



## Employee Benefits Handout

# Effect of Extended Leave Without Pay or Other Nonpay Status on Federal Benefits



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## **Introduction:**

Leave without pay (LWOP) is a temporary nonpay status and absence from duty. Periods of LWOP may have a significant impact on your benefits and entitlements. The purpose for this information sheet is to explain how LWOP impacts your Federal benefits.

## **Federal Employees Health Benefits (FEHB):**

Your Human Resources Office (HRO) must give you a written notice of your options to continue or terminate your FEHB coverage as soon as they become aware that you are in a nonpay status. You must return the written notice to your HRO indicating whether you wish to continue, or terminate your FEHB coverage. Your enrollment will automatically terminate if you do not return the notice within 31 days of receiving it or within 45 days if you reside overseas. If you are subject to a court or administrative order to provide health benefits for your child(ren), you do not have the option of terminating coverage if you are eligible for FEHB.

If you choose to continue your FEHB coverage, it may continue for up to 365 days while in a LWOP status; however, you will be responsible for your portion of the FEHB premium. See your options under “premiums for employees in regular LWOP status” below.

If you choose to terminate your FEHB coverage, it will terminate retroactively to the end of the pay period in which premiums were withheld from your salary. A termination is not considered a break in continuous enrollment and does not adversely impact option to continue coverage into retirement. In order to be eligible to continue FEHB into retirement, you need to be enrolled in FEHB 5 years prior to your retirement or enrolled at your first opportunity for all periods of eligibility if less than 5 years. You should contact your HRO as soon as you return from LWOP to find out about reenrollment options.

Most employees are covered under premium conversion (PC), and may not cancel, or change their FEHB coverage until there is a FEHB Open Season, or they experience a Qualifying Life Event (QLE). A QLE is a permissible change in your employment, dependent, or marital status. Entry into LWOP is a QLE and you have the opportunity to cancel your FEHB or waive your participation in PC. Waiving PC coverage will allow you to cancel your FEHB coverage at any time. Of course, if you do not participate in PC, your premiums will be withheld after-taxes. If you choose to cancel your FEHB coverage, the cancellation is considered a break in continuous enrollment and may adversely affect your option to continue coverage into retirement.

**Premiums for employees in regular LWOP status:**

You may pay your premiums directly to your servicing payroll office while in LWOP status, or incur a debt and repay the premiums once you return to a pay and duty status. If you elect to pay the premiums directly, these payments will be applied to after-tax monies since health premium deductions can only be treated as pre-tax payments if they are deducted from your pay. If you elect to incur a debt and you are participating in PC at the time the repayment is made, it will be treated as a pre-tax payment.

If you are exercising your rights under the Family Medical Leave Act (FMLA), your FEHB coverage can continue. If FMLA is substituted by paid leave, your premiums will be deducted from your pay on a pre-tax basis. If FMLA leave is unpaid, LWOP rules will be applied.

***Reenrollment:*** If you terminated your enrollment or coverage terminated after 365 days of continued coverage, you may re-enroll in FEHB within 60 days of returning to pay status in a position in which you are eligible for FEHB coverage.

***Civilian Employees Called to Active Duty:*** You may be called to active duty while serving in your civilian position. Your HRO will place you in Absent-Uniformed Service (formerly called LWOP-US) status unless you decide to separate. Your HRO must give you a written notice of your option to continue or terminate your FEHB coverage as soon as they become aware that you will be placed on Absent-Uniformed Service or Separation-US. Your FEHB coverage will automatically continue unless your HRO receives notice indicating that you wish to terminate your enrollment.

If you elect to continue your FEHB coverage, your coverage may continue for up to 24 months starting on the date your Absent-Uniformed Service begins.

If you choose to terminate your FEHB coverage, it will terminate the day before you are separated or placed in Absent-Uniformed Service status.

***Premiums for civilian employees called to active duty:*** If you enter active duty for 30 days or less, your FEHB enrollment will continue without change. If you are serving in a Contingency Operation for over 30 days, your premiums are paid by your agency for up to 24 months (as defined under Title 10 USC Section 101(a) (13)) if you elect not to terminate your coverage. Entering into an Absent-Uniformed Service status is a QLE that would allow you an opportunity to change your PC participation. You have 60 days after a QLE to change your PC

participation. If there is a waiver in effect for PC, you may cancel your FEHB coverage at any time. If you enter active duty service, not in support of a Contingency Operation for over 30 days, you have the same options as employees who are in a regular LWOP status to pay the premiums directly or incur a debt for the first 12 months. For the second 12 months, you must pay your premiums and the government contributions, plus a two percent administrative fee on a current basis.

