTANT NOTE:** Your Social Security benefit paid by the Social Security Administration is NOT actually impacted! Only an estimate of what you will be paid by Social Security (up to a maximum of 50%) is used in the Retirement Plan formula.

---

## **Cost of Living Adjustments (COLAs)**

A major advantage of your Retirement Plan is that your benefit does not stop growing when you retire. Once your benefit starts, the amount of your monthly annuity may increase annually based on inflation. If cost of living (under the provisions of the Civil Service Retirement Act) does increase, then you will receive an annual COLA increase. Your benefit will not be reduced if the cost of living decreases.

## **Prior Plan Benefit**

For USNA and NNS NAF employees with a prior NNS Plan benefit, the pre-merger benefit formula will still be calculated under the terms of the NNS Plan through July 31, 2011 combined with the post July 31, 2011 accrued benefit under the terms of this Retirement Plan.

## **HOW YOUR RETIREMENT PLAN BENEFIT IS PAID**

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

Regardless of which payment option you choose, your beneficiary will receive the remaining value of your employee contributions including interest upon your death.

### **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 benefits paid from the Retirement Plan. Your beneficiary would receive only a refund of any unpaid employee contributions, if any. The Retirement Plan has no further benefit obligations for you.

### **Spouses Annuity**

If you are married when you retire, you may elect an annuity that provides a portion 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 pension 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.

**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 employee 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.

The amount of the pre-retirement spousal benefit will depend on your age at death.

- If you die after age 60, the spousal benefit will be 55% of the Retirement Plan benefit you had earned as of the date of death.
- If you die before age 60, the spousal benefit will be 55% of the greater of a. or b.:
  - a. the Retirement Plan benefit you had earned as of the date of death
  - b. the benefit calculated using the Credited Service you would have had if you had lived to age 60. This minimum benefit can be as much as 22% of your highest three year average earnings.

This benefit will be reduced by any current Social Security benefit he or she may be entitled to receive.

**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 lump sum payment equal to the total of your employee contributions including interest and will represent a distribution of your full plan benefits. The Retirement Plan has no further benefit obligations.

**IF YOU  
BECOME  
DISABLED**

**Plan Participation**

If you cannot work and go on leave without pay due to a permanent illness or injury, your employee contributions will end. If you return to work within 12 months, you will not have a break in 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 when you became disabled.

Should your disability last longer than 12 months, you will have a break in service. If you return to work, you will be able to rejoin the Retirement Plan immediately.

You are not able to retire if you are receiving a benefit from the CNIC Long Term Disability (LTD) Plan. LTD benefits must stop before you may retire from the Retirement Plan.

**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 a benefit, you can choose to defer your benefit to normal retirement.

If you elect this deferred benefit and die before your payments begin, your beneficiary will receive a lump sum benefit equal to your employee 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. The Retirement Plan has no further benefit obligations for you.

In lieu of a deferred benefit, you can elect to get a refund of your contributions. This will be paid in a lump sum and will include interest. If you elect to receive a refund of your employee 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. The Retirement Plan has no further benefit obligations for you.

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. The Retirement Plan has no further benefit obligations for you.

**HOW AND  
WHEN TO  
APPLY FOR  
YOUR  
BENEFIT**

Please submit your completed retirement application along with the required supporting documentation at least 60 days prior to your requested retirement date in order to avoid any delay in payment.

All applications must be made in writing. Notify your benefits representative to help you apply for your Retirement Plan benefit. You will receive a confirmation of your monthly benefit and all the forms and instructions necessary to make your transition to retirement as smooth as possible.

## **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

and

- you have 15 years of cumulative participation in a DOD NAF Medical Plan

and

- 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 until you reach age 65 when you become eligible for Medicare. 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

*and*

- Are age 52 or older when you retire

*and*

- 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 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).