

**NEXCOM**  
**SPECIAL RETIREMENT INCENTIVE (SRI) PROVISIONS**  
**AND FREQUENTLY ASKED QUESTIONS**

*Updated on April 12, 2021 – 12 new FAQs added starting with #29*  
*Updated on April 15, 2021 – revisions to FAQ Answers to #29 and #31*  
*Updated on April 21, 2021 – revisions to FAQ Answers to #10, 11, 21, 23 and 39*  
*plus 3 new FAQs added starting with #41*

**1. Who is eligible for the “Special Retirement Incentive”?**

ANSWER: The SRI is available to all NEXCOM retirement plan associates who are eligible for an unreduced retirement annuity and voluntarily retire during 2021.

The SRI is not available to associates who would only qualify by accepting a reduction in pension due to not meeting age requirements. It is also not open to individuals who might qualify with the extra two years of service credit. Qualifying associates must be fully eligible to retire in calendar year 2021.

The SRI is also not available to those who have already achieved the maximum pension payout of 80%. The extra two years of service do not provide any additional benefit to this group and these individuals will not receive a package.

**2. What is an unreduced retirement annuity?**

ANSWER: NEXCOM’S retirement plan provides the unreduced annuity to associates who, by December 31, 2021 are:

- age 62 with 5 years of service,
- age 60 with 20 years of service, or
- age 55 with 30 years of service.

Years and months as a regular full or part time associate of NEXCOM count toward ‘years of service’ above.

**3. What are the provisions under the SRI?**

ANSWER: The SRI provides 2 years of credited service to retirement calculations of eligible associate who elect to retire in 2021.

**4. How does adding 2 extra years of credited service (time participating in the retirement plan) impact the retirement benefit?**

ANSWER: The retirement benefit is based primarily on (1) the highest 36 months of earnings, also known as “high-3” earnings, and (2) the years of credited service in the Retirement Plan. The Special Retirement Incentive will add 2 additional years of credited service to the benefit. For example, if an associate is age 61 with 22 years of service, the pension would be calculated as if the associate had 24 years of service. Depending on an associate’s length of service, this will generally increase the annuity by 3.5% to 4% of the annual high-3 years of earnings, before the social security offset is calculated, without having to work an additional 2 years.

**5. When can eligible associates retire under the SRI?**

ANSWER: Associates may submit preferred dates to retire under SRI only on one of the following dates:

- June 1, 2021

April 21, 2021

- August 1, 2021
- October 1, 2021
- January 1, 2022

## **6. Why is NEXCOM offering this SRI?**

ANSWER: NEXCOM's business climate is facing challenges unforeseen even a year ago. The COVID pandemic has dramatically changed shopping patterns and customer buying habits. It has prompted a significant move to online shopping and radically impacted profitability. As a result, we are looking for opportunities to reshape our organization to adapt to the current business climate. We believe that offering a voluntary method for individuals to accelerate their retire plans will open up opportunities to reorganize in key areas. We also believe that the current COVID environment has accelerated the desire to retire for many of our high risk associates. It is only through creative solutions such as the SRI that we can quickly align our cost structure with our current sales challenges in a voluntary, non-disruptive method.

## **7. Can associates participate if their retirement dates are later in 2021?**

ANSWER: Yes. Associates who are eligible for an unreduced annuity retirement may retire under the SRI. However, an associate needs to be eligible for an unreduced annuity by the date chosen to retire. For example, if an associate turns age 62 in September 2021 and has 7 years of service, the associate may submit October 1, 2021 or January 1, 2022 as the preferred SRI retirement date. The associate would not be eligible in this example to submit June 1, 2021 or August 1, 2021.

## **8. Will there be a retroactive option and if so, back to when?**

ANSWER: An associate who is eligible for the SRI but who has already applied for retirement as of March 1, 2021, April 1, 2021, or May 1, 2021 may elect to change the retirement date to June 1, 2021 and then be eligible to receive the Special Retirement Incentive. Likewise, if an associate has already applied for retirement on a date beyond June 1, 2021, the associate may modify the retirement date to one of the SRI dates (see #5) to be eligible for SRI.

## **9. If associates are not eligible for an unreduced annuity until 2022, can they participate?**

ANSWER: No, associates have to be eligible for an unreduced annuity on or before January 1, 2022.

