

Marine Corps Nonappropriated Fund Group Retirement Plan



For Active Marine Corps
Nonappropriated Fund
Civilian Employees
January 2024

GROUP RETIREMENT PLAN – WHAT ARE YOUR OPTIONS?

The MC NAF Group Retirement Plan is known as a “defined benefit plan” and provides a specific annuity that is **based on your credited contributory time* in the plan and your high three earnings.**

In order to receive a retirement benefit, you must satisfy one of the eligibility criteria as follows:

Benefit	Age Criteria	Years of Credited Service *	Benefit Reduction
Reduced Early Retirement	at least age 52, less than age 62	5 years or more	4% for each year not yet age 62
Regular Retirement	at least age 62	5 years or more	No reduction
Unreduced Early Ret	at least age 55 - 59	30 years or more	No reduction
Unreduced Early Ret	at least age 60 - 61	20 years or more	No reduction

**Purchased military service credited time counts toward credited service but doesn't count towards vesting requirement. Exception – purchased uniformed service employment and re-employment Rights Act of 1994 (USERRA) is creditable toward vesting.*

The Group Retirement plan has a 5 year “vesting” (contributory participation) requirement for entitlement to a benefit (once you meet the age criteria).

If you joined the Retirement Plan prior to January 1, 2001, and if you are at least age 62 or older, you will need to supply a copy of your corresponding Social Security entitlement letter (up to age 65) to your HR office to send to Headquarters with your retirement application. It is suggested you contact Social Security Administration about 3 months before you anticipate retirement and/or become eligible for Social Security benefits.

- This is a plan requirement to calculate the social security offset portion of your retirement annuity benefit.
- This is not a requirement if you enrolled on or after January 1, 2001.
- Retirement Plan enrollments after January 1, 2001, are subject to the FERS - like formula only.

The earlier you enroll in the MC NAF Group Retirement Plan, the earlier your credited service starts accruing.

Additional Retirement Options

Survivor Benefit

If you are married, you will be required to elect a surviving spouse* benefit (unless your spouse* provides written waiver of his/her entitlement). Your annuity will be reduced by 10% to actuarially fund your surviving spouse's benefit.

- Your surviving spouse* will receive 55% of your annuity in force at the time of your death.
- Should your spouse* pre-decease you after your retirement, contact MRG and your benefit will be adjusted to remove the 10% reduction from your annuity.
- Your surviving spouse* election is irrevocable – even if you divorce. If you divorce you MAY be eligible to name a new spouse*, should your original spouse* waive their future entitlement, through a legal court order. You cannot change your benefit to a non-surviving spouse* benefit once benefits have commenced.

If you are married and elect a survivor other than your spouse, your spouse must waive their entitlement on the retirement application. The reduction for a non-spouse will be actuarially determined based on the age of the designated survivor.

If you are not married, you can still elect a survivor annuity. You can elect anyone that you choose, and your benefit will be actuarially reduced to fund this survivor election (the reduction will depend on age/mortality rate of your survivor). Your survivor will receive 55% of your actuarially reduced annuity amount in force at the time of your death.

**Because Group Retirement Plan is an IRS qualified plan effective 17 September 2013; the legal rule on definition of spouse recognizes Same Sex Spouses (SSS); therefore, SSS are eligible for or entitled to spousal benefits. All IRS requirements apply to SSS.*

If your survivor does not have a Social Security Number or an Individual Tax ID (ITIN) then a W-8BEN or W-9 will be required before a distribution can be issued. A 30% non-resident alien (NRA) tax is required to be withheld when there is no SSN/ITIN/FTIN.

Deferred Annuity

If for some reason you terminate before you attain an eligible retirement age (as shown in the box above) and you have met your 5-year vesting requirement – you can leave your money in your retirement account in a “deferred” annuity status. Then, when you become at least age 52 (or at any time after age 52), you can begin drawing an annuity. When you elect to commence your annuity, your benefit will be payable the first of the month following receipt of your completed retirement application by the Headquarters, Benefits team (MRG).

If you are eligible for an immediate annuity (reduced or unreduced) at the time of your termination, you are NOT eligible to defer your retirement until a later date.

If you are no longer actively employed, the Internal Revenue Service (IRS) mandates all benefits commence no later than the applicable minimum required distribution (MRD) age as indicated in Treasury regulations under Code section 401(a)(9) of the Internal Revenue Code.

Discontinued Service Benefit

If your position is eliminated due to a Business Based Action (BBA) – not a performance related action, you may be eligible for a special retirement option if you meet one of the following criteria:

- You are at least age 50, and have 20 years participatory service,
- You are any age, with at least 25 years of participatory service.

The amount of reduction is 1/6 of 1% for each month between the date your benefits begin and your 55th birthday.

Disability Retirement

Active plan participants that have not yet achieved retirement age (minimum retirement age is 52) and are deemed TOTALLY and PERMANENTLY disabled as documented by their attending physician(s) and are unable to perform any gainful work may be eligible to apply for disability retirement benefits. All Applications for disability are reviewed and must be approved. Employees must apply for Social Security disability prior to applying for retirement disability. Retirement disability benefits are offset 100% by Social Security entitlement and/or workers compensation indemnity payments.

