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### WELCOME

#### LETTER FROM ROBERT J. BIANCHI CHIEF EXECUTIVE OFFICER, NEXCOM

Dear Associate,

As a valued member of Navy Exchange Service Command (NEXCOM) we are pleased to offer you a comprehensive total compensation and benefits package designed to meet you and your family's needs throughout your active employment and into retirement.

NEXCOM's medical, dental, life and disability insurance plans, along with the NEXCOM 401(k) Savings Plan provide valuable coverage for you and/or your family while you are in active service, and NEXCOM's Retirement Plan provides valuable benefits after you complete your career. The retirement plan is the most important benefit NEXCOM offers to assist you in attaining a financially secure retirement. When you retire and when age and service requirements have been met, the plan provides a guaranteed income stream for the rest of your life, and your survivor's life if you choose. If you leave employment with NEXCOM

prior to retirement, you can elect to receive a deferred annuity when you become eligible, or you may opt to have all your contributions returned to you with interest. Whichever option you choose, the retirement plan guarantees to return to you at least as much as you contributed.

This booklet describes the retirement plan in detail. I encourage you to read it closely. Participating in NEXCOM's Retirement Plan is one of the easiest and most important actions you can take toward securing a financially successful retirement.

Robert J. Bianchi
Rear Admiral, Supply Corps, USN (Ret.)
Chief Executive Officer
Navy Exchange Service Command



### INTRODUCTION

## FINANCIAL SECURITY DURING RETIREMENT

We all want independence and security during retirement. Of course, this takes advance planning and preparation - and it's never too early to begin. As a member of the Navy Exchange Service Command (NEXCOM) Retirement Plan you have a head start. An important part of your retirement income will be the regular, monthly benefit you receive from the Plan.

This booklet summarizes the benefits that are available under the provisions of the Plan as of January 1, 2022. How you become eligible, when and how your benefits are calculated, what benefits are payable to your family in the event of your death, and many other facts you will need to know.

Your Retirement Plan benefits are an important component of your total compensation package. You must participate in the Plan in order to receive a benefit.

Please read this information carefully. If you have any questions about your benefits, your local Human Resources representative will be happy to answer them for you.

## HIGHLIGHTS OF YOUR RETIREMENT PLAN

- As of August 1, 2015, newly hired associates will be automatically enrolled in the Plan.
- You will not be required to contribute to the Plan during your first year of employment and you will receive one year of credited service.
- Thereafter, you contribute only 1% of your pay through after-tax payroll deduction NEXCOM pays the balance needed to provide your Plan benefits.
- You are fully vested in the Plan after completing 5 years of continuous regular full time or part time service.
- You are eligible to retire with a normal retirement benefit on the first of the month that falls on or after your 62nd birthday, or with the completion of 5 years of continuous service, whichever is later.
- You may elect to retire later than your normal retirement date.

- You may retire early with full retirement benefits if you have reached your 55th birthday and have completed at least 30 years of continuous service or if you have reached your 60th birthday and have completed at least 20 years of continuous service.
- You may retire early with a reduced retirement benefit if you have reached your 52nd birthday and have completed at least 5 years of continuous service subject to certain conditions.
- If you leave your employment before retirement, you will always be entitled to the return of your contributions with interest.
- Interest is credited for periods after March 1, 1968, at the rate of 3% compounded annually.
- If you leave after completing at least five years of continuous service, you may leave your contributions in the Plan and receive a deferred vested benefit as early as age 52.
- Retirement income is increased periodically by cost-of-living increases for associates
  who retire with an immediate annuity, or who chose a deferred vested retirement annuity
  upon separation from employment due to disability, or a business based action
  (BBA)/reduction in force (RIF).
- Cost-of-living increase is not available to a participant who terminates employment for any reason other than death and who did not meet the age and years of service requirements for retirement benefits as described in pages 8-9.
- If you die before retirement, benefits may be payable to your surviving spouse.
- The Plan provides several options which allow you to have your retirement benefit paid in a manner best suited to you and your family's needs, including a benefit payable to your spouse or a named person if you should die after retirement.
- Associates in a certified domestic partnership arrangement may have survivor benefits paid to their domestic partner.
- You may stop participating in the plan at any time by completing a discontinuation form.

