BENEFITS HANDBOOK FOR RETIREES

For Retired Marine Corps Nonappropriated Fund Civilians

January 2021

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Congratulations on your recent retirement from a Marine Corps Community Services Activity or other Miscellaneous Marine Corps Non-Appropriated fund (NAF) activity! This handbook is provided for your information. Retain it in a safe place for future reference.

ABOUT YOUR BENEFITS HANDBOOK

As a Marine Corps civilian nonappropriated fund (NAF) retiree, you may be eligible for a continuation of many of the comprehensive benefit plans that are provided to protect the quality of your life. To assist you in understanding how important these benefits are – to you and your family – this handbook has been prepared to explain what plans may be available, how each plan works, and what benefits you might be eligible to receive as a retiree. Your NAF Human Resources office will have advised you of your continuation options at the time of your retirement.

In this handbook, you will find up-to-date summaries and information on:

- Retirement Plan
- 401(k) Plan
- Long Term Care (LTC)
- Department of Defense Uniform Health Plan
- Health Maintenance Organizations (HMO)
- Life Insurance Plans
- Flexible Spending Accounts (FSA)
- Health Savings Account (HSA)
- Health Reimbursement Arrangements (HRA)

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

Read the handbook carefully and let your family read it, too. Please keep your handbook in a convenient place and refer to it as needed. As your benefit plan changes, you will receive updated information, when practicable.

Receipt of this handbook is not a promise of benefits continuation. Additional information may be found at our website **www.usmc-mccs.org/employ/benefits**. Continuation of benefits at the time of retirement requires the employee to receive a monthly annuity or a lump-sum retirement benefit (under retirement-like conditions). CONTINUATION OF BENEFITS AT THE TIME OF RETIREMENT APPLIES TO IMMEDIATE ANNUITANTS OR TO THOSE ELIGIBLE FOR A "RETIREMENT LIKE" LUMP-SUM RETIREMENT BENEFIT.

How Long Do the Plans 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 Plan(s) will cease as of the date of the Plan(s) termination occurs. Termination of the Plan(s) will not prejudice any payable claim that occurs while the Plan(s) are in force. For specific questions please contact Headquarters, U.S. Marine Corps (MR).
When possible, changes will be announced in advance of the effective date.

BENEFITS ELIGIBILITY
Participation Information:

Retiree Eligibility (Medical & Dental):

- Retiring employees who have participated in the medical insurance plan for 15 cumulative years immediately prior to retirement may be eligible for continuation of medical coverage at a special group rate. The employer shares the cost for coverage. Enrollment in medical at the time of retirement is mandatory for continuation. Continuous enrollment in FEHBP (with DOD APF employer) may be used to satisfy the 15 year enrollment requirement in portability situations (5 years for involuntary moves), provided the break in service is not greater than three (3) days.
- Retiring employees, who have participated in the dental insurance plan for 15 cumulative years immediately prior to retirement, may be eligible for continuation of dental coverage at a special group rate. The employer shares the cost for coverage. Enrollment in dental at the time of retirement is mandatory for continuation; enrollment in an employer-sponsored medical plan is required for dental enrollment.
- Continuation of benefits at the time of retirement requires the employee receive a monthly annuity or a lump-sum retirement benefit (under retirement-like conditions).
- Stand Alone Dental cannot be continued into retirement.

Retirees not eligible for continuation of medical coverage may be eligible for a temporary continuation of coverage (TCC) (as referred to on page 8) at full cost of the premium plus an applicable administrative fee. There are no provisions for temporary continuation of dental coverage. TCC is not available to those age 65+ or dependents that are eligible for Medicare. Eligibility criteria will apply for TCC of medical.

Retiree Eligibility (Life Insurance):
Retirees who have participated in the Standard Life Insurance plan for 15 cumulative years immediately prior to retirement, and who are currently enrolled in Standard Life at the time of retirement, may be eligible for continuation of coverage at a special group rate. This may be cost-shared by the employer. Continuous enrollment in FEGLI (with DOD APF employer) may be used to satisfy the 15 year enrollment requirement in portability situations (for both voluntary and involuntary moves), provided the break in service is not greater than three days.

Retirees not eligible for continuation of life insurance may apply for conversion of their group life coverage directly with the life insurance carrier. Conversions are subject to underwriter approval.

Dependent Eligibility (Health and Life):
Employees covered under the Standard Group Life and Health Insurance Plan may be eligible to continue dependent life coverage for their lawful spouse and dependent children. Dependent children include:

- For Health Insurance- In addition to your own natural or lawfully adopted child – a stepchild, foster child or child less than 26* years of age that qualifies as your IRS dependent. Evidence of dependent status may be required for children.
- For Dependent Life Insurance- A natural child, lawfully adopted child, stepchild, or foster child less than 19 years of age that qualifies as your IRS dependent or eligible dependent children under age 23 who regularly attend an accredited school on a full-time basis. A certification of full time school enrollment will be required annually.

