



**Mandatory Employment Termination Employee Benefit Fact Sheet**  
**Revised DECEMBER 2012**  
**Marine Corps NAF Benefits Programs**

The purpose of these fact sheets is to provide terminating employees information on the disposition of their NAF Employee Benefits after termination. If you have accepted a civil service position, you may be eligible for portability of retirement benefits. If so, please read the last page of this fact sheet.

Additional information may be obtained by visiting [www.usmc-mccs.org](http://www.usmc-mccs.org) or by referring to your Employee Benefits Handbook, Life Insurance Handbook and/or your 401(k) Summary Plan Description. All handbooks can be referenced at [www.usmc-mccs.org](http://www.usmc-mccs.org) for your convenience.

**Retirement Plan**

- If you were a participant in the Marine Corps NAF Retirement Plan, you may have more than one option regarding your contributions:
  - If you are not vested (less than 5 or more contributory years in the retirement plan), then you are eligible for a refund of your contributions (and interest if you contributed to the plan for at least 36 months). If you are rehired, you may repay this refund (within 31 days of rehire in an eligible position), and all credited service will be reinstated upon completion of the repayment. Allow 45-60 days for refund processing.  
Note: Unprocessed refund applications will be cancelled if you are rehired in a benefits eligible position.
  - If you are vested (5 or more years of contributory service in the retirement plan) and if you have reached the minimum retirement age of 52, you may request an immediate early reduced annuity, or, if you have not met the age requirement yet, you may defer your benefit to begin when you attain age 52 (reduced early), age 62 (unreduced regular), or any age between 52 and 62.
  - If you are vested and have attained the regular retirement age of 62, you may request an immediate regular retirement (unreduced).
    - If you are age 62+ and enrolled in the retirement plan prior to 1/1/2001, you will be required to provide a copy of your actual Social Security (SS) Entitlement letter – your annual SS earnings statement and estimated SS benefit will not be accepted as evidence of your SS entitlement.
- If you are vested and have 30 years or more of credited contributory service in the retirement plan, and are at least age 55 you may elect to receive an unreduced early retirement benefit.
- If you are vested and have at least 20 years or more of credited contributory service, and are at least age 60 you may elect to receive an unreduced early retirement benefit.
- If you are vested and elect a cash refund, your refund application will be pended until you sign a refund addendum form that acknowledges you were given your estimated retirement entitlement and waive your future retirement benefit. **It is never recommended that a vested participant elect a cash refund.**
- For any of the retirement annuity options (early reduced, early unreduced, or unreduced regular) you may elect a survivor option. If you elect a survivor option, your annuity will be actuarially reduced slightly to fund this option.

- Unmarried participants may name anyone as a survivor. The applicable annuity reduction will be actuarially determined
- Married participants may only name his/her spouse as the survivor. The annuity reduction will be 10% for married members electing the surviving spouse option.
- If you are vested and married, you may also request a refund of your contributions (after completion of the above referenced addendum) and applicable interest, however your spouse must sign a spousal waiver of benefit entitlement before the refund will be processed. If the spouse waives their entitlement, the Internal Revenue Service requires your spouse's signature. Your spouse is entitled to receive a survivor benefit from the retirement plan unless they specifically waive their right. A spousal signature on a refund indicates they understand they are waiving that surviving spouse entitlement and agree to have the refund processed. **It is never recommended that a vested participant take a refund of contributions and applicable interest.**

### **Additional Facts about your Retirement Plan**

- The longer you participate in the plan, the greater your retirement benefit will be.
- The larger your "high 3" salary (36 consecutive months), the greater your benefit will be.
- Your age is a factor in your retirement calculation. If you are not age 62, elect an immediate annuity, and don't qualify for one of the unreduced early benefits described above, your benefit will be reduced 4 % per year for every year under age 62.
- If you retire before age 62, you will receive a supplemental early retirement benefit that will stop at age 62. (Your annuity will reduce at age 62 as a result of the supplemental benefit stop)
- After you retire, if you come back to work for Marine Corps NAF, your monthly retirement check must stop, unless you are rehired in a flexible category position. If you are re-employed in a regular category position, and are eligible for benefits and rejoin the retirement plan, you may earn additional retirement credit and your retirement benefit will be recalculated when you retire again.
  - If you fail to advise your HR office (or advise them late) of your retirement status, at the time of rehire, and an overpayment of your annuity occurs, you will be required to repay that overpayment.

