

*Office of Personnel Management*  
*Retirement and Insurance Service*



1920



1954



1959



1986

**Benefits Administration Letter**

*Number:* 96-108

*Date:* September 6, 1996

**SUBJECT**

**Retirement Election Opportunities for Certain FERS Employees Appointed Before August 10, 1996, After Service in a Nonappropriated Fund Instrumentality of the Department of Defense or Coast Guard**

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**A. Introduction**

On August 9, 1996, the Office of Personnel Management (OPM) published Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) regulations to implement section 1043 of Public Law 104-106, the National Defense Authorization Act for Fiscal Year 1996. The regulations took effect on August 10, 1996. Benefits Administration Letter 96-105, dated August 9, 1996, announced the publication of the regulations and provided information on how they may be obtained.

This Benefits Administration Letter (BAL) provides specific instructions for election opportunities under section 1043 for certain FERS employees who, before August 10, 1996, entered a retirement-covered position following service with a nonappropriated fund instrumentality (NAFI) of the Department of Defense (DoD) or Coast Guard.

Section 1043 also provides other election opportunities for employees who entered a retirement-covered position on or after August 10, 1996. BAL 96-107, issued August 20, 1996, provides information about these election opportunities.

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**B. Background:  
Provisions in Effect  
Before  
August 10, 1996**

Before August 10, 1996, NAFI service in DoD and Coast Guard was not creditable for CSRS or FERS purposes, except under Public Law 99-638. Public Law 101-508 did not allow credit for NAFI service under CSRS or FERS, but did allow employees to make certain coverage elections.

*1. Public Law  
99-638*

CSRS credit is allowed under limited circumstances for certain NAFI service performed between June 18, 1952, and January 1, 1966. See Chapter 20, Part 20A2 of The CSRS and FERS Handbook for Personnel and Payroll Offices. The new law has no effect on those provisions.

2. *Public Law  
101-508*

The Portability of Benefits for Nonappropriated Fund Employees Act of 1990, Public Law 101-508, allowed certain DoD and Coast Guard employees who moved from a NAFI position to a CSRS- or FERS-covered position, and vice versa, the opportunity to elect to remain in the retirement plan they had in their previous employment system. These provisions applied to qualifying employment moves that occurred after December 31, 1986. The election opportunity was limited to 30 days after appointment in the gaining organization. Once an employee elected to continue the previous system's coverage after a move, that election continued to apply even if the employee later moved out of DoD or Coast Guard.

To qualify under the 1990 Act, the employee had to meet the following requirements:

Vested in prior organization's plan. The employee making the employment move must be vested in the plan applicable to the losing organization. For CSRS and FERS, vesting means the employee, upon leaving service under the plan, has enough civilian service to qualify for a deferred annuity, that is, 5 years of civilian service. Vesting under the NAFI plans must be determined by each of the several plans.

Employment move within DoD or Coast Guard. The employment move that qualified the employee to make the election must occur within DoD or Coast Guard.

Break-in-service of 3 days or less. If employment in the gaining organization followed a break of 4 days or more, the employee was disqualified from making the election.

No prior opportunity. If an employee entering a NAFI previously had an opportunity to continue CSRS or FERS coverage upon a qualifying move to a NAFI, the employee is not allowed to elect to continue CSRS or FERS upon a later move. If an employee entering a civil service position previously had an opportunity to continue NAFI retirement plan coverage upon a qualifying move to a civil service position, the employee is not allowed to elect to continue NAFI plan coverage upon a later move.

See Chapter 12, Part 12A5 of The CSRS and FERS Handbook for Personnel and Payroll Offices, for more information about elections under the 1990 Act.

- C. Overview of Section 1043 of Public Law 104-106** The general purpose of section 1043 is to allow certain FERS and NAFI employees who had a qualifying move after December 31, 1965, and before the effective date of the new regulations (August 10, 1996), to combine all their service--both NAFI and regular civil service--toward a single retirement benefit. This BAL discusses the election opportunities available to current FERS employees.
- Current NAFI employees may also qualify to elect to combine all their service toward a single retirement benefit. The election opportunities for current NAFI employees will be addressed in guidance issued by DoD and Coast Guard.
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- D. Notice Requirement** Public Law 104-106 requires that all employees affected by the new provisions be notified of their election opportunity under the law and to receive any necessary assistance and counselling. The purpose of this BAL is to provide the information Benefits Officers will need to inform employees of the change in the law, counsel eligible employees about the elections they may consider, and process any employee elections. This BAL contains instructions for agency personnel as well as information that may be distributed to employees. If additional information is needed, headquarters level Benefits Officers should contact their liaison officer in the Agency Services Division. Agencies should not refer employees directly to the Agency Services Division.
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- E. Elections Available to FERS Employees Based on Qualifying Moves Before August 10, 1996** Section 1043 of Public Law 104-106 provides for a 1-year period during which certain FERS employees may elect to combine their FERS and NAFI service under one retirement system based on a qualifying employment move that occurred after December 31, 1965, and before August 10, 1996. There are two types of elections that combine FERS and NAFI service.
1. *Election to Combine Service Under a NAFI Retirement Plan* Eligible FERS employees (see paragraph F) may change from FERS to a NAFI retirement plan. The election has the effect of removing the individual from FERS and covering the employee under the NAFI retirement plan retroactive to the date of the qualifying move.  
  
The law allows only for service performed after the date of the qualifying move to become subject to, and therefore creditable under, the NAFI retirement system. Earlier civil service employment does not become creditable under the NAFI retirement plan.
  2. *Election to Combine Service Under FERS* Eligible FERS employees may, alternatively, combine their FERS and NAFI service without quitting FERS. The employee remains covered by FERS for all future service (including future NAFI service) and receives credit in the FERS retirement benefit for all service that the NAFI certifies as creditable toward a NAFI retirement benefit, not just NAFI service performed after a qualifying move.
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## F. Who is Eligible?

### 1. *Election to Combine Service Under a NAFI Retirement Plan (Paragraph E.1)*

To qualify to combine service in a NAFI retirement plan, all six of the following conditions must be met:

1. The employment move on which the election would be based was not from a NAFI to the CSRS.

CSRS employees (or former CSRS employees who elected FERS) have no election opportunities to combine service under Public Law 104-106. Subclause (III) of section 1043(c)(2)(B) of Public Law 104-106 bars any individual from making an election if the election would be based on a move to the CSRS from a retirement system established for NAFI employees. Therefore, an employee who is currently subject to CSRS has no new opportunity under the law to elect NAFI retirement coverage. The bar on elections based on moves to the CSRS also applies to employees now covered by FERS who elected FERS during the 1987 open season or later. If an employee moved from a NAFI to CSRS (including the CSRS Interim provisions in effect from January 1, 1984 through December 31, 1986, and the CSRS Offset provisions in effect on and after January 1, 1987), and later elected FERS coverage, he or she is not eligible to elect NAFI retirement system coverage. Moves from a NAFI to CSRS Interim coverage, followed by automatic, as opposed to elective, FERS coverage will be considered a move to FERS.

2. The employee was a vested participant in his or her retirement plan (as "vested participant" is defined by that plan) prior to the change in employment.

Public Law 104-106 provides only for a continuation of vested retirement coverage upon a change in employment. Under CSRS and FERS, a minimum of 5 years of creditable civilian service is required for a CSRS- or FERS-covered employee to be vested. The retirement systems that cover NAFI employees have various vesting requirements. Before providing an employee the opportunity to elect NAFI retirement coverage, agency personnel must first verify that the employee was vested in his or her prior NAFI retirement plan.

3. The qualifying move occurred after December 31, 1965, and before August 10, 1996.

A move is considered to have been made at the time the individual entered the new position, not at the time of separation from the prior position.

1. *Election to  
Combine  
Service Under  
a NAFI  
Retirement  
Plan  
(Continued)*

4. The employee began employment in a retirement-covered position no more than 1 year after separation from retirement-covered NAFI employment.

An intervening appointment not subject to retirement coverage would not invalidate an otherwise qualifying move.

5. The employee remained continuously covered by his or her current retirement system since the date of the qualifying move.

A break in service of 3 days or less is not considered a break in continuous service.

6. The employee has not had a prior opportunity to elect to continue any type of retirement coverage (CSRS/FERS or NAFI) after a qualifying move.

Employees who moved under conditions that allowed a previous opportunity to elect to retain any retirement coverage under the 1990 Portability Act (Public Law 101-508) before August 10, 1996, are not eligible to elect NAFI retirement coverage. This condition is different from the condition under the 1990 Portability Act that required no previous opportunity to continue the same retirement coverage after a qualifying move. Under the 1990 Act, an employee may make two qualifying moves (one in each direction) and have two opportunities to elect to continue retirement coverage (one opportunity for CSRS/FERS and one opportunity for NAFI retirement coverage). Under the 1996 Act, any past qualifying move (either into FERS or into a NAFI) disqualifies a FERS employee from making an election to combine service in a NAFI retirement plan.

2. *Election to  
Combine  
Service Under  
FERS  
(Paragraph  
E.2)*

To qualify to remain in FERS and combine past NAFI service with FERS service, only the first five conditions discussed above must be met. That is, an employee who had a previous opportunity to elect retirement coverage and meets conditions 1 through 5 may now elect to combine service under FERS. An employee who meets all six conditions is eligible to choose between the two elections in paragraph E.

Annuitants, including reemployed annuitants, are not eligible to make an election based on a prior qualifying move under the provisions of Public Law 104-106.

Attachment 2 contains a model notice agencies may use to alert employees to the election opportunity provided by Public Law 104-106.

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- G. Time Limit for Elections** The election opportunity expires 1 year after the effective date of the regulations. Since that day (August 10, 1997) is a Sunday, the deadline is the following Monday, August 11, 1997.
- Because section 1043 requires that eligible employees receive timely notice of the opportunity to make the retroactive election, and that employees be counselled concerning the election opportunity, the employing agency has the authority to waive the time limit in the event that an employee did not receive such notice and counselling. See 5 CFR 847.304.
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- H. Election Forms** Attachment 8 contains the required election forms and instructions for completing the election forms.
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- I. Elections Irrevocable and Permanent** An affirmative election under either paragraph E.1 or E.2 is irrevocable when received by the employing agency. The employee will continue to be covered by his or her elected retirement system, according to the rules of that system, for all future service, including service as a reemployed annuitant.
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- J. Thrift Savings Plan** As stated above, an election of NAFI retirement system coverage effectively removes the employee from FERS coverage for all service following the date of the qualifying move to FERS. The Thrift Investment Board's regulations provide that by virtue of the retroactive election of NAFI retirement coverage, the employee was ineligible to participate in TSP. Therefore, a retroactive change from FERS to NAFI retirement plan coverage will result in the removal of agency contributions and associated earnings from the employee's TSP account. Additional information concerning the effect of retirement coverage elections on TSP contributions may be found in Thrift Investment Board regulations at 61 Fed. Reg. 41,485 (1996)(to be codified at 5 C.F.R. part 1620, subpart G).
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- K. Refunded Service** While a refund would generally terminate an individual's service credit under FERS or a NAFI retirement system, Public Law 104-106 provides for the transfer of service credit regardless of refund status. An employee who elects to remain in FERS with credit for NAFI service, but previously received a refund of FERS contributions, will receive credit for any periods of refunded FERS service in the computation of the FERS benefit. The FERS annuity will be reduced by an amount that is actuarially equivalent to the amount of the refund, plus interest. This reduction is similar to the method used for non-disability CSRS retirees who received a refund of retirement deductions prior to October 1, 1990.
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- L. Military Service** Military service is creditable under the general FERS rules and is not affected by Public Law 104-106. See paragraph O.3 for information about military deposits.
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- M. Effect of Election on Insurance Coverage, Reduction In Force, and Leave Accrual**
- The amendments made by Public Law 104-106 have no effect on eligibility for coverage under the Federal Employees Health Benefits (FEHB) or the Federal Employees Group Life Insurance (FEGLI) programs. A FERS employee who elects NAFI retirement coverage does not, because of the election, lose coverage under the FEHB or FEGLI programs.
- Public Law 104-106 allows credit for Reduction In Force (RIF) purposes for certain employees with prior NAFI service. For the employee's NAFI service to qualify for RIF credit, the employee must have moved, after December 31, 1965, without a break in service of more than 3 days, from a DoD or Coast Guard NAFI position to a civil service position in the DoD or Coast Guard, respectively.
- Public Law 104-106 has not amended the creditability of NAFI service for leave accrual purposes. For the employee's NAFI service to qualify for leave accrual, the employee must have moved, after December 31, 1986, without a break in service of more than 3 days, from a DoD or Coast Guard NAFI position to a civil service position in the DoD or Coast Guard, respectively. Chapter 6 (paragraph 1-6b) of The Guide to Processing Personnel Actions provides information on crediting NAFI service for leave accrual purposes.
- NOTE: The RIF and leave accrual credit rules differ from the retirement election rule and therefore must be applied independently.
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- N. Effective Date of Election**
- An election to change back to NAFI retirement coverage (paragraph E.1) is effective retroactive to the date of the qualifying move. This election also changes current retirement coverage. Salary deductions and contributions for the NAFI retirement system begin on the first day of the next pay period after the agency receives the employee's election. This means that the transfer of contributions (paragraph O.1) covers the period from the date of the qualifying move to the last day of the pay period in which the agency receives the employee's election.
- An election to remain covered under FERS and to obtain credit for NAFI service (paragraph E.2) is effective on the date of receipt of the election in the employing agency. The NAFI service becomes creditable under FERS at the time the election is received in the employing agency.
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- O. Transfer of Contributions**
- Public Law 104-106 requires a transfer of employee and employer retirement contributions, plus interest earned on the employee contributions, to the elected retirement plan at the time that certain elections to combine NAFI and civil service are made. No interest on employer contributions is added. The law specifically excludes amounts contributed to the TSP or any other defined contribution plan from the amount transferred to the newly elected retirement system.
- 1. Elections to* For elections of NAFI retirement coverage (paragraph E.1), OPM will

*Combine Service Under a NAFI Retirement Plan (Paragraph E.1)* transfer to the NAFI plan the total amount withheld from the employee's salary for FERS basic benefits, any deposits made by the employee for civilian service, interest accrued on the employee's deductions and deposits, and amounts contributed by the employing agency without interest. OPM will compute the exact amount that will transfer to a NAFI retirement plan at the time the employee's election is received in OPM. Interest on the employee contributions will be computed at the time of transfer. Section 841.605 of title 5, Code of Federal Regulations, provides the method for computing interest on FERS employee contributions that transfer to a NAFI retirement plan (see also Chapter 32 of The CSRS & FERS Handbook for Personnel and Payroll Offices).