### **PARTICIPATION**

#### WHO IS ELIGIBLE

If you are a regular full-time or regular part-time civilian associate of NEXCOM, you are eligible to participate in the Plan, provided:

- You are a citizen of the United States.
- You are a citizen of any other country and you are employed in the United States.
- You are not subject to a Status of Forces Agreement provision that precludes eligibility to participate in the Plan.
- If your category is Flex and you are converted to a regular category, you will be automatically enrolled in the Plan on your conversion date. After one year of regular service, contributions will begin the 1st full pay period following your one year anniversary date. You will not receive service credit for your service in a Flex category.
- If you are converted from a regular to Flex category, your participation in the Plan will be suspended, no further contributions will be required, and credited service will stop on your conversion date.

#### **CONTRIBUTIONS**

You and NEXCOM share in the cost of your retirement benefits. Your contributions will equal 1% of your gross pay (including bonuses) after applicable tax withholdings (i.e., contributed on an after-tax basis) excluding: cost-of-living; meal, housing, and post allowances; severance pay; beneficial suggestion awards; incentive awards; recruitment; retention; relocation incentives, and unused vacation paid upon separation of employment.

You may not withdraw your contributions or borrow against them as long as you remain employed. However, you may elect to discontinue active participation in the Plan as of the end of any pay period. If you discontinue, you may resume active participation in the Plan anytime. During your period of discontinuance:

- Contributions will cease
- Prior contributions will not be refunded while you remain employed
- No credited service will be earned
- Your continuous service will not be considered to have been broken
- Your spouse will not be eligible for a surviving spouse benefit if you die

#### **HOW YOU PARTICIPATE**

See the following chart to learn when you may participate in the Plan, beginning August 1, 2015:

	NEW HIRE	1 YEAR OR LESS CONTINUOUS SERVICE	> 1 YEAR CONTINUOUS SERVICE
TYPE OF ENROLLMENT	Automatic enrollment	Associate initiated enrollment	Associate initiated enrollment
WAITING PERIOD	One year of continuous service	One year of continuous service	Not applicable; may enroll any time
INITIAL ELIGIBILITY ENROLLMENT PERIOD	1st day of employment	Within 30 days of one year continuous service date	N/A
IF ENROLLED WHEN FIRST ELIGIBLE	Will receive credited service for one year waiting period. No cost.	Will receive credited service for one year waiting period. No cost.	N/A
IF ENROLLED AFTER INITIALLY ELIGIBLE	N/A	Will only earn credited service for time in the plan	Will only earn credited service for timein the plan

New hires will receive notification near your one year anniversary date informing you that your contributions will commence on the first full pay period following your anniversary date. You have the option to stop participating in the Plan by completing a discontinuation form.

Associates who are not automatically enrolled and reach their initial eligibility enrollment period will be required to make the decision to enroll or not enroll in the Plan. If you elect not to participate in the Plan, you will need to sign a refusal card. You may elect to participate at a later date, however, you will not be permitted to make retroactive contributions for the period of time you did not participate, nor will you be entitled to receive credited service for that period.

All enrollees will be required to name a beneficiary (ies) by completing a beneficiary form. If you are married, your legal spouse must be designated as sole primary beneficiary in order to qualify for a surviving spouse annuity in the event of your death while in service.

If you participate in the Plan, separate employment, and are re-employed, you will be automatically enrolled in the plan on the first day of the next full pay period following your rehire date (see page 7).

Contact the local Human Resources representative for more information or if you have questions concerning your benefits.

# CONTINUOUS SERVICE & CREDITED SERVICE

#### **CONTINUOUS SERVICE**

Your "continuous service" determines your *eligibility* to join the Plan, and to receive retirement income.

Continuous service refers to all your years and months as a regular full or part-time associate of NEXCOM. This service will be considered continuous until your actual termination of employment or retirement date. If your employment terminated before September 1, 2017 and you were a Plan participant and interrupted your service for any reason, your contributions to the Plan stopped, but your period of service before and after the interruption would still be considered continuous unless the interruption was for one of the following reasons:

- Your service is terminated for cause on charges of misconduct or delinquency.
- You resign prior to being terminated or investigated on account of such charges.
- Your employment terminates pursuant to a settlement agreement, pending disciplinary action for cause, or subsequent to your termination for cause.

If your employment terminates on or after September 1, 2017, your period of service before and after interruption will be considered continuous regardless of the reasons your employment terminates.

