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Services

**AIR FORCE NONAPPROPRIATED FUND
EMPLOYEE RETIREMENT PLAN**

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This instruction implements part of Air Force Policy Directive (AFPD) 34-3, *Nonappropriated Funds Personnel Management and Administration*. It provides policy and guidance regarding administration of the Air Force Nonappropriated Fund Employee Retirement Plan. It requires the collection and maintenance of information protected by the Privacy Act of 1974 authorized by Title 10, United States Code, Section 8013. This publication applies to the Air National Guard (ANG) and Air Force Reserve Command (AFRC) Units. System of record notice F034, AF AFSVA, *Nonappropriated Fund (NAF) Civilian Personnel Records*, applies. Ensure all records created as a result of processes prescribed in this publication are maintained in accordance with AFMAN 33-363, *Management of Records*, and disposed of in accordance with the Air Force Records Disposition Schedule (RDS) located at <https://www.my.af.mil/gcss-af61a/afrims/afrims/>

SUMMARY OF CHANGES

This revision addresses miscellaneous changes occurring to administration primarily due to centralization of the nonappropriated fund payroll system. This publication applies to the Force Support Squadron and any new flight/division/branch names associated with the merger at base or higher headquarter levels.

1. Plan Administration Responsibilities. HQ AFSVA/SVXBR has overall responsibility for administration of the Nonappropriated Fund (NAF) Employee Retirement Plan (Plan). Base-level Human Resources Offices (HRO) are the benefits administration points of contact for NAF employees and HQ AFSVA/SVXBR. This instruction outlines policy and guidance HROs must follow to properly administer the Plan.

2. Plan Enrollment. The HRO counsels potential participants by informing employees about the Plan and its provisions so they can decide whether to join. The HRO must:

2.1. Explain the Plan's benefits outlined in the Summary Plan Description (SPD) and answer questions. The SPD can be accessed by visiting the HQ AFSVA/SVXBR web site at:

<https://afkm.wpafb.af.mil/ASPs/docman/DOCMain.asp?Tab=0&FolderID=OO-DP-AE-12-35-5-4&Filter=OO-DP-AE-12>.

2.2. Advise eligible employees of the Plan's benefits when they are hired or when they otherwise become eligible.

2.3. Inform former Air Force (AF) NAF employees rehired in a regular employment category within a period of 60 calendar days, who previously participated in the plan, that the interim period may be included in credited service. If the employee elects to reenroll, they must reenroll within 30 days and redeposit any contributions they withdrew when they terminated employment.

2.4. Get employees to sign the checklist to confirm that they received the counseling.

3. Determining Eligibility . Eligible employees must:

3.1. Be regular civilian employees with 1 year of regular NAF service. Off-duty military employees are not eligible.

3.2. Work for a NAF instrumentality in the US. If working outside the US, employees must be US citizens, permanent residents of the US, or non-citizen nationals on the US dollar payroll.

4. Explaining Accrued Annuity Rights of Former DOD NAF Employees. A new AF NAF employee who previously worked for another DOD component can carry forward accrued annuity rights (credited service) into the Plan if they:

4.1. Stopped working for the other component less than 90 calendar days before their rehire as a regular AF NAF employee.

4.2. Participated in the retirement plan of their previous DOD component.

4.3. Did not leave their former employment through retirement.

4.4. When an employee, who carried over accrued annuity rights, retires from AF NAF service, HQ AFSVA/SVXBR calculates the employee's annuity as if the entire period of combined creditable NAF service were under the Plan. HQ AFSVA/SVXBR then reduces the annuity by the amount payable (assuming full vesting) from the former plan. The HRO must:

4.4.1. Counsel former DOD NAF employees about retaining credited service benefits.

4.4.2. Inform them they must enroll in the Plan within 90 calendar days of termination of employment with the other component.

4.4.3. Complete the appropriate portions of AF Form 2388, *Participation Information (AF NAF Retirement Plan)*, Section I, to reflect participation in the former DOD plan.

