

Your AF NAF Retirement Plan was developed in the mid-1970s and is now over 30 years old!

We are fortunate to have it as part of our Air Force NAF benefits package. You may have heard that many companies are discontinuing their retirement plans because they can be quite expensive for employers these days.

Not your AF NAF retirement plan; your AF NAF plan is in a solid financial position according to independent retirement plan professionals who audit the plan every year.

### **Getting to Know Your AF NAF Retirement Plan**

We want you to know about your AF NAF retirement plan. Since the plan began in 1976, lifetime retirement benefits have been paid to enrolled AF NAF employees. Your AF NAF retirement plan was developed so that your AF NAF benefit, combined with your social security benefit, would provide a measure of financial security during retirement that would “last a lifetime”. To accomplish this, we designed your plan with a social security “supplement” for benefits paid before age 62.



# AIR FORCE NONAPPROPRIATED (AF NAF) Retirement Plan

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# Getting to Know Your AF NAF Retirement Plan

## Here is how your retirement plan and social security supplement work together for you:

When an AF NAF employee retires before age 62, the plan provides the temporary “supplement”, which is added to your lifetime benefit. The temporary supplement is based on years of participating AF NAF retirement service and estimated age 62 social security benefit earned while an AF NAF employee. For example, the temporary supplement for an AF NAF employee with 30 years in the AF NAF plan would be about 75% of your estimated social security. You can see that in the example at right.

When you get to age 62, and are legally eligible for your social security (regardless whether you actually take it – for your own personal reasons), the temporary supplement portion stops and your benefit after age 62 is our lifetime amount plus your actual social security benefit (if you take it).

**Employees who are affected by joint basing** (which is when another non-Air Force component takes over Air Force Services activities) will be offered the opportunity to remain in the AF NAF retirement plan to accrue future AF NAF service and future AF NAF plan benefits. This also applies to employees who choose the portability option, when employees who are “converted” from NAF to Appropriated Fund (APF) positions may choose to stay in the AF NAF plan even though they are employed as APF.

Let’s take a look at an example of how your AF Retirement Plan provides benefits to you with the temporary (at age 62) supplement and social security benefit. We’ll also show you an example as if the same person was in the Federal Employee’s Retirement System (FERS). Note: The future estimate of your social security benefit can be high or low depends on your personal work history.

*The NAF retirement and Social Security benefits are equal to about 65% of a person’s pre-retirement income. Financial planners and other professional retirement planners generally say we need about 70-80% of final earnings to maintain our lifestyle into retirement. AF NAF employees should consider an added saving plan, such as the AF NAF 401(k) savings plan, for a complete personal retirement plan.*

### Example AF NAF Retirement Plan

#### ASSUMPTIONS:

- » Retirement at age 55
- » 30 years credited service
- » High three annual salary \$30,000
- » Estimated age 62 annual Social Security income \$10,000

	NAF	FERS
Lifetime benefit to age 62	\$ 9,375	\$ 9,000
Add temporary supplement (75% of Social Security)	\$ 7,500	\$ 7,500
Total benefit before age 62	\$16,875	\$16,500
Benefits after age 62: Temporary supplement discontinued at age 62		
Lifetime benefit (same as above)	\$ 9,375	\$ 9,000
Plus, actual social security	\$10,000	\$10,000
Total retirement benefit after age 62	\$19,375	\$19,000

Note: In this example, the “High-Three” salary was \$30,000; after age 62, the total AF NAF retirement benefit (with social security added in) is 64% of the “High-Three” earnings before retirement.

### Military Service Credit

#### Buy-Back in the AF NAF Retirement Plan:

A recent change to the AF NAF retirement plan now permits prior military members who meet certain criteria to buy back up to 5 years of military service for NAF retirement. The cost of the military service buy-back is 3.05% of gross annual salary for each year of service you buy back, up to a maximum of 5 years. The buy-back must be paid in one lump-sum payment and does not count toward the plan’s 5-year vesting requirement. Below is an example of the cost to you if your current annualized pay is \$25,000 and you decide to buy back 3 years of military service credit: 3.05 percent X \$25,000 X 3 years service = \$2,287.50.