#### **CREDITED SERVICE**

Your "credited service" is an important factor in calculating your retirement income. Credited service in the Plan includes the number of years and months during which you made contributions to the Plan.

In addition, your credited service also includes certain periods for which you were not required to make contributions, such as:

• Unused sick leave, which is your accumulated hours of unused sick leave at the date of retirement, converted to an equivalent period of credited service (only if you are eligible for retirement). For purposes of conversion, 173 hours of unused sick leave is equivalent to one month's service. Unused sick leave is only used in counting the number of years and months of credited service for benefit calculation purposes. It is not used to meet continuous service or age requirements for retirement eligibility purposes.

- If you were a plan participant before entering U. S. Military Service and return to work within the period for which you have reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994, and its predecessors, you will receive up to five years continuous and credited service for your military service.
- If you were hired on or after January 1, 1989 and before August 1, 2015, and you joined the Plan within 30 days after completing the year of continuous service waiting period, your credited service included that first year of continuous service. If you were autoenrolled on or after August 1, 2015, your credited service will include the first year of continuous service.

## YOUR CREDITED SERVICE UPON RE-EMPLOYMENT

- If your employment terminates before you retire and you are later re-employed, you will receive credit for your prior service in the Plan and you will automatically be re-enrolled as of your re-hire date. Contributions will begin on the first full pay period following your reemployment. If you have withdrawn your contributions upon leaving employment, you must arrange within 30 days of re-employment to repay any contributions that you withdrew including a 5% interest charge in order to receive credit for your prior service.
- The amount due shall be paid in one or more installments within 12 months after notification of amount due.

## CREDITED SERVICE AFTER NORMAL RETIREMENT DATE

If you work beyond your normal retirement date, you will continue to earn credited service until the date you actually retire.

# WHEN YOU MAY RETIRE

There are five forms of retirement. The form of retirement you may receive is based upon your years of regular service and age (see Chart 1).

### 1. NORMAL RETIREMENT (UNREDUCED BENEFIT)

Your normal retirement date is the first of the month that falls on or follows your 62nd birthday, and you have completed at least 5 years of continuous service.

If you elect to retire on that date, you will receive a normal retirement benefit determined by the formulas beginning on page 13.

### 2. OPTIONAL LATER RETIREMENT (UNREDUCED BENEFIT)

You may continue working past your normal retirement date, and your contributions and credited service will continue until the date you actually retire.

#### 3. EARLY RETIREMENT (UNREDUCED BENEFIT)

You may elect to retire before your normal retirement date if you have reached your 55th birthday and have completed at least 30 years of continuous service, or if you have reached your 60th birthday and have completed at least 20 years of continuous service. In these cases, you will receive your full benefit.

## 4. BUSINESS-BASED ACTION/REDUCTION IN FORCE (BAA/RIF) EARLY RETIREMENT (WITH ENHANCED BENEFITS)

You may retire before your normal retirement date if your separation from employment is initiated by your employer due to business reasons and you have attained age 50 with 20 years of continuous service, or have completed 25 years of continuous service at any age. Your benefit is paid in a reduced amount if you are younger than age 55.

#### 5. EARLY RETIREMENT (REDUCED BENEFIT)

You may retire before your normal retirement date if you have reached your 52nd birthday and have completed at least 5 years of continuous service. Your benefit is paid in a reduced amount. However, if you terminated employment before September 1, 2017, you may not begin to receive retirement benefits until your normal retirement date if you are separated for cause on charges of misconduct or delinquency; you resign pending termination on account of such charges; you resign pending investigation into acts of misconduct or delinquency, or your employment terminates pursuant to a settlement agreement pending disciplinary action. If you terminate employment on or after September 1, 2017, you may begin to receive retirement benefits before you reach your normal retirement date (as early as age 52 with applicable reductions) regardless of the reason your employment was terminated.