5. Processing Rehired Annuitants. Retirement annuity payments cease immediately when an annuitant begins working again as a regular employee. In such cases, the HRO must:

5.1. Notify HQ AFSVA/SVXBR, 10100 Reunion Place, Suite 502, San Antonio TX 78216-4188 immediately.

5.2. Provide HQ AFSVA/SVXBR a copy of AF Form 2545, *NAFI Notification of Personnel Action*, documenting the change in employment category.

6. Processing Enrollments in the Plan. The enrollment waiting period is 1 year. The HRO must:

6.1. Verify eligibility. Regular employees with 1 year of regular NAF service may join the Plan.

6.2. Advise employees who enroll in the Plan within 30 days of eligibility they receive credit for the 1-year waiting period.

6.3. Make sure each employee joining the plan fills out AF Form 2388 (Parts I & V).

6.4. Give the employee a copy of the SPD.

6.5. Forward the original AF Form 2388 to HQ AFSVA/SVXBR within 1 week of the effective date of enrollment (the first day of the pay period that follows the signing of the form).

6.6. Put a copy of the enrollment form on the right side of the employee's Official Personnel Folder (OPF).

6.7. Explain to employees that they may not disenroll from the retirement plan.

7. Processing Waivers of Enrollment. If an employee does not enroll, the HRO:

7.1. Completes AF Form 2388 (Parts I & V) and notes that the employee chose not to enroll. If an employee refuses to sign this form, include an explanation of why the form was not signed.

7.2. Places the waiver on the right side of the OPF.

8. Clarifying Previous Participation Status. An employee who previously participated in the Plan must answer all questions on the AF Form 2388 regarding previous participation. If the employee withdrew contributions and does not want to redeposit the withdrawn sum, the HRO must make sure that the employee indicates as much on the form. In such cases, the employee joins the Plan as a new participant.

9. Reinstating Prior Service. An employee who wants to redeposit withdrawn contributions to reinstate prior AF NAF credit fills in Part II of AF Form 2388. HQ AFSVA/SVXBR tells the employee how much to redeposit. The following guidelines apply:

9.1. Employees must redeposit the specified amount within 180 days of the most recent date of plan eligibility.

9.2. Withdrawals of less than \$2,000 are not subject to interest.

9.3. Any interest due is based on the prevailing rate of interest at the time of the redeposit.

9.4. Employees cannot get credit for noncontributory service that took place before 1 January 1976 if they forfeited that credit by voluntarily withdrawing contributions. In this case, a redeposit only reinstates credit for prior AF NAF contributory service. When the employee makes the redeposit, HQ AFSVA/SVXBR advises the HRO by letter. The HRO then gives the employee a copy of the redeposit confirmation letter and puts the original on the right side of the employee's OPF.

10. Delaying Enrollment. An employee who does not enroll when first eligible may enroll later. The effective date of enrollment is the first day of the pay period following signing of the enrollment form.

11. Terminating Eligibility. When an employee is no longer eligible to participate in the plan, the HRO gives the employee options from which to choose. The choices depend on why the employee is no longer eligible. The HRO:

11.1. Counsels the employee regarding the available options.

11.2. Documents the employee's election on AF Form 2391, *Termination Information (Air Force NAF Retirement Plan)* (Parts I & IV).

11.3. Sends the original AF Form 2391 to HQ AFSVA/SVXBR within 1 week after the employee's termination of eligibility.

11.4. Files a copy on the right side of the OPF.

12. Explaining Employee Options.

12.1. When employment ends with less than 5 years of credited service, the employee receives a refund of contributions.

12.2. When employment ends with more than 5 years of credited service, the employee may take a refund or a deferred annuity.

12.3. When loss of eligibility results from changing to an ineligible employment category with less than 5 years of credited service, the employee must take a refund.

12.4. When loss of eligibility results from changing to an ineligible employment category after more than 5 years of credited service, the employee may take a refund or a deferred annuity.

