NAF Employee Benefits Handbook


MCCS
MARINE CORPS Community Services

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For Regular Nonappropriated Fund Employees of Marine Corps Community Services and other Miscellaneous Nonappropriated Funds

About Your Benefits Handbook

As a Marine Corps regular status nonappropriated fund employee, you have a comprehensive program of benefit plans that are provided to enhance the quality of your life. In order to help you understand how important these benefits are to both you and your family, we have prepared this handbook to explain what plans are available to you, how each plan works, and what benefits you might receive as a plan member.

In this handbook, you will find up-to-date summaries or brief information on:
Department of Defense Uniform Health Plans
Health Maintenance Organizations (HMO)
Long Term Care Insurance
Life Insurance
Retirement Plan
401(k) Plan
Employee Assistance Program (EAP)
Flexible Spending Account (FSA)

In addition, we also include a brief summary on other benefits available to you, such as Worker's Compensation and Social Security.

The plan summaries in the handbook are intended to give you an easy-to-use reference guide to your benefits. However, a summary of this type cannot cover all the details. Each benefit plan is fully documented in an Official Plan Document. If there is any discrepancy between the official documents and this summary, the plan documents will always govern.

This handbook is yours to keep – read it carefully and let your family read it, too. Keep this handbook in a convenient place and refer to it often. As your benefit plan changes, you will receive updated information.

How long does the plan last?
Headquarters, U.S. Marine Corps (MR) expects to continue the Plan(s) indefinitely, but reserves the right to terminate or amend the Plan(s) at any time. Contributions to the Plans will cease on the date termination occurs. Termination of the Plan(s) will not prejudice any payable claim, which occurs while the Plan(s) are in force.

Receipt of this handbook does not constitute an entitlement to benefit enrollment or employment.

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Chapter 1 – Health Insurance

Department of Defense Uniform Health Plan, Dental and HMO coverage

As a NAF instrumentality of the Federal Government, the Marine Corps Community Service Activities and Miscellaneous NAF Activities offer health insurance through the Department of Defense (DoD) Uniform Health Plan (UHP). This plan resulted from the Defense Authorization Act of 1995. Aetna US Healthcare (AUSHC) is currently the third party administrator for the DoD UHP. DoD UHP includes both medical and dental coverage. There are Health Maintenance Organizations (HMOs) available in some geographic locations, in addition to the DoD UHP.

DoD Uniform Health Plan

Under the DoD UHP, there are two different benefit options available; a Preferred Provider Option (PPO) and a Traditional Indemnity Plan. Employees electing to enroll in the DoD UHP are mandated into the plan that is available in their geographic area. For additional information, of specific plan coverage, please contact either your local NAF Human Resources office, or visit the MCCS website at www.usmc-mccs.org/employ/benefits. The employee benefits site has summary plan descriptions available for download or printing.

Retirees eligible for continuation of health care coverage into retirement and are age 65 or older only have the Traditional Indemnity Plan option. Enrollment in Medicare Part A and Part B is mandatory for Indemnity Plan retiree participants. Participation in the DOD UHP for eligible retirees is voluntary.

The various DoD UHP plans available to you as a Marine Corps NAF employee are listed on the following page.

Eligibility Requirement

You must be a regular full time or regular part time civilian employee, regularly scheduled to work at least 20 or more hours each week to be eligible for health benefits. Active duty military are not eligible for this benefit. Eligible employees employed outside the 50 United States or the District of Columbia are eligible only if that individual is : Employed on the U.S. payroll; have a Social Security Number or individual tax identification number and are subject to U.S. tax, and are not subject to a Status of Forces Agreement provision that precludes eligibility. (This revised eligibility criteria became effective 21 July 2009)

<u>Benefit Options</u>

Open Choice

This plan is known as a “preferred provider option.” (PPO) As a member of this plan, each participant is required to seek medical care from a list of participating providers, known as “network providers.” If care is obtained outside of this network, benefits will be paid at a lesser level (meaning there is a higher out of pocket cost to you). There is NO requirement for a Primary Care Physician with the Open Choice plan, nor do you need to obtain referrals for specialty care.

Traditional Choice

This plan is known as a “traditional indemnity plan.” There are no networks to follow, and no need to select a primary care physician. Under this plan, each member has an annual deductible and specific co-insurance requirement. This plan is only available where there is no PPO and/or for retirees age 65 or older.

To determine which plan is available in your geographic area, please contact your local HR office.

UHP Passive PPO Dental Plan

With the UHP Dental Plan, there is no dental network to follow, and you do not need to select a participating provider. However, if you do choose a dentist that has a Preferred Provider Option (PPO) with Aetna, you will benefit from greater discounts and no balance billing. This is called a "passive" PPO dental plan, and is strictly voluntary.

If the HMO you are enrolled in for health insurance offers a dental plan you are not authorized to participate in the Aetna dental plan. If you are enrolled in an HMO that does not offer dental, you are eligible to enroll in the DOD UHP dental plan.

Stand Alone Dental

Effective January 1, 2008, the Stand Alone Dental Plan (SAD) was implemented. This plan is an additional plan that is available to eligible employees not enrolled in a Marine Corps NAF employer sponsored medical or dental plan.

Employees may not be enrolled in the SAD plan if they are enrolled in an employer offered medical and/or dental plan. Enrollment in the Stand Alone Dental Plan is limited to eligibility periods or open enrollment periods. Contact your local HR office for more information.

Aetna International

Aetna International is an overseas benefit for Aetna participants that makes sure you are taken care of in the event of routine or emergency medical/dental situations during your employment overseas. It provides portable and comprehensive worldwide medical and dental coverage that offers you the flexibility to access care from the provider of your choice anywhere in the world. Aetna has established relationships with leading hospitals and other medical facilities throughout the world to make it as easy as possible for you to get proper medical attention, when you need it, where you need it.

When you access care at an Aetna International contracted direct-pay medical facility or provider, your out-of-pocket expenses may be reduced because you'll generally be responsible for a smaller portion of the bill and Aetna will pay the facility directly for any remaining covered expenses according to your specific benefits coverage.

To contact an Aetna International Customer Service Representative, please call 888-506-2278, or collect at 813-775-0189. For more information about Aetna International, please log onto: www.aetnainternational.com. You can also contact an Aetna International representative by email at agbservice@aetna.com.

Aetna's multilingual member service professionals are available 24 hours a day, via telephone, fax, or e-mail to respond to members' international benefits needs. They can also assist you with locating a health care professional in your area, questions regarding claims, benefit levels and coverage. They also provide Global Claim Processing, in virtually any language with three reimbursement options, to include a check, wire, or Electronic Funds Transfer (EFT).

Health Maintenance Organization (HMO)

In addition to the DoD UHP, there may be an HMO available in your area. The HMOs currently available to eligible civilian Marine Corps NAF employees are:

- Northern Virginia – Kaiser Mid Atlantic
- Southern California – California Care, HealthNet, Kaiser California
- Hawaii – Hawaii Medical Services Assoc. (HMSA), Kaiser Hawaii

For specific information on HMO coverage available in your area, contact your local NAF Human Resources office.

Health Enrollment

IMPORTANT! You MUST sign, date and return the completed medical and dental enrollment forms to your Human Resources office WITHIN 31 DAYS of your eligibility date for you and your dependents to be covered.

If you don't sign and return your form within 31 days of your eligibility date, you may not elect Health Coverage until the next open enrollment period established by your employer.

There are no late enrollment provisions for medical or dental coverage. After your eligibility period has expired, you will have to wait until a designated open enrollment period to enroll. There may be opportunities to enroll if you have a life 'qualifying event". Contact your local HR Office for more information.