For FERS employees who are considering an election of NAFI retirement plan coverage, the employing agency must provide the amount of contributions (including interest on the employee's share) that would transfer to the NAFI retirement plan. OPM will include information on computing the amount of contributions and interest in an upcoming Payroll Office Letter.

2. *Elections to Combine Service Under FERS (Paragraph E.2)* DoD or Coast Guard must transfer to the Civil Service Retirement and Disability Fund the NAFI employee and employer retirement contributions credited to the employee, if any, plus interest earned on the employee contributions for the NAFI service that becomes creditable under FERS.

The employee deductions, plus interest, become part of the employee's lump-sum credit that is payable to the employee or survivors in the case of separation or death. The employer share of the NAFI plan contributions, if any, is not payable to the employee or the employee's survivors. NAFI contributions transferred to the Fund will accrue interest under current procedures from the date of transfer to the date the actuarial reduction in the FERS annuity is computed (paragraph P.3). Interest is compounded annually at the variable rate, which is linked to the rate payable on government securities in the Fund.

3. *Military Service Deposits* Since credit for military service is not affected by these regulations, any deposits a FERS employee may have made for military service performed after December 31, 1956, are not included in the amount transferred to DoD or Coast Guard. If the deposit has been submitted to OPM, OPM will refund the deposit to the employee upon receipt of an election of NAFI retirement system coverage. If the appropriate documentation regarding the military deposit has not been submitted to OPM, the employing agency must return to the employee any amounts paid toward a military deposit upon receipt of an election of NAFI retirement system coverage.

**P. Employee Funding Requirement** Public Law 104-106 requires employees to fully finance the increase in their retirement benefit attributable to the election, if not otherwise funded by the



transfer of money between retirement funds. The information in this section explains the financing method adopted in OPM regulations for elections to remain in FERS with credit for NAFI service (paragraph E.2). DoD and Coast Guard policy is to use a method consistent with OPM's method, when determining financing requirements for retirees under a NAFI plan.

1. *Actuarial Present Value and Present Value Factors*

By law, if the total amount transferred to the elected retirement system does not cover the increase in the "actuarial present value" of the employee's future retirement benefit attributable to the service covered by the election, the employee must fund the difference. The actuarial present value of a retirement benefit is the amount of money that would have to be set aside at retirement to finance the future retirement benefits an employee would receive during his or her expected lifetime.

You may determine the actuarial present value of a monthly FERS benefit by using the "present value factors" in the tables in Attachment 9. For example, the FERS present value factor for age 62 is 161.3. To find the actuarial present value of a \$100 per month increase in a FERS annuity beginning at age 62, multiply 161.3 by \$100. The result--\$16,130--is the actuarial present value of the increase in the FERS annuity. If the annuity began at age 63, the present value of a \$100 monthly increase would be \$15,710, because the present value factor for age 63 is 157.1.

2. *No Deposits for Crediting NAFI Service*

For elections to remain in FERS with credit for NAFI service, employees will not make deposits for NAFI service.

3. *Actuarial Reduction in Annuity*

Rather than a deposit to meet the law's funding requirement, OPM will establish a permanent reduction in annuity. The reduction for crediting NAFI service will equal the amount of the present value of the FERS benefit created by crediting the NAFI service, divided by the present value factor for the retiree's age.

The reduction will be computed at the point in time when crediting NAFI service actually makes a difference in benefits. In most cases this will be when the employee retires because the monthly annuity rate will be higher due to inclusion of the NAFI service in the computation. The survivor rate established at the time of retirement in most cases will be based on 50% of the retiree's life rate (before the 10% reduction for survivor benefits) after reduction due to crediting NAFI service in the retiree's computation. The survivor rate will not be further reduced due to the crediting of NAFI service.

3. *Actuarial Reduction in Annuity (Continued)* The actuarial reduction is computed at the time a FERS survivor annuity, if any, becomes payable, based on the survivor's age at that time, in the following cases: death-in-service, death of a disability annuitant, and death of a former employee entitled to a deferred annuity.

In a disability case, no annuity increase will generally be created (due to crediting NAFI service) until age 62, when the annuity is recomputed to eliminate the guaranteed minimum percentage of average salary. The actuarial reduction will be computed and included in the annuity rate at age 62.

As stated, the actuarial reduction in annuity is permanent. The monthly rate of annuity payable is the reduced amount to which COLAs are applied. The effect is that the amount of the reduction increases by the COLAs applied to the monthly annuity payable.

**Q. Calculation of a FERS Benefit That Includes NAFI Service**

The method OPM will use to establish the actuarial reduction resulting from an election to combine service under FERS (paragraph E.2) is set out below. Worksheets that employees may use to estimate the reductions are in Attachment 9.

1. *Compare Benefits With and Without NAFI Service*

OPM will compare two FERS benefit computations:

- (1) Annuity that includes credit for NAFI service made creditable by the election.
- (2) Annuity without credit for NAFI service made creditable by the election.

The actuarial present value of each benefit is computed by multiplying the monthly rate of annuity by the appropriate present value factor (found in Attachment 9).

2. *Determine Actuarial Reduction*

OPM then computes the difference between the two actuarial present values. The result is the present value of crediting the NAFI service. Then, OPM subtracts the amount received from the NAFI retirement plan (see paragraph O.1), increased by interest from the date the amount was received by OPM, to the beginning date of the actuarial reduction. The result is then divided by the appropriate present value factor to establish the actuarial reduction.

3. *Refunded FERS Service*

In some cases, an additional actuarial reduction will apply for FERS refunded service made creditable by an election to combine NAFI service under FERS (see paragraph K). The amount refunded to the employee, plus interest, will be added to the present value of the NAFI service. This will affect only those cases in which the refunded FERS service took place before the NAFI service being added to FERS service credit.

4. *If NAFI Service Credit Changes FERS Annuity Commencing Date* When the NAFI service allows an employee to retire earlier than he or she could have without the NAFI service, an additional step is required. Because no annuity would be immediately payable if NAFI service was not combined with civil service, the present value of the immediate annuity that includes NAFI service is compared to the present value of the deferred annuity that, based on the employee's actual separation date, would have otherwise been the only benefit payable without the NAFI service.

To determine the actuarial present value of the deferred annuity benefit (which is payable at a later date) at the time the employee actually retires, we discount the present value of the deferred annuity benefit. (The present value of the deferred annuity on the date the employee actually retires is lower because the amount set aside to finance the deferred annuity benefit would earn interest from the date the present value is computed through the date that the deferred annuity becomes payable.) The actuarial present value of the deferred annuity benefit must therefore be adjusted by multiplying it by a factor that corresponds to the number of months between the employee's age on the date the calculation is made and the date a deferred annuity without credit for the NAFI service would become payable. The factor discounts the present value of the deferred annuity by the interest that would be earned from the date the calculation is made through the date that the deferred annuity would actually become payable. The result is the discounted present value of the deferred annuity, which is the amount that would be required at the time the calculation is made to fund a deferred annuity payable in the future. See worksheet B in Attachment 9.

5. *Computer Disk* OPM, DoD, and Coast Guard are now working to create a computer disk as an aid for employees to estimate their retirement benefits. The disk, which will become available later this year, will compute benefits under CSRS, FERS, and each of the NAFI retirement plans based on information the employee supplies predicting age, final salary and total service at the time of retirement. The worksheets in Attachment 9 are for employees who wish to compute their FERS benefit before the disk is available. Employees who wish to compute a benefit under one of the NAFI retirement plans must contact the plan directly for assistance. The addresses of the NAFI retirement plans are in Attachment 3.

**R. Agency Responsibilities**

The employing agency must provide notice to all eligible employees of the opportunity to elect to continue retirement coverage. Attachment 2 contains a model notice agencies may use to inform employees of the election opportunity provided by Public Law 104-106.

Any agency that employs an individual eligible to make an election must provide the individual any information necessary for the election. This includes information about the dates of creditable service performed by the

**R. Agency Responsibilities**  
*(Continued)*


employee, amounts contributed by the employee and the agency toward retirement, and information about the future FERS benefit.

Due to elections to retain retirement coverage made under the 1990 Portability Act (see paragraph B.2), Federal agencies may currently employ individuals who have elected to be subject to a NAFI retirement plan instead of CSRS or FERS. Because these employees may also qualify for an election opportunity under Public Law 104-106, it is important that agencies identify any employee covered by a NAFI retirement plan and refer the employee to his or her NAFI retirement plan for specific election information.

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**S. Employee Responsibilities**

Eligible employees who wish to make an election must file the election with the current employing agency. Attachment 8 contains the election forms eligible FERS employees must use to make an election. Attachment 4 contains questions and answers for employees.



John E. Landers, Chief  
Retirement Policy Division

Attachments

1. Procedures for Elections Based on Moves Before August 10, 1996
2. Model Notice of Election Opportunity
3. Names and Addresses of NAFI Retirement Plans
4. Questions and Answers
5. Forms to Verify Service, Vesting and Transferable Contributions
6. Eligibility Checklist
7. Examples of Qualifying and Non-Qualifying Moves
8. Election Forms for FERS Employees who Moved From NAFI Employment Before August 10, 1996
9. FERS Computation Worksheets and Examples

**ATTACHMENT 1**

**Procedures for Elections Based on Moves Before August 10, 1996**

## Elections Based on Moves Before August 10, 1996

ACTION	PROCEDURE
1. Notify employees of the election opportunities under section 1043 of Public Law 104-106.	Use model notice in Attachment 2. Employees who think they may be eligible to make the election should be instructed to contact an agency representative.
2. Determine if any employee responding to the notice is eligible to make election.	<p>If employee appears to meet all eligibility criteria, obtain history of all nonappropriated fund and civil service employment. Verification of prior NAFI service, vesting, and amount of transferable contributions may be requested using forms in Attachment 5. NOTE: If employee claims service subject to more than one NAFI retirement plan, a verification request must be sent to each NAFI plan.</p> <p>Once information from the NAFI retirement plan(s) is received, determine if employee is eligible to make an election. Use checklist in Attachment 6:</p> <ul style="list-style-type: none"> <li>● Review Standard Form 50s (Notification of Personnel Action) in Official Personnel Folder (OPF) to verify that employee is currently covered by FERS and that FERS coverage was automatic, rather than by election. (For FERS employees, there should <u>not</u> be a completed Standard Form 3109 (Election of Coverage) in the OPF.)</li> <li>● Check the <u>Verification of NAFI Service, Vesting and Contributions</u> form received from the NAFI to make certain that the employee was vested in his or her prior NAFI retirement plan.</li> <li>● Compare the employee's civil service employment and NAFI employment verified on the <u>Verification of NAFI Service, Vesting and Contributions</u> form to determine if the employee was appointed to a FERS-covered position within 1 year of leaving NAFI employment. FERS appointment must be before August 10, 1996.</li> </ul>

## Elections Based on Moves Before August 10, 1996

ACTION	PROCEDURE
<p>2. Determine if any employee responding to the notice is eligible to make election. <i>(Continued)</i></p>	<ul style="list-style-type: none"> <li>● Review all SF-50s since the employee's move from NAFI service to determine if he or she has remained continuously covered by FERS (or CSRS Interim followed by automatic FERS) since the move. Disregard any breaks in service of 3 calendar days or less.</li>   <li>● If employee meets conditions 1 through 7 on the Eligibility Checklist (Attachment 6), he or she is eligible to make at least one type of election. Review all NAFI and civil service employment since January 1, 1987, and eligibility criteria under Public Law 101-508 (Paragraph B.2 of BAL 96-108) to determine if employee ever moved under conditions which would have allowed an election to retain FERS or NAFI retirement coverage. (Look for a move between NAFI and civil service employment within DoD or Coast Guard with a break in service of 3 calendar days or less.)</li> </ul> <p>If employee never moved under conditions which allowed an election of retirement coverage, he or she is eligible to choose between the two types of elections available under Public Law 104-106. If employee did have a previous opportunity to elect FERS or NAFI retirement coverage, he or she may elect to remain in FERS with credit for NAFI service (Paragraph E.2 of BAL 96-108)</p>
<p>3. Determine amount of transferable contributions.</p>	<p>For current FERS employees, compute amount of FERS employee and agency contributions made with the current agency and add interest earned on the employee share. Payroll Office Letter 96-06 provides instructions on computing these amounts.</p> <p>If the employee was serviced by a payroll office other than his or her current payroll office for any FERS service since the qualifying move, use form in Attachment 5 to request the amount of FERS contributions attributable to the prior FERS service which are transferable to a NAFI retirement plan.</p>
<p>4. Provide election forms to eligible employees.</p>	<p>Provide employee with the appropriate election form(s) found in Attachment 8. Instructions for completing the forms are also in Attachment 8.</p>
<p>5. Counsel employees regarding election.</p>	<p>If necessary, assist employee in estimating the amount of his or her retirement benefits if election is made using worksheets in Attachment 9 and provide any other information employee may require to make election.</p>
<p>6. Process election:</p>	

## Elections Based on Moves Before August 10, 1996

ACTION	PROCEDURE
A. If employee does not return the election form by the due date:	Note that employee declined to make an election under the retroactive provisions of Public Law 104-106 and file a copy of the election form (only parts 1 and 2 will be completed) in the employee's OPF.
B. If a FERS employee elects NAFI retirement plan retroactive to the date of a qualifying move:	<p>Process a personnel action following the instructions in Chapter 28 of OPM's Operating Manual, The Guide to Processing Personnel Actions. Use the nature of action "803/Chg in Retirement Plan" and legal authority "ZLM/P.L. 104-106".</p> <p>The payroll office should:</p> <ol style="list-style-type: none"> <li>1. Close out the Individual Retirement Record (Standard Form 3100) by showing under remarks "Retroactive election of NAFI retirement coverage under P.L. 104-106." Certify the Individual Retirement Record and submit, with the Register of Separations and Transfers (Standard Form 3103), a copy of the employee's election form and the original "Verification of NAFI Service, Vesting, and Contributions" form (Attachment 5) to: Office of Personnel Management, Retirement Operations Center, Post Office Box 45, Boyers, PA 16017-0045; and</li> <li>2. Terminate deductions for FERS/TSP and begin withholding the appropriate contributions for the elected NAFI retirement plan.</li> </ol> <p>If employee has made military deposit payments and the payment has not been submitted to OPM, refund the payments to the employee since the military service credit does not transfer to the NAFI retirement plan.</p> <p>Upon receipt of the employee's election and Individual Retirement Record, OPM will complete the required transfer of FERS contributions to the appropriate NAFI retirement system.</p>
C. If a FERS employee elects to remain in FERS with service credit for NAFI service:	The employee's election form will serve as documentation of both the election of FERS coverage and of the NAFI service made creditable for FERS retirement purposes. Submit a copy of the employee's election and the original "Verification of NAFI Service, Vesting, and Contributions" form (Attachment 5) to each NAFI retirement system that certified service that becomes creditable under FERS. Upon receipt of the election form, the NAFI retirement plan will prepare an Individual Retirement Record (Standard Form 3100) for the creditable NAFI service and complete the required transfer of NAFI contributions to OPM.