- Any child over the maximum age of 26 (19 for life insurance) who is determined to be incapable of self-support due to a disability /handicap. Proof of handicap must be submitted no later than 31 days after the maximum age is reached. Continuation of enrollment is contingent on approval of the disability.

- Dependent life continuation requires 15 years of enrollment, or since first eligible. Must be enrolled at the time of retirement.

Retirees may not add a dependent to their medical coverage after retirement unless it is due to a qualified life event (i.e. marriage, birth, adoption etc). There is no opportunity to add a new dependent to Optional Dependent Life after retirement.

YOUR RETIREMENT PLAN

How Benefits are Paid:
If applicable, your retirement annuity is paid monthly at the first of each month. The amount you receive is based on your credited contributory service in the retirement plan and your annual earnings.

Payments will be paid directly to you from the pension plan trustee (SEI Investments) via Direct Deposit. Electronic transfer of funds (EFT) is mandatory for your monthly annuity payment. For more information on EFT, contact Headquarters, U.S. Marine Corps (MR). Direct deposit is e mandatory except where not possible (ie: overseas residence with foreign banks).

Cost of Living Adjustments (COLA):
The monthly amount you receive may increase as 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% each year) if applicable. Increases will be based on changes in the Consumer Price Index (CPI) or other index deemed more suitable to accomplish cost of living adjustments, and are not guaranteed. The COLA adjustment will be applicable only to Retirement Benefits which become payable after January 1, 1976, for employees having credited contributory service on and after January 1, 1976.

(The "Cost of Living" adjustment is based on changes in the Consumer Price Index published by the U.S. Department of Labor. 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 30). If the Consumer Price Index is a negative amount, the COLA will be zero.

Pre-retirement Surviving Spouse and Disability retirements are NOT eligible for COLA adjustments.

Tax Deductions:
Tax deductions are not automatically deducted from retirement annuities. If you wish to have taxes withheld, contact Headquarters, U.S. Marine Corps (MRG), to make a tax withholding election.

<u>Internal Revenue Service (IRS) required forms for retirees who are residents of a foreign country.</u>
IRS Form W-9 (Request for Taxpayer Identification Number and Certification): If you are a United States citizen, completion of the IRS Form W-9 certifying your exemption from Non-Resident Alien (NRA) federal tax withholding is required.
IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting Individuals): If you are not a United States citizen, completion of the IRS Form W-8BEN, Parts I, II and III, is required. **Failure to submit a completed NRA withholding form will result in an automatic tax deduction of 30 percent**.

Internal Revenue Service (IRS) 1099 Forms:
An IRS 1099 form will be issued at the end of each tax year (no later than January 31 of each year), by the Pension Trustee. Please review your 1099 for accuracy and promptly notify MR of any necessary corrections.

Federal Income Tax:
Because you already paid Federal income tax on your retirement contributions, a portion of your retirement annuity benefit is tax-free. The remaining portion is subject to Federal income tax withholding.

For information concerning Federal Income Tax or how to contact the Internal Revenue Service (IRS), refer to IRS Publication 575 (Pension and annuity Income) at **www.irs.gov** or you can ask for this publication by calling 1-800-829-3676.

State Tax:
Some states require retirees to make a tax election. If an election is not made, the State may impose a flat tax amount/percentage to the annuity. Contact your tax specialist for more information.

Retirement Payment:
<u>Normal:</u>
The Plan's Normal Payment Form is called a Lifetime Retirement Annuity and is based on the Plan's Basic Retirement Annuity Formula. You may receive payments as long as you live.

If you elected 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 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 survivor election. This election is irrevocable (e.g., divorce situations).

Married participants must obtain a written entitlement waiver from their spouse if they don't elect survivor spouse benefit. For unmarried members, if you elect a survivor benefit, your benefit will be actuarially reduced based on actuarial mortality factor of your designated survivor. After your death, 55% of your actuarially reduced benefit will be continued to your survivor.

<u>Effect of Workers Compensation on retirement:</u>
Normal, reduced early, unreduced early, or disability retirements are subject to reduction of 100% of any Workers' Compensation indemnity benefit entitlement.

Pre-Retirement Surviving Spouse Benefit:
If a retirement plan participant dies while actively employed and the participant was vested in the retirement plan, the surviving spouse may be eligible for an annuity provided the surviving spouse is the designated beneficiary. A spouse has to waive their beneficiary entitlement and authorize another person to be the designated beneficiary.

Pre-retirement surviving spouse benefits are offset by 100% of any Workers' Compensation indemnity entitlement and/or 100% of any survivor (widow/widower) Social Security entitlement. If a pre-retirement survivor spouse benefit is offset 100% by the widow/widower's entitlement from Social Security they may elect a lump sum refund of the participant's contributions.

Overpayments:
Notice: Any overpayment of annuity benefits as a result of Workers' Compensation or Social Security benefits will require repayment of the overpayment by the retiree. It is imperative that any change in your Social Security benefit or Workers' Compensation be provided to HQMC (MR). If necessary, future retirement benefits will be withheld to recover the overpayment.