Section 125 Premium Conversion Plan

Health insurance premiums are deducted prior to calculation of your taxable gross income-therefore taxes are deferred on the portion of your pay that is used to pay your bi-weekly health insurance premiums. This is known as the "Section 125 Premium Conversion Plan" – as defined by that section of the Internal Revenue Service code.

Participation in the Section 125 Premium Conversion Plan is automatic unless you "opt out". There is an opportunity to opt out every year (in the fall timeframe) during the open enrollment period. The effective date of your election to opt out is January 1, following the selection period. Failure to opt out will result in automatic participation.

Participation in the Section 125 Premium Conversion Plan restricts when you can cancel health insurance during the year (outside of the normal open enrollment period). Cancellation is only authorized when a "qualifying" event occurs or if switching to a government sponsored medical plan such as Medicaid. More information on Section 125 Premium Conversion Plan and the qualifying events can be found in the Section 125 handbook on the Employee Benefits website at www.usmc-mccs.org/employ/benefits.

If you have opted out of the Section 125 Premium Conversion Plan you will not have to satisfy any qualifying event(s) to cancel coverage, should you elect to. Those that have opted out may cancel their health coverage for any reason.

It is imperative that you remember that once coverage is cancelled, you may not re-enroll until the next open enrollment period. All enrollments occurring during open enrollment are effective 1 January, following the open enrollment period.

Dependent Eligibility

You may cover eligible family member in the employer sponsored health plans. Eligible dependents include:

- Wife or husband, including a common-law wife or husband in those states that recognize common-law marriages, and Same Sex Domestic Partners (SSDP's).
- Children up to 26 years of age
- Any child over the maximum age of 26 who is determined to be incapable of self-support due to a disability /handicap. Proof of handicap must be submitted to Aetna no later than 31 days after the maximum age is reached. Enrollment is contingent on approval of the disability.

Children include:

- You or your SSDP's biological children or adopted children
- Your step children
- Any other child who is not your biological, adopted, or step child, but who lives with you and is dependent upon you. Evidence providing dependency is required in the form of court documentation of legal guardianship or inclusion of the child on your income taxes.

No person may be covered both as an employee and dependent and no person may be covered as a dependent of more than one employee.

If you have a new dependent either by birth or adoption, you must notify your local HR office to enroll that new dependent within 31 days of the adoption or birth. Failure to enroll within 31 days of eligibility will result in no future opportunity until next designated open enrollment period. The same rules apply for marriage or divorce.

Coverage Requirements

Your coverage election (i.e. single, self +1, family) must be the same for both medical and or dental coverage. This applies to both UHP and all HMOs

- You cannot have self only medical and family dental
- You cannot have family medical and self only dental

When Medical and Dental Coverage End

Your coverage will automatically cease at midnight upon termination of employment.

Provided you make premium payments, medical and dental insurance may be continued as long as you are in an eligible class. If the eligibility criteria are met, you may continue medical and dental coverage into retirement. Failure to make premium payments will result in cancellation of your coverage. Please see "Medical and Dental Coverage at the time of Retirement"

Temporary Continuation of Coverage (TCC): At the time of your termination, status change or dependent loss of coverage, you may be eligible to continue your medical coverage for 18 months, provided you have been enrolled in an employer sponsored medical plan for a minimum of 90 days, and are enrolled at the time of termination. TCC applies to any employee, retiree, or dependent that is no longer eligible to participate in NAF Health Benefit Plan for any reason other than termination for cause. An employee has 60 days after the regular plan of medical coverage terminates to enroll in the Program. You must enroll in the plan that is determined by your place of residence. The continuation provision will start from the date of the Qualifying Event. The cost of continuing medical coverage for 18 months is the full monthly rate plus an administrative fee. You will be billed each month for the premium due. Failure to make premium payments on a timely basis will result in immediate, irrevocable cancellation of medical coverage. There are no provisions for continuation of dental coverage. TCC is not available to those ages 65 and older due to Medicare entitlement.

Temporary Continuation of Coverage for Employees who are Totally Disabled:

Employees who have been approved for total disability when their NAF Health Benefit Plan medical coverage ends may be eligible for continuation of medical coverage for up to 36 months from the date medical coverage ends. The cost of this medical coverage depends on the length of time covered under the Plan. Employees in the Plan for less than 5 years pay 102% for 36 months of coverage, including dependents. Employees in the Plan for 5 or more years will be covered for 12 months with no payment of premiums, and then will pay 102% for the next 24 months, including dependents.

Medical and Dental Coverage at the time of Retirement

Medical

Employees retiring who have participated in the medical insurance plans for the 15 cumulative years prior to retirement may be eligible for continuation of medical coverage at the special group rate. The cost is shared between the employee and the employer.

Participation in other NAF Service plans applies to your participation requirement (i.e. if you previously worked for Navy MWR, AAFES, Army MWR, Airforce MWR, or NEXCOM and participated in their health plans). Enrollment evidence will be required.

For voluntary APF to NAF conversions/transfers, FEHBP may count towards the 15 year requirement for continuation of Medical insurance, provided the FEHBP participation was continuous (and the break in service is no more than 3 days). Please note, there are some underlying requirements, so please contact your local Human Resource office to confirm your eligibility.

Eligible employees involuntarily converted from Civil Service (APF) to NAF will be allowed to continue health insurance after retirement if they have five years of continuous participation in FEHBP and/or NAF health plan, provide the break in service was not greater than 3 days.

Whenever possible, premiums will be deducted from the annuity payment; otherwise retirees will be billed each month for the premium due. Failure to make premium payments on a timely basis will result in immediate cancellation of coverage. Cancellation of coverage is irrevocable. CSRS/ FERS retirees will be billed each month for the premium due.

Medicare eligible retirees

If you are a retired employee who is in an Eligible Class and you are eligible for Medicare and have a dependent(s) that is not eligible for Medicare, you may change your current coverage during Open Enrollment Periods under either the Open Choice Plan or the Traditional Choice Plan.

If you are a retired employee who is in an eligible class and you and all of your dependents are eligible for Medicare, you will only be eligible to select the Traditional Choice Plan.

If you are a retired employee who is in an eligible class and are currently enrolled in the Open Choice Plan and all of your dependents become eligible for Medicare, you and your dependents will be required to switch to the Traditional Choice Plan without any further option to elect coverage in the Open Choice Plan.

If all enrolled family members are Medicare eligible, all must enroll in Traditional Choice from Open Choice.

HMO Enrollment is not authorized for retirees age 65 and over.

Enrollment in Medicare Part A & B is mandatory for retirees age 65 and over.

Retirees age 65 and over will be transferred to the Traditional Choice plan if they are in PPO or in an HMO before the age of 65. This transfer is **not** automatic, and requires that retirees request the coverage change. Failure to request this change will result in the cancellation of coverage. Medicare Part D –There is no coordination of benefits with DOD UHP Medical for prescription coverage.

If coverage is cancelled there is no opportunity to re-enroll.

If you die while you are a retired participant of the group health plan, your eligible family member(s) that are enrolled at the time of your death may be entitled to continue medical and dental insurance. Medical insurance will be provided for the first four months after your death at no cost. After four months your family member(s) will be charged the appropriate premium rate. Dental, if applicable, will be continued at the appropriate rate.

Retirees not eligible for continuation of medical coverage may be eligible for a temporary continuation of coverage, as described on page 4.