## **10. What information will each associate be provided and what will be the process for advising NEXCOM of the intent to retire?**

ANSWER: Each eligible associate will be mailed a packet of information on or about April 1, 2021 which will include an election form, a retirement estimate, and other relevant information. The Election Form must be completed, signed and returned by ~~April 30~~ May 7, 2021 indicating the decision to voluntarily retire under SRI or not. If the associate elects to participate in the SRI, the preferred retirement date must also be identified on the form. The form must either be hand delivered to the local HR office or emailed by the due date. *(revised on April 21, 2021)*

## **11. When will an associate need to complete the election form?**

ANSWER: In order to participate, the election form must be returned on or before ~~April 30~~ May 7, 2021. If not received, the SRI offer will be considered as declined. After ~~April 30~~ May 7, 2021, for associates who have elected not to accept the SRI, decisions are considered final and unchangeable. However, associates who have submitted a decision to retire under the SRI offering have until ~~May 7~~ May 14, 2021 to withdraw their

retirement submission. After this date, their decision is considered final and unchangeable. *(revised on April 21, 2021)*

**12. What happens after all election forms are received?**

ANSWER: In early May, NEXCOM will review all of the requested preferred dates and balance them against the workload, the number of requests and the timing of the requests.

- If the preferred date is acceptable, the associate will receive a confirmation of such via email. The decision is considered final and unchangeable. The associate may not rescind the decision to retire.
- If the preferred date poses a problem for the business to support, the associate will be contacted in person or by a video or phone call with an adjusted date and confirmed via email. The associate will have one week to review the revised date and either (1) accept the revised retirement date with the SRI, (2) withdraw the decision to retire or (3) continue to retire on the preferred date without the SRI benefit.

**13. Can NEXCOM require associates to stay longer than the retirement dates they select? How would this affect the provisions under SRI?**

ANSWER: Yes, associates who are required to retire at a later date will still receive the SRI. In May 2021, NEXCOM will advise associates who accept to retire under the SRI if their preferred retirement dates are accepted. If the preferred dates are not accepted, alternative dates will be provided not to exceed 6 months after associates' preferred retirement dates, and associates with adjusted retirement dates will be offered a week to decline to retire under SRI.

**14. Why may NEXCOM delay an associate's preferred SRI retirement date?**

ANSWER: NEXCOM may delay an associate's preferred retirement date in order to balance workloads to ensure a successful work transition. There may be Travel Agreements (TAs) in place that must be fulfilled or unique positions that are hard to immediately replace. Decisions to defer preferred retirement dates will be made in May 2021.

**15. Can NEXCOM advance an associate's preferred retirement date?**

ANSWER: In some situations, NEXCOM may request associates agree to a different retirement date that is earlier than requested. For example, if multiple associates in the same department express the desire to all retire on the same date, NEXCOM reserves the right to spread out the retirement dates so as not to impact business needs.

**16. Do the two years of extra creditable service count towards qualifying for shopping privileges and medical/life benefits?**

ANSWER: No, extra creditable service only applies to retirement calculations. Associates who have already met the service requirements may also be eligible to participate in the Retiree Medical and Retiree Life Insurance programs. If eligible, the Insurance Department will provide associates with these details prior to their retirement dates.

**17. Will NEXCOM backfill positions that are being vacated by associates who retire?**

ANSWER: Positions will be reviewed on a case-by-case basis to determine if they will be replaced. Part of the objective with the SRI is to assist in NEXCOM's efforts to reshape the workforce.

**18. Can associates return as retired annuitants if they take the SRI?**

ANSWER: In general, associates who retire under a retirement incentive program may not be re-employed. However, we realize that the SRI may create the need to retain key individuals to help with transitioning their responsibilities. Exempt associates who agree to temporarily return as a retired annuitant will require CEO approval. Non-exempt associates will require DVP/SDC and Code H approval.

**19. If an associate decides to retire from NEXCOM, can the associate accept another position elsewhere in the federal government?**

ANSWER: Yes, an associate may accept another federal government position other than NEXCOM. However, the associate would be starting as a new hire and not be eligible to carry over any service credit or credit for leave eligibility.

**20. Can the Retirement Department work up a specific retirement estimate for an associate?**

ANSWER: An associate who is eligible for the SRI will be supplied with an approximate estimate of the retirement annuity. Additional tools and information will be supplied to further fine tune the estimate provided. Due to the backlog in processing SRI retirements, additional estimates may not be provided.