If You Die After Retiring:

- Survivor's benefits, if any, will be provided according to the payment form you select at the time of your retirement (e.g., Survivor Benefit). Remember, your annuity is reduced in exchange for providing a benefit over two lifetimes: yours and your survivor's.
- There is no provision to change the survivor election. This election is irrevocable (even in a divorce situation unless there is an approved and accepted Qualified Domestic Relationship order). Note to married retirees only: If your spouse predeceases you, your benefit will revert to the amount before reduction for the survivor annuity option.

OR

- Your beneficiary will receive any remaining guaranteed return if a survivor option was not elected at the time of retirement. If there are no guaranteed returns remaining at the time of your death and you did not elect a survivor benefit, there will be no further benefit due.
- Your survivors should contact Headquarters, U.S. Marine Corps (MRG) immediately and provide notification of death to ensure no overpayment of your annuity is made.
- Any retirement overpayment made as a result of failure to notify HQMC (MRG) of a death will be the responsibility of the survivor/family/estate to repay. Repayment of overpayments is mandatory and will be a debt to the United States Marine Corps until repayment is received.

Disability Benefits Under the Retirement Plan:
If you are a Plan member and become **<u>totally and permanently disabled</u>** (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. Approval of disability applications must be reviewed and approved by HQ (MRG) prior to retirement. Under no circumstances will the benefit be larger than the maximum disability benefit as explained below:

- Disability retirements (approved) are not available to deferred annuities
- Disability retirement benefits will be offset by 100% of Social security disability entitlements and/or Workers' Compensation entitlements
- Processing of disability retirement applications will be delayed pending receipt of Social Security disability letter (entitlement or denial)
- Disability Benefits will end the earliest of:
    - The member recovers or dies
    - The date the member fails to provide satisfactory proof of continued disability
    - The member becomes eligible for retirement benefits or they become age 62
- Proof of continued disability is required to be submitted when requested by the Plan

Effect NAF Re-employment:

After retirement, if you are rehired at any MCCS activity in a regular full-time or regular part-time employment status, you must notify MR 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 regular part-time status. **Any** overpayment of your annuity as a result of re-employment in a regular status must be repaid. Rehire in a flex status position will not impact your retirement annuity. If you are rehired in a regular status position, your post retirement benefits will cease at rehire and you will be provided the opportunity to re-enroll in the retirement plan and other applicable benefits as an active employee. Once you retire again, any post retirement benefits you may have had will have to be elected and commence again at the time of re-retirement.

Address Changes:
If you move, you are required to notify HQMC (MRG). Failure to provide updated address information could result in the suspension of your annuity if your address is deemed undeliverable and/or if attempts to contact you are unsuccessful.

Qualified Domestic Relations Orders (QDROs)
The NAF pension plan accepts qualified orders in the cases of divorce. If applicable, contact HQMC, MRG for guidance. QDROs must be approved by HQMC (MRG) in advance or they will not be accepted.

401(k) PLAN

What happens to your 401(k) account when you retire? There are several options for you to choose. You can leave it with the plan administrator as long as your balance is over $1,000.

- Your money will continue to be invested and you can move money between funds, but you may no longer defer money into your account. If your balance is under $1,000, you have 60 days from the date of your retirement to roll the funds into another qualified plan, or take a lump-sum distribution. A lump-sum distribution is a taxable event; you will have to pay applicable federal tax (20%) and may have to pay a 10% premature withdrawal penalty if you are under 59 ½ years of age.
- Rollover: You can roll your 401(k) account into an Individual Retirement Account (IRA). Once in an IRA or similar account, you can arrange for monthly distributions. OR you can rollover your funds into another 401(k) with a future employer or into the Thrift Savings Plan (TSP) if you are employed by the Civil Service in the future.
- **Minimum Required Distribution** (MRD): You do not have to take out your money until you retire or reach age 72. Once you achieve that age and are retired, you are required to take a MRD, beginning 1 April after attaining age72. Failure to request MRD could result in significant IRS penalties. Contact your tax specialist for more information.
- Anytime you have a life change, it is important to ensure your beneficiary information is updated with Fidelity. It is recommended that you check this designation at least once a year. To update your beneficiary, please contact Fidelity at 800-890-4015 or you can update your beneficiary online at **www.401k.com**. If you require assistance in Spanish, please call Fidelity at 800-587-5282. From Japan, 00-539-111-877-833-9900
- If you move, please contact Headquarters, U.S. Marine Corps (MRG) so that we can update your information with Fidelity.

- The 401(k) vesting period for entitlement to your accrued employer contributions is prior to 1-1-15 is 1 year of participation. Effective 1 January 2015, the vesting schedule became a three (3) year cliff vesting for all participants that join the plan on or after 1 January 15.

If you have questions about your 401(k) account during retirement, you may call the plan and speak with a customer service representative about various options. Contact Headquarters, U.S. Marine Corps (MRG) for the up to date toll free telephone number and/or website address.

LONG TERM CARE

If you enrolled in the Long Term Care (LTC) insurance plan during your active employment, you can continue to carry this plan into your retirement.