Dental

Employees retiring who have participated in the dental insurance plan for the 15 cumulative years prior to retirement and are eligible for medical continuation may be eligible for continuation of dental coverage at the special group rate (this does not include Stand Alone Dental). Please note, eligible retirees can only continue Aetna Dental. There is no continuation of HMO Dental.

For voluntary APF to NAF conversions/transfers, FEHBP may count toward the 15 year participation requirement for continuation of dental insurance provided the FEHBP participation was continuous, provided the break in service is not greater than 3 day, and the retiree is eligible to continue medical coverage.

Eligible employees involuntarily converted from civil service (APF) to NAF may be authorized to continue dental insurance into retirement if they have five years of continuous participation in FEHBP and/or NAF dental and provided they are eligible to continue medical coverage and the break in service was not greater than three days.

Premiums will be shared between the employee and the employer. When possible, premiums will be deducted from the annuity. Otherwise, retirees will be billed each month for the premium due. CSRS/FERS retirees will be billed each month for the premium due. Failure to make premium payments on a timely basis will result in immediate cancellation of coverage. This cancellation is irrevocable.

Chapter 2 - Life Insurance

Eligibility

If you are a regular full-time or regular part-time civilian employee, regularly scheduled to work at least 20 or more hours each week, you are eligible for the Life and Accidental Death & Dismemberment (AD&D) Plan. You must enroll within 31 days of your eligibility. Enrollments occurring after the 31 day eligibility period are subject to an approval process.

Active duty military are not eligible for this benefit.

A U.S. citizen or permanent resident alien employed in the United States.

- Effective July 21, 2009, for overseas employees: the employee must be employed on the U.S. payroll, have a Social Security Number or Individual Tax Identification (TIN), and are subject to US Income Tax and not subject to a Status of Forces Agreement provision that precludes eligibility.

Cost

Active: the cost for Standard Life and AD&D insurance is shared by the employer. Please refer to the current rate sheet for the bi-weekly premium. Rates are subject to change, and every effort will be made to publish premium changes in advance. The full cost of Optional and Optional Dependent life is borne by the participant, both for active and eligible retired employees.

Retired: the cost for Life coverage may be shared by the employer (50/50) if you meet the following criteria:

- Effective 1 January 2006 – Employees retiring with an unreduced early annuity (i.e. 60 with 20; 55 with 30) and meet the 15-year enrollment will have coverage premium shared by the employer (50/50).
- Age 62 (minimum) and have 15 cumulative years of enrollment.

Retirees not yet aged 62, but at least age 52, and who have been enrolled in the plan for 15 cumulative years, may continue Life coverage, but are responsible for the full premium.

AD&D coverage does not apply to retirees.

Your Benefit Amount

Your "benefit amount" (the amount paid in the event of your death) is based on your annual salary, rounded up to the next highest $1,000, plus $2,000. The life insurance offered is "term life." It does not accrue a cash value. Please note that the Accidental Death & Dismemberment portion of the program may pay an additional benefit if your death results from a documented accident. Appropriate documentation to support the accident will be required. AD&D does not apply to retirees.

Life Insurance Volume for Active Employees

Annual Rate/ Basic Earnings More Than	Not More Than	Benefit	Annual Rate/ Basic Earnings More Than	Not More Than	Benefit
$ under	1,999	4,000	20,000	20,999	23,000
2,000	2,999	5,000	21,000	21,999	24,000
3,000	3,999	6,000	22,000	22,999	25,000
4,000	4,999	7,000	23,000	23,999	26,000
5,000	5,999	8,000	24,000	24,999	27,000
6,000	6,999	9,000	25,000	25,999	28,000
7,000	7,999	10,000	26,000	26,999	29,000
8,000	8,999	11,000	27,000	27,999	30,000
9,000	9,999	12,000	28,000	28,999	31,000
10,000	10,999	13,000	29,000	29,999	32,000
11,000	11,999	14,000	30,000	30,999	33,000
12,000	12,999	15,000	31,000	31,999	34,000
13,000	13,999	16,000	32,000	32,999	35,000
14,000	14,999	17,000	33,000	33,999	36,000
15,000	15,999	18,000	34,000	34,999	37,000
16,000	16,999	19,000	35,000	35,999	38,000
17,000	17,999	20,000	36,000	36,999	39,000
18,000	18,999	21,000	37,000	37,999	40,000
19,000	19,999	22,000	38,000	38,999	41,000

*For $39,000 or more, the amounts of Standard Life and AD&D coverage are determined in the same manner as the table above.

Change in coverage amounts

As your annual salary increases or decreases, the amount of your life insurance will change accordingly.

If you qualify for continued life insurance upon retirement, your life insurance volume will decrease at the rate of 25% of initial volume at age 66, 67, and 68. No Accidental Death and Dismemberment insurance is continued for retirees.

Accidental Death and Dismemberment Benefits

If you incur the loss of each eye, hand or each foot, you may be eligible to receive ½ your AD&D benefit, as shown on the preceding table. No more than your full AD&D benefit will be paid for two or more losses. A “loss” of a hand or foot means the hand or foot was cut off at or above the wrist or ankle. Loss of sight means that sight will never be regained. Specifics on benefits will be provided at the time of application and are subject to change. Retirees are not eligible for AD&D coverage.

What the AD&D Plan Does Not Cover

The AD&D portion of your plan does not provide benefits for any losses caused by:

- Bodily or mental infirmity
- Disease, ptomaine or bacterial infections of any kind
- Medical or surgical treatment
- Suicide, attempted suicide, or intentionally self-inflicted injury (whether sane or insane)
- War or act of war (whether declared or not)

Accelerated Life Insurance Benefit

The Accelerated Life Insurance Benefit is a provision of the group life plan. This benefit is designed for employees who have been diagnosed with a terminal illness. You may be able to withdraw up to 50% of your life insurance, and use it to pay medical bills, etc. You must provide a doctor's certificate to apply for this benefit. Completion of appropriate applications is required. Payment is made upon approval by Life Insurance carrier.

When Your Life Insurance Coverage Ends

Life insurance coverage ends when you terminate employment. However, if the insured's death should occur within 31 days thereafter, the life insurance death benefit will be payable.

At the time of your retirement, you may be eligible for continued insurance if you meet the continuation criteria. See the "Continuation of Coverage After Retirement" section in this booklet for more details.

Converting to Individual Coverage

If you retiring, and are not eligible for life insurance continuation, you may wish to convert to an individual policy. Premiums for individual life insurance are paid for completely by the insured. For conversion information, contact your local personnel office. You are responsible to pursue this conversion option with the Life insurance carrier directly.

Your Optional Life Insurance Plan

Participation Information

Eligibility requirements: If you are a regular full-time or regular part-time civilian employee. regularly scheduled to work at least 20 or more hours each week, AND you are enrolled in the Standard Life and AD&D plan, you may sign up for the Optional Life insurance plan during your eligibility period.

- Any individual employed outside the 50 states of the United States or the District of Columbia is eligible ONLY if the individual is a U.S. citizen.
- If Marine Corps Community Services (MCCS) or other miscellaneous Marine Corps NAF activity employs both husband and wife (or SSDP), they may not insure each other through Optional Dependent life plans.
- Enrollment in the Standard Life plan is a mandatory prerequisite.
- If you are enrolled in Standard Life and would like to enroll in Optional Life after your eligibility period, you must complete a personal health statement and enrollment is only authorized after approval by Life Insurance carrier.

Benefit Amount: Optional Layer # 1 and # 2

The volume of the Optional Life insurance plan is equal to the volume of Standard Life. For example, if your Standard Life benefit is $25,000, then Optional Layer #1 is also $25,000, giving you a total benefit of $50,000.