CHART 1: FORMS OF RETIREMENT			
ТҮРЕ	ELIGIBILITY	REDUCTION	PERCENT OF REDUCTION
1. NORMAL	Age 62 w/5 years continuous service	No	N/A
2. OPTIONAL LATER RETIREMENT	After age 62 w/5 years continuous service	No	N/A
3. EARLY RETIREMENT (UNREDUCED)	Age 55 w/30 years continuous service  Age 60 w/20 years continuous service	No	N/A
4. BAA/RIF EARLY RETIREMENT (ENHANCED BENEFITS)	Age 50 w/20 years continuous service; any age with 25 years continuous service	Yes	$2\%$ per year $(^1/6\%$ per month) for each year younger than 55
5. EARLY RETIREMENT (REDUCED)	Age 52 w/5 years continuous service	Yes	4% per year $(^1/3\%$ per month) for each year younger than 62

#### WHEN BENEFITS BEGIN

Retirement annuity benefit payments begin on the first day of the month following the month in which you stopped working due to your retirement.

#### **EARLY RETIREMENT VS. DISABILITY BENEFITS**

If you are eligible for early retirement benefits and are a disability recipient being separated from employment, you have several options available regarding your retirement and disability benefits. It is important that you contact your local Human Resource representative for information applicable to your individual case.

# HOW YOUR RETIREMENT BENEFITS ARE PAID

The retirement options described below allow you to arrange your benefit payments in a way that best suit your retirement needs. All options must be elected prior to retirement.

#### FOR MARRIED ASSOCIATES

A "married" associate is a person who is legally married under the law of the State, territory or foreign country where it occurred, but does not include a person who is in a civil union, domestic partnership or other relationship that is not marriage under such law. If you have a same-sex domestic partner you may have applicable retirement benefits extended to your partner by filing a Certification of Same-Sex Domestic Partnership. Contact your local Human Resource Representative for more information.

#### RETIREMENT WITH SURVIVOR ANNUITY OPTION

If you are married on your retirement date and you elect the survivor annuity option, your benefit will be automatically reduced by 10% so that a survivor benefit equal to 55% of your benefit before the reduction will be paid to your spouse following your death. The survivor benefit will be payable to your spouse for life but will cease in the event of his/her remarriage before age 60. If your spouse dies before you, or if the marriage is terminated by divorce or annulment, your benefit may be restored to the full amount upon receipt of applicable documentation (death certificate, divorce papers, etc.).

If you remarry, you may elect a survivor benefit within one year of remarriage, and your annuity will be reduced by 10% plus an additional percentage for each year you received restored benefits. The survivor benefit will be paid to your new spouse for life following your death if the new marriage has been in effect for at least one year, or there is a child born of the marriage.

If your spouse dies before you do, your benefit will be restored to the full amount upon receipt of a death certificate.

If you are not married on your retirement date, and you subsequently marry, you may elect within one year of your marriage to provide a survivor benefit to your spouse equal to 55% of your benefit before reduction. In this case, if you made a previous election for a survivor benefit to a named person, it will be canceled, and the reduction to your annuity will be changed to 10% of your annuity including cost of living adjustments.

#### RETIREMENT WITHOUT SURVIVOR ANNUITY OPTION

Before you retire, you may elect to receive the full amount of your benefit without a reduction for a survivor benefit, in which case no survivor benefit will be payable upon your death.

#### FOR SINGLE ASSOCIATES

If you are not married on your retirement date, you will receive the full amount of your retirement benefit. However, you may elect, before you retire, to receive a reduced benefit with a survivor benefit payable to a named beneficiary with an insurable interest. Your retirement benefit will then be reduced by 10% with an additional 5% reduction for each full five years by which your age exceeds your beneficiary's, up to a maximum reduction of 40%.

If you choose this reduced survivor benefit and die after you retire, a survivor benefit will be paid to your beneficiary for life equal to 55% of your reduced benefit.

If your named beneficiary dies before you do, your benefit will be restored to the full amount upon receipt of a death certificate.

If you are not married on your retirement date, and you subsequently marry, you may elect within one year of your marriage to provide a survivor benefit to your spouse equal to 55% of your benefit before reduction. In this case, if you made a previous election for a survivor benefit to a named person, it will be canceled, and the reduction to your annuity will be changed to 10% of your annuity including cost of living adjustments, plus an additional percentage for each year you received benefits before your marriage.

#### SOCIAL SECURITY OFFSET

NEXCOM shares equally with you the cost of providing your Social Security benefits. The benefits you receive from your Retirement Plan are in addition to the benefits to which you may be entitled under Social Security.

Full Social Security benefits are payable to you at ages 65-67 depending on your date of birth. Your spouse or other members of your family may also be eligible for Social Security benefits based on your earnings record when you retire and become eligible for Social Security benefits. Reduced benefits are payable as early as age 62.