If you joined the LTC Plan prior to 2-1-2015 you are covered by CNA, provided you continue to make required premium payments.

LTC coverage after 2-1-16 became available thru the Federal Long Term Care Insurance Plan (FLTCIP). Enrollment is only available while an active employee. Information on the FLTCIP can be found at www.LTCFEDS.com or 1-800-582-3337.

You will continue to be direct-billed by CNA, or the LTC Fed administrator. Coverage may continue as long as your premiums are paid. If you have questions about your Long Term Care Plan, call CNA's toll-free number 1-877-777-9072. LTC Fed participants should call the number above.

FLEXIBLE SPENDING ACCOUNT (FSA) HEALTH AND DEPENDENT CARE

Participation in the FSA plans cease at the time of retirement or termination. Eligible expenses incurred up to date of termination or retirement may be eligible for reimbursement until February 15th of the year following your termination or retirement. Unused funds in your account not reimbursed by February 15th of the following year of termination or retirement will be forfeited. If you have unsubstantiated charges outstanding after February 15 of the next plan year after the charges were incurred they will be considered by the IRS as taxable distribution and will be reflected on your W2 or amended W2.

HEALTH SAVINGS ACCOUNT (HSA) (CONUS only)

If you were a participant of the HSA plan while actively employed, you will no longer qualify for the employer annual contribution to that plan after retirement. You will be able to retain your HSA account and continue to use your account assets to fund eligible expenses. If you elect to continue HDHP into retirement as a Pre-65 CONUS retiree, you will receive the annual HSA contribution.

HEALTH REIMBURSEMENT ARRANGEMENT (HRA) (OCONUS)

If you were a participant of the HRA while actively employed, your participation will cease at the time of retirement. Funds remaining in your account at the time of retirement will forfeited. If you elect to continue HDHP into retirement as a post 65 retiree or as a OCONUS retiree, you will receive the annual HRA contribution.

HEALTH INSURANCE

As a NAF instrumentality of the Federal Government, Marine Corps Community Service activities and Marine Corps Miscellaneous NAF activities offer health insurance through the Department of Defense (DoD) Uniform Health Plan (UHP). Aetna is currently the third party administrator for the DoD UHP. The DoD UHP includes medical and dental coverage. There are Health Maintenance Organizations (HMO) available in some geographic locations, in addition to the DoD UHP, for eligible retirees under age 65.

Under the DoD UHP there are different health plan options available.

Choice POS II (CPII):
This plan is a managed care plan and became effective 1-1-16. As a member of the CPII plan, each member 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. There is no requirement for a Primary Care Physician (PCP) or referral with the CPII Plan. Benefit plan design is similar to the prior PPO plan.

Traditional Choice:
This plan is known as a traditional "indemnity" plan. There are no networks to follow, and there is no requirement to select a PCP. Under this plan, each member has an annual deductible and specific co-insurance obligation. Any retiree electing to continue coverage beginning age 65 will be required to switch to the Traditional Choice Plan.

High Deductible Health Plan (HDHP):
This plan became effective January 1, 2020. Under this plan, participants are responsible for all applicable expenses (medical and pharmacy (RX)) until their annual deductible is met. The POS network is available to CONUS retirees, so members get the advantage of the network provider discounts. There is no network of providers for OCONUS. Once a deductible is met the Plan will pay the appropriate coinsurance amount. Some preventive care and preventive RX may be payable prior to satisfying the annual deductible.

Medicare Eligible Retirees:
After retirement, the employer plan will be secondary to Medicare. Enrollment in Medicare part A and B is mandatory for retirees age 65+, and/or those eligible for Medicare as a result of a disability. The "government exclusion" method is used for coordination of benefits with Medicare.

While enrolled in the Aetna plan, **you are not required to enroll in the Medicare Part D pharmacy plan** (Please refer to page 10). If you are enrolled in Part D, you will have to decide to which plan to submit your prescription claims. There is no coordination of benefits with Medicare for prescriptions.
Enrollment options, if you are a retired employee and are eligible for Medicare, are explained below:

- 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 and Plan Selection Periods under either the Managed Care or the Traditional Choice Plan. The entire family is either Managed Care or TC but not a combination of the two.
- If you are a retired employee who is in an eligible class and you and all of your dependents are eligible for Medicare, you and your dependents will only be eligible to select the Traditional Choice Plan.
- If you are a retired employee who is in an eligible class and you are currently enrolled in the Managed Care Plan and all of your dependents become eligible for Medicare, you and your dependents will be

immediately switched to the Traditional Choice Plan without any further option to elect coverage in the Managed Care plan.

What if you travel outside U.S. and are Medicare Primary w/ Aetna as your secondary coverage?

- If you travel overseas Medicare will not respond to claims you may have while overseas. Aetna will pay as primary – at the normal Traditional Choice coinsurance amount (80/20% after deductible) in those instances.