The volume of the second layer of Optional Life (Optional #2) insurance plan is equal to twice the volume of Standard Life. Standard Life + Optional #2 = total benefit. Using the example above: $25,000+$50,000= $75,000. (These numbers are for illustrative purposes only, and should not be construed as a promise of a benefit.)

You can only be enrolled in one Optional Life insurance plan. You cannot enroll in Optional Life #1 and Optional Life #2; it must be one or the other.

The amount of Optional Life insurance is determined by the annual salary and your age as reported through the payroll system and is calculated as follows: annual salary rounded to the next highest $1,000 plus $2,000. The amount of insurance available to the employee will increase or decrease as the salary increases or decreases, and as you get older. Premium payments for Optional Life insurance are based on your age, and are determined per $1,000 of coverage.

The Optional Life insurance premium is totally funded by the employee. All premiums are made through payroll deduction, and are subject to change. For up to date premium rates, contact your local personnel office or visit the website at www.usmc-mccs.org/employ/benefits.

Optional Dependent Life Insurance

Employees covered under the Standard Group Life Insurance Plan may elect optional coverage for their lawful spouse or SSDP and dependent children. If Marine Corps Community Services (MCCS) or other miscellaneous Marine Corps NAF activity employs both husband and wife (or SSDP), they may not insure each other through Optional Dependent life plans. Dependent children include, in addition to your own natural or lawfully adopted child, a stepchild, foster child, or child less than 19 years of age that qualifies as your IRS dependent.

Eligible dependent children that are unmarried students, under age 23, and who regularly attend an accredited school on a full-time basis, will also be considered your dependent if they depend fully on you for support and are not employed full time. A certification of full time school enrollment will be required annually. Failure to provide applicable certification will result in cancellation of coverage. Age 26 adult children provision does not extend to group life insurance.

Coverage may be available to eligible handicapped/disabled dependent children upon reaching the age limit upon approval of the disability. Contact your HR Office for more information.

There are four Dependent Life plan options. The employee is the only eligible beneficiary for Optional Dependent Life.

Optional Dependent Life Insurance		
Dependent Life	Spouse or SSDP Coverage	Dependent Child(ren) Coverage *Per child
Optional Dependent Life 1	$5,000	$2,500
Optional Dependent Life 2	$10,000	$5,000
Optional Dependent Life 3	$15,000	$7,500
Optional Dependent Life 4	$20,000	$10,000

The Optional Dependent Life plans are billed as a unit, so you pay a flat rate for all dependents whether you have one or many. Premiums are paid wholly by the employee through payroll deductions and are subject to change. Consult your local personnel office or the MCCS website for current premium information.

When Dependent Life Insurance Ends

Coverage for dependents may be continued as long as the covered individual qualifies as a dependent under the Plan, provided premium payments are made as required. Premium payments are funded solely by the employee.

Dependents may be continued at the time of your retirement if qualification criteria are met. If the employee or retiree dies, the dependent life coverage will cease.

Filing Life Insurance Claims

Upon your death, your beneficiary will be required to file a claim for benefits through your local Personnel office. A certified copy of the certificate of death will be required to file any claim for benefits. Your beneficiary should contact your personnel office for further details. Should you name a minor child as your beneficiary, the surviving parent or guardian will be required to submit legal guardianship papers in order for life insurance proceeds may be paid.

Failure to provide the appropriate legal documentation for minor beneficiaries will result in a delay in benefit payments until the dependent reaches age of majority.

Beneficiaries of retirees should contact Headquarters, U.S. Marine Corps (MRG) for claims information.

Life Insurance during Retirement

Employees retiring on or after age 52 may be eligible for continuation of their group life insurance at a special group rate. Such employees must be eligible for an immediate annuity and must have participated in the group life insurance plan for the 15 cumulative years prior to retirement. The amount of insurance in force at age 65 will decrease at the rate of 25% on each of the 66th, 67th, and 68th birthdays of the retiree. The volume in force at age 68 will remain until the death of the retiree.

For voluntary or involuntary APF to NAF conversions/transfers, FEGLI participation may count toward the 15 year life insurance continuation requirement.

Whenever possible, premiums will be deducted directly from the retiree's annuity payment. Otherwise, the retiree will be billed each month for the premium due. Failure to make premium payments on a timely basis will result in the immediate cancellation of insurance. Such cancellation is irrevocable. CSRS/FERS retirees will be billed each month for the premium due.

Life Insurance Premium Rates

Eligible civilian employees electing continuation of Standard Life Insurance at the time of retirement will be subject to premiums as follows:

- Retirees aged 62 and higher with 15 years of cumulative coverage will be charged 50% of the group rate.
- Effective 1 January 2006 – Employees retired with an unreduced early annuity (i.e. 60 with 20; 55 with 30) and have 15 years of cumulative coverage will have coverage premium shared by the employer. (50%)
- Retirees aged 52 – 61, but not yet 62, and who have 15 years of cumulative coverage in the group life insurance plan will be charged the full group rate.

Chapter 3 – Long Term Care Insurance

One of the most over-looked benefits that employers offer is Long Term Care coverage. This may be because many people are not aware of what Long Term Care (LTC) covers.

Long-term care insurance is designed to assist people with a chronic condition, whether it is a permanent condition or a temporary one. Long-term care itself is skilled intermediate or custodial care to assist individuals of any age who are unable to take care of themselves. This benefit helps after a prolonged illness, or a severe accident. This type of care can take place in a variety of settings:

- **Institutional based care**
  Nursing home facility
  Alternate care facility
  Hospice facility
- **Community based care**
  Home health care
  Adult day care/foster care
  Assisted living facility
  Home hospice care

Long-term care services are provided on a temporary or a permanent basis, depending on the type of care needed. Services range from simple meal preparation to complete 24 hour monitored care. Nearly 80 percent of all long-term care is provided in a setting other than a nursing home.

Long-term care is not only for the elderly. Current statistics indicate that 40% of long term care recipients are between the ages of 18 and 65. One in three of currently employed individuals will face caretaker responsibilities at some point in their lives, whether for an ill or injured child, spouse, SSDP, or for an elderly relative.

Private health insurance typically only pays for medically necessary expenses, and that coverage is limited. Medicare only covers skilled care, and you must be hospitalized for three consecutive days before the benefit is paid. Medicaid is available only to individuals who have become impoverished, and disability insurance only covers lost wages - -it does NOT pay for long term care expenses

Long-term care insurance is designed to fill the gap that the above benefit plans don't cover. If you do not have LTC coverage, you will need to pay for this type of care out of pocket, and run the risk of depleting your retirement and other savings.

Long Term Care enrollment kits are available at your local personnel office, or you can request one directly from the plan vendor, CNA at the toll free number 877-777-9072. Information is also available on the MCCS website at www.usmc-mccs.org/employ/benefits. Check the plan provisions for benefits and exclusions.

Who is eligible for Long Term Care coverage?

The long term care benefit is available to all regular full time and regular part time employees, who are regularly scheduled to work at least 20 or more hours each week. You must enroll within 31 days of your eligibility. Enrollments occurring after the 31 day eligibility period are subject to an approval process.

Your spouse or SSDP is eligible for this coverage, and you can pay for their premiums through payroll deductions. Your parents and in-laws are also eligible for this coverage, based on your employment with MCCS. Simply have them call the toll free number and request an enrollment kit. There is an approval process for this coverage, and they will be billed on a monthly basis.

An excellent feature of this benefit is the fact that as long as you continue to pay your premiums on time, you are "locked in" to the premium rate for your age at the time of enrollment. So, you will continue to pay the premium rate for that age group even as you grow older. If you leave MCCS, CNA will bill you directly, enabling you to retain this valuable benefit at a great price.

