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**Attachment 1**

**Crediting Service with a DoD or Coast Guard NAF for CSRS or FERS  
Immediate Retirement Under Public Law 107-107**

***EXAMPLES:***

***WHO CAN ELECT TO USE NAF SERVICE TO QUALIFY FOR CSRS OR FERS  
IMMEDIATE RETIREMENT UNDER SECTION 1132 OF PUBLIC LAW 107-107 AND WHO  
CANNOT***

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## **EXAMPLES SHOWING WHO CAN ELECT TO USE NAF SERVICE TO QUALIFY FOR CSRS OR FERS IMMEDIATE RETIREMENT**

**Example 1:** Terry, a CSRS employee, is 48 years old and has worked for 19 years in the civil service. She also worked for 10 years under the Army NAF retirement system. Terry has a family and her Federal Employees Health Benefits (FEHB) coverage is very important to her. Terry's agency is undergoing a major reduction in force and she just received notice that she will be losing her job. Terry needs at least 25 years of creditable service to be eligible for an immediate discontinued service retirement.

Terry is eligible to elect to use her NAF service to qualify for an immediate discontinued service retirement because:

- she has at least 5 years of creditable civilian service (not including the NAF service);
- she does not have enough non-NAF service to qualify for an immediate retirement; and
- she has enough NAF service to make her eligible for the immediate discontinued service retirement when it is combined with her non-NAF service.

Section 1132 of Public Law 107-107 benefits Terry in two ways. Not only can she receive an immediate annuity, she can also keep her FEHB coverage.

Notes:

1. Even though Terry only needs 6 years of service to qualify for the immediate discontinued service retirement, she must elect to use the full 10 years of NAF service because that was one continuous period of service.
2. If Terry separated without electing to credit the NAF service, she would be entitled to a deferred annuity at age 62 based on 19 years of service. By electing to credit NAF service she qualifies for immediate retirement at age 48. The amount of Terry's benefit, however, will be based on that deferred annuity, but it will be reduced because she is getting it early. (For a detailed explanation of how to compute the annuity when an employee elects to use NAF service to qualify for immediate retirement, see Attachment 2.)

**Example 2:** Rosa, a CSRS Offset employee, is 56 years old and has worked 22 years in the civil service. In addition, she has worked 11 years for the Air Force NAF and 5 years for the Coast Guard NAF. Rosa's father has taken ill and Rosa wants to quit work so she can take care of him. Her agency doesn't have the authority to offer early retirements. Rosa needs at least 30 years of service to qualify for an immediate optional retirement.

Rosa is eligible to elect to use her NAF service to qualify for an immediate retirement because:

- she has at least 5 years of creditable civilian service (not including the NAF service);
- she does not have enough creditable non-NAF service to qualify for an immediate retirement; and
- she has enough NAF service to make her eligible for the immediate optional retirement when combined with her non-NAF service.

Section 1132 of Public Law 107-107 allows Rosa to retire immediately and go take care of her father.

Notes:

1. Even though Rosa needs 8 years of service to qualify for the immediate optional retirement, she must elect to use the full 11 years of Air Force NAF service because that was one continuous period of service. However, she doesn't have to elect to credit the 5 years of Coast Guard NAF service.
2. If Rosa separated without electing to credit the NAF service, she would be entitled to a deferred annuity at age 62 based on 22 years of service. By electing to credit NAF service she qualifies for immediate retirement at age 56. The amount of Rosa's benefit, however, will be based on that deferred annuity, but it will be reduced because she is getting it early.

**Example 3:** Dexter, a FERS employee, is 57 years old and has worked 9 years under FERS. In addition, he worked for 4 years with the Army and Air Force Exchange Service (AAFES). Dexter's agency is offering him a voluntary separation incentive payment and Dexter plans to accept it. Dexter needs at least 10 years of creditable service to qualify for an immediate "Minimum Retirement Age (MRA) + 10" retirement.

Dexter is eligible to elect to use his NAF service to qualify for an immediate retirement because:

- he has at least 5 years of creditable civilian service (not including the NAF service);
- he does not have enough creditable non-NAF service to qualify for an immediate retirement; and
- he has enough NAF service to make him eligible for the immediate MRA+10 retirement when combined with his non-NAF service.

Section 1132 of Public Law 107-107 benefits Dexter because it allows him to receive an immediate annuity if he decides to accept the voluntary separation incentive payment.

Notes:

1. Even though Dexter needs 1 year of service to qualify for the immediate MRA+10 retirement, he must elect to use the full 4 years of AAFES service because that was one continuous period of service.
2. If Dexter separated without electing to credit the NAF service, he would be entitled to a deferred annuity at age 62 based on 9 years of service. By electing to credit NAF service he qualifies for immediate retirement at age 57. The amount of Dexter's benefit, however, will be based on that deferred annuity, but it will be reduced because he is getting it early.

**Example 4:** Patty, a FERS employee, is 52 years old and has 14 years of service under FERS. She also worked 7 years with the Marine Corps NAF and 11 years with the Army NAF. Patty's agency has offered early optional retirements to all employees in her division who qualify. Patty is ready to give up work so she can spend more time playing golf. Patty needs at least 20 years of creditable service to qualify for an immediate early optional retirement.

Patty is eligible to elect to use her NAF service to qualify for an immediate retirement because:

- she has at least 5 years of creditable civilian service (not including the NAF service);
- she does not have enough creditable non-NAF service to qualify for an immediate retirement; and
- she has enough NAF service to make her eligible for the immediate early optional retirement when combined with her non-NAF service.

Section 1132 of Public Law 107-107 allows Patty the opportunity to retire so she can get the rest and relaxation she so desperately desires.