Tricare-for-Life:

A retiree (annuitant) or eligible surviving spouse of a retiree (surviving annuitant) may suspend enrollment in the Nonappropriated Fund Health Benefit Plan for the purpose of enrolling in TRICARE-for-Life. If TRICARE-for-Life coverage is lost involuntarily, retirees may return to the NAF Health Benefit Plan immediately, otherwise they may do so during the biennial open enrollment period. Retirees may not retain dental coverage in the NAF Health Benefit Plan if they have suspended their medical coverage while participating in TRICARE-for-Life. The above only applies to TRICARE eligible retirees.

Health Maintenance Organizations (HMO):

If you meet certain eligibility criteria you may continue your medical coverage with one of the HMOs in your area:

- Northern Virginia – Kaiser Mid-Atlantic
- Southern California – Kaiser California
- Hawaii – Kaiser Hawaii ; HMSA

HMO plan provisions are provided through HMO published brochures. These brochures are available from your local MCCS Human Resources office. Availability of HMOs is subject to change.

Dental Coverage:

Continuation in the dental plan is only offered to participants of the DoD UHP medical plan that satisfy the 15 year participation requirement. If you are enrolled in an HMO, you are also eligible to continue in the DoD UHP dental plan, if you have met the 15 cumulative year participatory requirement. IF YOU ARE NOT ENROLLED IN ONE OF THE MARINE CORPS SPONSORED MEDICAL PLANS, CONTINUATION IN THE SELF INSURED DENTAL PLAN IS NOT AUTHORIZED.

If you are enrolled in an HMO dental plan and have met the 15 cumulative year participation requirement, you can only continue in the DOD UHP dental plan. There is no HMO dental eligibility after retirement.

Enrollment in Dental at the time of retirement is mandatory, for continuation purposes. If you have any questions concerning your Aetna medical or dental coverage, you may contact Aetna Membership Services at 1-800-367-6276, or visit the Aetna website at **www.aetna.com**

Stand Alone Dental:

Stand Alone Dental is not available for continuation when you retire.

Continued coverage at age 65:

If you have continued your HMO or the Aetna Managed Care Plan at the time of your retirement and you become age 65, your coverage may be continued in the Aetna Traditional Choice Option. Enrollment in

Medicare Parts A and B are mandatory. Medicare is the primary coverage for age 65 plus retirees, and the employer plan becomes secondary. There may be instances where Medicare is primary if you are under age 65 (i.e., renal failure). Contact your local Social Security Office for specific information. If you elect not to continue your group sponsored medical plan once you become Medicare eligible, you must contact Headquarters, U.S. Marine Corps (MRG), (703) 432-0421. **Coverage transition from the managed care plan to the Traditional Choice plan is automatic.** If you do not notify HQ (MRG) of your desire to cancel your group coverage, your coverage will be continued. If you elect to cancel your coverage there is no future opportunity to re-enroll.

If you are enrolled in an HMO when you turn age 65, you will be provided the opportunity to enroll in the DoD UHP Traditional Choice Plan. If you fail to elect this option, your coverage will be dropped. There will be no further opportunity to re-enroll in medical. If you elect to drop medical coverage, your dental coverage will automatically be canceled. Once canceled, there is no future opportunity to re-enroll.

Medicare Part D:
Effective 1 January 2006, Medicare implemented a prescription (Rx) drug plan (Part D) for Medicare eligible beneficiaries. If you are enrolled in the Aetna DoD UHP, you do not need to enroll in the Part D Rx plan. There is no coordination of benefits with Medicare at this time. You cannot obtain benefits from both plans. Your Aetna group Rx plan is considered "credible"; therefore, as long as you are enrolled in the Group Plan you can enroll in Part D at a later date without a penalty, if you decide to cancel your DoD UHP.

You will receive a letter of "credible" coverage annually to certify your Aetna prescription benefit is credible as defined by Medicare. This letter should be kept in a safe place for reference. The letter of credible coverage can also be found at www.nafhealthplans.com

Affordable Care Act (ACA) Marketplace:
Health Insurance through the ACA Marketplace may be available to retirees under age 65. There is no employer subsidy to ACA plans. IF you cancel the NAF Plan to join an ACA plan you will not be eligible to re-enroll in the NAF plan. Visit www.healthcare.gov for more information

Premiums:
Retirees electing continuation of insurance coverage at the time of retirement will be subject to monthly premiums as published. All premiums will be automatically deducted from the monthly annuity or the retiree will be billed monthly if the annuity is not sufficient to pay his premium. The employer may share the premium payment for medical, dental plans, and standard life. The retiree pays the full cost for Optional and Dependent life. Rates are subject to change. When possible, advance notification of rate changes will be provided. Failure to pay premiums on time and as required, will result in cancellation of coverage.

At the Time of Your Death:
If you die while you are a retired participant on the group health plan, your eligible family member(s) that were enrolled at the time of your death may be entitled to continued medical and dental insurance. Medical insurance will be provided for the first four (4) months after your death at no cost. After 4 months your family member(s) will be charged the applicable premium rate. Dental, if applicable, will be continued provided premiums are paid as required.