**ATTACHMENT 2**

**Model Notice of Election Opportunity**

**NEW RULES ALLOW CERTAIN FERS EMPLOYEES  
TO RECEIVE RETIREMENT CREDIT FOR  
SERVICE WITH A NONAPPROPRIATED FUND INSTRUMENTALITY**

	<b>YES</b>	<b>NO</b>
<b>Do you have prior service with a nonappropriated fund instrumentality (NAFI) in the Department of Defense or the Coast Guard?</b>		
<b>Are you currently covered by FERS?</b>		
<b>Did you become covered by FERS automatically (rather than by electing FERS from a CSRS-covered position)?</b>		
<b>Are you vested in a NAFI retirement plan? That is, did you work under a NAFI retirement plan long enough to earn a retirement benefit, even if you have taken a refund of your NAFI contributions?</b>		
<b>Were you employed in a position subject to FERS (or in employment followed by automatic conversion to FERS) before August 10, 1996?</b>		
<b>Was your break between NAFI and FERS-covered employment (or employment followed by automatic conversion to FERS) 1 year or less?</b>		
<b>Have you had no breaks in service (excluding a break of 3 days or less) since the move?</b>		

If you answered **YES** to all of the above questions (or you think the answers could be **YES**), a new law may allow you to receive retirement credit for your NAFI service in your FERS benefit or, if you have not had an opportunity to elect continued retirement coverage under Public Law 101-508, to choose to be covered by your old NAFI's retirement plan instead of FERS.

The law requires that all elections must be made by **August 11, 1997**.

Contact \_\_\_\_\_ for additional information.

**ATTACHMENT 3**

**Names and Addresses of NAFI Retirement Plans**

To verify NAFI service, vesting, and/or to obtain the amount of transferable NAFI retirement contributions, contact the appropriate nonappropriated fund component:

<b>Name of Retirement Plan</b>	<b>Address</b>
<b>Department of the Army</b>	Assistant Secretary of the Army for Manpower and Reserve Affairs Civilian Personnel Policy Attn: SFCP-NF, Room 1N39 200 Stovall Street Alexandria, VA 22332-0300
<b>Department of the Air Force</b>	HQ Air Force Services Agency HQ AFSVA/SVXBR 10100 Reunion Place, Suite 502 San Antonio, TX 78216-4318
<b>U.S. Marine Corps</b>	Headquarters, U.S. Marine Corps Morale, Welfare, and Recreation Support Activity (MWP-B) 3044 Catlin Avenue Quantico, VA 22134-5099
<b>Department of the Navy, Bureau of Naval Personnel (BUPERS)</b>	Bureau of Naval Personnel Detachment Memphis MWR Division (PERS-653) Naval Support Activity Memphis 7800 3rd Avenue, Bldg 457 Millington, TN 38054
<b>Naval Exchange Service Command (NEXCOM)</b>	Navy Exchange Service Command Attn: Ms. Willette Brown, Employee Entitlement and Services 3280 Virginia Beach Boulevard Virginia Beach, VA 23452
<b>Army and Air Force Exchange Service (AAFES)</b>	Headquarters, Army and Air Force Exchange Service FA-T (Benefits) P.O. Box 660202 Dallas, TX 75266-0202
<b>U.S. Coast Guard</b>	Commandant (G-WPC-2) U.S. Coast Guard Headquarters 2400 2nd Street SW Washington, DC 20593

**ATTACHMENT 4**

**Questions and Answers**

# ELECTIONS RELATING TO RETIREMENT COVERAGE FOR CIVIL SERVICE EMPLOYEES

This information sheet addresses the elections available to civil service employees who entered a retirement-covered position before August 10, 1996, following service with a nonappropriated fund instrumentality (NAFI).

## 1. What does Public Law 104-106 provide for FERS employees?

Public Law 104-106 contains a provision which allows certain FERS employees (see question 3) the opportunity to make one of two elections to combine civil service and service with a NAFI under one retirement plan:

A.) Elect NAFI Coverage: You may be able to leave FERS coverage and become covered under your old NAFI retirement plan. All of your FERS service performed since you left the NAFI will become creditable under the NAFI retirement plan; or

B.) Elect FERS Service Credit: You may be able to receive FERS retirement credit for NAFI service that would have been creditable toward a NAFI retirement benefit.

## 2. What if I'm covered by CSRS?

The new law does not allow CSRS employees to make an election to combine service under one retirement plan.

## 3. How do I know if I'm eligible to make an election?

You will probably need to contact your old NAFI employer before you or your Personnel Office can finally determine that you are eligible. In general, you must be able to answer "YES" to all of the following questions:

<p>Do you have prior service with a NAFI in the Department of Defense or Coast Guard?</p> <p>Are you currently covered by FERS?</p> <p>Did you become covered by FERS automatically (rather than by electing FERS from a CSRS-covered position)?</p> <p>Did you work under a NAFI retirement plan long enough to earn a retirement benefit?</p> <p>Were you reemployed in a position subject to FERS before August 10, 1996?</p> <p>Was your break between NAFI and FERS-covered employment 1 year or less?</p> <p>Have you had no breaks in service (excluding a break of 3 days or less) since becoming covered by FERS?</p>
--

If you can answer "YES" to all of these questions and you have never before had the opportunity to elect to continue retirement coverage based on a move to or from a NAFI, then you may choose between the two types of elections.

If you can answer "YES" to all of the questions in the box and you already elected, or had an opportunity to elect retirement coverage, based on a move to or from a NAFI, then you may only elect FERS service credit (see question #1, B). You may not elect retroactive NAFI retirement coverage (see question #1, A).

If you have already retired, you are not eligible to make an election. This is true even if you are a reemployed annuitant.

**4. What is the time limit for making an election?**

Elections of NAFI retirement coverage or FERS service credit must be made by August 11, 1997.

**5. Will these elections cost me any money?**

The law provides that if you make an election, any increase in the amount of your FERS retirement benefit (or your NAFI retirement benefit) because of the election must be fully financed. To help finance the benefit increase, the law provides that all the employee retirement deductions (plus interest) and the government retirement contributions attributable to your service be transferred to the retirement system that will pay you a benefit. That means, if you elect to credit previous NAFI service in a FERS benefit, all of the retirement deductions withheld from your NAFI salary (plus interest) and any retirement contribution made by the NAFI will transfer to FERS to help offset the cost of the additional service. If you elect to go back to your old NAFI retirement plan, all of deductions withheld from your pay for FERS retirement (plus interest) and the government's contribution for FERS will be transferred to your NAFI retirement plan.

If the amounts transferred are not enough to fully finance the increase in your retirement benefit, the law provides that you must bear the additional cost. OPM's regulations provide that you do not have to make a deposit for the money. Instead, you will receive full credit for the service and your retirement benefit will be actuarially reduced depending on your age and the amount that was not financed by the transfer of contributions.

**6. How will I know whether FERS or my old NAFI retirement plan is better?**

Your Personnel Office will help you calculate your benefit under either retirement plan. In addition, OPM, DoD, and the Coast Guard will be providing a computer model that will help employees estimate the amount of their retirement benefits. The computer model should be available by the end of 1996.

**7. I have periods of military service. Does retirement credit include credit for my military service?**

Active duty military service served under honorable conditions is generally creditable under FERS, subject to a deposit requirement. If you have made payments toward a military deposit and elect to be covered under your old NAFI retirement plan, your military deposit will be returned to you.

**8. I have withdrawn my NAFI retirement contributions. Can my NAFI service still be credited in my FERS retirement benefit?**

Your old NAFI retirement plan must certify that your NAFI service would have been creditable in a NAFI retirement benefit. OPM's regulations provide that the fact that you may have taken a refund of your NAFI retirement contributions does not affect the creditability of your NAFI service.

**9. If I elect to leave FERS and become covered by my old NAFI retirement plan, what happens to my contributions to the Thrift Savings Plan (TSP)?**

Your TSP contributions will not transfer to the NAFI plan. TSP regulations provide that if you leave FERS coverage retroactive to the date you became covered under FERS, your TSP account will be de-activated and any contributions made by your agency and the earnings attributed to the agency contributions will be removed from it. You will be able to receive a refund of your own TSP contributions.



**ATTACHMENT 5**

**Forms to Verify Service, Vesting and Transferable Contributions**



# Request for Verification of CSRS or FERS Service



Public Law 104-106

Employees interested in obtaining verification of prior service under the Civil Service Retirement System (CSRS), and the Federal Employees Retirement System (FERS) in connection with an election to combine civil service and service with a nonappropriated fund instrumentality (NAFI) should complete this form and return it to their employing agency. This form cannot be used to verify service, vesting, or contributions with a NAFI.

## Part 1. TO BE COMPLETED BY EMPLOYEE

Name		Other Names Used
Date of birth	Social Security Number	Telephone number

Please check the appropriate box:

1.  I am currently covered by a NAFI retirement plan and would like verification of my prior creditable service listed below.
2.  I am currently covered by FERS and am requesting the amount of my FERS contributions.  
NOTE: If your current employer has the record showing all your FERS contributions, then don't complete this form.

Please provide as much information as possible regarding your prior civilian service. If necessary, attach additional information on a separate sheet of paper.

Agency and Location ( <i>City and State</i> )	Beginning Date	Ending Date	Position	Retirement Coverage (CSRS, FERS, FICA, CSRS Offset, Interim)

## Part 2. TO BE COMPLETED BY EMPLOYER

Provide agency name, address and telephone number (*response will be returned to this address*)

If the above employee is currently covered by FERS, you will receive a record of the FERS contributions currently on file at OPM that are available for transfer to a NAFI retirement plan. NOTE: If the employee's payroll office currently has the record of all FERS contributions, then do not send this form to OPM and advise the employee that this form is not needed.

If the above employee is currently employed by a NAFI, you will receive a record showing the employee's CSRS or FERS service, a statement concerning vesting, and the amount of FERS contributions currently available for transfer to a NAFI retirement system.

Send this form to: U.S. Office of Personnel Management, Retirement Operations Center,  
P.O. Box 45, Boyers, PA 16017

# Request for Verification of Service With a NAFI

Public Law 104-106

Employees interested in obtaining verification of prior service with a nonappropriated fund instrumentality (NAFI) in connection with an election to combine civil service and NAFI service should complete this form and return it to the employing agency. This form cannot be used to verify service, vesting, or contributions as an appropriated fund employee (civil service employment).

## Part 1. TO BE COMPLETED BY EMPLOYEE

Name		Other Names Used
Date of birth	Social Security Number	Telephone number

Please check the appropriate box:

1.        I am currently covered by FERS and would like verification of my prior creditable NAFI service listed below.
2.        I am currently covered by a NAFI retirement plan and am requesting the amount of my NAFI retirement contributions. NOTE: If your current NAFI retirement plan knows your total NAFI retirement contributions, then don't complete this form.

Please provide as much information as possible regarding your prior NAFI service. If necessary, attach additional information on a separate sheet of paper.

<b>Employer and Location (City and State)</b>	<b>Beginning Date</b>	<b>Ending Date</b>	<b>Position</b>	<b>Retirement Plan</b> <small>(Army, Air Force, Marine Corps, Navy, Navy Exchange, AAFES, Coast Guard)</small>

## Part 2. TO BE COMPLETED BY EMPLOYER

Provide agency name, address and telephone number (response will be returned to this address:)

If the above employee is currently employed by a NAFI, you will receive a record showing the employee's NAFI service and the amount of NAFI retirement contributions currently available for transfer to the Civil Service Retirement and Disability Fund. NOTE: If the employee's current retirement plan currently has the record of all NAFI retirement contributions, then do not send this form and advise the employee that this form is not needed.

If the above employee is currently employed in the civil service, you will receive a record showing the employee's prior NAFI service, a statement concerning vesting, and the amount of NAFI retirement contributions currently available for transfer to the Civil Service Retirement and Disability Fund.

Send this form to:           The applicable NAFI retirement plan in Attachment 3 of BAL 96-108. If the employee claims service subject to more than one NAFI retirement plan, a copy of this request must be sent to each NAFI retirement plan.

**ATTACHMENT 6**  
**Eligibility Checklist**

# ELIGIBILITY CHECKLIST

For Elections By FERS Employees With Past Service in a NAFI

YES    NO

1.	Does employee have prior service with a nonappropriated fund instrumentality (NAFI) in the Department of Defense or the Coast Guard?		
2.	Is the employee currently covered by FERS?		
3.	Was the employee automatically covered by FERS (rather than by electing FERS from a CSRS-covered position)?		
4.	Has the NAFI retirement plan that covered the employee certified that the employee was vested in the plan?		
5.	Was the employee appointed to a position subject to FERS (or appointed to a position followed by automatic conversion to FERS) before August 10, 1996?		
6.	Was the break between NAFI and FERS-covered employment (or employment followed by automatic conversion to FERS) 1 year or less?		
7.	Has the employee remained continuously (that is, no breaks of more than 3 days) subject to FERS (or CSRS Interim followed by automatic conversion to FERS) since the move from NAFI employment?		
8.	Did the employee have a previous opportunity to elect to continue any type of retirement coverage under Public Law 101-508.		

If the response to any of Questions 1 through 7 is <b>NO</b> , then →	Employee is not eligible to elect to combine service under Public Law 104-106.
If the response to all of Questions 1 through 8 is <b>YES</b> , then →	Employee may elect to remain in FERS with credit for NAFI service.
If the response to Questions 1 through 7 is <b>YES</b> , and the response to Question 8 is <b>NO</b> , then →	Employee may elect between: <ol style="list-style-type: none"> <li>1. NAFI retirement coverage retroactive to the date of his or her qualifying move; or</li> <li>2. To remain in FERS with FERS credit for NAFI service.</li> </ol>

**ATTACHMENT 7**

**Examples of Qualifying and Non-Qualifying Moves**

**EXAMPLE 1**

Employee, vested in a NAFI retirement plan, moved in 1988 (with a 9-month break), to a position covered by FERS. The employee has since remained in FERS.