# WHAT YOU WILL RECEIVE

## KEY COMPONENTS OF THE BENEFIT CALCULATION

Your retirement benefit is determined by a formula based on your Credited Service, your High Three Average Annual Earnings, and a Social Security Offset applied at age 62. **Associates contemplating retirement should contact their local Human Resources representative for a retirement estimate that considers all factors applicable to their individual case.** To fully understand how your benefit is calculated, you need to know the meaning of these terms:

- **Credited Service:** The years and months you made contributions to the Plan and other periods described on pages 6-7.
- **High Three Average Annual Earnings (HTE):** Twelve times the average of your highest monthly earnings during any 36 consecutive months which you made contributions to the Plan\*.
- Social Security Offset: The Social Security Offset (SSO) is designed to take into account a portion of the benefits payable to you at retirement under the U.S. Social Security Act. The offset is used only to calculate your retirement income at normal or later retirement age. You will still receive the full Social Security benefit to which you are entitled in addition to your benefit from the Plan. The offset is applied at age 62 and is a percentage (not more than 50%) of your estimated Primary Insurance Amount (PIA) Social Security benefit. At normal retirement, the Social Security amount used is the actual amount of your benefit (as provided by the Social Security Administration) payable at age 62. If you retire after age 62, the amount used will be the Social Security amount payable as of your actual retirement date, but not later than age 65. The Social Security offset percentages are as follows:

FOR EACH YEAR OF CREDITED SERVICE	APPLICABLE PERCENTAGE (SSO)
Between September 1, 1974 and August 31, 1979	1% of Social Security PIA
After August 31, 1979	1.5% of Social Security PIA

<sup>\*</sup>Note: Earnings (including bonuses) excluding: cost of living; meals; housing and post allowances; severance pay; beneficial suggestions awards; incentive awards; recruitment; retention; and, unused vacation paid upon separation of employment.

#### NORMAL RETIREMENT BENEFIT CALCULATION

(AGE 62 WITH 5+ YEARS OF CONTINUOUS SERVICE)

Calculating a normal retirement (i.e., at age 62) benefit is a three-step process:

- 1. Calculate the retirement benefit without a Social Security Offset (SSO).
- 2. Calculate the Social Security Offset (SSO).
- 3. Reduce the calculated benefit by the calculated SSO Note: Any reductions required due to retiring under the "Optional Early" or "Involuntary Early" form of retirement will be done after these three steps.)

Note: If you were hired prior to September 1, 1974, please contact the your local Human Resources representative. There is an extra step in your calculation.

To illustrate a retirement calculation, the following scenario will be used throughout.

John Jacob retires at age 62 (NEXCOM's normal retirement age) on January 1, 2014. He has 30 years of credited service for regular employment from December 31, 1983 through December 31, 2013. His high three average annual earnings (HTE) is \$40,000. His annual Social Security PIA at age 62 is \$12,000.

### **STEP 1:** CALCULATE THE RETIREMENT BENEFIT WITHOUT A SOCIAL SECURITY OFFSET

There are four parts to calculating a retirement benefit:

- A. Calculate the benefit for the first five years of credited service.
- B. Calculate the benefit for the next five years of credited service.
- C. Calculate the benefit for the remaining years of credited service.
- D. Add Part A, B, & C together. This sum equals the retirement benefit without a Social Security Offset.

### A: CALCULATE THE BENEFIT FOR THE FIRST FIVE YEARS OF CREDITED SERVICE

FORMULA	EXAMPLE
1.5% x High 3 Earnings	1.5% x \$40,000 (John's HTE) = \$600
Multiplied by first 5 Years of Credited Service	\$600 x 5 = <b>\$3,000</b>

### B: CALCULATE THE BENEFIT FOR THE NEXT FIVE YEARS OF CREDITED SERVICE

FORMULA	EXAMPLE
1.75% x High 3 Earnings	1.75% x \$40,000 (John's HTE) = \$700
Multiplied by next 5 Years of Credited Service	\$700 x 5 = <b>\$3,500</b>

### C: CALCULATE THE BENEFIT FOR THE REMAINING YEARS OF CREDITED SERVICE

FORMULA	EXAMPLE
2%xHigh3Earnings	2% x \$40,000 (John's HTE) = \$800
Multiplied by remaining years of Credited Service (20 years)	\$800 x 20 (John's remaining years) = <b>\$16,000</b>

#### D: ADD A, B, & C TOGETHER

FORMULA	EXAMPLE
Add A, B, & C Together	\$3,000 + \$3,500 + \$16,000 = <b>\$22,500</b>
Pension Benefit Payable at Age 62 before Social Security Offset*	\$22,500/Year

<sup>\*</sup>Note: If John were retiring under this option at age 60, his benefit would be based on his years of credited service and High 3 Earnings at that time, but would not be reduced by the Social Security Offset until he reached age 62.