TEMPORARY CONTINUATION OF MEDICAL COVERAGE

If you have not met the 15 year participatory requirement in the medical plan, you may be eligible to continue medical coverage on a temporary basis for up to 18 months, provided you were enrolled in an eligible medical plan for at least 90 days; you are enrolled at the time of retirement; are not terminated for "cause"; and/or your premiums are not in arrears. You can only use TCC up to age 65. 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 cancellation of your continuation. Cancellation of coverage is irrevocable. **There are no provisions for temporary continuation of dental coverage.**

The opportunity to continue Medical coverage may only be made at the time of termination. No coverage changes are authorized. For more information regarding temporary continuation of coverage please contact your local Human Resources office. Election of Temporary Continuation of Coverage is required at the time of termination. No further continuation opportunity will be provided after termination. The first premium payment is due at the time of continuation election.

STANDARD LIFE INSURANCE BENEFITS

Cost:
Retirees electing continuation of Standard Life Insurance at the time of retirement will be subject to premiums as follows:

- Retirees that are age 62 and higher with 15 years of cumulative coverage will be charged 50% of the group rate.
- Retirees retiring with an UNREDUCED early annuity (at least age 55 with 30 years of credited retirement service or at least age 60 with 20 years of credited retirement service) and with 15 years of coverage will be charged 50% of the group rate.
- Retirees retiring under the authorized discontinued service benefit option as a result of a business based action (BBA) and with 15 years of coverage will be charged 50% of the group rate.
- Retirees age 52-61, but not yet 62, with 15 years of cumulative coverage will be charged the full group rate.
- Employees who retired before January 2007 and who were approved for premium waiver will be continued on premium waiver, provided continued evidence of disability is provided annually at minimum. Failure to comply with requirement of the premium waiver program will result in cancellation of coverage.
- Effective January 1, 2007, the premium waiver provision was eliminated for new retirees.

Your Standard Life Insurance Benefit Amount:
Your "benefit amount" (the amount paid in the event of your death), is based on your earnings at the time of your retirement age (and any applicable reductions due to age.)

The volume of life insurance, or face value, is based on your salary at the time of your retirement, rounded up to the next highest thousand, plus two thousand dollars. For example, if your salary at the time of your retirement was $29,500, the benefit amount would be $32,000. ($29,500 rounded up, plus $2,000). Example is for illustrative purposes only. The life insurance offered is "term life." It does not accrue a cash value. ***Accidental Death and Dismemberment insurance is not applicable for retiree life insurance.***

Change in Coverage Amounts:
If you qualify for continued life insurance upon retirement, your volume of coverage or face value will decrease at the rate of 25% (of initial volume) on each of the following birthdays: 66th, 67th, and 68th. This reduction schedule applies to Standard and Optional Life.

A <u>sample</u> of life insurance coverage and the 25% reduction at each age:

Age	Sample of 25% Reduction
65	$32,000
66	$24,000
67	$16,000
68	$8,000

This chart is for illustrative purposes only,
and is not to be construed as a promise of a benefit.

OPTIONAL & DEPENDENT LIFE INSURANCE PLAN

Optional Life (for the Retiree):
The volume of Optional coverage is calculated using the same method as for Standard Life: Your salary at your retirement, rounded up to the next thousand, plus two thousand dollars. Optional Life provides an additional layer of coverage. Using the earlier example of $32,000 – one layer of Optional coverage will provide a benefit amount of $64,000, and a second layer of Optional coverage will provide a benefit amount of $96,000. This is an example only, and is not to be construed as a promise of a benefit.

Dependent Life:
Enrollment in retiree Standard Life is a prerequisite for Optional Dependent coverage.
Please note, only the retiree is eligible as the beneficiary of Optional Dependent Life. Therefore, if the retiree predeceases the dependent, coverage for the dependent is cancelled.

<u>Optional Dependent 1:</u>

- The volume of Optional Life for your spouse is $5,000 and $2,500 for each dependent child. The retiree is the ONLY allowable beneficiary for Optional Dependent Life .
- Continuation of this coverage requires 15 years of participation, or enrollment since date of eligibility (i.e., marriage, birth, etc.).

<u>Optional Dependent Life 2:</u>

- Continuation of this coverage requires 15 years of participation, or since first eligible.
- The volume of Optional Dependent Life 2 is $5,000 for each dependent child and $10,000 for your spouse.

Effective 1 January 2009, Optional Dependent Life Options 3 & 4 were implemented. If you were enrolled in one of these plans from date of inception you may be eligible to continue this coverage at time of retirement.

Optional Dependent Life 3:

- Continuation of this coverage requires 15 years of participation, or since first eligible (as 15 years is not an option at this time) for Optional Dependent Life 3.
- The volume of Optional Dependent Life 3 is $7,500 for each dependent child and $15,000 for your spouse.

Optional Dependent Life 4:

- Continuation of this coverage requires 15 years of participation, or since first eligible since inception (as 15 years is not an option at this time) for Optional Dependent Life 4.
- The volume of Optional Dependent Life 4 is $10,000 for each dependent child and $20,000 for your spouse.