Notes:

1. Even though Patty needs 6 years of service to qualify for the immediate early optional retirement, she must elect to use the full 7 years of Marine Corps NAF service because that was one continuous period of service. However, she doesn't have to elect to credit the 11 years of Army NAF service.
2. If Patty separated without electing to credit the NAF service, she would be entitled to a deferred annuity at her MRA based on 14 years of service. By electing to credit NAF service she qualifies for immediate retirement at age 52. The amount of Patty's benefit, however, will be based on that deferred annuity, but it will be reduced because she is getting it early. Also, Patty will **not** be entitled to the FERS annuity supplement when she reaches her MRA.

**Example 5:** Darrell, a CSRS Offset employee, is 58 years old and has a total of 12 years of service under CSRS and CSRS Offset. He also worked 5 years with the Army and Air Force Exchange Service NAF (AAFES) and 20 years with the Navy Exchange NAF (NEXCOM). Although he worked 20 continuous years for NEXCOM, he did not actually become covered under the NEXCOM retirement plan until after his 4<sup>th</sup> year of service. Darrell's agency has gone through a major reorganization and he just received notice that his division is being transferred across country. Darrell does not want to relocate his family. Darrell needs at least 20 years of creditable service to qualify for an immediate discontinued service retirement.

Darrell is eligible to elect to use his NAF service to qualify for an immediate discontinued service retirement because:

- he has at least 5 years of creditable civilian service (not including the NAF service);
- he does not have enough creditable non-NAF service to qualify for an immediate discontinued service retirement; and
- he has enough NAF service to make him eligible for the immediate discontinued service retirement when combined with his non-NAF service.

Section 1132 of Public Law 107-107 gives Darrell the opportunity to retire so he doesn't have to move his family.

Notes:

1. Darrell needs at least 8 years of NAF service to qualify for the immediate discontinued service retirement. He can elect to use the 5 years of AAFES service and the 4 years of NEXCOM service that was not covered by the NEXCOM retirement plan. He does not have to elect to use the 16 years of service that was covered by the NEXCOM retirement plan.
2. If Darrell separated without electing to credit the NAF service, he would be entitled to a deferred annuity at age 62 based on 12 years of service. By electing to credit NAF service he qualifies for immediate retirement at age 58. The amount of Darrell's benefit, however, will be based on that deferred annuity, but it will be reduced because he is getting it early.

## EXAMPLES SHOWING WHO **CANNOT** ELECT TO USE NAF SERVICE TO QUALIFY FOR CSRS OR FERS IMMEDIATE RETIREMENT

**Example 6:** George, a FERS employee, is 58 years old and has 16 years of FERS service. In addition, he worked 14 years with the Army NAF. George's agency is offering him a voluntary separation incentive payment and he wants to take it. He also wants to combine his NAF service with his FERS service so he can retire from FERS with 30 years of service. With 30 years of service, he can get a regular, unreduced annuity and also get the FERS annuity supplement. George was not eligible to elect FERS credit for his NAF service under other provisions of law.

George is **not** eligible under section 1132 of Public Law 107-107 to elect to use his NAF service to qualify for a FERS immediate, unreduced retirement benefit. While he has at least 5 years of creditable civilian service, he also has enough FERS service to qualify for an immediate MRA+10 retirement benefit without the NAF service. Section 1132 gives employees the opportunity to elect to credit NAF service for the sole purpose of establishing eligibility to an immediate retirement. It does not authorize the crediting of NAF service for the purpose of increasing the amount of the annuity benefit. If he wants to retire and get the voluntary separation incentive payment, George will get his MRA+10 retirement based on his non-NAF service, and he won't be entitled to the FERS annuity supplement.

**Example 7:** Jerry, a CSRS employee, is age 52 with 21 years of CSRS service. In addition, he worked 10 years with the Army NAF. Jerry's agency is being abolished and he has just been issued his official notice of separation. Jerry plans to apply for a discontinued service retirement and he wants to elect to credit his NAF service to increase the amount of his annuity.

Jerry is **not** eligible to elect to use his NAF service under section 1132 of Public Law 107-107. He does not need the NAF service to qualify for an immediate retirement. He is eligible for an immediate discontinued service retirement based on his CSRS service alone. Section 1132 does not authorize NAF service to be used to simply increase the amount of annuity. NAF service that may be used under section 1132 can never be used to increase the amount of a retiree's annuity.

**Example 8:** Dorothy, a FERS employee, is age 49 and has 4 years of FERS service. In addition, she served in the military for 8 years (she paid her military deposit) and worked 14 years with the Navy Exchange NAF (NEXCOM). Dorothy's agency is offering early retirement to employees in her division and Dorothy would like to retire and start her own business.

Dorothy is **not** eligible under section 1132 of Public Law 107-107 to elect to use her NAF service to qualify for a FERS immediate early optional retirement benefit. She only has 4 years of creditable civilian service under FERS. Dorothy needs to have at least 5 years of creditable civilian service, not including the NAF service, to be eligible to elect to credit NAF service under Public Law 107-107.

**Example 9:** Bernice, a CSRS retiree, is age 59. She retired 6 years ago under an early optional retirement authority with 26 years of service. A year after she retired, she started working for the Army NAF. Six months ago, she moved from the NAF position to a civil service

position in her former agency. She is now ready to stop working and wants to elect to credit her 4½ years of Army NAF service with her 6 months of reemployed annuitant service so she can qualify for either a supplemental or redetermined annuity.

Bernice is **not** eligible under section 1132 of Public Law 107-107 to elect to use her NAF service to qualify for a CSRS supplemental or redetermined annuity. The election opportunity under section 1132 is not available to reemployed annuitants.