#### **STEP 2:** CALCULATE THE SOCIAL SECURITY OFFSET

FORMULA	EXAMPLE
1.5% x Annual PIA Social Security Benefit x years of Credited Service	1.5%x\$12,000 (John's annual PIA) x 30 years = <b>\$5,400</b>
Social Security Offset	(John's Social Security Offset) \$5,400

<sup>\*</sup>Note: The SSO is 1.0% for each year of credited service between 9/1/74 – 8/31/79. The SSO is 1.5% for each year of credited service after 8/31/79. In this example, all service is after 8/31/79.

**STEP 3:** DETERMINE THE FINAL BENEFIT PAYABLE AT AGE 62. REDUCE THE NORMAL RETIREMENT AGE CALCULATION BY THE SSO

FORMULA	EXAMPLE
Normal Retirement Age Calculation minus Social Security Offset	\$22,500 (John's NRA Benefit) - \$5,400 (John's PIA) = <b>\$17,100</b>
Pension Benefit Payable at Age 62*	\$17,100
What Social Security May Add	In addition, he will receive his full Social Security PIA benefit of \$12,000 (if he elects to receive his Social Security Benefits)

*Note:* At age 62, the SSO will be applied.

If John was married and elected a survivor annuity for his annual benefit would be reduced by 10% to \$15,390.

#### **OPTIONAL EARLY RETIREMENT**

If you retire between the age of 52 and 62 your retirement benefit will be calculated at a reduced amount. The reduction will be 4% for each year that you are younger than age 62, with a maximum 40% reduction. The Social Security Offset will not be applied until age 62.

#### **MAXIMUM BENEFITS**

Your benefit before the Social Security offset cannot be greater than 80% of your High 3 Earnings excluding that portion attributable to unused sick leave.

If you are eligible for Workers' Compensation benefits, your benefit before the Social Security Offset cannot be greater than 90% of your High 3 Earnings reduced by the amount of any Workers' Compensation benefit you receive.

#### **LUMP SUM PAYMENTS**

If the amount of the retirement annuity to which a Participant would be entitled, computed as an annuity without Survivor Benefits, does not exceed \$750 per annum, then the Participant may elect to receive their benefit either (a) in monthly annuity payments or (b) in a single lump sum.

# TERMINATION OF EMPLOYMENT

#### **OPTIONS AVAILABLE**

If your employment terminates for any reason other than death prior to becoming eligible for retirement as described in pages 8-9, you have the following options:

#### **RETURN OF CONTRIBUTIONS (OPTION A):**

A lump-sum payment of your total contributions plus interest.

#### **DEFERRED ANNUITY (OPTION B):**

If you have five or more years of continuous service, you will be entitled to receive deferred monthly payments based on your years of credited service (excluding unused sick leave) and your High 3 Earnings on the date you terminate your employment.

If you have less than five years of continuous service, your benefit will be based on your total contributions, plus interest.

You can begin receiving monthly payments as early as age 52 in a reduced amount, and must commence receipt no later than age 62. The Social Security offset is postponed until age 62.

If, prior to September 1, 2017, you were terminated for cause as defined on page 8 under (Early Retirement – Reduced), you would not have been able to receive payments under Option B until age 62.

If you have elected monthly payments, you may still elect a lump-sum payment any time after your termination date, but before your normal retirement date. The payment will be equal to the amount you would have received at the time you terminated, plus interest. If you elect this method of payment, you will not be entitled to any benefit based on employer contributions.



If you choose Option B, you are not eligible for:

- Any optional forms of retirement income
- Cost of living adjustments

If you elect Option B and die before payment of your benefit has begun, your beneficiary will receive the full amount of your contributions, plus interest.