		YES	NO
1.	Does employee have prior service with a nonappropriated fund instrumentality (NAFI) in the Department of Defense or the Coast Guard?	✓	
2.	Is the employee currently covered by FERS?	✓	
3.	Was the employee automatically covered by FERS (rather than by electing FERS from a CSRS-covered position)?	✓	
4.	Has the NAFI retirement plan that covered the employee certified that the employee was vested in the plan?	✓	
5.	Was the employee appointed to a position subject to FERS (or appointed to a position followed by automatic conversion to FERS) before August 10, 1996?	✓	
6.	Was the break between NAFI and FERS-covered employment (or employment followed by automatic conversion to FERS) 1 year or less?	✓	
7.	Has the employee remained continuously (that is, no breaks of more than 3 days) subject to FERS (or CSRS Interim followed by automatic conversion to FERS) since the move from NAFI employment?	✓	
8.	Did the employee have a previous opportunity to elect to continue any type of retirement coverage under Public Law 101-508.		✓

<p>Responses to Questions 1 through 7 are <b>YES</b>, and the response to Question 8 is <b>NO</b>, then →</p>	<p>Employee may elect between:</p> <ol style="list-style-type: none"> <li>1. NAFI retirement coverage retroactive to the date of his or her qualifying move; or</li> <li>2. To remain in FERS with FERS credit for NAFI service.</li> </ol>
---	---

**EXAMPLE 2**

Employee, vested in a NAFI retirement plan, moved in 1991 (with a 3-day break) to a DoD position covered by FERS. Under the 1990 Portability Act, the employee exercised an election not to retain coverage in the NAFI retirement plan, but instead to enter FERS. The employee has remained covered by FERS since the move.

		YES	NO
1.	Does employee have prior service with a nonappropriated fund instrumentality (NAFI) in the Department of Defense or the Coast Guard?	✓	
2.	Is the employee currently covered by FERS?	✓	
3.	Was the employee automatically covered by FERS (rather than by electing FERS from a CSRS-covered position)?	✓	
4.	Has the NAFI retirement plan that covered the employee certified that the employee was vested in the plan?	✓	
5.	Was the employee appointed to a position subject to FERS (or appointed to a position followed by automatic conversion to FERS) before August 10, 1996?	✓	
6.	Was the break in service between NAFI and FERS-covered employment (or employment followed by automatic conversion to FERS) 1 year or less?	✓	
7.	Has the employee remained continuously (that is, no breaks of more than 3 days) subject to FERS (or CSRS Interim followed by automatic conversion to FERS) since the move from NAFI employment?	✓	
8.	Did the employee have a previous opportunity to elect to continue any type of retirement coverage under Public Law 101-508.	✓	

Response to all of Questions 1 through 8 are <b>YES</b> , then →	Employee may elect to remain in FERS with credit for NAFI service.
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**EXAMPLE 3**

Employee, after 5 years in a NAFI retirement plan, moved in 1978 (with a 3-day break) to a civil service position covered by CSRS. The employee elected FERS during the 1987 Open Season and has since remained covered by FERS.

		YES	NO
1.	Does employee have prior service with a nonappropriated fund instrumentality (NAFI) in the Department of Defense or the Coast Guard?	✓	
2.	Is the employee currently covered by FERS?	✓	
3.	Was the employee automatically covered by FERS (rather than by electing FERS from a CSRS-covered position)?		✓
4.	Has the NAFI retirement plan that covered the employee certified that the employee was vested in the plan?	★	★
5.	Was the employee appointed to a position subject to FERS (or appointed to a position followed by automatic conversion to FERS) before August 10, 1996?	✓	
6.	Was the break in service between NAFI and FERS-covered employment (or employment followed by automatic conversion to FERS) 1 year or less?		✓
7.	Has the employee remained continuously (that is, no breaks of more than 3 days) subject to FERS (or CSRS Interim followed by automatic conversion to FERS) since the move from NAFI employment?		✓
8.	Did the employee have a previous opportunity to elect to continue any type of retirement coverage under Public Law 101-508.		✓

Responses to Questions 3, 6 and 7 are <b>NO</b> , then →	Employee is not eligible to elect to combine service under Public Law 104-106.
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★ **NOTE:** Because the employee does not otherwise qualify, no attempt to verify vesting was undertaken.

**EXAMPLE 4**

Employee worked in a NAFI position from 1979 through 1985, and her vested status has been verified. She moved in 1986 (with a 7-month break) to a civil service position covered by CSRS Interim and was automatically converted to FERS in 1987. She has remained in FERS continuously.

		YES	NO
1.	Does employee have prior service with a nonappropriated fund instrumentality (NAFI) in the Department of Defense or the Coast Guard?	✓	
2.	Is the employee currently covered by FERS?	✓	
3.	Was the employee automatically covered by FERS (rather than by electing FERS from a CSRS-covered position)?	✓	
4.	Has the NAFI retirement plan that covered the employee certified that the employee was vested in the plan?	✓	
5.	Was the employee appointed to a position subject to FERS (or appointed to a position followed by automatic conversion to FERS) before August 10, 1996?	✓	
6.	Was the break between NAFI and FERS-covered employment (or employment followed by automatic conversion to FERS) 1 year or less?	✓	
7.	Has the employee remained continuously (that is, no breaks of more than 3 days) subject to FERS (or CSRS Interim followed by automatic conversion to FERS) since the move from NAFI employment?	✓	
8.	Did the employee have a previous opportunity to elect to continue any type of retirement coverage under Public Law 101-508.		✓

<p>Responses to Questions 1 through 7 are <b>YES</b>, and the response to Question 8 is <b>NO</b>, then →</p>	<p>Employee may elect between:</p> <ol style="list-style-type: none"> <li>1. NAFI retirement coverage retroactive to the date of her qualifying move; or</li> <li>2. To remain in FERS with FERS credit for NAFI service.</li> </ol>
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**ATTACHMENT 8**

**Election Forms for FERS Employees who Moved From NAFI Employment  
Before August 10, 1996**

## INSTRUCTIONS FOR COMPLETING ELECTION FORMS

### Elections by FERS Employees Based on a Move Before August 10, 1996

1. The personnel office completes Part 1 of the appropriate form(s) if the employee is found eligible to make an election. If the employee is eligible for both elections, then both forms must be completed (See Paragraph F.2 of BAL 96-108 for information on who is eligible for both elections.)

BLOCK	Election of Retroactive NAFI Coverage by FERS Employees Under Public Law 104-106	Election of FERS with Credit for NAFI Service Under Public Law 104-106
1 - 6	Self-explanatory.	Self-explanatory.
7 Beginning Date	Enter the date of the appointment that completed the qualifying move from NAFI employment.	Enter the beginning date of the NAFI service that will become creditable under FERS if an affirmative election is made. If more than one period, show each period of NAFI service separately.
7 Ending Date	Enter the last day of the pay period in which the employee received this election form. (If the employee makes an affirmative election, the period covered by the election will be the last day of the pay period that the employing agency receives the completed election form.)	Enter the ending date of the NAFI service that will become creditable under FERS if an affirmative election is made.
8 Date	Enter the last day of the pay period in which the employee received this election form. Transferable FERS contributions should be computed through this date.	Enter the date the NAFI retirement plan(s) computed the transferable contributions on the "Verification of NAFI Service, Vesting and Contributions" form (Attachment 5 to BAL 96-108).
8 Amount	Enter the total amount of FERS employee contributions, plus interest, and agency contributions available for transfer to the NAFI retirement plan. See Payroll Office Letter 96-06 for instructions on computing the FERS contributions (plus interest) made with the current servicing payroll office. If FERS contributions for the period of service entered in block 7 were made with another payroll office, be sure to include the additional FERS contribution amounts from the "Verification of Service, Vesting, or Contributions Under CSRS or FERS" form (response to Attachment 5 of BAL 96-108). Do not include any contributions refunded to the employee.	Total the transferable contributions certified by the NAFI retirement plan(s) on the "Verification of NAFI Service, Vesting and Contributions" form (response to Attachment 5 of BAL 96-108). Do not include any contributions refunded to the employee.
9 Signature	Sign and date the form. Note that if employee has been found eligible to elect NAFI retirement coverage, he or she is also eligible to elect FERS with credit for NAFI service and must be given two election forms.	Sign and date the form. Check the box if the employee is also eligible to elect NAFI retirement coverage and has been also given the appropriate form for that election.

## **INSTRUCTIONS FOR COMPLETING ELECTION FORMS -- (Continued)**

2. The personnel office gives both copies of the form to the employee and instructs the employee to read and acknowledge receipt of the form by signing Part 2 of one copy of the form. The personnel office collects and retains the copy of the form that the employee signed (both Parts 1 and 2 completed). The employee keeps the other copy with only Part 1 completed.
3. The personnel office files the signed copy on the left side of the Official Personnel Folder (OPF), or in some other temporary file, until the employee makes an election or the time limit for making an election expires.
4. When the employee makes an election by signing under either Option 1 or Option 2 in Part 3 of the form and returns it to the personnel office, the personnel office marks the date of receipt on the form and makes a copy of the form (with Parts 1 and 3 completed). The personnel office gives the employee the copy of the form that does not have the original signature in Part 3, files the form with the original signature in Part 3 on the right side of the OPF, and destroys the copy of the form with Part 2 completed.
5. If the time limit expires before the employee has returned the election form with Part 3 completed, the personnel office takes the form with Part 2 completed, makes a notation that the employee did not file a form with Part 3 completed, and files the form on the right side of the OPF.

# ELECTION OF RETROACTIVE NAFI RETIREMENT COVERAGE BY FERS EMPLOYEES UNDER PUBLIC LAW 104-106

Instructions for completing this form are in Benefits Administration Letter 96-108, dated September 6, 1996.

## PART 1. TO BE COMPLETED BY EMPLOYING AGENCY

1. Employee Name	2. Date of Birth ( <i>Month, day, year</i> )	3. Social Security number	
4. Employing agency and mailing address	5. Effective Date of Election ( <i>Date of qualifying move</i> )	6. Name/telephone number of agency contact	
7. The following period of service will become subject to nonappropriated fund instrumentality (NAFI) retirement coverage by this election:		Beginning date	Ending date
8. Total amount available for transfer to the NAFI Retirement Plan as of <i>(Date)</i> :		\$	<i>(Amount)</i>
9. I verify that in accordance with the provisions of section 1043 of Public Law 104-106, and OPM regulations at 5 CFR part 847, Subpart D, this employee is eligible to elect NAFI retirement coverage retroactive to the date of the qualifying move shown in block 5 above.			
Authorized signature and title		Date signed	

## PART 2. ACKNOWLEDGEMENT OF RECEIPT

I understand that I am eligible to elect coverage under a NAFI retirement system. I am also aware of the right to make an alternative election to remain in the Federal Employees Retirement System (FERS) with service credit for past NAFI service. I acknowledge that the Personnel Office has completed Part 1 of this election form and given it to me on this date. I understand that if I wish to be covered by the NAFI retirement system retroactive to the date of my qualifying move (shown in Part 1, block 5), I must return the completed form to the Personnel Office before the close of business on August 11, 1997 (if mailed, the envelope must be postmarked no later than August 11, 1997). I also understand that if I fail to return this form to my Personnel Office before August 11, 1997, I will remain covered by FERS, in accordance with FERS rules.

Signature of employee	Date
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## PART 3. TO BE COMPLETED BY EMPLOYEE

I elect to be covered by the NAFI retirement plan. I understand that because of this irrevocable election, I will never be able to earn additional credit under FERS. I understand that regardless of future moves between civil service employment and NAFI employment, break in service, and changes in employment or retirement status, my retirement coverage will remain with the NAFI plan in accordance with the rules governing the NAFI plan. I also understand that this election does not affect any service performed before the effective date of this election (as shown in Part 1, block 5).

I understand that because of my election, my civilian service subject to FERS since the date of my qualifying move (shown in Part 1, block 5) will become subject to the NAFI retirement plan. Any unrefunded contributions made by me or on my behalf to FERS since the effective date of this election (shown in Part 1, block 5) will be transferred to the NAFI retirement plan. If the amount transferred does not fully fund the actuarial present value of the increase in my NAFI retirement benefit, I understand that my NAFI benefit will be reduced in a manner consistent with 5 CFR part 847, Subpart F.

Signature of employee	Date signed
-----------------------	-------------

Reproduce Locally

September 1996

# ELECTION OF FERS WITH CREDIT FOR NAFI SERVICE UNDER PUBLIC LAW 104-106

Instructions for completing this form are in Benefits Administration Letter 96-108, dated September 6, 1996.

## PART 1. TO BE COMPLETED BY EMPLOYING AGENCY

1. Employee Name	2. Date of Birth ( <i>Month, day, year</i> )	3. Social Security number	
4. Employing agency and mailing address	5. Date of qualifying move	6. Name/telephone number of agency contact	
7. The following period(s) of service with a nonappropriated fund instrumentality (NAFI) will become creditable for Federal Employees Retirement System (FERS) purposes by this election:		<b>Beginning date</b>	<b>Ending date</b>
8. Total amount available for transfer to the Civil Service Retirement and Disability Fund as of ( <i>date</i> ) _____:		\$	( <i>Amount</i> )
9. I verify that in accordance with the provisions of section 1043 of Public Law 104-106, and OPM regulations at 5 CFR part 847, Subpart D, this employee is eligible to elect FERS with credit for the above periods of NAFI service. <input type="checkbox"/> ( <i>Check if applicable</i> ) I have also determined that this employee is eligible to elect NAFI retirement coverage and has been given the appropriate form for that election.			
Authorized signature and title		Date signed	

## PART 2. ACKNOWLEDGEMENT OF RECEIPT

I understand that I am eligible to elect FERS with credit for the above NAFI service (shown in block 7) under FERS. I acknowledge that the Personnel Office has completed Part 1 of this election form and given it to me on this date. I understand that if I wish to elect FERS service credit for my NAFI service, I must return the completed form to the Personnel Office before the close of business on August 11, 1997 (if mailed, the envelope must be postmarked no later than August 11, 1997). I also understand that if I fail to return this form to my Personnel Office before August 11, 1997, that my prior NAFI service will not be creditable for any purpose under FERS.

Signature of employee	Date
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## PART 3. TO BE COMPLETED BY EMPLOYEE

I elect credit under FERS for the NAFI service shown above in Part 1, block 7. I understand that by making this irrevocable election, I will remain covered by FERS, in accordance with FERS rules, for all future Federal service and I will never be able to earn additional credit under a NAFI retirement plan. I also understand that because of this election, the NAFI service shown in Part 1, block 7 ceases to be creditable for any purpose under a NAFI retirement plan.

I understand that because of my election, my NAFI service shown above will become creditable under FERS. Any unrefunded contributions made by me or on my behalf to the NAFI retirement system will be transferred to the Civil Service Retirement and Disability Fund. If the amount transferred does not fully fund the actuarial present value of the increase in my FERS annuity, I understand that my FERS annuity will be reduced in accordance with 5 CFR part 847, Subpart F.

Signature of employee	Date signed
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September 1996

**ATTACHMENT 9**

**FERS Computation Worksheets and Examples**



# Personal Data Sheet (PDS)

Election of FERS Credit for NAFI Service Under Public Law 104-106

Before you begin completing the worksheets, fill out the personal data below. This way, you will establish some information and assumptions about your situation that can be used throughout the worksheets to help ensure that your answers are consistent.