***Reenrollment:*** If your coverage was terminated by you or your HRO, FEHB coverage is automatically reinstated upon your return to a pay status unless you elect to waive reinstatement because of enrollment in TRICARE. If you elect to waive automatic reenrollment, you must inform your HRO of the date your FEHB coverage should be reinstated.

### **Federal Employees' Group Life Insurance (FEGLI):**

Your life insurance is continued without cost to you for up to 12 months while on LWOP. After 12 months of LWOP, your life insurance coverage will be terminated and you will be given the option to convert to an individual policy. If you are called to active duty, you may continue your FEGLI coverage up to 24 months. However, you must pay both the employee and agency share of the premiums for the additional 12 months of coverage (BAL 08-203). When you return to your civilian position following LWOP, your HRO will automatically reinstate your FEGLI. Returning to duty does not provide you with an opportunity to increase your coverage.

### **Thrift Savings Plan (TSP):**

You may not contribute to TSP while on LWOP and your agency will not make any contributions on your behalf. Loan payments may be suspended during the LWOP period, but only up to one (1) year. If the LWOP period exceeds one (1) year, payment must be made directly to TSP to avoid being in default and having a taxable distribution declared (as income). If you are called to active military duty, your TSP civilian account payroll contributions will stop. You will be eligible to contribute to a uniformed services TSP account. The one (1) year period, mentioned above, does not apply to employees called to active duty. You may make loan payments directly to TSP.

***Reenrollment:*** Upon returning to duty, you may make up contributions to your civilian TSP account for the period of time you missed as a result of your military service, including catch-up contributions (if you are age 50 or older). You may use the TSP contribution election that was in effect before your entry into military

service, or you may make retroactive contribution elections, including an election to terminate the contributions for this period.

If you are covered by FERS, your agency must restore missed Agency Automatic (1%) Contributions for the period of separation or non-pay associated with your performance of military service. These contributions are based on the basic pay you would have received as a civilian. In addition, you are entitled to restore Agency Matching Contributions for periods of military service if you have contributed to your uniformed services TSP account from military basic pay, or elected to make up employee contributions when you returned from military service.

### **Federal Long Term Care Insurance Program (FLTCIP):**

You may retain your FLTC coverage as long as the premiums are paid. If you were having the premiums withheld from your salary, you may request a change in the method of payment at any time through LTC's website at [www.ltcfeds.com](http://www.ltcfeds.com).

If your LTC coverage terminates due to nonpayment of premiums, you may request reinstatement of your LTC coverage within 12 months of the termination date. You will be required to reapply based on full underwriting, and the carrier will determine whether you are still insurable. If you are insurable, your coverage will be reinstated retroactively to the termination date and you must pay back premiums for that period. The premium amounts will be the same as prior to termination.

### **Flexible Spending Accounts (FSA):**

You have two options for a health care FSA. If you prepaid your health care FSA prior to your LWOP, you may be reimbursed for any health care expenses that you incurred while in a LWOP status. If you have not prepaid your health care FSA, your account will be frozen. Any health care expenses incurred while in LWOP status will not be reimbursed until the benefit period ends or you return to pay status and begin making allotments again.

If you have a dependent care FSA, Wage Works, Inc., the FSA administrator, will reimburse you for any dependent care expenses that you incurred while in LWOP status up to the account balance as long as you meet the Internal Revenue Service (IRS) guidelines for eligible expenses. Upon your return to duty, the allotments will be recalculated based on the number of pay dates remaining in the benefit period.

**Federal Employees Dental and Vision Program (FEDVIP):**

BENEFEDS, the administrator for the FEDVIP program, will make two consecutive attempts to collect the premiums while you are in a LWOP status. After two unsuccessful attempts, BENEFEDS will bill you directly. This direct billing will be after-tax; therefore, you will lose the benefits of premium conversion.

**Retirement:**

Generally, you will receive six months retirement credit for each calendar year that you are in LWOP status. You will not have to make a deposit for this period of service. The six-month rule does not apply to employees who are in receipt of Workers' Compensation benefits or called to active duty in most cases.

**Note:** You must keep your supervisor, organization, and/or HRO informed of your status while on LWOP. Contact your supervisor if you want to extend your LWOP. Your organization must submit a SF-50, Notification of Personnel Action, to extend the period of LWOP. If you accept another federal position, contact your HRO immediately to prevent the erroneous processing of your employment status and benefits.