Chapter 4 – Your Retirement Plan

Whether you are nearing retirement, or plan to work for many more years, planning ahead for your retirement is important. It is NEVER too early to think of the future.

Your employer sponsored program provides two plans to help you build your retirement income: The Group Retirement (defined benefit) plan and your 401(k) savings plan (defined contribution). The benefits described in this handbook are especially valuable to you, your family, and your financial future!

Participation Information

You are eligible to join the Plan provided you are:

- At least 18 years of age.
- Employees in a regular employment status shall be eligible to participate in certain employee benefit programs where so stipulated.
- For overseas employees: the employee must be employed on the U.S. payroll, have a Social Security Number or Individual Tax Identification (TIN), and are subject to US Income Tax.
- Not subject to a Status of Forces Agreement provision that precludes eligibility.

There is no waiting period to join the Plan. Once you achieve an eligible status, you will be automatically enrolled into the Plan unless you opt out. You may join later if you wish; however, all benefits, including the vesting period, are based on your enrollment date, not your employment date. Failure to make an election to waive the defined benefit plan will result in an automatic enrollment into the Plan. Employee contributions will not be refunded until employment is terminated or changed to a flexible status. If you elect to waive participation you will never be able to buy that time back should you change your mind and enroll at a later date. All time previously waived is forfeited.

You and your employer may each make contributions toward the cost of the Retirement Plan. Currently, your contributions are equal to 1% of your gross earnings. (Refer to Definition of Covered Earnings). For example, if you earned $20,000 per year, you would make $769.00 per pay period. Your 1% contribution would be of $7.69 per pay period! This is provided as an example only, and should not be construed as a promise of a benefit.

You are fully vested in the Group Retirement Plan after 5 cumulative years of contributory participation. Your retirement participation may be CREDITABLE when you transfer from one Department of Defense (DoD) NAF employer to another. You may be eligible to carry forward all prior credited service for retirement annuity purposes, provided:

- Your break in service does not exceed 90 days, and
- You have not commenced receiving, or are not about to receive a retirement annuity from the losing NAF plan.

Your retirement participation may also be PORTABLE when you transfer to a retirement-covered Civil Service position with any federal agency. This means that you may continue participation in the MCCS NAF Retirement Plan as a Civil Service employee, provided:

- Your break in service is not greater than 1 year.
- You have not commenced receiving or are about to receive a NAF retirement annuity.
- For more information on the portability of your retirement benefit, contact your local NAF Personnel office.

Credited Service

When reading or talking about your retirement, you will frequently hear reference to “credited service.” Your annuity under the Retirement Plan is determined by a defined benefit calculation. This calculation is based on credited service (years you spend contributing to the Plan) and your average highest 3 consecutive annual earnings.

Terms you need to know:

Credited Contributory Service: This is counted for all periods for which you were paid by your Employer and made the required contributions to the Plan.

Credited Service: If you enrolled into the Plan prior to January 1, 1976:

- If you enrolled when you were first eligible, all continuous employment between January 1, 1956 and January 1, 1976 is counted. Any break in service will nullify this credited service provision.
- If you enrolled later than when you were first eligible, you may count participation from the date you joined the Plan until January 1, 1976.

*Please note: if you were not eligible for the Plan before January 1, 1976, you may receive credit for at least a part of your continuous past service. If you were eligible, but did not enroll, no past service credit is given.

If you enrolled in the Plan on or after January 1, 1976, credited service is the same as Credited Contributory Service.

For the purpose of calculating your retirement income, credited service will also include:

- Up to 5 years of unused sick leave (173 hours of sick leave equals 1 month of credited service), provided you are eligible for an immediate annuity (not deferred, except if deferred because position has been eliminated due to Business Based Action on or after 1 January 2010).
- Purchased honorable military service – provided the service was not or will not be used under another employer's retirement plan, and you are not receiving a military annuity. (military service credit does not count toward vesting requirement)
  - Note for Purchase of Honorable Military Service Credit: Statement of Intent to Purchase Military Service Credit (active duty and honorable conditions only) must be submitted to your local Human Resources Office within 90 days from the day you enroll in the group retirement plan to qualify. Eligibility and cost will be determined by Headquarters. Payment must commence within 30 days from date of notification.
- Unpaid military leave of absence from covered employment (provided you are actively enrolled in the Retirement Plan at the time you enter service, and return to your job and again become an active member within the prescribed time limit).
  - Note for Purchase of Unpaid Military Unpaid Leave of Absence under P.L.103-353 Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA): Honorable active duty service must be for one of the designated contingency operations. Application must be made immediately upon re-enrollment in the Group Retirement Plan. Eligibility and cost will be determined by Headquarters. Payment must commence within 30 days from the date of notification. This is separate and apart from purchased honorable military service credit.

Retirement Options

Normal Retirement: Your "normal retirement" date is the first of the month coinciding or next following the date of your 62nd birthday, if you have completed at least 5 years of credited contributory service.

Early Retirement (Unreduced Benefits): You may retire early, with unreduced benefits on the first of any month on or after:

- You reach age 55 and have at least 30 years of Credited Service, or
- You reach age 60 and have at least 20 years of Credited Services

Early Retirement (Reduced Benefits): You may also retire as early as age 52, provided you have at least 5 years of Credited Service. However, your benefits will be reduced. The amount of this reduction is 1/3 of 1% for each month between the date your benefits begin and your 62nd birthday.

Late Retirement: You may postpone retiring past age 62. You can continue to make contributions to the defined benefit plan until you actually retire.

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 Benefits Under the Retirement Plan: If you are a Plan member and become totally and permanently disabled, (as determined by your attending physician on the appropriate Attending Physician statement), and have completed at least 5 years of Credited Service, you may be eligible for a disability retirement benefit under this plan. This benefit is equal to the greater of (a) or (b) minus (c). Under no circumstances will the benefit be larger than the maximum disability benefit as explained below:

a. The Basic Retirement Annuity described under your Retirement Income, unreduced because of age, OR
b. The smaller of (1) or (2):
    1. 40% of your High Three average earnings before the date of your disability,
    2. The benefit described under your Retirement Income after increasing your service by adding the period from your date of disability to age 60, MINUS
c. 100% of any Social Security benefits or Workers' Compensation benefits to which you may be entitled.

If you are eligible for Workers' Compensation, your Maximum Disability Benefit, including Worker's Compensation, may not exceed 90% of your High Three Average annual earnings, minus any Social Security Benefit (and/or Worker's Compensation benefit) payable to you.

NOTE:
Please contact your local NAF Personnel office for a retirement estimate calculation. An estimate can be calculated for several different retirement options. Bear in mind, however, that the results are an ESTIMATE ONLY, and are not to be construed as a promise of a benefit. The estimate is a guideline for you to use. **If you are receiving Workers' Compensation benefits, your retirement annuity will be offset by the full Workers' Compensation benefit.**

A retirement calculator is available for MCCS employees via www.usmc-mccs.org/employ/benefits, or through PeopleSoft (Main Menu>Self Service>Benefits>Benefits Information>MCCS NAF Pension Estimates)

Your Retirement Income

The group retirement plan was originally implemented in 1966. It was modified in January 1976 and January 2001. The retirement benefit you are entitled to is based on your enrollment date.

1. If you were a plan participant prior to January 1, 1976, your annuity is determined in the following way:
    - 2/3% of 1% of the first $4,800 of the average final 5 year earnings* PLUS
    - 1 2/3% of the excess of $4,800 of the average final 5-year earnings*, times applicable credited service from January 1956 to January 1976.