1. At what age do you want to retire? Use one of the Eligibility Charts on the next page.

<b>Box 1</b>  Years
---------------------------

2. How much total service, including military service, do you expect to have when you retire? Include any refunded FERS service.

<b>Box 2</b>  Years                      Mos
--

3. How much creditable NAFI service do you have?

<b>Box 3</b>  Years                      Mos
--

4. Enter the total from boxes 2 and 3.

<b>Box 4</b>  Years                      Mos
--

5. Estimate what you expect your high-3 average salary to be when you retire.

<b>Box 5</b>  \$
------------------------

6. If you have had FERS refunded service, how much do you owe? Get an estimate of your redeposit from your retirement or benefits counselor.

<b>Box 6</b>  \$
------------------------

7. How much refunded FERS service do you have?

<b>Box 7</b>  Years                      Mos
--

**USE WORKSHEET A, IF** you will qualify for an immediate FERS retirement based on the age and service requirements using your age from Box 1 and your FERS service from Box 2.

**USE WORKSHEET B, IF** you will not qualify for an immediate FERS retirement based on your age from Box 1 and your FERS service from Box 2.

## Eligibility Charts

### Eligibility for Immediate Retirement

Full Benefits	
Length of Service	Minimum Age
At least 30 years	MRA
At least 20 years	60 years
At least 5 years	62 years
Early Retirement	
Length of Service	Minimum Age
At least 20 years	50 years
At least 25 years	any age
Benefits Reduced for Age MRA plus 10 Retirement	
Length of Service	Minimum Age
At least 10 years	MRA

### Eligibility for Deferred Retirement

Length of Service	Minimum Age
At least 10 years	Your MRA (Benefit reduced for age)
At least 5 years	62

Age Reduction Factors	
Minimum Age	Reduction Factor
61 years	.95
60 years	.90
59 years	.85
58 years	.80
57 years	.75
56 years	.70
55 years	.65
For each month, add .00417	
For example, 56 years and 1 month would be .70417; 56 years and 2 months would be .70834.	

Minimum Retirement Age	
If you were born	Your MRA is:
Before 1949	55
In 1948	55 and 2 months
In 1949	55 and 4 months
In 1950	55 and 6 months
In 1951	55 and 8 months
In 1952	55 and 10 months
In 1953-1964	56
In 1965	56 and 2 months
In 1966	56 and 4 months
In 1967	56 and 6 months
In 1968	56 and 8 months
In 1969	56 and 10 months
After 1969	57

## Seven Percent Interest Factors Chart

<b>0 Years</b>	<b>1</b>		<b>16 Years</b>	<b>2.952164</b>
<b>1 Years</b>	<b>1.07</b>		<b>17 Years</b>	<b>3.158815</b>
<b>2 Years</b>	<b>1.1449</b>		<b>18 Years</b>	<b>3.379932</b>
<b>3 Years</b>	<b>1.225043</b>		<b>19 Years</b>	<b>3.616528</b>
<b>4 Years</b>	<b>1.310796</b>		<b>20 Years</b>	<b>3.869684</b>
<b>5 Years</b>	<b>1.402552</b>		<b>21 Years</b>	<b>4.140562</b>
<b>6 Years</b>	<b>1.50073</b>		<b>22 Years</b>	<b>4.430402</b>
<b>7 Years</b>	<b>1.605781</b>		<b>23 Years</b>	<b>4.74053</b>
<b>8 Years</b>	<b>1.718186</b>		<b>24 Years</b>	<b>5.072367</b>
<b>9 Years</b>	<b>1.838459</b>		<b>25 Years</b>	<b>5.427433</b>
<b>10 Years</b>	<b>1.967151</b>		<b>26 Years</b>	<b>5.807353</b>
<b>11 Years</b>	<b>2.104852</b>		<b>27 Years</b>	<b>6.213868</b>
<b>12 Years</b>	<b>2.252192</b>		<b>28 Years</b>	<b>6.648838</b>
<b>13 Years</b>	<b>2.409845</b>		<b>29 Years</b>	<b>7.114257</b>
<b>14 Years</b>	<b>2.578534</b>		<b>30 Years</b>	<b>7.612255</b>
<b>15 Years</b>	<b>2.759032</b>			

## FERS Present Value Factors If No COLAS Payable Before Age 62

<b>FERS PRESENT VALUE FACTORS APPLICABLE TO AN ANNUITY PAYABLE FOLLOWING AN ELECTION UNDER SECTION 1043 OF PUBLIC LAW 104-106</b>					
Age at calculation	Present value of a monthly annuity	Age at calculation	Present value of a monthly annuity	Age at calculation	Present value of a monthly annuity
40	169.2	57	160.2	74	106.8
41	168.8	58	160.4	75	102.2
42	168.4	59	161.2	76	97.8
43	168.1	60	162.7	77	93.5
44	167.7	61	163.5	78	89.2
45	166.9	62	161.3	79	85.0
46	166.1	63	157.1	80	80.9
47	165.4	64	152.5	81	77.0
48	164.7	65	148.0	82	73.1
49	163.7	66	143.6	83	69.4
50	162.4	67	139.1	84	65.8
51	161.9	68	134.6	85	62.4
52	161.6	69	130.1	86	59.1
53	161.2	70	125.4	87	56.0
54	160.6	71	120.7	88	53.0
55	160.0	72	116.0	89	50.2
56	160.0	73	111.4	90	47.5

Do not use this chart for the following types of annuities: Law enforcement Officer/Firefighter, Air Traffic Controller, Military Reserve Technicians who retire under 5 U.S.C. 8414(c), disability, and survivor. The next chart on page 5 will be used for these types of annuity.

## FERS Present Value Factors If COLAS Payable Before Age 62

<b>FERS PRESENT VALUE FACTORS APPLICABLE TO AN ANNUITY PAYABLE FOLLOWING AN ELECTION UNDER SECTION 1043 OF PUBLIC LAW 104-106</b>					
Age at calculation	Present value of a monthly annuity	Age at calculation	Present value of a monthly annuity	Age at calculation	Present value of a monthly annuity
17	301.7	42	238.5	67	139.1
18	299.8	43	235.0	68	134.6
19	297.9	44	231.5	69	130.1
20	296.0	45	227.9	70	125.4
21	294.0	46	224.2	71	120.7
22	291.9	47	220.3	72	116.0
23	289.8	48	216.5	73	111.4
24	287.7	49	212.6	74	106.8
25	285.4	50	208.6	75	102.2
26	283.2	51	204.5	76	97.8
27	280.8	52	200.3	77	93.5
28	278.4	53	196.1	78	89.2
29	276.0	54	191.8	79	85.0
30	273.5	55	187.4	80	80.9
31	270.9	56	183.1	81	77.0
32	268.2	57	178.6	82	73.1
33	265.5	58	174.2	83	69.4
34	262.8	59	169.7	84	65.8
35	260.0	60	165.1	85	62.4
36	257.1	61	160.4	86	59.1
37	254.1	62	161.3	87	56.0
38	251.1	63	157.1	88	53.0
39	248.1	64	152.5	89	50.2
40	245.2	65	148.0	90	47.5
41	241.9	66	143.6		

## Discount Factors Chart

**Factors for Determining Reduction in a CSRS or FERS Annuity  
When Individual Does Not Have Title to an Immediate Annuity Without NAFI Service (Worksheet B)  
(Elections Under the Retroactive Provisions of P.L. 104-106)**

Find the factor which corresponds to the number of whole years and full months between the date the deficiency is calculated and the date you would first become eligible for a deferred annuity benefit (without credit for NAFI service or FERS redeposit service).

	0 Months	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
0 Years.....	1.000000	0.994378	0.988787	0.983228	0.977700	0.972203	0.966736	0.961301	0.955896	0.950522	0.945178	0.939864
1 Year.....	0.934579	0.929325	0.924100	0.918904	0.913738	0.908601	0.903492	0.898412	0.893361	0.888338	0.883344	0.878377
2 Years.....	0.873439	0.868528	0.863645	0.858789	0.853961	0.849159	0.844385	0.839638	0.834917	0.830223	0.825555	0.820913
3 Years.....	0.816298	0.811708	0.807145	0.802607	0.798094	0.793607	0.789145	0.784708	0.780296	0.775909	0.771547	0.767209
4 Years.....	0.762895	0.758606	0.754341	0.750100	0.745882	0.741689	0.737519	0.733372	0.729249	0.725149	0.721072	0.717018
5 Years.....	0.712986	0.708978	0.704991	0.701028	0.697086	0.693167	0.689270	0.685394	0.681541	0.677709	0.673899	0.670110
6 Years.....	0.666342	0.662596	0.658870	0.655166	0.651482	0.647820	0.644177	0.640556	0.636954	0.633373	0.629812	0.626271
7 Years.....	0.622750	0.619248	0.615767	0.612305	0.608862	0.605439	0.602035	0.598650	0.595284	0.591937	0.588609	0.585300
8 Years.....	0.582009	0.578737	0.575483	0.572247	0.569030	0.565831	0.562649	0.559486	0.556340	0.553212	0.550102	0.547009
9 Years.....	0.543934	0.540876	0.537835	0.534811	0.531804	0.528814	0.525841	0.522884	0.519944	0.517021	0.514114	0.511224
10 Years.....	0.508349	0.505491	0.502649	0.499823	0.497013	0.494218	0.491440	0.488677	0.485929	0.483197	0.480480	0.477779
11 Years.....	0.475093	0.472422	0.469766	0.467124	0.464498	0.461886	0.459290	0.456707	0.454139	0.451586	0.449047	0.446522
12 Years.....	0.444012	0.441516	0.439033	0.436565	0.434110	0.431670	0.429243	0.426829	0.424429	0.422043	0.419670	0.417311
13 Years.....	0.414964	0.412631	0.410311	0.408004	0.405711	0.403429	0.401161	0.398906	0.396663	0.394433	0.392215	0.390010
14 Years.....	0.387817	0.385637	0.383469	0.381313	0.379169	0.377037	0.374917	0.372809	0.370713	0.368629	0.366556	0.364495
15 Years.....	0.362446	0.360408	0.358382	0.356367	0.354363	0.352371	0.350390	0.348420	0.346461	0.344513	0.342576	0.340650
16 Years.....	0.338735	0.336830	0.334936	0.333053	0.331181	0.329319	0.327467	0.325626	0.323795	0.321975	0.320164	0.318364
17 Years.....	0.316574	0.314794	0.313025	0.311265	0.309515	0.307774	0.306044	0.304323	0.302612	0.300911	0.299219	0.297537
18 Years.....	0.295864	0.294200	0.292546	0.290902	0.289266	0.287640	0.286022	0.284414	0.282815	0.281225	0.279644	0.278072
19 Years.....	0.276508	0.274954	0.273408	0.271871	0.270342	0.268822	0.267311	0.265808	0.264313	0.262827	0.261350	0.259880
20 Years.....	0.258419	0.256966	0.255521	0.254085	0.252656	0.251236	0.249823	0.248418	0.247022	0.245633	0.244252	0.242879
21 Years.....	0.241513	0.240155	0.238805	0.237462	0.236127	0.234800	0.233480	0.232167	0.230861	0.229563	0.228273	0.226989
22 Years.....	0.225713	0.224444	0.223182	0.221927	0.220680	0.219439	0.218205	0.216978	0.215758	0.214545	0.213339	0.212140

# Getting Estimates From Your Agency

*Election of FERS Credit for NAFI Service Under Public Law 104-106*

If you are near retirement, ask your benefits counselor for annuity estimates that can help you evaluate the relative benefits in deciding whether to make a retroactive election. **With the estimates, you can skip to Part 3 of the Worksheet.**

If you have part-time service or you will be retiring under the special provisions for law enforcement officers, firefighters, air traffic controllers, or Congressional employees, you must get the annuity estimates listed below. The worksheets cannot be used to compute your basic annuity. However, with the estimates, you can skip to Part 3 and use the remainder of the Worksheet.

<b>If you are using Worksheet A, ask for the following estimates:</b>	
1.	A single life annuity with NAFI service credited. (A single life annuity is one that is not reduced for survivor benefits.) The worksheet will show you how to compute your annuity with survivor benefits.
	<p>The estimate should include-</p> <ul style="list-style-type: none"> <li>--refunded CSRS service or nondeduction service performed before 1989 for which you expect to make deposit;</li> <li>--military service for which you expect to make deposit;</li> <li>--refunded FERS service; and</li> <li>--any age reduction, if you are planning to retire under an MRA-plus-10 retirement.</li> </ul>
	Enter the monthly annuity estimate in Part 1, Line 7 of the Worksheet.
2.	A single life annuity without NAFI service credited.
	The estimate should include the same service listed above and, if applicable, the age reduction for MRA-plus-10 retirement.
	Enter the monthly annuity estimate in Part 2, Line 7 of the Worksheet.
3.	If you have refunded FERS service, get a third computation without NAFI service or refunded service credited.
	Enter the monthly annuity estimate in Part 6, Line 9 of the Worksheet.
<b>If you are using Worksheet B, get the same estimates as above with the following exception:</b>	
	<p>Use the earliest date on which you are eligible to receive a deferred retirement when computing the annuity under 2. and 3. above.</p> <p>For example, if you have 10 years of service without credit for your NAFI service, the earliest eligibility date would be your MRA.</p> <p>If you have at least 5 years of civilian service but less than 10 years without NAFI credit, the eligibility date would be 62.</p>

# Using A Shortcut

## *Election of FERS Credit for NAFI Service Under Public Law 104-106*

If crediting your NAFI service will increase your annuity but will not change the date on which you can retire, you can use a shortcut to estimate how much your NAFI service will increase your benefit.

### To compute the increase using the shortcut method:

1. Enter the number of years until your planned retirement date.	1
2. Enter the factor from the Seven Percent Interest Factors Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest the transferred NAFI funds may earn between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2
3. Enter the amount of funds transferring from the NAFI Plan to FERS. (This amount must be furnished by the NAFI retirement plan and is the "Total Transferable Amount" in Block 8 on the <i>Election of FERS With Credit for NAFI Service Under Public Law 104-106</i> form.)	3
4. Multiply the amount on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This is the approximate value, at retirement, of the funds transferring from the NAFI plan.	4
5. Enter the present value factor for the age you entered in Box 1 of your PDS. Use the attached FERS Present Value Factors chart for annuities that are not increased by COLAS before age 62; however, the alternate Present Value Factors chart (on page 5) will be used for the following types of annuities. Exception: Disability annuitants receiving benefits based on actual service and employees retiring under the special retirement provisions for law enforcement officers, firefighters, air traffic controllers, and Congressional employees would use the alternate chart.	5
6. Divide the amount on Line 4 by the present value factor on Line 5. Drop the cents and enter the result. This is the monthly amount your FERS annuity will increase if you elect to have your NAFI service credited in your FERS retirement benefit.	6

Skip to Part 6 to compute your annuity with no election of NAFI credit. Add the amount computed in Line 6 above to the amount computed in Part 6. The total is your annuity with NAFI credit.

