What is [NAF] “Portability”?

“Portability” is a term used by benefits professionals to describe the ability to move between employment systems without “losing” certain retirement benefits. Within the Federal government, portability refers to the opportunity for Department of Defense (DoD) employees to move between a civil service position to a Nonappropriated Fund (NAF) position without changing retirement systems.

The law that established portability of retirement benefits also provides for credit toward leave accrual, and other non-retirement benefits under some limited circumstances.

Who is eligible for portability?

Under the current public law, an employee is eligible if he/she moves between any regular Federal civil service position (regardless of Agency) and a regular NAF position with a break in service no greater than one year.

The portability rules allow any regular civil service employee who takes a regular NAF position within a year after leaving civil service to continue their civil service retirement plan. Under the same law, any regular DoD or Coast Guard NAF employee who takes a regular civil service position within one year of leaving NAF employment to continue participation in their NAF retirement plan.

Is portability mandatory?

If an employee moves between a regular civil service position and a regular NAF position, they are required to make a choice concerning which retirement system in which they wish to participate. They may choose to remain in their existing retirement plan or choose to change to the gaining Agency’s retirement plan.

Non-retirement benefits such as the transfer of annual leave and sick leave, and credit towards service computation dates are automatically given to these employees as a result of a qualifying move.

Portability elections are time-limited, one time, irrevocable choices.

In authorizing employees to choose between retirement plans, Congress requires that the choice be a one-time only opportunity that must be made within 31 days after the move. The choice an employee makes will be a permanent, irrevocable one.
Is an employee eligible for this portability only after having served one year in either system? Does the move have to be made within a certain timeframe? Can the move only be accomplished within DoD?

Much of the confusion about portability generates from the changes that have occurred in the portability laws. Employees who moved between 1987 and 1996 have different rules than those who moved between 1996 and 2001, and yet another set of rules applied after 2001.

“The” portability statute was the Portability of Benefits for NAF Employees Act of 1990, Public Law (PL) 101-508, Section 7202. This act provided pay and benefits protection for moves between NAF and civil service on or after January 1, 1987, without a break in service of greater than three days. At that time, PL 101-508 also permitted employees to remain in their civil service or NAF retirement plan; however, the employee must have been vested in their retirement plan. Vesting required five years participation in the existing retirement plan.

PL 104-106, Section 1043, expanded the 1990 Portability Act retirement election provisions to cover moves to civil service positions outside of DoD and to cover moves between civil service and NAF on or after August 10, 1996 with a break of no more than one year.

On or after December 28, 2001, PL 107-107, Section 1131, permitted employees moving between regular civil service and regular NAF positions to continue coverage in the retirement plan that covered them immediately before the move, regardless of vesting.

What are the “non-retirement” portability benefits?

Leave accrual and accumulation. Employees who move between regular NAF and civil service positions without a break in service greater than three days receive service credit for annual leave purposes. Annual, sick, and home leave balances transfer to the gaining employment system; however an employee may not receive a lump sum payment for accumulated/accrued annual leave.

Medical and life insurance coverage is not portable. Employees have the option to elect or decline participation in the health and life insurance programs covered by the gaining employer.

If you have questions regarding portability, please contact your servicing Human Resources Specialist for assistance.

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