2. If you were a plan participant on or after January 1, 1976 and prior to January 1, 2001, your annuity is determined the following way:
    - 1 ½% high 3 average annual earnings* for the first 5 years, PLUS
    - 1 ¾% high 3 average earnings* for the second 5 years.
    - 2% of every year over 10 years of high 3 annual earnings*, MINUS
    - The Social Security offset, 2-½% of annual age 62 Social Security entitlement times credited service. If you retire prior to age 62, the Social Security offset is deferred until you reach age 62.

3. If you became a plan participant on or after January 1, 2001, your annuity is determined in the following way:

- 1% of high 3 average annual earnings* times credited service (1.1% after age 62), PLUS
- If you retire prior to age 62, 2½% of annual age 62 Social Security entitlement times credited service.

*Refer to definition of covered earnings

NOTE: If you were a plan participant prior to January 1, 2001, your annuity will be computed using #2 and #3 above. You will receive the greater benefit to ensure the value of your annuity is protected.

The maximum Retirement Annuity for Credited Employment both before and on or after January 1, 1976, and before the Social Security offset and the reduction for early retirement will be 80% of your High Three average annual earnings.

How Benefits Are Paid

Your retirement income is paid monthly. The amount you receive each month is based on the information provided in the section titled "Your Retirement Income". The monthly amount you receive will also increase if the "Cost of Living" increases. The amount of your annuity may increase on January 1 each year to reflect cost of living adjustments (a maximum of 3 percent each year) if applicable. Increases will be based on changes in the Consumer Price Index (CPI) published by the Bureau of Labor Statistics, or other index deemed more suitable to accomplish cost of living adjustments, and are not guaranteed. The COLA will be applicable only to Retirement Benefits which became payable after January 1, 1976, for employees having credited contributory service on and after January 1, 1976.

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 30th. If the CPI is a negative number, the COLA will be zero for the following year.

Pre-Retirement Surviving Spouse* Retirements and Disability Retirements are not eligible for COLA adjustments.

Normal Payment Form

The Plan's Normal Payment Form is called a Life Retirement Annuity, and is based on the Plan's Basic Retirement Annuity formula. You may receive payments as long as you live.

If you die before receiving benefit payments at least equal to your contributions with interest, the balance will be paid to your beneficiary.

If you are married* at the time of your retirement and elect to provide for a surviving spouse* benefit, your Basic Retirement Annuity will be reduced by 10%. After your death, 55% of your basic retirement annuity (before the 10% reduction) will be continued to your surviving spouse*. If your spouse* pre-deceases you, your election will revert back to your pre-reduced amount. **There is no provision to change a spouse* election. This election is irrevocable (even in a divorce situation)**.

If you are single at the time of retirement, you will receive a Lifetime Retirement Annuity unless you elect one of the optional forms of payment, described below.

**Because Group Retirement Plan is an IRS qualified plan; the legal rule on definition of spouse does not recognize Same Sex Domestic Partners (SSDP); therefore SSDPs are not eligible for or entitled to spousal benefits.*

Optional Payment Forms

Survivor Annuity Option (Unmarried Member Only): If you are not married at the time of your retirement, you may elect a reduced Retirement Annuity to be paid as long as you live, with the further provision that 55% of this reduced Retirement Annuity will be continued after your death, to your beneficiary. Your named beneficiary is an irrevocable decision and cannot be changed under this provision.

Ten Years Certain and Continuous Option: Effective January 1, 2008, this option has been eliminated.

NOTE: a "Lump Sum" is payable whenever the combined Retirement Annuity payments to you and your surviving spouse* or beneficiary are less than your contributions with interest. The "Lump Sum" is, therefore, the difference between these benefits payments and your contributions with interest.

If you elect an option that does not offer your spouse* a benefit upon your death, your spouse* is required to sign a "statement of understanding" in Section III of the retirement benefit application form.

Survivor's Benefits

If You Die Before Retiring:

- If you are single, or if you are married*, and have not completed at least 5 years of Credited Contributory Service, and die before your normal (or early) retirement date, your beneficiary will receive your contributions with interest, if any. You may change your beneficiary at any time.
- If you are married*, and actively covered under the Plan, and die before your normal or early retirement date, but AFTER you have completed at least 5 years of Credited Contributory Service, a benefit may be paid to your surviving spouse*, if your spouse* is your beneficiary. The benefit payable to your surviving spouse* will equal 55% of the greater of (a) or (b), minus (c).
    a. Your Basic Retirement Annuity, described under Your Retirement Income, without reduction for age at time of death, OR…
    b. The smaller of (1) or (2):
        1. 40% of your High Three average earnings before the date of your disability,
        2. The benefit described under your Retirement Income after increasing your service by adding the period from your date of disability to age 60, MINUS
    c. 100% of any Social Security benefits to which your surviving spouse* may be entitled, whether or not they elect to receive.

You must be married to your spouse* at least one year immediately before your death, or if married less than one year, your spouse* must be the parent of a child born of the marriage. Payments will begin on the first of the month following your death and will continue until the earlier of the death of your spouse* or due to 100% offset because of any Survivor Social Security entitlement. Repayment of any overpayments due to any Survivor Social Security entitlement is mandatory.

If you die after retiring:

- Survivor benefits, if any, will be provided according to the payment form you select. The Plan's payment forms are described earlier under How Your Benefits Are Paid. Remember, your own benefit is reduced in exchange for providing a benefit over two lifetimes: yours, and your beneficiary's.
- Your beneficiary will receive any remaining guaranteed return if a Survivor option is not elected. If you do not elect a Survivor option, there will be no further annuity due at the time of your death.

**Because Group Retirement Plan is an IRS qualified plan; the legal rule on definition of spouse does not recognize Same Sex Domestic Partners (SSDP); therefore SSDPs are not eligible for or entitled to spousal benefits.*

Change in Beneficiary

A member may change retirement beneficiaries at any time. A member's beneficiary is not required to consent to any change or to the name of any other beneficiary. The change in beneficiary becomes effective when the member signs and dates the beneficiary form. You may request a beneficiary change through your local personnel office.

Beneficiary forms must be signed and dated or they will be considered invalid.

If You Leave Your Employment

If your employment ends before your normal or early retirement date, you may elect one of the following options:

- Retirement Deferred Annuity Option: At the time of termination, if you have completed at least 5 years of Credited Contributory Service, you may leave your contributions and interest with the Plan and retain under this option 100% vested interest in the Retirement Annuity you have earned. Unused Sick Leave is NOT included in calculating this benefit. Sick leave balances are forfeited at the time of termination. If you are vested and elect a deferred annuity, you may elect a retirement benefit at any time after you attain age 52.
- Refund Option: At the time of your termination, you may have your contributions returned to you with interest, if any. The refund will be returned to you within 90 days after receipt of the notice by the Plan Administrator that you have requested the refund option. Refunds will ordinarily be in one sum. The Plan Sponsor reserves the right to spread the payment over 12 months. If you elect the refund option, all benefits under the Plan will be cancelled.
- If you return to work, you may request to buy back your previous retirement refund. This request must be made within 31 days of enrollment upon rehire.

Note: You may NOT withdraw your contributions and interest as long as you remain in the employment of an MCCS activity (or are rehired), in a benefits eligible category.

At the time of your termination, if you are eligible for an annuity and elect the refund option, you and your spouse if applicable will be required to sign a release acknowledging the forfeiture of future benefits.