13. Processing Refunds and Deferred Annuities.

13.1. Getting a Refund. To process a refund, the HRO fills in and forwards AF Form 2391 to HQ AFSVA/SVXBR.

13.2. Processing a Deferred Annuity. To process a deferred annuity request, the HRO documents the employee's high-three annual average earnings within the last 10 years, using as many copies of AF Form 2545 as required, and forwards them with AF Form 2391 and AF Form 2395, *Evidence of Age (Air Force NAF Retirement Plan)*, with attached supporting documentation to HQ AFSVA/SVXBR.

14. Notifying Payroll. The HRO enters data for payroll use in DCPDS for all enrollments and changes before the effective date to avoid delays or administrative problems.

15. Processing Deaths in Service.

15.1. Notifying Authorities. When a participating employee dies, the HRO notifies HQ AFSVA/SVXBR. Use AF Form 2391 (Part III A) and include a death certificate from the Board of Health or Registrar of Vital Statistics. Death notification should be within 2 weeks or as soon as the death certificate becomes available.

15.2. Surviving Spouse Annuity. Complete Part III B of AF Form 2391 for an employee with at least 5 years of credited service and an eligible surviving spouse. To be eligible, a surviving spouse must have been married to the deceased employee for at least 1 year or be the parent of a child of the marriage. Include proof of survivor eligibility and a copy of AF Form 2545 documenting the death.

15.3. Coordinating with Other Programs. Surviving spouse annuities may be coordinated with Social Security benefits, Workers' Compensation, or comparable benefits from similar foreign government plans. Note the spouse's eligibility for any of these benefits on AF Form 2391, Part III B. Forward a copy of all such awards to HQ AFSVA/SVXBR with the other documentation. HQ AFSVA/SVXBR determines the annuity benefit payable and contacts the spouse regarding payment options.

15.4. Getting a Lump-Sum Payment. When no eligible surviving spouse exists, the deceased participant's designated beneficiary or beneficiaries receive a lump-sum payment equal to the employee's contributions plus interest.

16. Explaining Retirement Options and Processes.

16.1. Notifying in Advance. Encourage employees to contact the HRO at least 3 months before they plan to retire. Advance notice gives enough time to promptly process the employee's initial annuity payment.

16.2. Normal Retirement. To retire under the Plan's "normal retirement" provisions, an employee must be 65 years old. See the SPD for examples of retirement benefit calculations.

16.3. Early Retirement.

16.3.1. Voluntary Early Retirement. To retire under the Plan's "voluntary early retirement" provisions, an employee must meet one of these three sets of criteria:

16.3.1.1. Be at least 62-years old with 5 years of credited service.

16.3.1.2. Be at least 60-years old with 20 years of credited service.

16.3.1.3. Be at least 55-years old with 30 years of credited service.

16.3.2. Optional Early Retirement. To retire under the Plan's "optional early retirement" provisions, the employee must be at least 52-years old and have at least 5 years of credited service.

16.3.3. Involuntary Retirement. To retire under the "involuntary retirement" provisions, due to a business-based action, the employee must meet one of these two criteria:

16.3.3.1. Have at least 25 years of credited service.

16.3.3.2. Be at least 50 years old with 20 years of credited service.

16.3.4. Special Provisions for Early Retirement Annuities.

16.3.4.1. Before Age 62. Annuities (other than for involuntary retirement) received before age 62 are reduced by 4 percent per year for each year retirement precedes age 62. Annuities are not reduced if an employee delays receiving the annuity until age 62.

16.3.4.2. Before Age 55. Involuntary retirement annuities that start before age 55 are reduced by 2 percent per year for each year retirement precedes age 55.

16.3.4.3. Social Security Supplement. Annuity payments received prior to age 62 include a Social Security supplement, which discontinues when the employee reaches age 62 and can receive Social Security benefits.

16.3.5. Delayed Retirement. To retire under the "delayed retirement" provisions, the employee must be older than age 65. The Social Security benefit used to calculate the annuity payable will be limited to the benefit that would have been payable at age 65.

16.3.6. Getting Social Security Information. The HRO advises retirement eligible employees to contact the Social Security Administration for retirement benefit information. The required information depends on the age of the employee and the effective date of retirement.