Premium Payment – Optional Life & Optional Dependent Life Insurance:
The Optional Life and Optional Dependent Life insurance programs are funded 100% by the participant. Premiums are subject to change. Advance notification of premium changes will be provided.

*** Accidental Death and Dismemberment Benefits do not apply to Optional Dependent Life.*

Optional Dependent Life Coverage:
Coverage for dependents may be continued as long as the covered person qualifies as a dependent under the Plan, and the premiums are paid as required.
If you are a retiree that has received a living life benefit, and your life extends beyond the expected 12 months, any future age reductions will continue to be applied to the remaining amount of life insurance. Premiums will continue based on the reduced life insurance amount plus the amount paid out as a living life benefit."

When Life Insurance Coverage Ends:
Provided you make premium payments, your Standard and Optional Life Insurance may be continued as long as you are eligible. Failure to make premium payments will result in immediate and irrevocable cancellation of coverage. Failure to comply with requirements of premium waiver may result in cancellation of coverage.

Converting to Individual Coverage:
If you were not eligible to continue your life insurance coverage under the group rate at the time of retirement, you may convert to an individual policy. The cost is borne entirely by the insured.
For conversion information, please contact your local Human Resources office.

Filing Life Insurance Claims:
Upon your death, your beneficiary will be required to file a claim for benefits through Headquarters, U.S. Marine Corps (MRG). A certified copy of the death certificate is required to file any claim for benefits. Your beneficiary should contact the Headquarters, U.S. Marine Corps, Human Resources Branch (MRG) for further details. Should you name a minor child as your beneficiary, the surviving parent or guardian will be required to submit evidence of financial legal guardianship papers in order for life insurance proceeds to be paid. Failure to provide appropriate legal documentation for minor beneficiaries will result in a delay in benefit payments until the dependent reaches age of majority.

ACRONYMS

401(k): a qualified employer retirement savings plan
ACA: Affordable Care Act
COLA: Cost of Living Adjustments
CPII: Choice POS II Managed Care Plan
CPI: Consumer Price Index
DoD: Department of Defense
EFT: Electronic Funds Transfer
FEGLI: Federal Employees' Group Life Insurance
FEHBP: Federal Employees' Health Benefits Program
FLTCIP: Federal Long Term Care Insurance Plan
FSA: Flexible Spending Account(s)
HDHP – High Deductible Health Plan
HMO: Health Maintenance Organization
HRA: Health Reimbursement Arrangement
HSA: Health Savings Account
IRA: Individual Retirement Account
IRS: Internal Revenue Service
LTC: Long Term Care
MCCS: Marine Corps Community Services
MR: Business and Support Services Division, Headquarters, U.S. Marine Corps
MRD: Minimum Required Distribution
MRG: Headquarters, U.S. Marine Corps, Human Resources Branch
NAF: Nonappropriated Funds
PCP: Primary Care Physician
PPO: Preferred Provider Organization
POS: Point of Service (Managed care health plan)
SSS: Same Sex Spouse
TC: Traditional Choice
TCC: Temporary Continuation of Coverage
TSP: Thrift Savings Plan
UHP: Uniform Health Plan

Sample SEI ACH Distribution Statement

SEI Private Trust Company
Business Support Services Division

DEPOSIT INFORMATION (Monthly and Year-to-Date)

1 TAXABLE = Taxable portion of your annuity payments. Your 12/1/YYYY Year-to-Date total will be reflected in Box 2a of your IRS form 1099-R

2 EE CONTRIBUTIONS = Non-taxable portion of your annuity payments. Your 12/1/YYYY Year-to-Date total will be reflected in Box 5 of your IRS form 1099-R until exhausted

3 TOTAL GROSS = Total annuity payments (Taxable and Nontaxable combined). Your 12/1/YYYY Year-to-Date total will be reflected in Box 1 of your IRS form 1099-R

4 FEDERAL TAX = Total elected federal tax withholding. Your 12/1/YYYY Year-to-Date total will be reflected in Box 4 of your IRS form 1099-R

5 STATE TAX = Total elected state tax withholding. Your 12/1/YYYY Year-to-Date total will be reflected in Box 12 of your IRS form 1099-R

6 MEDICAL INS/DENTAL INSUR/LIFE INS = Monthly and Year-to-Date amounts reflect the total Insurance premiums deducted from your annuity payments. Retiree Health and Life premium deductions are not tax deferrals and are not eligible for reporting in Box 5 of your IRS form 1099-R

ACH Distribution Statement

CORPS COMMUNITY SERVICES	00000000			
Deposited to the account of		**Account Number**	**Amount**	**ACH Date**
FIRST NAME MI LAST NAME		0000000000	$000.00	MM/01/YY

	DEPOSIT INFORMATION		YEAR TO DATE TOTALS	
1	TAXABLE	$000.00	TAXABLE	$0,000.00
2	EE CONTRIBUTION	$00.00	EE CONTRIBUTION	$00.00
3	TOTAL GROSS	$000.00	TOTAL GROSS	$0,000.00
4	FEDERAL TAX		FEDERAL TAX	
5	STATE TAX VA	$00.00	STATE TAX VA	$00.00
	MEDICAL INS	$000.00	MEDICAL INS	$000.00
6	DENTAL INSUR	$00.00	DENTAL INSUR	$00.00
	LIFE INS		LIFE INS	
	NET	$000.00	NET	$000.00

Current Information:
MARINE CORPS COMMUNUITY SERVICES

FIRST NAME MI LAST NAME
STREET ADDRESS
CITY, STATE ZIP

For new or corrected address
PLEASE PRINT

To ensure timely receipt of your ACH Distribution Statements and your 1099-Rs, immediately notify Headquarters Marine Corps when your address changes

Signature required for all changes:

☐ Check box for a form to change your direct deposit.