The only exception to retirement withdrawals while still employed occurs if you experience an employment status change from regular to flexible status. If you are converted to a flexible status, you may elect a refund of your retirement contributions and any applicable interest. A refund election will result in no future benefit opportunity. Employer contributions to the Group Retirement plan are deposited toward the collective funding level of the plan. The plan liabilities are not attributable to individual participant's accounts.

If you are rehired by MCCS after receiving a retirement refund

An active plan participant, who terminates employment, receives a refund, becomes re-employed in an eligible employment status and resumes retirement plan enrollment (contributions), may elect to repay the refund to the Plan, plus interest equal to the interest which the refund would have earned if it had remained in the plan. The retirement buy back election must be dated within 31 days of enrollment. Credited service will be restored when the refund is paid back in full.

If you are rehired by MCCS after retirement

IMPORTANT NOTE: If you are rehired at any MCCS activity in a regular full-time or part-time employment status, you must notify MRG immediately, and notify your local Human Resources office. Your retirement annuity will be suspended as long as you are actively employed in a regular full-time or part-time status. Any overpayment of your annuity as a result of re-employment in an eligible status must be repaid.

If you are rehired in a flexible status position, there is no impact on your retirement annuity.

About Interest Rates

The rate of interest credited on your contributions after January 1, 1986 is 5% (2% prior to January 1, 1976, and 3% from January 1, 1976 to December 31, 1985).

Interest is compounded annually on your contributions from January 1 of each year to the earliest of the following:

- The normal or early retirement date,
- The first of the month in which death occurs,
- The first of the month in which you elect to have your contributions returned under the refund option, provided you have completed at least three years of credited contributory service.

Employees who elect to leave their contributions with the plan, who have NOT completed at least 3 years credited contributory service at the time of termination, will not accrue any interest on their contribution regardless of how long the funds remain in the Plan.

Participants electing a cash refund will only receive a refund of interest earned if they have at least 36 contributory months (3 years).

Definition of Covered Earnings

A participant's actual gross earnings, including bonuses, but excluding tips, cost of living differentials.

Effective September 1, 2007 annual leave payout at the time of termination is also excluded from the definition of earnings for those enrolling in the retirement plan after September 1, 2007. Effective January 1, 2008 severance pay was eliminated from the definition of earnings for retirement purposes.

Chapter 5 – Additional Benefits

401(k) Plan Information

It is never too early to start saving for retirement. In addition to the Defined Benefit Retirement Plan, the NAF Defined Contribution Plan (401(k)) provides an additional way for you to provide for you and your family's future.

The 401(k) Plan gives eligible civilian employees an opportunity to increase their security at time of retirement through their own savings during their periods of active employment. This plan was introduced July 1, 1993 and was designed to be part of your three-tiered retirement plan consisting of the Group Retirement, 401(k) Plan, and Social Security.

Your 401(k) plan also provides the opportunity to defer taxes by reducing your gross taxable income. Income tax is not paid on your payroll deferrals until a distribution is made.

Participation Information

- For overseas employees: the employee must be employed on the U.S. payroll, have a Social Security Number or Individual Tax Identification (TIN), and are subject to US Income Tax.
- Not subject to a Status of Forces Agreement provision that precludes eligibility.
- At least 18 years of age.

You may join the 401(k) plan any time while employed with MCCS. All benefits will be based on your participation date, not your employment date. Retroactive enrollments are prohibited.

You may defer from 1% to 100% of your salary into the 401(k) Plan on a pre-tax basis effective January 1, 2008. If you are enrolled in other benefits you should not defer 100% to avoid arrears of your other deduction requirements. Please remember you are responsible for all deductions.

The 401(k) Plan for Civilian Marine Corps non-appropriated fund employees is administered by Fidelity Retirement Services.

A well-rounded selection of investment choices is offered to ensure you are provided the opportunity to diversify your investments as determined by your specific financial needs.

For additional plan information, please refer to the 401(k) Summary Plan Description available at your local personnel office, or on the MCCS website: www.usmc-mccs.org/employ/benefits.

To learn more about investing, to find out how 401(k) can play a vital role in your retirement, and to learn what style of investor you are, you may visit the plan administrator website. There are a variety of interactive tools you can use to learn about your 401(k) Plan at www.401k.com.

Flexible Spending Account (FSA)

Effective January 1, 2009, Flexible Spending Accounts (FSA) for Health Care (HCFSA) and Dependent Care (DCFSA) were implemented through Aetna. For questions regarding the FSA program, please contact your local HR office, or contact Aetna FSA directly at 800-416-7053.

What is a Flexible Spending Account?

An FSA allows you to direct part of your pay, on a pre-tax basis, into a special account that can be used throughout the year to reimburse yourself for eligible out-of-pocket health care or dependent care expenses. FSA’s are voluntary and you decide how much to set aside from your paycheck and put into your account.

Money in an FSA is exempt from federal, most state, and payroll taxes. Because you’re using pre-tax dollars, your out-of-pocket costs can be reduced by 20–50%, depending on your tax bracket. The amount you elect will be automatically deducted from your pay on a bi-weekly basis throughout the year and credited to your health care or dependent care FSA. As you incur eligible expenses during the year and pay them out of your own pocket, you can reimburse yourself with tax-free money from your FSA account.

A very easy “calculator” is available at www.aetnafsa.com to assist you in determining how much you may want to contribute to the health and/or dependent care FSA.

Please keep in mind that you will need to enroll in the FSA plan every year.

If you terminate employment with MCCS, and are rehired as regular full time, or regular part time, within the same calendar year you will automatically be re-enrolled into the FSA plan that you were enrolled in prior to termination. The bi-weekly contribution will be based on the initial annual election amount.

October 1 is the cutoff date for enrollment into the FSA plan. If you are a new employee hired after October 1, you can enroll in the FSA plan during open enrollment, and the effective date will be January 1 of the following year.

Both the HCFSA and the DCFSA plans are subject to non-discrimination testing to ensure participants identified as "highly compensated employees" (HCE) are not provided a benefit greater than participants that are not considered HCE. Should either or both plan(s) fail the non-discrimination test, HCE's will have the applicable FSA deferral reduced accordingly.

Health Care Flexible Spending Account (HCFSA):

Although your health care benefit plan offers you and your family considerable protection against high cost of health care, you still have out-of-pocket expenses such as co-pays for doctor visits, co-pays for prescriptions and over the counter medications. As a result of IRS restrictions regarding same sex domestic partners, claims for SSDP's are not reimbursable under FSA unless qualified under IRS section 152.

Eligible Expenses – Health care FSA expenses must be considered tax-eligible by the Internal Revenue Service (IRS). According to the IRS rules, eligible out-of-pocket medical/dental expenses include but are not limited to:

- Deductibles, copayments and coinsurance
- Eye care, such as eye exams, eye glasses and contact lenses for vision correction, saline solution and LASIK surgery
- Hearing exams and hearing aids
- Doctors' fees and routine physicals
- Laboratory fees
- Chiropractic treatment
- Dental work and orthodontia
- Prescription Drugs and some over-the-counter (OTC) drugs with a prescription. Please note the list of eligible over-the-counter items change periodically. Please make sure to check the Aetna website for the most current list at www.aetnafsa.com

Tax Deduction vs. FSA: You cannot claim the same expenses for reimbursement from a health care FSA and as an itemized deduction on your federal tax return. Therefore, you need to consider your individual circumstances to decide whether taking a tax deduction is more beneficial than using a health care FSA.

Unused Funds: If, after the end of the plan year, you do not use all of the money deposited into your FSA, the IRS requires that these remaining funds must be forfeited. Many out-of-pocket health care expenses can be estimated ahead of time, which will help you in determining how much you should contribute to your FSA. Please use the Aetna Calculator at www.aetnafsa.com if you need assistance in calculating how much money you should set aside for health expenses.