## RETIREMENT BENEFITS AFTER REEMPLOYMENT

### REEMPLOYMENT AFTER STARTING TO RECEIVE RETIREMENT BENEFITS

Effective January 1, 2017, if you are reemployed in a regular part-time or full-time position after you retired and started receiving retirement benefits, your retirement benefits will stop and you will be eligible to start participating in the Plan. If you elect to participate in the Plan, your retirement benefits earned during your period of reemployment will be determined taking into account your credited service and consecutive months of earnings earned both before and after your reemployment. Your benefit after your subsequent retirement will not be less than the benefit to which you were entitled prior to your reemployment plus the benefit earned during your period of reemployment. Your retirement benefit will be paid in the same form as the initial retirement benefit.

# DEATH BENEFITS BEFORE RETIREMENT

### SURVIVING SPOUSE BENEFITS / DOMESTIC PARTNER ANNUITY

If you should die in active service after completing at least 18 months of credited service, a benefit will be payable to your surviving spouse or certified domestic partner under these conditions:

Your spouse / domestic partner was named your sole primary beneficiary.

#### **AND**

You were married or in domestic partnership for at least one year immediately before your death, or your surviving spouse is the parent of a child born of that marriage with you.

## AMOUNT OF SURVIVING SPOUSE BENEFIT / DOMESTIC PARTNER ANNUITY

The annual amount of the benefit payable is based on a formula which considers your high three average annual earnings, credited service, age and certain other income benefits your survivor may receive from Social Security and Workers' Compensation.

As a minimum, the Surviving Spouse Annuity will be no less than 55% of .5% of your High 3 Earnings multiplied by your total credited service.

If your spouse is eligible for Worker's Compensation benefits, the preceding annuities will be reduced so that the sum of the Plan benefit before the Social Security offset and any survivor income benefit under Workers' Compensation is not more than 55% of 90% of your High Three Average Annual Earnings.

#### WHEN ANNUITY PAYMENTS WILL BE MADE

Payments to your surviving spouse / domestic partner will begin on the first day of the month following your death, and will continue until:

The death of your survivor

OR

The remarriage or entry into a domestic partnership by your survivor before age 60.

Payments terminated due to remarriage before age 60 may resume if the remarriage is terminated because of death, annulment, or divorce, provided your survivor repays any lump sum payment received upon termination of the benefit.

## LUMP SUM DEATH BENEFIT WHERE ANNUITY BENEFIT IS NOT PAYABLE

A lump sum death benefit - equal to the return of your contributions, plus interest - becomes payable to your designated beneficiary on the date of your death if a monthly death benefit is not payable.

# AFTER RETIREMENT

#### SURVIVOR BENEFIT

If you were married at retirement and elected a survivor benefit, a monthly benefit equal to 55% of your original benefit before the survivor annuity reduction will be paid to your surviving spouse at your death.

If you were unmarried at retirement and elected a survivor benefit to a named person with an insurable interest, a monthly benefit equal to 55% of your reduced benefit will be paid to your beneficiary at your death.

If you were in a certified same sex domestic partnership arrangement at retirement and elected a survivor benefit, a reduced monthly benefit will be paid to your domestic partner.

#### WHEN SURVIVOR PAYMENTS WILL BE MADE

Payments to your spouse or the named person will begin on the first day of the month following your death, and will continue until the earlier of:

The death of your survivor

OR

The remarriage of your spouse (but not the named person) or entry into a domestic partnership by the survivor before age 60.

Payments terminated due to remarriage before age 60 may resume if the remarriage is terminated because of death, annulment, or divorce if your survivor repays any lump sum payment received upon termination of the benefit.

# OF BENEFITS

# MOVES BETWEEN NON-APPROPRIATED FUND (NAF) ACTIVITIES AND MOVES FROM NAF TO APPROPRIATED FUND ACTIVITIES (APF)

"Portability" refers to the ability to retain certain benefits when you move between NAF and civil service jobs. The law specifies the requirements on various topics of portability to include: retirement plans; leave accrual and accumulation; initial pay setting; career tenure; travel; transportation; and relocation; Reduction in Force (RIF); and Business Based Actions (BBAs).

If you are planning on moving from NEXCOM to other NAFs or APF jobs, contact your local Human Resources representative, BEFORE moving, in order to understand how the portability rules work.