To avoid missed payments, immediately notify Headquarters before you change your bank account

Please detach and return this form to the following address:

Headquarters U.S. Marine Corps
Attn: Retirement Benefits
Business and Support Services Div. (MRG)
3044 Catlin Avenue
Quantico, VA 22134-5099
Inquiries about your annuity:Mon – Fri 8:00am – 4:00pm ET

1-(703)432-0425 or 1-(703)432-0421

Sample IRS Form 1099-R

VOID   CORRECTED

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code	1 Gross distribution $ 2a Taxable amount $	OMB No. 1545-0119 2017 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
	2b Taxable amount not determined	Total distribution	Copy 1 For State, City, or Local Tax Department
PAYER'S federal identification number / RECIPIENT'S identification number	3 Capital gain (included in box 2a) $	4 Federal income tax withheld $	
RECIPIENT'S name Street address (including apt. no.)	5 Employee contributions/ Designated Roth contributions or insurance premiums $	6 Net unrealized appreciation in employer's securities $	
	7 Distribution code(s) / IRA/SEP/ SIMPLE	8 Other $ %	
City or town, state or province, country, and ZIP or foreign postal code	9a Your percentage of total distribution %	9b Total employee contributions $	
10 Amount allocable to IRR within 5 years $ / 11 1st year of desig. Roth contrib. / FATCA filing requirement	12 State tax withheld $ $	13 State/Payer's state no.	14 State distribution $ $
Account number (see instructions)	15 Local tax withheld $ $	16 Name of locality	17 Local distribution $ $

Form 1099-R   www.irs.gov/form1099r   Department of the Treasury – Internal Revenue Service

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- IRS Form 1099-Rs are mailed from SEI (our pension trustee) no later than January 31st
- If you do not receive your 1099-R by February 15th, contact the number on your ACH Distribution Statement or on your initial retirement notification letter
- Do not call before February 15th
- Notify Headquarters Marine Corps immediately should you relocate

Box 1 – Total annuity payments received for the tax year indicated (Taxable & Nontaxable – Box 1 & Box 5 combined)
Box 2a – Total taxable portion of annuity payments received in Box 1
Box 4 – Total Federal Tax Withheld for the tax year indicated
Box 5 – Employee contributions only – This represents the total nontaxable portion annuity payments received in Box 1, which is based on your total "after-tax" retirement plan employee contributions while actively employed divided by the expected number of payments determined by the IRS Simplified Method factors - (Disregard reference to Designated Roth contributions or insurance premiums – these do not apply to Marine Corps NAF Retirement Plan Annuitants)
IMPORTANT: When your total "after-tax" retirement plan contributions are depleted, box 5 will be blank (zero). This means that your total Taxable Amount in Box 2a will equal your total annuity payments (Gross) in Box 1.
Box 7 – IRS Distribution Code
2 – If you are less than Age 59-1/2
7 – If you are Age 59-1/2 and above
IMPORTANT: You will receive two 1099-Rs the year you reach age 59-1/2 – One reflecting income under IRS distribution code 2 and the other reflecting income under IRS distribution code 7. Thereafter, you will receive one 1099-R reporting your annual income under IRS distribution code 7 for lifetime.
Box 12 – Total elected State Tax Withheld for the tax year indicated
Box 13 – Two-digit State Code and Number
IMPORTANT: You will receive two 1099-Rs for any year you relocate to a different state.

Detailed Instructions are provided on the second page of your 1099-R

It is important to keep your address, phone number and email and designated beneficiary information updated. Beneficiary changes and/or claims can be made by contacting:

HEADQUARTERS US MARINE CORPS
ATTENTION: BENEFITS SECTION (MRG)
3044 CATLIN AVENUE
QUANTICO, VA 22134-5099

(703) 432-0425	(703) 432-0421
(703) 432-0419	(703) 432-0420
(703) 432-0422	(703) 432-0438
(703) 432-0423	

Stay familiar with your benefits by regularly visiting the MCCS Benefits webpage at **www.usmc-mccs.org/employ/benefits**.

This site has valuable information about your benefits and upcoming changes or additions. You can print Aetna forms (medical and dental claim forms, mail in pharmacy forms). There are also electronic copies of various Summary Plan Descriptions.

facebook.com/MCCSHumanResources

twitter.com/MCCS_HQ_HR

usmc-mccs.org/employ/benefits