**21. How can an associate get a more accurate retirement estimate than what was given?**

ANSWER: Additional tools and information, including a Retirement Calculator and Retirement Plan Booklet, will be provided on the Associate Resource Center ([www.mynavyexchange.com/arc](http://www.mynavyexchange.com/arc)) and on the Hub (under Code H > My Benefits) to associates to fine tune the estimate. *(revised on April 21, 2021)*

Associates are encouraged to calculate a more accurate retirement annuity by:

- Obtaining a Social Security estimate at the Social Security website [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount) ('My Social Security') page where an individual account can be created. It extracts the associate's actual earnings Social Security has on record to derive its estimates. It is free and will provide the estimated monthly social security benefit based on actual lifetime earnings to date.
  - If the associate is age 66 or older, the Social Security benefit that will be used in the retirement calculation is the Social Security benefit the associate would have earned at age 65. As this information is not available to NEXCOM, the associate may be able to obtain this number on the [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount) website or by contacting the local Social Security office. Please note the Retirement Department will require a written copy of this amount in order to process the retirement.
- Run the NEXCOM retirement calculator, found on NEXCOM's Associate Resource Center (ARC) at [www.mynavyexchange.com/arc](http://www.mynavyexchange.com/arc) or on NEXCOM's Hub under Code H > My Benefits. Just enter the social security estimate obtained from Social Security and the other numbers requested in the easy-to-use calculator. It will provide the associate with a more accurate retirement annuity estimate.

**22. How much notice needs to be given by exempt associates to be bonus eligible?**

ANSWER: Normally a 90 day advance notice must be given of the intent to retire to be eligible for a payment under the Financial Incentive Plan. However, as a one-time exception, the 90 day advance notice will be waived if retiring under the SRI offer and the exempt associate will be eligible for a bonus.

**23. If an associate declines the SRI offer but then decides later in 2021 to retire on or before January 1, 2022, can the associate receive the 2 additional years for a retirement annuity calculation?**

ANSWER: No. Due to the significant amount of manpower planning that will occur when election forms are returned, once the eligibility period closes on ~~April 30~~ May 7, 2021, the offer is no longer valid.

**24. How soon after associates retire will they receive their first pension checks?**

ANSWER: Generally, there is approximately a two month lag between the retirement date and receipt of the first payment. This is due to final earnings and accrued sick leave not being available until after retirement. However, payments are retroactive to the retirement date.

**25. Where can an associate get more information on the retirement program?**

ANSWER: Additional information can be found on the Associate Resource Center (ARC) website ([www.mynavyexchange.com/arc](http://www.mynavyexchange.com/arc)), on the NEXCOM Hub under Code H > My Benefits, or by contacting the local Human Resources Office.

**26. In May 2021, after SRI retirement decisions and dates have been finalized, can an associate change the retirement decision or alter an SRI retirement date?**

ANSWER: The retirement decision and retirement date is considered to be final and binding. If extenuating circumstances arise, an associate may submit a request in writing with justification through the chain of command that NEXCOM rescind the retirement decision or amend the retirement date. However, NEXCOM retains sole discretion to accept or reject such a request. For this reason, all associates should carefully assess their personal situation before accepting and committing to the SRI offer.

**27. What happens if there is an administrative error by NEXCOM that results in an associate being offered SRI, but the associate is not eligible for an unreduced retirement annuity?**

ANSWER: An associate is unlikely to see such an administrative error, but it can happen. NEXCOM does have the right to make corrections to any and all administrative errors, up to and including withdrawing the SRI offer.

**28. Since the official date of retirement is always the first day of the month, when is the associate's last actual working day?**

ANSWER: Typically the associate will work through the last regularly scheduled workday of the prior month. For example, if an associate with a Monday-Friday schedule has an October 1, 2021 retirement date, the associate's last day of work will be September 30, 2021. However, the associate may choose to make any scheduled workday earlier in the month preceding retirement the last day of work and then be placed on authorized leave without pay for the remainder of the month. It is noted that DoD policy prohibits annual leave to be used as 'terminal' leave in lieu of leave without pay in this type of instance. If the associate does choose to go on leave without pay, the associate will be required to submit a payment to the Insurance Department for any monies due that otherwise would have been deducted from the paycheck in order to keep the associate's insured benefits active through the end of the month.

**- FAQs below added on April 12, 2021 -**

**29. If an associate is enrolled in Long Term Care, how will premiums be paid upon retirement?**

ANSWER: Associates will make direct payments for their long term care insurance. The benefits department will provide additional information to the associate. *(revised on Apr 15, 2021)*

**30. What is the eligibility to keep medical and dental benefits in retirement, how much is it, and how does it get paid?**

April 21, 2021

ANSWER: Associates with 15 years of continuous participation in the medical/dental plan are eligible to continue with the NAF medical coverage plan upon retirement. Associate premiums will be the same as they have prior to retirement. Premiums are reduced for those over age 65 as those associates are also Medicare-eligible. Associates who participated in the NEXCOM medical/dental plan for at least 10 years by December 31, 1999 will not have to pay premiums until they reach age 65.