16.3.6.1. Age 62 to 65. If at least 62 but less than 66, the employee provides a copy of the Social Security award, indicating the income benefit payable based on the employee's age at retirement. An employee who is not applying for Social Security income benefits must get a written estimate of the amount payable, in lieu of the actual award. You normally get these estimates from the Social Security Administration within 1 month of the request.

16.3.6.2. Age 66 or Older. If 66 or older, the employee must get a statement verifying the benefit amount that Social Security would have paid beginning at age 65 if the employee had applied at that time. You can get these statements from the local Social Security office.

16.3.7. Filling Out the Retirement Application. The HRO must:

16.3.7.1. Help the employee complete the retirement documentation, AF Forms 2391 (Part II and signature) and 2395, and include:

16.3.7.2. Copies of AF Forms 2545 to verify high-three annual earnings within the last 10 years.

16.3.7.3. AF Form 2545 indicating the effective date of separation for retirement.

16.3.7.4. Estimated number of hours of unused sick leave remaining for the employee as of the date of separation. **NOTE:** Credited service includes unused sick leave. HQ AFSVA contacts the HRO soon after the employee's separation to get the final balance.

16.3.7.5. Standard Form 1199A, *Direct Deposit*.

16.3.7.6. Forward all documents to HQ AFSVA not later than 30 days before the effective date of retirement. The HRO must meet this deadline to ensure prompt processing of the employee's first annuity payment.

16.3.7.7. Place a copy of all documentation on the right side of the employee's OPF.

16.3.7.8. Inform the retiring employee that his/her point of contact transfers for retirement purposes from the HRO to HQ AFSVA/SVXBR as of the effective date of retirement.

17. Explaining Survivor Annuity Options. The HRO must counsel employees regarding the option to elect a reduced annuity with payment to continue to a designated survivor upon the employee's death. To consider the survivor annuity option, complete AF Form 2391 (Part III) regarding the survivor. If the survivor is other than a spouse, complete AF Form 2395 for that person. Available options include:

17.1. Married employees may elect a 10 percent annuity reduction with a continuing 55 percent survivor annuity for their spouse.

17.2. For an employee who designates someone other than a spouse to receive the survivor annuity, the plan reduces the employee's annuity actuarially to fund the survivor annuity. The survivor annuity reduction discontinues if all persons named to receive a survivor annuity predecease the retiree.

17.3. Making Choices. After HQ AFSVA/SVXBR notifies the employee of the amount of the annuity benefit and the survivor annuity benefit (if applicable), the employee chooses the form of annuity payment as well as other options.

18. Processing Disability Benefits.

18.1. Becoming Eligible. Total and permanent disability is an illness or injury severe enough to prevent working in any gainful occupation relative to the employee's education, training, experience, and economic status. These requirements closely parallel those of the Social Security Administration. If a participating employee, with at least 5 years in the plan, becomes ill or is injured so that "total and permanent disability" results, the employee may be eligible for a disability annuity benefit.

18.2. Applying for Benefits. If the disease or injury results in terminating the employee for disability, the HRO advises the employee that he or she may apply to HQ AFSVA/SVXBR for a

disability benefit. HQ AFSVA/SVXBR provides the employee an estimate of the amount of disability benefit, subject to approving the employee's application.

18.3. Preparing the Application. The HRO helps the employee prepare the benefit application letter, including the employee's:

18.3.1. Name.

18.3.2. Social Security Number.

18.3.3. Current mailing address.

18.3.4. Medical reports supporting the disability.

18.3.5. Copy of the employee's application to the Social Security Administration for disability income, or if the employee's application was previously adjudicated by Social Security, a copy of their determination.

18.3.6. Medical reports from legally qualified physicians attesting to reasons for the claimed total and permanent disability.

18.3.7. Sick leave balance, if any.

18.3.8. Copies of AF Forms 2545 documenting the employee's high-three annual earnings within the last 10 years and terminating employment for disability.

18.4. Social Security and Disability. Despite termination for disability, the employee might not meet the conditions for total and permanent disability. Sometimes when the employee qualifies for Social Security disability income (offset against plan benefits), the employee might receive very little or no disability annuity benefit. The HRO advises the employee if he or she may choose a deferred annuity or early retirement in lieu of disability benefits.