**WARNING: Do not use the shortcut method if you have refunded FERS service.**



# Worksheet A: Basic FERS Benefit

*Election of FERS Credit for NAFI Service Under Public Law 104-106*

Use Worksheet A, if you will qualify for an immediate FERS retirement both with and without credit for your NAFI service.

## Part 1. Computing a single life annuity with credit for NAFI Service

1. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	1
2. Enter your service from Box 4 of your PDS. If you used whole years and full months, convert months to a factor using the chart below.	2
3. Multiply Lines 1 and 2.	3
4. Compute the basic annuity. Multiply the amount on Line 3 by .01. (Use .011, instead of .01, if you will be at least age 62 and have at least 20 years of service when you retire.)	4
5. Divide the basic annuity on Line 4 by 12. Drop the cents.	5
6. If your retirement is based on the reduced benefit under the MRA-plus-10 provisions, enter the reduction factor for your age at retirement from the Age Reduction Factors Table on page 2. For example, if you are 59 years old, the reduction factor would be .85. Enter 1, if your benefit is not reduced for age.	6
7. Multiply the monthly annuity on Line 5 by the reduction factor on Line 6. Drop the cents. This is your monthly annuity counting your NAFI and refunded FERS service and before any reduction for survivor benefits.	7

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Worksheet A (continued)**

**Part 2. Computing a single life annuity without credit for NAFI Service**

1. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	1
2. Enter your service from Box 2 of your PDS. If you used whole years and full months, convert months to a factor using the chart below.	2
3. Multiply Lines 1 and 2.	3
4. Compute the basic annuity. Multiply the amount on Line 3 by .01. (Use .011, instead of .01, if you will be at least age 62 and have at least 20 years of service when you retire.)	4
5. Divide the basic annuity on Line 4 by 12. Drop the cents.	5
6. If your retirement is based on the reduced benefit under the MRA-plus-10 provisions, enter the reduction factor for your age at retirement from the Age Reduction Factors Table on page 2. For example, if you are 59 years old, the reduction factor would be .85. Enter 1, if your benefit is not reduced for age.	6
7. Multiply the monthly annuity on Line 5 by the reduction factor on Line 6. Drop the cents. This is your monthly annuity without counting NAFI service and before any reduction for survivor benefits.	7

<b>Monthly Factor Chart</b>							
<b>No. of Months</b>	<b>Factor</b>		<b>No. of Months</b>	<b>Factor</b>		<b>No. of Months</b>	<b>Factor</b>
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

## Worksheet A (continued)

### Part 3. Computing the value of the transferred NAFI funds at retirement

1. Enter the number of years until your planned retirement date.	1
2. Enter the factor from the Seven Percent Interest Factors Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest the transferred NAFI funds may earn between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2
3. Enter the amount of funds transferring from the NAFI plan to FERS. (This is the "Total Transferable Amount" in Block 8 on the <i>Election of FERS With Credit for NAFI Service Under Public Law 104-106</i> form.)	3
4. Multiply the amount on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This is the approximate value of the transferred amount at retirement.	4

If you have refunded FERS service, complete Part 4. Otherwise, skip to Part 5.

### Part 4. Updating the redeposit amount for refunded FERS deductions to your retirement date.

1. Enter the number of years until your planned retirement date.	1
2. Enter the factor from the Seven Percent Interest Factor Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest on your redeposit between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2
3. Enter the amount of the FERS redeposit calculated by your agency from Box 6 of your PDS.	3
4. Multiply the amount of your FERS redeposit on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This represents the approximate redeposit amount for your refunded FERS service at your retirement.	4

**Worksheet A (continued)**

**Part 5. Computing the monthly actuarial reduction if you elect NAFI service credit under FERS.**

1. Enter the single life annuity rate with NAFI credit from Part 1, Line 7.	1
2. Enter the single life annuity rate without NAFI credit from Part 2, Line 7.	2
3. Enter the present value factor for the age you entered in Box 1 of your PDS. Use the attached FERS Present Value Factors chart for annuities that are not increased by COLAS before age 62; however, the alternate Present Value Factors chart (on page 5) will be used for the following types of annuities. Exception: Disability annuitants receiving benefits based on actual service and employees retiring under the special retirement provisions for law enforcement officers, firefighters, air traffic controllers, and Congressional employees would use the alternate chart.	3
4. Multiply the single life annuity rate on Line 1 by the present value factor on Line 3. Round your answer to the nearest dollar. This is the present value of your annuity with your NAFI service.	4
5. Multiply the single life annuity on Line 2 by the present value factor on Line 3. Round your answer to the nearest dollar. This is the present value of your annuity without your NAFI service credited.	5
6. Subtract the amount on Line 5 from the amount on Line 4. The balance represents the present value of your NAFI service.	6
7. Enter the amount you calculated in Part 3, Line 4 (the NAFI funds that transferred to the Civil Service Retirement and Disability Fund, including earnings).	7
8. Subtract the amount on Line 7 from the amount on Line 6. If the result is zero or less, enter zero because there is no unfunded amount. If the result is more than zero, enter the amount. This represents the unfunded amount of your annuity with NAFI credit. It is called the "deficiency."	8
9. If you received a refund of FERS deductions, enter the amount you calculated in Part 4, Line 4. If you never got a refund, enter zero.	9
10. Add together the amounts on Lines 8 and 9, and enter the total. This is the total unfunded amount of your annuity. Your annuity will be permanently reduced to collect the cost of the deficiency and the refunded FERS service.	10
11. Divide the amount on Line 10 by the present value factor on Line 3. Round the result up to the next dollar. This is the monthly reduction in your annuity due to crediting your NAFI and refunded service.	11

## Worksheet A (continued)

### Part 6. Computing a single life annuity with no election of service credit for NAFI Service

If you have no refunded FERS service, enter the monthly amount you computed in Part 2, Line 7 on Line 9 below, and skip to Part 7.

1. Enter your service from Box 2 of your PDS. If you used whole years and full months, convert months to a factor using the chart below.	1
2. Enter your refunded FERS service from Box 7 of your PDS. Convert any months used to the appropriate factor.	2
3. Subtract the service on Line 2 from the service on Line 1, and enter the result. This is the service you will be credited with if you make <b>no election</b> .	3
4. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	4
5. Multiply Lines 3 and 4.	5
6. Compute the basic annuity. Multiply the amount on Line 5 by .01. (Use .011, instead of .01, if you will be at least 62 when you retire and have at least 20 years of service on Line 3.)	6
7. Divide the basic annuity on Line 6 by 12. Drop the cents.	7
8. If your retirement is based on the reduced benefit under the MRA-plus-10 provisions, enter the reduction factor for your age at retirement from the Age Reduction Factors Table on page 2. For example, if you are 59 years old, the reduction factor would be .85. Enter 1, if your benefit is not reduced for age.	8
9. Multiply the monthly annuity on Line 7 by the reduction factor on Line 8. Drop the cents. This is your monthly annuity if you make no election and before any reduction for survivor benefits.	9

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Worksheet A (continued)**

**Part 7. Computing the monthly annuity rates**

<b>A. Your Monthly FERS Annuity With Your NAFI Service Credited</b>		
<b>Annuity without Survivor Benefits</b>	1. Enter the single life annuity rate with NAFI credit from Part 1, Line 7.	1
	2. Enter the monthly reduction amount from Part 5, Line 11.	2
	3. Subtract the amount on Line 2 from the amount on Line 1. This is the amount of your reduced annuity if you choose not to provide survivor benefits for a spouse.	3
<b>Annuity with Survivor Benefits</b>	4. Multiply the amount on Line 3 by .9. Drop the cents and enter the result. This is your monthly annuity after it has been reduced to provide the maximum survivor benefit for your spouse.	4
	5. Multiply the amount on Line 3 by .5. Drop the cents and enter the result. This is the monthly survivor annuity payable to your surviving spouse when you die.	5
<b>B. Your Monthly FERS Annuity If You Make No Election and Receive No NAFI Credit</b>		
<b>Annuity without Survivor Benefits</b>	1. Enter the single life annuity rate with no NAFI or refunded FERS service credit from Part 6, Line 9. This is your monthly annuity with no reduction for survivor benefits for a spouse.	1
<b>Annuity with Survivor Benefits</b>	2. Multiply the amount on Line 1 by .9. Drop the cents and enter the result. This is your monthly annuity after it has been reduced to provide the maximum survivor benefit for your spouse.	2
	3. Multiply the amount on Line 1 by .5. Drop the cents and enter the result. This is the monthly annuity that would be payable to your surviving spouse when you die.	3

# Worksheet B: Basic FERS Benefit

*Election of FERS Credit for NAFI Service Under Public Law 104-106*

Use Worksheet B, if you will not qualify for an immediate retirement without your NAFI Service.

## Part 1. Computing a single life annuity with credit for NAFI Service

1. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	1
2. Enter your service from Box 4 of your PDS. If you used whole years and full months, convert months to a factor using the chart below.	2
3. Multiply Lines 1 and 2.	3
4. Compute the basic annuity. Multiply the amount on Line 3 by .01. (Use .011, instead of .01, if you will be at least age 62 and have at least 20 years of service when you retire.)	4
5. Divide the basic annuity on Line 4 by 12. Drop the cents.	5
6. If your retirement is based on the reduced benefit under the MRA-plus-10 provisions, enter the reduction factor for your age at retirement from the Age Reduction Factors Table on page 2. For example, if you are 59 years old, the reduction factor would be .85. Enter 1, if your benefit is not reduced for age.	6
7. Multiply the monthly annuity on Line 5 by the reduction factor on Line 6. Drop the cents. This is your monthly annuity counting your NAFI and refunded FERS service and before any reduction for survivor benefits.	7

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Worksheet B (continued)**

**Part 2. Computing a single life deferred annuity without credit for NAFI Service**

1. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	1
2. Enter your service from Box 2 of your PDS. If you used whole years and months, convert months to a factor using the chart below.	2
3. Multiply Lines 1 and 2.	3
4. Compute the basic annuity. Multiply the amount on Line 3 by .01.	4
5. Divide the basic annuity in Line 4 by 12. Drop the cents.	5
6. If you entered at least 10 years of service on Line 2, you are eligible for deferred retirement as early as your MRA. Enter the reduction factor for your MRA from the Age Reduction Factors Table on page 2. For example, if your MRA is 56 and 2 months, the reduction factor would be .70834. If you have less than 10 years of service, enter 1. (There is no reduction for deferred retirement at age 62.)	6
7. Multiply the monthly annuity on Line 5 by the reduction factor on Line 6. Drop the cents. This is your monthly annuity without counting NAFI service and before any reduction for survivor benefits.	7

<b>Monthly Factor Chart</b>							
<b>No. of Months</b>	<b>Factor</b>		<b>No. of Months</b>	<b>Factor</b>		<b>No. of Months</b>	<b>Factor</b>
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.



## Worksheet B (continued)

### Part 3. Computing the value of the transferred NAFI funds at retirement

1. Enter the number of years until your planned retirement date.	1
2. Enter the factor from the Seven Percent Interest Factors Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest the transferred NAFI funds may earn between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2
3. Enter the amount of funds transferring from the NAFI Plan to FERS. (This is the "Total Transferable Amount" in Block 8 on the <i>Election of FERS With Credit for NAFI Service Under Public Law 104-106</i> form.)	3
4. Multiply the amount on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This is the approximate value, at retirement, of the funds transferring from the NAFI Plan to FERS.	4

If you have refunded FERS service, complete Part 4. Otherwise, skip to Part 5.

### Part 4. Updating the redeposit amount for refunded FERS deductions to your retirement date.

1. Enter the number of years until your planned retirement date.	1
2. Enter the factor from the Seven Percent Interest Factors Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest on your redeposit between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2
3. Enter the amount of the FERS redeposit calculated by your agency from Box 6 of your PDS.	3
4. Multiply the amount of your FERS redeposit on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This represents the approximate redeposit amount for your refunded FERS service at retirement.	4

**Worksheet B (continued)**

**Part 5. Computing the monthly actuarial reduction if you elect NAFI service credit under FERS.**

<b>Computing the Present Value of Your Annuity With NAFI Credit</b>	
1. Enter the single life annuity rate with NAFI credit from Part 1, Line 7.	1
2. Enter the present value factor for the age you entered in Box 1 of your PDS. Use the attached FERS Present Value Factors chart for annuities that are not increased by COLAS before age 62; however, the alternate Present Value Factors chart (on page 5) will be used for the following types of annuities. Exception: Disability annuitants receiving benefits based on actual service and employees retiring under the special retirement provisions for law enforcement officers, firefighters, air traffic controllers, and Congressional employees would use the alternate chart.	2
3. Multiply the single life annuity rate on Line 1 by the present value factor on Line 2. Round your answer to the nearest dollar. This is the present value of your annuity with your NAFI service.	3
<b>Computing the Present Value of Your Deferred Annuity Without NAFI Credit</b>	
4. Enter the single life annuity rate without NAFI credit from Part 2, Line 7.	4
5. Enter the present value factor for your age at your earliest deferred retirement date. If you have at least 10 years of service without NAFI credit, your earliest retirement date is your MRA; otherwise, it's age 62. Use the FERS Present Value Factors chart for annuities that are not increased by COLAS before age 62 (page 4).	5
6. Multiply the single life annuity on Line 4 by the present value factor on Line 5. Round your answer to the nearest dollar. This is the present value of your annuity without your NAFI service credited but before any discount for early eligibility.	6
7. Enter the Discount Factor. Compute the time between your planned retirement date and your earliest deferred retirement date without NAFI credit by subtracting your retirement age in Box 1 of your PDS from your earliest deferred retirement age used on Line 5. Using the Discount Factors Chart, enter the factor that corresponds to the result. Example: You're retiring at age 50 with NAFI credit. Without NAFI credit, you would be eligible for deferred retirement at 56 and 2 months (your MRA if you were born in 1965). 56 and 2 months - 50 = 6 years and 2 months The discount factor is .658870. This factor discounts your deferred annuity by the interest earnings the retirement fund loses because of your earlier eligibility for benefits.	7
8. Multiply Line 6 by Line 7. This is the discounted value of your deferred annuity.	8

## Worksheet B (continued)

### Part 5. Computing the monthly actuarial reduction. (continued)

Computing the monthly reduction	
9. Subtract the amount on Line 8 from the amount on Line 3. Enter the balance. This represents the present value of your NAFI service.	9
10. Enter the amount you calculated in Part 3, Line 4. (This is the NAFI funds that transferred to the Civil Service Retirement and Disability Fund, including earnings.)	10
11. Subtract the amount on Line 10 from the amount on Line 9. If the result is zero or less, enter zero because there is no unfunded amount. If the result is more than zero, enter the amount. This represents the unfunded amount of your annuity with NAFI credit. It is called the "deficiency."	11
12. If you received a refund of FERS deductions, enter the amount you calculated in Part 4, Line 4. If you never got a refund, enter zero.	12
13. Add together the amounts on Lines 11 and 12, and enter the total. This is the total unfunded amount of your annuity. Your annuity will be permanently reduced to collect the cost of the deficiency and the refunded FERS service.	13
14. Divide the amount on Line 13 by the present value factor on Line 2. Round the result up to the next dollar. This is the monthly reduction in your annuity due to crediting your NAFI and refunded service.	14

## Worksheet B (continued)

### Part 6. Computing a single life annuity with no election of service credit for NAFI Service

If you have no refunded FERS service, enter the monthly amount you computed in Part 2, Line 7 on Line 9 below, and skip to Part 7.

