

"NAFI" Plans: Federal Retirement Programs Not Funded by the Government

This fact sheet provides an overview of retirement plans that are sponsored by government entities that do not receive funding from Congress.

What are Non-Appropriated Fund Instrumentality Retirement Plans?

NAFI Retirement Plans are retirement plans sponsored by government entities known as Non-Appropriated Fund Instrumentalities (NAFIs). NAFIs are part of the federal government but they do not receive funding from Congress. Instead, NAFIs fund themselves with revenue they earn through the services and products that they provide. Because NAFI employees are not eligible to participate in the retirement plans available to most civilian federal government employees, NAFIs sponsor their own plans.

Is My Retirement Plan a NAFI Plan?

The best known NAFIs that offer retirement plans are the on-base exchanges and “morale, welfare and recreation” providers inside the U.S. military. If you’ve ever been to a military base, many of the people you see working in the on-base military exchange, bowling alleys, and stores are NAFI employees. NAFIs typically employ civilians, spouses, or children of service members.

Common NAFIs include individuals employed by exchanges, commissaries, and “morale, welfare and recreation” operations with the:

- Department of the Army
- Department of the Navy – Bureau of Naval Personnel
- Department of the Navy – Navy Exchange Service Command
- Department of the Air Force
- United States Marine Corps
- Department of the Army and Air Force Exchange Services, and
- United States Coast Guard

NAFI retirement plans also exist outside the military, and include individuals employed by the:

- Federal Reserve
- National Aeronautics and Space Administration
- Consumer Financial Protection Bureau
- Federal Housing Board, and
- UNICOR – Federal Prison Industries

Why Are NAFI Retirement Plans Different from Other Retirement Plans?

NAFI plans are not covered by the retirement systems for federal employees or by the [Employee Retirement Income Security Act](#) (ERISA), the federal law that covers most retirement plans offered by private-sector employers. As a result, NAFI plans may not have all of the features that most private-sector employees have come to expect from their retirement plans. Unlike plans covered by ERISA, NAFI plans:

- Are NOT necessarily required to provide participants with information about the plan, including plan features and plan funding.
- Are NOT necessarily required to furnish information regularly or automatically.
- Are NOT necessarily required to have minimum standards for participation, vesting, benefit accrual and funding.
- Are NOT necessarily required to have rules regarding when a person is eligible to participate in a plan, accumulate benefits, and have a non-forfeitable right to benefits.
- Are NOT necessarily required to provide participants with reason for denying a claim for benefits, in addition to a reasonable opportunity for a fair and full review of the claim denial.
- Are NOT necessarily required to have accountable plan fiduciaries who can be held liable for plan losses.
- Do NOT provide participants with the ability to sue for benefits and breaches of fiduciary duty.
- Do NOT guarantee payments of certain benefits through the Pension Benefit Guaranty Corporation (PBGC) if a defined benefit pension plan is terminated.
- Do NOT guarantee that a participant's spouse will receive a plan benefit in the form of a joint and survivor annuity.
- CANNOT be investigated by the Department of Labor for mismanagement of funds, although they can be investigated by the Internal Revenue Service.

Since the Department of Labor has oversight of ERISA plans only, it cannot assist people in NAFI plans. If you are a participant in a NAFI pension plan and need legal assistance, you may be able to get help from the U.S. Administration on Aging's [Pension Counseling and Information Program](#) or through PensionHelp America at www.pensionhelp.org. The Pension Counseling and Information Program provides free legal advice to anyone with a question about their pension, 401(k), or other retirement plan in 30 states. PensionHelp America is web site that directs visitors to the most appropriate source of pension assistance services.