18.5. Continuing Eligibility. When HQ AFSVA/SVXBR approves a disability annuity benefit, the employee must periodically verify continuing and total disability. The employee must get verification from a physician annually and send it to HQ AFSVA/SVXBR or disability annuity payments will stop.

19. Administering Benefit Payments (Refunds, Annuities, and Death Benefits). The Plan Administrator sends benefit payments as soon as possible. Prompt payment depends on receiving all documentation to establish eligibility and determine benefits. The Plan Administrator usually process contribution refunds within 1 month after receipt of documentation. Retirement and disability annuities are payable on the first day of the month after the participant separates for retirement or disability. Allow approximately 2 months for receipt of the initial payment. Death benefits are paid as soon as possible, usually no later than 1 month after HQ AFSVA/SVXBR receives all required documentation.

20. Providing Benefit Estimates. Employees planning retirement may request an estimate of benefits by contacting the HRO. HQ AFSVA/SVXBR provides a computer program to help the HRO estimate annuity benefits at the HQ AFSVA website.

20.1. Getting a Precise Estimate of Retirement Benefits. Retirement eligible employees may request a more precise estimate from HQ AFSVA/SVXBR. The HRO forwards a letter of request, along with the employee's current sick leave balance. If age 62 or over, the employee also provides an estimate of the employee's Social Security award as of the date of anticipated retirement.

20.2. Getting an Estimate of Deferred Annuity Benefits. Employees who are eligible for a deferred annuity may request an estimate of the deferred amount payable from HQ AFSVA/SVXBR before

deciding whether to take the annuity or a refund of contributions. See the SPD for additional information concerning benefit formulas and estimating benefit amounts.

21. Taking Leave Without Pay (LWOP). When an employee is in LWOP status for over 30 days, HROs send a copy of AF Form 2545 to HQ AFSVA documenting the effective date of LWOP. Terms are:

21.1. LWOP will not exceed 1 year, except for military furlough and absences related to workers' compensation cases where benefit payments are made.

21.2. Credited service may not exceed 5 years for military furlough or 2 years for absences related to workers' compensation cases.

21.3. In all cases, credited service requires the employee to return to AF NAFI employment within 90 calendar days after LWOP expires or the employee is discharged from military service.

21.4. If a regular employee participating in the Plan receives LWOP to move with head of household, the HRO forwards a copy of the AF Form 2545 that documents LWOP to HQ AFSVA/SVXBR.

22. Establishing a Beneficiary Designation. An employee must designate a beneficiary or beneficiaries when first enrolling in the Plan. A beneficiary receives any lump sum of contributions and interest payable when a participant dies. The beneficiary may or may not be the same survivor annuitant named at retirement or termination for disability. To change the beneficiary designation, the employee completes AF Form 2388 (Part IV). The HRO forwards the original to HQ AFSVA and files a copy in the employee's OPF.

23. Prescribed Form.

AF Form 2388, Participation Information (Air Force Nonappropriated Fund Retirement Plan)

AF Form 2391, Termination Information (Air Force Nonappropriated Fund Retirement Plan)

AF Form 2395, Evidence of Age(USAF Nonappropriated Fund Retirement Plan)

24. Adopted Forms.

AF Form 2545, NAFI Notification of Personnel Action

SF 1199A, Direct Deposit

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DCS, Manpower and Personnel

Attachment 1

GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

References

AFPD 34-3, *Morale, Welfare, and Recreation Services Nonappropriated Fund Personnel Management and Administration*, 10 September 1993

AFMAN 33-363, *Management of Records*, 1 March 2008

Abbreviations and Acronyms

AFI—Air Force Instruction

AFM—Air Force Manual

HRO—Human Resources Office

HQ AFSVA—Headquarters Air Force Services Agency,

HQ AFSVA/SVXBR—Headquarters, Air Force Services Agency, Retirement Branch

NAF—Nonappropriated Fund

SPD—Summary Plan Description

US—United States