1. Enter your total service from Box 2 of your PDS. If you used whole years and full months, convert any months to a factor using the chart below.	1
2. Enter your refunded FERS service from Box 7 of your PDS. Convert any months to a factor.	2
3. Subtract the service on Line 2 from the service on Line 1, and enter the remaining service. This is the service you will be credited with if you make <b>no election</b> .	3
4. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	4
5. Multiply Lines 3 and 4.	5
6. Compute the basic annuity. Multiply the amount on Line 5 by .01.	6
7. Divide the basic annuity on Line 6 by 12. Drop the cents.	7
8. If you entered at least 10 years of service on Line 3, you are eligible for deferred retirement as early as your MRA. Enter the reduction factor for your MRA from the Age Reduction Factors Table on page 2. For example, if your MRA is 56 and 2 months, the reduction factor would be .70834. If you have less than 10 years of service, enter 1. (There's no reduction for deferred retirement at age 62.)	8
9. Multiply the monthly annuity on Line 7 by the reduction factor on Line 8. Drop the cents. This is your monthly annuity if you make no election and before any reduction for survivor benefits.	9

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Worksheet B (continued)**

**Part 7. Computing the monthly annuity rates**

<b>A. Your Monthly FERS Annuity With Your NAFI Service Credited</b>		
<b>Annuity without Survivor Benefits</b>	1. Enter the single life annuity rate with NAFI credit from Part 1, Line 7.	1
	2. Enter the monthly reduction amount from Part 5, Line 14.	2
	3. Subtract Line 2 from Line 1. This is the amount of your reduced annuity if you choose not to provide survivor benefits for a spouse.	3
<b>Annuity with Survivor Benefits</b>	4. Multiply the amount on Line 3 by .9. Drop the cents and enter the result. This is your monthly annuity after it has been reduced to provide the maximum survivor benefit for your spouse.	4
	5. Multiply the amount on Line 3 by .5. Drop the cents and enter the result. This is the monthly survivor annuity payable to your surviving spouse when you die.	5
<b>B. Your Monthly FERS Annuity If You Make No Election and Receive No NAFI Credit</b>		
<b>Annuity without Survivor Benefits</b>	1. Enter the single life annuity rate with no NAFI or refunded FERS service credit from Part 6, Line 9. This is your monthly annuity with no reduction for survivor benefits for a spouse.	1
<b>Annuity with Survivor Benefits</b>	2. Multiply the amount in Line 1 by .9. Drop the cents and enter the result. This is your monthly annuity after it has been reduced to provide the maximum survivor benefit for your spouse.	2
	3. Multiply the amount in Line 1 by .5. Drop the cents and enter the result. This is the monthly annuity that would be payable to your surviving spouse when you die.	3

## Examples Using the Worksheet

### Example 1

Employee is 50 years old and has 3 years of service under FERS and 4 years of military service. She has 10 years of prior nonappropriated fund service and \$10,000 in NAFI funds that will transfer to the Civil Service Retirement and Disability Fund if she elects FERS service credit for her NAFI service. She wants to know what her FERS annuity would be with and without NAFI credit if she works until she is 62 years old. At that time, she'll have 29 years of service counting her 10 years of NAFI time, and she expects her average salary to be \$50,000.

See sample computation attached.

### Example 2

Employee is 51 years old and has 2 years of service under FERS. He has 10 years of prior nonappropriated fund service and \$7,500 in NAFI funds that will transfer to the Civil Service Retirement and Disability Fund if he elects FERS service credit for his NAFI service. He wants to know what his FERS annuity would be with and without NAFI credit if he works until he is 58 years old. At that time, he'll have 19 years of service counting his 10 years of NAFI time, and he expects his average salary to be \$30,000.

See sample computation attached.

# EXAMPLE 1

## Personal Data Sheet (PDS)

Election of FERS Credit for NAFI Service Under Public Law 104-106

Before you begin completing the worksheets, fill out the personal data below. This way, you will establish some information and assumptions about your situation that can be used throughout the worksheets to help ensure that your answers are consistent.

1. At what age do you want to retire? Use one of the Eligibility Charts on the next page.

<b>Box 1</b>
62 Years

2. How much total service, including military service, do you expect to have when you retire? Include any refunded FERS service.

<b>Box 2</b>
19 Years      Mos

3. How much creditable NAFI service do you have?

<b>Box 3</b>
10 Years      Mos

4. Enter the total from boxes 2 and 3.

<b>Box 4</b>
29 Years      Mos

5. Estimate what you expect your high-3 average salary to be when you retire.

<b>Box 5</b>
50,000
\$

6. If you have had FERS refunded service, how much do you owe? Get an estimate of your redeposit from your retirement or benefits counselor.

<b>Box 6</b>
\$

7. How much refunded FERS service do you have?

<b>Box 7</b>
Years      Mos

**USE WORKSHEET A, IF** you will qualify for an immediate FERS retirement based on the age and service requirements using your age from Box 1 and your FERS service from Box 2.

**USE WORKSHEET B, IF** you will not qualify for an immediate FERS retirement based on your age from Box 1 and your FERS service from Box 2.

# EXAMPLE 1--Using A Shortcut--EXAMPLE 1

## Election of FERS Credit for NAFI Service Under Public Law 104-106

If crediting your NAFI service will increase your annuity but will not change the date on which you can retire, you can use a shortcut to estimate how much your NAFI service will increase your benefit.

### To compute the increase using the shortcut method:

1.	Enter the number of years until your planned retirement date.	1	12
2.	Enter the factor from the Seven Percent Interest Factors Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest the transferred NAFI funds may earn between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2	2.252192
3.	Enter the amount of funds transferring from the NAFI Plan to FERS. (This amount must be furnished by the NAFI retirement plan and is the "Total Transferable Amount" in Block 8 on the <i>Election of FERS With Credit for NAFI Service Under Public Law 104-106</i> form.)	3	\$10,000
4.	Multiply the amount on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This is the approximate value, at retirement, of the funds transferring from the NAFI plan.	4	\$22,522
5.	Enter the present value factor for the age you entered in Box 1 of your PDS. Use the attached FERS Present Value Factors chart for annuities that are not increased by COLAS before age 62; however, the alternate Present Value Factors chart (on page 5) will be used for the following types of annuities.  Exception: Disability annuitants receiving benefits based on actual service and employees retiring under the special retirement provisions for law enforcement officers, firefighters, air traffic controllers, and Congressional employees would use the alternate chart.	5	161.3
6.	Divide the amount on Line 4 by the present value factor on Line 5. Drop the cents and enter the result. This is the monthly amount your FERS annuity will increase if you elect to have your NAFI service credited in your FERS retirement benefit.	6	\$139

Skip to Part 6 to compute your annuity with no election of NAFI credit. Add the amount computed in Line 6 above to the amount computed in Part 6. The total is your annuity with NAFI credit.

**WARNING: Do not use the shortcut method if you have refunded FERS service.**



# EXAMPLE 1--Worksheet A: Basic FERS Benefit--EXAMPLE

1

## Election of FERS Credit for NAFI Service Under Public Law 104-106

Use Worksheet A, if you will qualify for an immediate FERS retirement both with and without credit for your NAFI service.

### Part 1. Computing a single life annuity with credit for NAFI Service

1.	Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	1	\$50,000
2.	Enter your service from Box 4 of your PDS. If you used whole years and full months, convert months to a factor using the chart below.	2	29 yrs.
3.	Multiply Lines 1 and 2.	3	1,450,000
4.	Compute the basic annuity. Multiply the amount on Line 3 by .01. (Use .011, instead of .01, if you will be at least age 62 and have at least 20 years of service when you retire.)	4	\$15,950
5.	Divide the basic annuity on Line 4 by 12. Drop the cents.	5	\$1329
6.	If your retirement is based on the reduced benefit under the MRA-plus-10 provisions, enter the reduction factor for your age at retirement from the Age Reduction Factors Table on page 2. For example, if you are 59 years old, the reduction factor would be .85. Enter 1, if your benefit is not reduced for age.	6	1
7.	Multiply the monthly annuity on Line 5 by the reduction factor on Line 6. Drop the cents. This is your monthly annuity counting your NAFI and refunded FERS service and before any reduction for survivor benefits.	7	\$1329

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

EXAMPLE 1--Worksheet A--EXAMPLE 1 (continued)

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Part 2. Computing a single life annuity without credit for NAFI Service**

1.	Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	1	\$50,000
2.	Enter your service from Box 2 of your PDS. If you used whole years and full months, convert months to a factor using the chart below.	2	19 yrs.
3.	Multiply Lines 1 and 2.	3	950,000
4.	Compute the basic annuity. Multiply the amount on Line 3 by .01. (Use .011, instead of .01, if you will be at least age 62 and have at least 20 years of service when you retire.)	4	\$9,500
5.	Divide the basic annuity on Line 4 by 12. Drop the cents.	5	\$791
6.	If your retirement is based on the reduced benefit under the MRA-plus-10 provisions, enter the reduction factor for your age at retirement from the Age Reduction Factors Table on page 2. For example, if you are 59 years old, the reduction factor would be .85. Enter 1, if your benefit is not reduced for age.	6	1
7.	Multiply the monthly annuity on Line 5 by the reduction factor on Line 6. Drop the cents. This is your monthly annuity without counting NAFI service and before any reduction for survivor benefits.	7	\$791

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Part 3. Computing the value of the transferred NAFI funds at retirement**

1.	Enter the number of years until your planned retirement date.	1	12
2.	Enter the factor from the Seven Percent Interest Factors Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest the transferred NAFI funds may earn between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2	2.252192
3.	Enter the amount of funds transferring from the NAFI plan to FERS. (This is the "Total Transferable Amount" in Block 8 on the <i>Election of FERS With Credit for NAFI Service Under Public Law 104-106</i> form.)	3	\$10,000
4.	Multiply the amount on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This is the approximate value of the transferred amount at retirement.	4	\$22,522

If you have refunded FERS service, complete Part 4. Otherwise, skip to Part 5.

**Part 4. Updating the redeposit amount for refunded FERS deductions to your retirement date.**

1.	Enter the number of years until your planned retirement date.	1	N/A
2.	Enter the factor from the Seven Percent Interest Factor Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest on your redeposit between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2	N/A
3.	Enter the amount of the FERS redeposit calculated by your agency from Box 6 of your PDS.	3	N/A
4.	Multiply the amount of your FERS redeposit on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This represents the approximate redeposit amount for your refunded FERS service at your retirement.	4	N/A

**Part 5. Computing the monthly actuarial reduction if you elect NAFI service credit under FERS.**

1. Enter the single life annuity rate with NAFI credit from Part 1, Line 7.	1	\$1329
2. Enter the single life annuity rate without NAFI credit from Part 2, Line 7.	2	\$791
3. Enter the present value factor for the age you entered in Box 1 of your PDS. Use the attached FERS Present Value Factors chart for annuities that are not increased by COLAS before age 62; however, the alternate Present Value Factors chart (on page 5) will be used for the following types of annuities. Exception: Disability annuitants receiving benefits based on actual service and employees retiring under the special retirement provisions for law enforcement officers, firefighters, air traffic controllers, and Congressional employees would use the alternate chart.	3	161.3
4. Multiply the single life annuity rate on Line 1 by the present value factor on Line 3. Round your answer to the nearest dollar. This is the present value of your annuity with your NAFI service.	4	\$214,368
5. Multiply the single life annuity on Line 2 by the present value factor on Line 3. Round your answer to the nearest dollar. This is the present value of your annuity without your NAFI service credited.	5	\$127,588
6. Subtract the amount on Line 5 from the amount on Line 4. The balance represents the present value of your NAFI service.	6	\$86,780
7. Enter the amount you calculated in Part 3, Line 4 (the NAFI funds that transferred to the Civil Service Retirement and Disability Fund, including earnings).	7	\$22,522
8. Subtract the amount on Line 7 from the amount on Line 6. If the result is zero or less, enter zero because there is no unfunded amount. If the result is more than zero, enter the amount. This represents the unfunded amount of your annuity with NAFI credit. It is called the "deficiency."	8	\$64,258
9. If you received a refund of FERS deductions, enter the amount you calculated in Part 4, Line 4. If you never got a refund, enter zero.	9	0
10. Add together the amounts on Lines 8 and 9, and enter the total. This is the total unfunded amount of your annuity. Your annuity will be permanently reduced to collect the cost of the deficiency and the refunded FERS service.	10	\$64,258
11. Divide the amount on Line 10 by the present value factor on Line 3. Round the result up to the next dollar. This is the monthly reduction in your annuity due to crediting your NAFI and refunded service.	11	\$399

**Part 6. Computing a single life annuity with no election of service credit for NAFI Service**

If you have no refunded FERS service, enter the monthly amount you computed in Part 2, Line 7 on Line 9 below, and skip to Part 7.

