



## **Portability of Benefits Between Nonappropriated and Appropriated Fund Positions**

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# NAF Personnel Policy



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- NAF employees are Federal employees within DoD, paid from nonappropriated funds.
- ASD(FMP) is responsible for NAF personnel policy matters per DoDI 1401.1.
- DASD(CPP) is delegated responsibility for policy development and maintenance.
- Heads of Components are delegated responsibility for NAF personnel management, consistent with DoD policy.

# NAF Personnel Policy



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- NAF Personnel policy is published in:
  - “DoD Civilian Personnel Manual,” DoD 1400.25-M, Chapter 1400
  - “Personnel Policy Manual for Nonappropriated Fund Instrumentalities,” DoD 1401.1-M
- NAF service is not creditable towards civil service benefits unless specifically authorized by law.

# Legal Authority



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## **NAF to APF Portability**

- The NAFI Employees' Retirement Credit Act of 1986, P.L. 99-638.
- The Portability of Benefits for NAF Employees Act of 1990, P.L. 101-508.
- Section 1043 of the Defense Authorization Act for FY96, P.L. 104-106.
- Sections 1131 and 1132 of the Defense Authorization Act for FY02, P.L. 107-107.

# Retirement Credit



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## **NAFI Employees' Retirement Credit Act of 1986, P.L. 99-638**

- Provides CSRS credit for certain NAF service between 6/18/52 and 12/31/65.
- Credits NAF service for leave accrual and RIF purposes.

# Benefit Portability



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## **Portability of Benefits for NAF Employees Act of 1990, P.L. 101-508**

- Provides pay and benefit protection.
- Requires:
  1. Move be between DoD NAF and DoD APF positions
  2. Move be made on or after 1/1/87
  3. Move be without a break in service of more than 3 days
- Helps employees affected by the 1987 Congressionally required restructuring of MWR programs.

# P.L. 101-508 Benefits



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- **Retirement**: Permits vested employees to remain in previous employer's retirement system, or choose to enter gaining employer's retirement system with no service credit transfer.
- **RIF**: Credits NAF service for civil service RIF purposes.
- **Leave**: Credits service towards leave accrual. Leave balances transfer. No lump sum payment.

# P.L. 101-508 Benefits



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- **Rate of basic pay**: Protects last rate of basic pay in involuntary moves; permits consideration of highest previous rate in voluntary moves.
- **Step increases**: Credits NAF service for purposes of civil service waiting periods for within-grade step increases.
- **Grade and pay retention**: Applies grade and pay retention provisions for involuntary moves.

# Other Benefit Portability



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- **Severance Pay:**
  - 5 CFR provides service credit.
  - 5 USC protects APF severance pay entitlement
- **Time-in-grade:** 5 CFR provides credit for NAF service towards time-in-grade requirements.
- **Travel, Transportation, and Relocation:** 5 USC authorizes expenses and allowances in same manner as for transferred APF employees.
- **Tenure:** DoD/OPM Interchange Agreement permits credit for NAF service.

# Retirement Coverage Election



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## **Section 1043, Defense Authorization Act for FY96, P.L. 104-106**

- Expands retirement election provisions of the 1990 Portability Act by:
  - Covering moves between DoD or Coast Guard NAF and civil service positions in any agency
  - Covering moves with a break in service of 1 year or less
- Continues P.L. 101-508 requirement that employee be vested in order to make election.

# Retirement Coverage Election



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## Section 1043, Defense Authorization Act for FY96, P.L. 104-106

- Allows certain FERS and NAF employees retroactive elections to combine service.
- Benefits some employees who moved between 1/1/66 and 8/10/96.
- Funds cost of additional service credit through transfer of contributions and reduced annuities.
- Provides for agency waiver of retroactive election deadline of 8/11/97 if employee did not receive notice of election opportunity.

# Retirement Coverage



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## **National Defense Authorization Act for FY02, Section 1131 (PL 107-107)**

- Removes the requirement that employees be vested in order to elect to remain in their previous retirement plan.
- Applies to employees moving after December 28, 2001.

# Retirement Coverage



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## **National Defense Authorization Act for FY02, Section 1132 (PL 107-107)**

- Permits employee to use NAF service to establish eligibility for an immediate CSRS or FERS annuity.
  - Election made at time of retirement.
  - CSRS or FERS annuity actuarially reduced to fund the cost of the added service.
- Credits service regardless of date of move or vesting status.

# Retirement Coverage



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## **National Defense Authorization Act for FY02, Section 1132 (PL 107-107)**

- NAF service credit WILL NOT result in a higher CSRS or FERS benefit.
- NAF time used to qualify for an immediate CSRS or FERS annuity cannot be applied toward a NAF retirement benefit.
- OPM regulations are due out soon.

# NAF/APF Issues



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- Problems Encountered in Moving Between NAF and APF
  - Confusion regarding eligibility requirements for retirement elections and full portability protection.
    - Retirement election eligibility requires break in service of no more than one year
    - Full portability protection requires break in service of no more than three days
  - Administrative problems in servicing employees who elect to remain in previous employer's retirement system.

# NAF/APF ISSUES



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- Problems Encountered in Moving Between NAF and APF
  - Confusion regarding differences in NAF and APF personnel policies.
    - Different levels of job security and pay and benefit protections
    - Different retirement and insurance plan eligibility requirements and benefit levels
    - Different white and blue collar pay systems

# Portability Success



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- Making Portability Work
  - Plan for the move.
  - Talk to the Human Resources experts in both APF and NAF.
  - Use CPMS resources, including the Reference Guide, “Portability of Benefits for Moves between Civil Service and Nonappropriated Fund Employment Systems,” found on the CPMS website.