Employees that are approved for disability retirement benefits will only receive disability payments until they become eligible for reduced early retirement at age 52. At that time, disability retirement benefits cease, and reduced early retirement benefits commence.

Retirement Benefit Estimates

A retirement calculator is available for MCCA employees via PeopleSoft Self Service (Main Menu>Self Service>Benefits>Benefits Information>MCCA NAF Pension Estimates). You will need your Employee ID and projected date of retirement.

HOW YOUR RETIREMENT BENEFIT WILL BE PAID:

Your retirement annuity will be paid monthly on or about the first of every month following your termination of employment. Depending on your date of termination, your first retirement check may be paid the second month following your termination – but will be paid retroactive to your effective date (first of the month following termination date). Your initial annuity payment situation will depend on the date of your termination and how that falls within the payroll cycle – contact your local NAF Human Resources Office if you have questions on how your proposed termination date will impact the receipt of your first retirement check.

Direct deposit of your annuity is mandatory except where not available (i.e. overseas banks) and is the most efficient and safest way to receive your retirement annuity. Direct deposit eliminates the risk of delayed or lost mail. Direct deposits are generally received no later than the 1st of every month you are entitled to a benefit. If you are a deferred annuity at the time your employment ceases and elect your retirement benefit once you attain the eligible age, your annuity will be effective the first of the month following the date your accurately completed retirement application is received by the Headquarters retirement team. There are no retroactive retirements.

Retirement annuities are paid by SEI Trust, a third-party administrator for the Marine Corps nonappropriated fund retirement plan. You will receive a monthly annuity statement directly from SEI. You may opt out of receiving monthly paper statements.

HOW IS YOUR RETIREMENT BENEFIT FUNDED?

Your retirement annuity is funded by a combination of the contributions you paid to the Plan and the contributions your NAF employer paid to the Plan. The portion of your annuity that is funded by your contributions is not taxable (your contributions were made post tax from your bi-weekly payroll). The portion of your annuity that is funded by your employer is taxable. Your nontaxable and taxable portions are both reflected on your monthly annuity statement from SEI. Your nontaxable portion is identified as Employee (EE) contributions.

Cost of Living Adjustments (COLA):

The monthly amount you receive may increase as the “cost of living” increases. The amount of your annuity may increase on January 1 each year to reflect cost of living adjustments if applicable. Increases will be based on changes in the Consumer Price Index (CPI) or other index deemed more suitable to accomplish cost of living adjustments, and are not guaranteed. The COLA adjustment will be applicable only to Retirement Benefits which become payable after January 1, 1976, for employees having credited contributory service on and after January 1, 1976.

(The “Cost of Living” adjustment is based on changes in the Consumer Price Index published by the U.S. Department of Labor. Adjustment of Retirement Benefit amounts being paid will be made on January 1 of each year, reflecting the change in the CPI over the 12 month period ending on the preceding September 30). If the Consumer Price Index is a negative amount, the COLA will be zero.

Pre-retirement Surviving Spouse and Disability retirements are NOT eligible for COLA adjustments.

Taxes Due on Your Retirement

You may be responsible for taxes on a portion of your monthly retirement annuity. You can elect to have taxes withheld each month. Changes in your tax election from your retirement benefit can be made by contacting HQ MRG for the correct form and instructions. Questions pertaining to your tax obligation should be directed to your tax advisor. Taxes will not automatically be withheld.

If You Should Die Before You Retire

Your surviving spouse* may be entitled to a “pre-retirement” surviving spouse* benefit, which may pay a monthly retirement benefit after your death, provided your surviving spouse* is your designated beneficiary and you are vested in the retirement plan. Pre-retirement surviving spouse benefits are subject to 100% offset of any Social Security widow/ers benefit or Workers’ Compensation benefit that may be payable to your surviving spouse. Contact your local Human Resources Office for more information. The IRS requires your spouse be your designated beneficiary unless they agree and waive their entitlement.

At the Time of Death After Retirement

Should you or your surviving spouse* die, the Human Resources Branch (Employee Benefits) of Headquarters, U.S. Marine Corps (MRG) must be notified immediately so appropriate changes can be made promptly to your retirement account. If you elected a survivor option, your survivor's benefit will become effective the first of the month following the date of your death. If MRG is not notified promptly it can cause a retirement overpayment situation that must be repaid by your survivor(s).

If you elect a surviving spouse* benefit at the time of retirement, and your spouse* pre-deceases you, your benefit will revert to the amount of your entitlement before the surviving spouse* reduction was imposed the first of the month following the date of your spouse's* death. Failure to notify MRG promptly could result in an unnecessary continuation of this survivor reduction.

If you Transfer to an APF Position

You may be eligible to remain in the NAF Retirement and 401(k) plans as described by P.L. 105-108. Contact your local HR office immediately to ensure you are provided the information you may need to make a decision regarding your retirement.

**Because the Group Retirement Plan is an IRS qualified plan; effective 16 September 2013, the legal rule on the definition of spouses recognizes Same Sex Spouses (SSS); therefore, SSS are eligible for or entitled to spousal benefits. All IRS requirements apply to SSS*