### **ADDITIONAL FACTS**

#### **COST OF LIVING INCREASES**

Retirement annuities paid to retirees, survivor annuitants, and beneficiary(ies) shall be increased at the same time and by the same percentage as provided under the Cost of Living Adjustment provisions of the Civil Service Retirement Act. However, this does not apply to associates who prior to becoming eligible for retirement terminate employment for any reason other than death and elect a deferred vested retirement income.

#### WHEN PAYMENTS WILL BE MADE

Your termination and retirement benefits will normally be processed within 3 to 4 months after you receive your annual leave payout. Death benefits to beneficiaries will normally be processed within 4 to 6 weeks of receipt of required forms and documents.

All annuity benefits commence on the first day of the month.

## DIRECT PAYMENT OF PLAN CONTRIBUTIONS WHILE IN LEAVE WITHOUT PAY STATUS

Plan participants on authorized Leave Without Pay (LWOP) may make contributions for the period of unpaid leave based on their earnings from the beginning of the leave period. The LWOP period for which contributions are made will be treated as both credited and continuous service.

#### **TAXES**

Your retirement annuity will be subject to federal and possibly state income taxes.

#### **PLAN FUNDING**

Your contributions and the employer contributions made on your behalf are invested by funding agencies or managers selected by the Trustees. John Hancock Insurance Company and or the Bank of New York Mellon pays the benefits if you terminate, retire, or die, although the Trustees can select some other agency to make benefit payments.

#### **PLAN RECORDS**

Plan records are kept on a calendar year basis, with the last day of the Plan year falling on December 31.

#### **PLAN ADMINISTRATION**

The Plan is administered by the Trustees of the Navy Exchange Service Command Retirement Trust. The Trustees interpret the Plan, supervise the management of its assets, and arrange for payment of benefits.

#### **CLAIMS REVIEW**

You, your spouse, beneficiary or other person claiming a right to a benefit payable under the Plan (the "claimant") may request a correction, interpretation, or other relief with respect to benefits under the Plan. The request should be submitted in writing to your local Human Resources representative, which will forward it to a committee comprised of three Trustees. The request should be submitted within 30 days of the action or other event giving rise to the request.

The Committee will provide written notice to the claimant if the request has been wholly or partially denied, the specific reason or reasons for the denial, and the pertinent Plan provisions on which the denial is based. It will describe any additional material or information necessary to the claimant to perfect the claim and explain why such material or information is necessary. The notice will also explain the Plan's claims review procedure.

The claimant or his/her duly authorized representative may request a review of the denial by the Committee. Such request must be submitted to the Trustees in writing not more than 90 days after receipt by the claimant of the Committee's denial. The Trustees will provide a written decision indicating the reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based. The decision of the Trustees is final.

#### **ASSIGNMENT**

Your Plan benefits may not be assigned or transferred except as follows:

- You may assign a lump sum payment on or after termination of employment in writing delivered to the Trustees.
- Your benefit may be applied to satisfy alimony or child support obligations. However, no
  portion of your benefit may be transferred to a spouse in compliance with any community
  property settlement, equitable distribution of property or other division of property
  between spouses.
- Your benefit may be applied to repay any indebtedness owing to the employer pursuant to the Federal Debt Collection Act of 1982.
- You may make a written revocable election to have a portion of your benefit withheld and paid to your employer to cover medical and/or dental insurance premiums under its group health plans.
- Your benefit may be applied to pay delinquent federal income taxes pursuant to IRS
  collection procedures.

#### NO RIGHT TO EMPLOYMENT

The Plan does not give you any right to continued employment nor to any other rights or benefits except as specifically provided by the Plan.

#### **PLAN CONTINUATION**

NEXCOM hopes and expects to continue the Plan indefinitely. However, NEXCOM reserves the right to change or discontinue the Plan at any time. No change or discontinuance will adversely affect the retirement benefit paid before the effective date of such change or discontinuance.

Should the Plan be terminated, the funds of the Plan will be used to pay for the accrued benefit of plan participants and their beneficiaries. Any remaining funds will revert to the employer.

#### **Plan Document:**

This booklet summarizes the major, current provisions of your Retirement Plan as contained in the official Plan document. However, in the event of any discrepancy between this booklet and the official Plan document, the Plan document will control.

NEXCOM Retirement Section Navy Exchange Service Command 3280 Virginia Beach Boulevard Virginia Beach, Virginia 23452

Toll Free Number for Retirees: 1-888-639-2363