Effects on other benefits: Because you don't pay Social Security taxes on your spending account contributions, those benefits may be slightly less if you retire or become disabled. The impact on your benefit level will depend on a number of factors, including the length of time between now and when you retire or become disabled, and whether your taxable income exceeds the Social Security maximum wage level.

Contribution Limits: For 2012, the annual contribution limit for the Health Care Flexible Spending Account is $5,000. Limits are subject to change. The minimum you can contribute to the Health Care Flexible Spending Account is $200.

Dependent Care Flexible Spending Account (DCFSA)

You can direct part of your pay, on a pretax basis, into a special account to reimburse yourself for certain dependent care expenses incurred during the year so that you and your spouse or SSDP* can work outside the home. Dependent Care can be defined as care for your children while you work, or care for an elderly parent, whom you claim as a dependent and who is physically or mentally incapable of self-care.

Dependent Care expenses that are not work-related, such as the cost of a Saturday night baby-sitter, cannot be reimbursed.

One significant advantage of participating in a Dependent Care Flexible account is that this money goes into your dependent care account before federal income or FICA (Social Security and Medicare) taxes are withheld, which in turn decreases your taxable income, thus giving you more disposable income.

Eligible Expenses: Money set aside in a Dependent Care FSA can be used to reimburse only those dependent care expenses necessary because you (or if married, you and your spouse or SSDP*) work. Eligible expenses must be incurred for the custodial care of a Qualifying Person. The work-related expenses you can pay through this account include:

- Wages paid to a baby-sitter or a companion in or outside of your home, as long as the person providing care is not someone you declare as a dependent, your spouse, SSDP*, or your Qualifying Person's parents.
- Services of a day care center and/or nursery school, if the center complies with all State and local laws.
- The cost of nursery school or pre-school (i.e. pre-k) is reimbursable.
- Cost for care at facilities away from home, such as family day care or adult day care centers, as long as your Qualifying Person usually spends at least 8 hours a day in your home.
- Wages paid to a housekeeper who provides care for your Qualifying Person.
- Services provided for both before and after school care (when listed separately); fees or tuition for kindergarten and higher education are not eligible.

If you have your child in a government Child Development Center (CDC)

If you are a civilian employee (and are not married to an active duty military member) utilizing a Department of Defense (DoD) child development center (CDC) for your dependent care, you may want to consult your tax advisor to ensure the CDC subsidy and your contributions to the DCFSA don't exceed the annual IRS exemption allowance. Because the IRS code considers the CDC subsidy as "cash income" the subsidy is included in the tax exempt total annual allowance, along with the DCFSA contributions.

*SSDP only eligible if recognized by IRS under IRS section 152

Who is a Qualified Person?

- Your dependent children up to their 13th Birthday.
- Any dependent living with you for more than half the year and who is physically or mentally incapable of self-care.
- Your spouse or SSDP* living with you for more than half the year and who is physically or mentally incapable of self-care.
- Someone for whom you cannot claim a dependency exemption on your income tax return. Please refer to Publication 503 on the IRS website at www.irs.gov for the definition of a Qualifying Person.

Tax credit vs. FSA: The IRS allows you to claim a Child and Dependent Care Credit (CDCC) for work-related dependent care expenses when you file your income tax return. The CDCC amount is calculated by applying a percentage to your total work-related dependent care expenses. The expenses to which this percentage is applied may not exceed $3,000 for one qualifying person or $6,000 for two or more.

You can use both a dependent care FSA and claim the CDCC – you just can't claim the same expenses for both. If you plan to use both, the IRS requires that you subtract whatever amount you have directed into a spending account from the expenses you use to calculate the CDCC.

Unused Funds: If you haven't used all of the money deposited into your dependent care FSA, the IRS requires that these remaining funds be forfeited. Keep in mind, however, that a portion of this money would have been paid in taxes.

Contribution Limits: For married couples, the Internal Revenue Service (IRS) limits the annual maximum amount for reimbursement to $5,000. If you file a separate tax return from your spouse or SSDP*, the maximum reimbursement is $2,500 for each of you. Limits are subject to change.

Keep in mind that if either you or your spouse (or SSDP*) earns less than these amounts, your maximum annual contribution would be limited to the amount of your earned income or that of your spouse (or SSDP), whichever is less.

You cannot use this account if your spouse or SSDP* has no earned income for a plan year (unless he or she is disabled or a full-time student for five months during the year).

Effects on other benefits: Because you don't pay Social Security taxes on your spending account contributions, those benefits may be slightly less if you retire or become disabled. The impact on your benefit level will depend on a number of factors, including the length of time between now and when you retire or become disabled, and whether your taxable income exceeds the Social Security maximum wage level.

Please contact your local HR office if you have further questions, and to enroll during your eligibility period.

*SSDP only eligible if recognized by IRS under IRS section 152

Employee Assistance Program (EAP)

In March 2006, MCCS implemented an Employee Assistance Program (EAP) for all Marine Corps NAF employees and their families, to include flexible category employees.

An EAP is a service that provides confidential assistance to employees on a variety of personal issues, including emotional, substance abuse, financial, legal, marital/family, and dependent care etc., EAP services are confidential and available 24 hours a day, 7 days a week. Services are provided by trained professionals and are confidential*.

**Referrals to the EAP by a Supervisor or other employer representative as a result of drug or alcohol related issues/problems that impact job performance or negatively impact the work environment might require the employee to sign a release of information.*

There is no cost to participate in the EAP for employees. Your employer will pay the entire premium for the program. Costs may be incurred for visits to providers that exceed those offered directly through the EAP (Typically 3 visits). Please visit www.magellanhealth.com/member for full program details.

Workers' Compensation

If you are disabled from work as a result of an on-the-job injury or illness, you may be eligible for compensation under the Longshore and Harbor Workers' Compensation Act.

- ALL civilian NAF employees are eligible.
- If you incur a work related injury, you must notify your supervisor immediately.
- Your retirement benefit will be offset by 100% of any worker's compensation to which you may be entitled.

Social Security

Eligibility: As a NAF employee, you are automatically covered for Social Security. (Provided you meet citizenship and other qualified status). You and your employer share equally in the cost of Social Security benefits, and Congress determines the contribution rates.

Social Security provides a variety of disability, Survivor and retirement benefits. Your local Social Security office can send you a booklet describing these benefits. Eligibility criteria apply. Contact the Social Security Administration for any questions you may have at www.socialsecurity.gov.

Benefit Provider Contact Information

Plan	***Web***	***Telephone***
Aetna (Medical & Dental)	www.aetna.com	*800-367-6276*
Aetna FSA	www.aetnafsa.com	*800-416-7053*
Aetna International	www.aetnainternational.com	*888-506-2278 or 813-775-0189*
Kaiser Mid-Atlantic	www.kp.org	*800 777-7902*
Kaiser- Hawaii	www.kp.org	*800-966-5955*
Kaiser California	www.kp.org	*800-464-4000*
HMSA	www.hmsa.com	*808-948-6111 OR 808-948-6372*
Anthem Blue Cross of CA	www.anthem.com/ca	*Medical: 800-227-3613* *Dental: 800-627-0004*
Health Net	www.healthnet.com	*800-522-0088*
CNA (Long Term Care)	www.ltcbenefits.com *Password: usmcnafltc*	*877-777-9072*
Fidelity Investments	www.401k.com	*800-890-4015*
EAP (Employee Assistance Program)	www.magellanhealth.com/member	*800-424-5988*