### **NAF 401(k) Savings Plan**

- If you were a participant in the Marine Corps NAF 401(k) Plan, you may have more than one option regarding your account; however, you must call Fidelity at 1-800-890-4015 after waiting 30 days after termination before exercising your available options.
  - You may request a lump sum payout of your account balance. Applicable taxes and penalties will apply to cash distributions, and a 1099R will be issued to report the distribution to the Internal Revenue Service (IRS). You will be responsible to claim the distribution when you file your taxes. If you are under age 59 ½ you may also be subject to an additional 10% penalty.
  - If your account balance is less than \$1,000 you must elect to take a distribution or roll your account balance into an eligible IRA or another eligible employer sponsored plan. Taxes and penalties will not apply to eligible rollovers. You must make this election within 60 days of termination directly with Fidelity

Investments. Failure to notify Fidelity of what you'd like to do with the money will result in an automatic distribution with tax implications.

- If your account balance is \$1,000 or greater you may elect to have your funds remain with Fidelity or elect the distribution or rollover option.
- If you are age 70 ½, you must request a Minimum Retirement Distribution (MRD), as required by the IRS. The amount of the distribution will depend on your specific financial situation. Fidelity will assist you with this distribution as long as your funds remain with Fidelity. If you do not elect an MRD the IRS will impose a penalty tax of 50%.
- Please contact Fidelity and/or consult a financial advisor for more information.
- If you are relocating, it is imperative that you provide your HR office with a forwarding address so that Fidelity can continue to send you important plan information.

#### **NAF 401(k) Savings Plan – Outstanding Loans**

- If you have an outstanding 401(k) loan at the time of your termination, Fidelity Investments will send you a coupon payment booklet so that you can make payments directly to Fidelity. Failure to repay a loan will result in the loan being declared a distribution, and you will not be able to take out another loan against your 401(k) until this loan has been paid in full.
  - If you are placed in LWOP status prior to termination, you will still be required to remit loan payments to avoid your loan being “deemed” a taxable distribution.

#### **DOD NAF Health Benefit Plan (HBP) and Health Maintenance Organizations (HMO)**

- If you were a participant of the DoD NAF HBP or any Marine Corps NAF sponsored HMO for the 90 day period before you separated employment, you may be eligible to continue your health insurance:
  - If you participated in the DoD HBP for 90 days prior to your termination, you may apply for Temporary Continuation of Coverage (TCC) for up to 18 months. TCC is not available to employees that are terminated for “cause”. Contact your HR office for more information on this, if it applies. You must elect TCC within 60 days of your termination of employment. Payment of your first premium is due at the time of application. TCC rates are the full (100%) group rate plus an administrative fee (the admin fee is currently 2% but is subject to change). For HMO TCCs, premiums must be sent to HQMC (MR) at the address indicated on the TCC application. Aetna TCC payments must be sent directly to Aetna at the address indicated on the Aetna TCC application. Rates may change every January. Your TCC premium will change as group rates change. Premiums are due every 30 days and coverage will be irrevocably cancelled if premiums are late or delinquent.
  - If you have been approved for **disability**, you may be eligible for TCC for up to 36 months.
    - If you are disabled and have been enrolled in the NAF HBP for less than 5 years you may be eligible for continuation for 36 months at the full TCC rate (102%)
    - If you are disabled and have been enrolled in the NAF HBP for 5 years or more, you may be eligible for continuation for 36 months – first 12 months at no cost; remaining 24 months at full TCC rate (102%).

- Retiree medical coverage is provided to employees who are retiring and who qualify and elect an immediate annuity. The eligibility requirement is 15 years of participation. Participation immediately prior to retirement is required. Your employer pays 70% of your premium as a qualified retiree. You may continue this coverage as long as premium payments are made. If coverage is cancelled due to non-payment, the cancellation is irrevocable. When possible, your premium will be deducted from your monthly retirement annuity. If your annuity is not sufficient to cover the cost of your premium you will be sent a monthly premium statement.
  - Premiums and the employer/employee premium split are subject to change.
  - If you do not elect TCC or retiree medical coverage continuation (if applicable), your health benefits will end on your termination date.

### **Group Life Insurance**

- If you were a participant in the Marine Corps NAF group life insurance plan(s), you may be eligible to continue your coverage or convert your coverage to an individual policy.
  - You must apply for conversion of your life insurance within 30 days of termination. Employee pays the full premium. Your application must reach the conversion carrier within 30 days or coverage will not be considered. Information on conversions can be obtained from your HR office. Conversions of coverage are not guaranteed, approval is strictly up to the insurance company.
    - Premiums for approved converted life may change.
  - Opportunity to continue Standard Life Insurance will be provided to immediate annuitants (early, normal and disability) if you participated in the group life program for the 15 year period preceding retirement and provided you are still participating at the time of your retirement.
    - If you retire with a reduced early annuity your continuation premium will be 100% of the group rate
    - If you retire with an unreduced regular, or unreduced early, your continuation premium will be 50% of the group rate and your employer will pay 50%.
  - You may be eligible to continue your Optional and Optional Dependent life also, provided the continuation criteria are met. Continuation of Standard Life is required for continuation of any Optional or Optional Dependent coverage continuation. Premiums for all Optional life plans are paid solely by the retiree.
  - The volume of your life insurance for each plan (Standard and Optional) will continue into retirement, provided you are eligible for and elect continuation. Your volume is subject to a 25% reduction of your initial coverage volume at ages 66, 67, and 68. Additional information on this will be provided in your retirement insurance letter that will be provided after your retirement.
  - AD&D coverage does not continue into retirement.
  - If you do not elect continuation (if eligible) or conversion, your life insurance coverage (to include applicable dependent life insurance) will end on the date of your termination.