**31. What happens to Basic Group Life, Optional Group Life and Dependent Life insurances upon retirement?**

ANSWER: Associates must have 15 years of participation in the basic group life and optional group life plans in order to take them into retirement, and at no additional cost. Dependent life insurance ceases upon retirement. MetLife Insurance Company will contact associates by mail within 2 months after retirement who have group or dependent life insurance policies that cease upon retirement to see if they would like to convert to individual policies. *(revised on April 15, 2021)*

**32. What options do associates have regarding their 401k funds in Prudential upon retirement?**

ANSWER: Contributions to the 401k plan will cease. Upon retirement an associate with a 401k balance above \$5,000 has the option to keep the funds with Prudential, directly transfer the funds to a qualified Individual Retirement Account, have the account balance paid in installments, or take a full or partial lump sum distribution. Any 401k fund distributions, other than transfers to qualified IRA's, may be subject to applicable federal/state tax withholdings, and an associate under the age 59 ½ also may be subject to early withdrawal penalties. If the associate has a loan on the 401k account, arrangements can be made with Prudential to continue to make payments post-retirement. Once retired, Prudential will take care of all 401k requests directly.

**33. What deductions come out of an associate's retirement check?**

ANSWER: Taxes are withheld and, for associates eligible for continued medical and dental coverage, medical and dental premiums.

**34. What is the impact to medical FSA when an associate retires?**

ANSWER: An associate may submit for reimbursement for all FSA qualified medical expenses incurred prior to the retirement date. Reimbursements are limited to the annual FSA enrollment amount the associate enrolled in for calendar year 2021. Any unused FSA balances remaining will be forfeited and cannot be paid to the associate.

**35. If an associate retires under SRI, can the associate use as much annual leave as desired up to that date?**

ANSWER: Requests for annual leave are subject to approval by the associate's supervisor and can be subject to disapproval based on business needs. Also, DoD policy requires an associate who will be retiring or separating from employment to work more than one-half of the last pay period including at least a portion of the final day of work.

**36. How was credited service calculated for the SRI retirement estimates?**

ANSWER: The credited service calculation provided in the associate's estimate is based upon the following:

- Years and months of participation in the Retirement Plan
- Average annual earnings received by the associate using amounts paid in 2018, 2019, and 2020
- The sick leave hour balance as of December 26, 2020 were added to the credited service (for example, 173 hours of unused sick leave would increase credited service by about one month)

**37. If an associate participated in the retirement plan buy-backs offered over 20 years ago, will the credited service from the buy-backs be incorporated into the final retirement annuity calculations?**

ANSWER: Yes. If an associate did participate in the buy back and does not believe it was reflected in the retirement estimate, the associate should contact Human Resources.

**38. Are associates under the age of 62 subject to social security offset?**

ANSWER: No. Social security offsets to pension annuity calculations are not applied until age 62.

**39. Where do associates return SRI election forms?**

ANSWER: Associates are to return completed, signed and dated forms by either:

- hand delivery to the local Human Resources Office;
- taking a photo or scan the form and send it as an attachment to an email to [NEXCOM2021SRI@nexweb.org](mailto:NEXCOM2021SRI@nexweb.org); or
- if the associate has access to a NEXCOM computer, using the CAC affix an e-signature on the form and send it as an attachment to an email to [NEXCOM2021SRI@nexweb.org](mailto:NEXCOM2021SRI@nexweb.org).

Responses are to be received by/on April 30 May 7, 2021. If not received, the SRI offer will be considered as declined.

**40. May associates who have enough service to qualify as retirees for military shopping privileges keep their Military Star Cards?**

ANSWER: Yes. As continued authorized shoppers they may keep and use their Military Star Cards.

*- FAQs below added on April 21, 2021 –*

**41. Why has the deadline to submit SRI election forms been extended one week?**

ANSWER: Associates have had more inquiries and questions than were anticipated. The one-week extension to May 7, 2021 will permit additional time for the eligible associates to consider the offer and submit their decisions.

**42. Will the election form be updated to show a due date of May 7, 2021?**

ANSWER: No. The existing election form will remain the same. However, submissions are to be received by May 7, 2021 rather than April 30, 2021, and the form will remain valid through May 7, 2021.

**43. Are there any other dates that are changed as a result of the one-week extension to submit the election form?**

ANSWER: Yes. Associates who elect to retire under SRI may rescind their decisions by May 14, 2021 rather than the original date of May 7, 2021 by submitting written notice to their local Human Resources Office or to [NEXCOM2021SRI@nexweb.org](mailto:NEXCOM2021SRI@nexweb.org).