1. Enter your service from Box 2 of your PDS. If you used whole years and full months, convert months to a factor using the chart below.	1
2. Enter your refunded FERS service from Box 7 of your PDS. Convert any months used to the appropriate factor.	2
3. Subtract the service on Line 2 from the service on Line 1, and enter the result. This is the service you will be credited with if you make <b>no election</b> .	3
4. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	4
5. Multiply Lines 3 and 4.	5
6. Compute the basic annuity. Multiply the amount on Line 5 by .01. (Use .011, instead of .01, if you will be at least 62 when you retire and have at least 20 years of service on Line 3.)	6
7. Divide the basic annuity on Line 6 by 12. Drop the cents.	7
8. If your retirement is based on the reduced benefit under the MRA-plus-10 provisions, enter the reduction factor for your age at retirement from the Age Reduction Factors Table. For example, if you are 59 years old, the reduction factor would be .85. Enter 1, if your benefit is not reduced for age.	8
9. Multiply the monthly annuity on Line 7 by the reduction factor on Line 8. Drop the cents. This is your monthly annuity if you make no election and before any reduction for survivor benefits.	9
	<b>\$791</b>

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Part 7. Computing the monthly annuity rates**

<b>A. Your Monthly FERS Annuity With Your NAFI Service Credited</b>		
<b>Annuity without Survivor Benefits</b>	1. Enter the single life annuity rate with NAFI credit from Part 1, Line 7.	<sup>1</sup> \$1,329
	2. Enter the monthly reduction amount from Part 5, Line 11.	<sup>2</sup> \$399
	3. Subtract the amount on Line 2 from the amount on Line 1. This is the amount of your reduced annuity if you choose not to provide survivor benefits for a spouse.	<sup>3</sup> \$930
<b>Annuity with Survivor Benefits</b>	4. Multiply the amount on Line 3 by .9. Drop the cents and enter the result. This is your monthly annuity after it has been reduced to provide the maximum survivor benefit for your spouse.	<sup>4</sup> \$837
	5. Multiply the amount on Line 3 by .5. Drop the cents and enter the result. This is the monthly survivor annuity payable to your surviving spouse when you die.	<sup>5</sup> \$465
<b>B. Your Monthly FERS Annuity If You Make No Election and Receive No NAFI Credit</b>		
<b>Annuity without Survivor Benefits</b>	1. Enter the single life annuity rate with no NAFI or refunded FERS service credit from Part 6, Line 9. This is your monthly annuity with no reduction for survivor benefits for a spouse.	<sup>1</sup> \$791
<b>Annuity with Survivor Benefits</b>	2. Multiply the amount on Line 1 by .9. Drop the cents and enter the result. This is your monthly annuity after it has been reduced to provide the maximum survivor benefit for your spouse.	<sup>2</sup> \$711
	3. Multiply the amount on Line 1 by .5. Drop the cents and enter the result. This is the monthly annuity that would be payable to your surviving spouse when you die.	<sup>3</sup> \$395

EXAMPLE 2

**Personal Data Sheet (PDS)**

*Election of FERS Credit for NAFI Service Under Public Law 104-106*

Before you begin completing the worksheets, fill out the personal data below. This way, you will establish some information and assumptions about your situation that can be used throughout the worksheets to help ensure that your answers are consistent.

1. At what age do you want to retire? Use one of the Eligibility Charts on the next page.

<b>Box 1</b>  <p style="text-align: right;">58 Years</p>
--

2. How much total service, including military service, do you expect to have when you retire? Include any refunded FERS service.

<b>Box 2</b>  <p style="text-align: right;">9 Years      Mos</p>
--

3. How much creditable NAFI service do you have?

<b>Box 3</b>  <p style="text-align: right;">10 Years      Mos</p>
---

4. Enter the total from boxes 2 and 3.

<b>Box 4</b>  <p style="text-align: right;">19 Years      Mos</p>
---

5. Estimate what you expect your high-3 average salary to be when you retire.

<b>Box 5</b>  <p style="text-align: right;">30,000</p> <p>\$</p>
--

6. If you have had FERS refunded service, how much do you owe? Get an estimate of your redeposit from your retirement or benefits counselor.

<b>Box 6</b>  <p style="text-align: right;">N/A</p> <p>\$</p>
---

7. How much refunded FERS service do you have?

<b>Box 7</b>  <p style="text-align: right;">N/A</p> <p style="text-align: right;">Years      Mos</p>
--

**USE WORKSHEET A, IF** you will qualify for an immediate FERS retirement based on the age and service requirements using your age from Box 1 and your FERS service from Box 2.

**USE WORKSHEET B, IF** you will not qualify for an immediate FERS retirement based on your age from Box 1 and your FERS service from Box 2.





EXAMPLE 2--Worksheet B: Basic FERS Benefit--EXAMPLE

2

*Election of FERS Credit for NAFI Service Under Public Law 104-106*

Use Worksheet B, if you will not qualify for an immediate retirement without your NAFI Service.

**Part 1. Computing a single life annuity with credit for NAFI Service**

1. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	1	\$30,000
2. Enter your service from Box 4 of your PDS. If you used whole years and full months, convert months to a factor using the chart below.	2	19
3. Multiply Lines 1 and 2.	3	570,000
4. Compute the basic annuity. Multiply the amount on Line 3 by .01. (Use .011, instead of .01, if you will be at least age 62 and have at least 20 years of service when you retire.)	4	\$5700
5. Divide the basic annuity on Line 4 by 12. Drop the cents.	5	\$475
6. If your retirement is based on the reduced benefit under the MRA-plus-10 provisions, enter the reduction factor for your age at retirement from the Age Reduction Factors Table on page 2. For example, if you are 59 years old, the reduction factor would be .85. Enter 1, if your benefit is not reduced for age.	6	.80
7. Multiply the monthly annuity on Line 5 by the reduction factor on Line 6. Drop the cents. This is your monthly annuity counting your NAFI and refunded FERS service and before any reduction for survivor benefits.	7	\$380

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

EXAMPLE 2--Worksheet B--EXAMPLE 2 (continued)

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Part 2. Computing a single life deferred annuity without credit for NAFI Service**

1. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	1	\$30,000
2. Enter your service from Box 2 of your PDS. If you used whole years and months, convert months to a factor using the chart below.	2	9
3. Multiply Lines 1 and 2.	3	270,000
4. Compute the basic annuity. Multiply the amount on Line 3 by .01.	4	\$2700
5. Divide the basic annuity in Line 4 by 12. Drop the cents.	5	\$225
6. If you entered at least 10 years of service on Line 2, you are eligible for deferred retirement as early as your MRA. Enter the reduction factor for your MRA from the Age Reduction Factors Table on page 2. For example, if your MRA is 56 and 2 months, the reduction factor would be .70834. If you have less than 10 years of service, enter 1. (There is no reduction for deferred retirement at age 62.)	6	1
7. Multiply the monthly annuity on Line 5 by the reduction factor on Line 6. Drop the cents. This is your monthly annuity without counting NAFI service and before any reduction for survivor benefits.	7	\$225

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.

**Part 3. Computing the value of the transferred NAFI funds at retirement**

1. Enter the number of years until your planned retirement date.	1 7
2. Enter the factor from the Seven Percent Interest Factors Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest the transferred NAFI funds may earn between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2 1.605781
3. Enter the amount of funds transferring from the NAFI Plan to FERS. (This is the "Total Transferable Amount" in Block 8 on the <i>Election of FERS With Credit for NAFI Service Under Public Law 104-106</i> form.)	3 \$7,500
4. Multiply the amount on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This is the approximate value, at retirement, of the funds transferring from the NAFI Plan to FERS.	4 \$12,043

If you have refunded FERS service, complete Part 4. Otherwise, skip to Part 5.

**Part 4. Updating the redeposit amount for refunded FERS deductions to your retirement date.**

1. Enter the number of years until your planned retirement date.	1 N/A
2. Enter the factor from the Seven Percent Interest Factors Chart that corresponds to the years you entered on Line 1. This factor estimates additional interest on your redeposit between now and your retirement date at an assumed rate of 7% per year. (The variable rate actually in effect for FERS will be used in the final computation.)	2 N/A
3. Enter the amount of the FERS redeposit calculated by your agency from Box 6 of your PDS.	3 N/A
4. Multiply the amount of your FERS redeposit on Line 3 by the factor on Line 2. Enter the result, rounded to the nearest dollar. This represents the approximate redeposit amount for your refunded FERS service at retirement.	4 N/A

**Part 5. Computing the monthly actuarial reduction if you elect NAFI service credit under FERS.**

<b>Computing the Present Value of Your Annuity With NAFI Credit</b>	
1. Enter the single life annuity rate with NAFI credit from Part 1, Line 7.	1 \$380
2. Enter the present value factor for the age you entered in Box 1 of your PDS. Use the attached FERS Present Value Factors chart for annuities that are not increased by COLAS before age 62; however, the alternate Present Value Factors chart (on page 5) will be used for the following types of annuities. <small>Exception: Disability annuitants receiving benefits based on actual service and employees retiring under the special retirement provisions for law enforcement officers, firefighters, air traffic controllers, and Congressional employees would use the alternate chart.</small>	2 160.4
3. Multiply the single life annuity rate on Line 1 by the present value factor on Line 2. Round your answer to the nearest dollar. This is the present value of your annuity with your NAFI service.	3 \$60,952
<b>Computing the Present Value of Your Deferred Annuity Without NAFI Credit</b>	
4. Enter the single life annuity rate without NAFI credit from Part 2, Line 7.	4 \$225
5. Enter the present value factor for your age at your earliest deferred retirement date. If you have at least 10 years of service without NAFI credit, your earliest retirement date is your MRA; otherwise, it's age 62. Use the FERS Present Value Factors chart for annuities that are not increased by COLAS before age 62 (page 4).	5 161.3
6. Multiply the single life annuity on Line 4 by the present value factor on Line 5. Round your answer to the nearest dollar. This is the present value of your annuity without your NAFI service credited but before any discount for early eligibility.	6 \$36,293
7. Enter the Discount Factor. Compute the time between your planned retirement date and your earliest deferred retirement date without NAFI credit by subtracting your retirement age in Box 1 of your PDS from your earliest deferred retirement age used on Line 5. Using the Discount Factors Chart, enter the factor that corresponds to the result. <small>Example: You're retiring at age 50 with NAFI credit. Without NAFI credit, you would be eligible for deferred retirement at 56 and 2 months (your MRA if you were born in 1965). 56 and 2 months - 50 = 6 years and 2 months The discount factor is .658870.</small> This factor discounts your deferred annuity by the interest earnings the retirement fund loses because of your earlier eligibility for benefits.	7 .762895
8. Multiply Line 6 by Line 7. This is the discounted value of your deferred annuity.	8 \$27,688

**Part 5. Computing the monthly actuarial reduction. (continued)**

<b>Computing the monthly reduction</b>	
9. Subtract the amount on Line 8 from the amount on Line 3. Enter the balance. This represents the present value of your NAFI service.	9 <b>\$33,264</b>
10. Enter the amount you calculated in Part 3, Line 4. (This is the NAFI funds that transferred to the Civil Service Retirement and Disability Fund, including earnings.)	10 <b>\$12,043</b>
11. Subtract the amount on Line 10 from the amount on Line 9. If the result is zero or less, enter zero because there is no unfunded amount. If the result is more than zero, enter the amount. This represents the unfunded amount of your annuity with NAFI credit. It is called the "deficiency."	11 <b>\$21,221</b>
12. If you received a refund of FERS deductions, enter the amount you calculated in Part 4, Line 4. If you never got a refund, enter zero.	12 <b>0</b>
13. Add together the amounts on Lines 11 and 12, and enter the total. This is the total unfunded amount of your annuity. Your annuity will be permanently reduced to collect the cost of the deficiency and the refunded FERS service.	13 <b>\$21,221</b>
14. Divide the amount on Line 13 by the present value factor on Line 2. Round the result up to the next dollar. This is the monthly reduction in your annuity due to crediting your NAFI and refunded service.	14 <b>\$133</b>

**Part 6. Computing a single life annuity with no election of service credit for NAFI Service**

If you have no refunded FERS service, enter the monthly amount you computed in Part 2, Line 7 on Line 9 below, and skip to Part 7.

1. Enter your total service from Box 2 of your PDS. If you used whole years and full months, convert any months to a factor using the chart below.	1
2. Enter your refunded FERS service from Box 7 of your PDS. Convert any months to a factor.	2
3. Subtract the service on Line 2 from the service on Line 1, and enter the remaining service. This is the service you will be credited with if you make <b>no election</b> .	3
4. Enter your estimated average salary at retirement from Box 5 of your Personal Data Sheet (PDS).	4
5. Multiply Lines 3 and 4.	5
6. Compute the basic annuity. Multiply the amount on Line 5 by .01.	6
7. Divide the basic annuity on Line 6 by 12. Drop the cents.	7
8. If you entered at least 10 years of service on Line 3, you are eligible for deferred retirement as early as your MRA. Enter the reduction factor for your MRA from the Age Reduction Factors Table on page 2. For example, if your MRA is 56 and 2 months, the reduction factor would be .70834. If you have less than 10 years of service, enter 1. (There's no reduction for deferred retirement at age 62.)	8
9. Multiply the monthly annuity on Line 7 by the reduction factor on Line 8. Drop the cents. This is your monthly annuity if you make no election and before any reduction for survivor benefits.	9

\$225

Monthly Factor Chart							
No. of Months	Factor		No. of Months	Factor		No. of Months	Factor
1	.083		5	.417		9	.750
2	.167		6	.500		10	.833
3	.250		7	.583		11	.917
4	.333		8	.667			

Example: If you had 22 years and 7 months service, the factor for 7 months would be .583, and you would enter 22.583 on Line 2.



**Part 7. Computing the monthly annuity rates**

<b>A. Your Monthly FERS Annuity With Your NAFI Service Credited</b>		
<b>Annuity without Survivor Benefits</b>	1. Enter the single life annuity rate with NAFI credit from Part 1, Line 7.	<sup>1</sup> \$380
	2. Enter the monthly reduction amount from Part 5, Line 14.	<sup>2</sup> \$133
	3. Subtract Line 2 from Line 1. This is the amount of your reduced annuity if you choose not to provide survivor benefits for a spouse.	<sup>3</sup> \$247
<b>Annuity with Survivor Benefits</b>	4. Multiply the amount on Line 3 by .9. Drop the cents and enter the result. This is your monthly annuity after it has been reduced to provide the maximum survivor benefit for your spouse.	<sup>4</sup> \$222
	5. Multiply the amount on Line 3 by .5. Drop the cents and enter the result. This is the monthly survivor annuity payable to your surviving spouse when you die.	<sup>5</sup> \$123
<b>B. Your Monthly FERS Annuity If You Make No Election and Receive No NAFI Credit</b>		
<b>Annuity without Survivor Benefits</b>	1. Enter the single life annuity rate with no NAFI or refunded FERS service credit from Part 6, Line 9. This is your monthly annuity with no reduction for survivor benefits for a spouse.	<sup>1</sup> \$225
<b>Annuity with Survivor Benefits</b>	2. Multiply the amount in Line 1 by .9. Drop the cents and enter the result. This is your monthly annuity after it has been reduced to provide the maximum survivor benefit for your spouse.	<sup>2</sup> \$202
	3. Multiply the amount in Line 1 by .5. Drop the cents and enter the result. This is the monthly annuity that would be payable to your surviving spouse when you die.	<sup>3</sup> \$112