### **Long Term Care (LTC) Insurance**

- If you were a participant in the Marine Corps NAF LTC plan through CNA, the following facts apply to continuation of your coverage:

- Your LTC coverage will continue after termination, as long as you continue to pay the premiums
- CNA will begin billing you directly on a quarterly basis
- Your premiums will not increase with age
- If you do not receive a premium bill from CNA within 3 months of your termination, you will need to call CNA's toll free number at 1-877-777-9072
- Coverage will terminate if you fail to pay or if premium payments are delinquent

### **Flexible Spending Account (FSA)**

- Health Care FSA: If your Marine Corps NAF employment ends during the year, your participation and your contributions to your Health Care FSA end. However, you can still be reimbursed for eligible expenses you incur up to your last day worked provided your account balance is sufficient. You have until February the 15<sup>th</sup> of the next year to submit claims that were incurred prior to your termination. Any claims submitted after that day will be denied.
- Dependent Care FSA: If your Marine Corps NAF employment ends during the year, your contributions to your Dependent Care FSA end. However, you can still be reimbursed for eligible expenses you incur up to your last day worked provided your account balance is sufficient. You have until February the 15<sup>th</sup> of the next year to submit claims that were incurred prior to your date of termination. Any claims submitted after that day will be denied.
- If you are Rehired: If you leave your employer and are rehired in an eligible status within the same calendar year, you will automatically be re-enrolled into the Healthcare FSA plan that you were enrolled in prior to termination. The bi-weekly contribution will be based on the initial annual election amount. Mandatory re-enrollment does not apply to Dependent Care FSA.
- If you transfer to an appropriated fund position (APF): Participation the NAF FSA plan will cease at the time you become an APF employee. The FSA plan does not port with you to the APF position. However, you can still be reimbursed for eligible expenses you incur up to your last day worked provided your account balance is sufficient. You have until February the 15<sup>th</sup> of the next year to submit claims that were incurred prior to your termination. Any claims submitted after that day will be denied.

### **Portability of RETIREMENT Benefits to Appropriated Fund Civil Service**

- If you are a participant in the Marine Corps NAF retirement plan on your date of termination, and you have accepted a civil service job, you are eligible to continue your participation in the Marine Corps NAF retirement plan and 401(k) plan for the rest of your career through the Portability of Benefits Act P.L. 101-508 (as amended by P.L. 104-106 and P.L. 107-107) to provide longevity in one retirement system.
  - **Portability does not apply to group medical, group life, group FSA plans, group EAP plan, LTC or any other benefit that is not a retirement plan benefit.**
- Moves that occur after December 28, 2001, no longer require vesting in the NAF retirement plan; however you must be participating in the NAF retirement plan. You also have up to one year from your termination date to obtain civil service employment, and be eligible to continue participating in the NAF retirement plan. You may not request a refund of your retirement contributions if you want to exercise your portability rights.

- If you elect to remain in the Marine Corps NAF retirement system, you must complete the Portability Election Form RI 38-134 within 30 days of your hire with civil service. The form is titled “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”. Additional information regarding portability can be provided by your local HR office.
- If you make a retirement portability election to remain in the Marine Corp NAF retirement system during a move to a civil service position and later move back to a NAF position with another NAF component (such as Navy MWR, NEXCOM, Army MWR, AAFES or Air Force MWR), P.L. 101-508 requires that you continue the Marine Corps NAF retirement system, even if you have a break in service. You will never be eligible for enrollment in another NAF retirement system, nor Federal Employees Retirement System (FERS) or the Thrift Savings Plan (TSP). Your retirement portability election is a lifetime election. If you return to a civil service or NAF benefits-eligible position after retirement, you must notify Marine Corps NAF Headquarters (MRG) immediately to ensure your monthly annuity benefit is stopped before any overpayment occurs.

\_\_\_\_\_  
SIGNATURE OF HR OFFICE REPRESENTATIVE

Date: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF TERMINATING EMPLOYEE

Date: \_\_\_\_\_

**OR**

I, \_\_\_\_\_, was unable to meet with  
(HR or Benefits Representative – Please Print)

\_\_\_\_\_ upon termination of employment. I have, therefore, sent a  
(Employee Name)

copy of our Termination Agreement by certified mail to the following address:

\_\_\_\_\_ on:

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
SIGNATURE OF HR OFFICE REPRESENTATIVE

Date: \_\_\_\_\_