

## **EMPLOYEE HANDOUT**

### **EFFECT OF EXTENDED LEAVE WITHOUT PAY (LWOP) OR OTHER NONPAY STATUS ON FEDERAL BENEFITS**

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 employee handout is to explain how LWOP impacts the areas of 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 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 retroactive 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 which is necessary for continuing coverage into retirement as long as you have been enrolled in FEHB 5 years prior to retirement or enrolled at your first opportunity, and you were covered by 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, you may cancel your FEHB coverage at any time. A cancellation is considered a break in continuous enrollment necessary for continuing 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 made with after-tax monies since health premium deductions can only be treated as pre-tax payments if they are deducted from 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, your FEHB coverage can continue beyond 365 days. You must pay the premiums directly to your servicing payroll office and the payments must remain current.

***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 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 LWOP-US or Separation-US. Your FEHB coverage will automatically continue unless your HRO receives notice indicating that you wish to terminate your enrollment. 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. A termination is not considered a break in continuous enrollment necessary for continuing coverage into retirement as long as you have been enrolled in FEHB 5 years prior to retirement or enrolled at your first opportunity, and you were covered for all periods of eligibility if less than 5 years.

If you elect not to terminate your FEHB coverage, your coverage may continue for up to 24 months beginning (or starting) on the date your LWOP-US begins.

If you choose to terminate your FEHB, your coverage will terminate the day before you are separated or placed in LWOP-US status.

***Premiums for civilian employees called to active duty:*** Your premiums are paid by your agency for up to 24 months if you are serving on a Contingency Operation [Title 10 USC Section 101(a) (13)] and you elect not to terminate your coverage. You must pay your premiums if you are not serving on a Contingency Operation and elect not to terminate your coverage. Entering into a LWOP-US 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. 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. 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 will be suspended during the LWOP period, but only up to 1 year. If the LWOP period exceeds 1 year, payment must be made directly to TSP to avoid being in default.

If you are called to active military duty, you have the option of contributing to the military TSP while on LWOP and/or electing makeup contributions upon your return to pay and duty status. The 1 year period, mentioned above, does not apply to employees called to active duty. Your loan payments will be suspended until you return to pay status.

**FEDERAL LONG TERM CARE (LTC) INSURANCE:** You may retain your LTC 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, Sykes Health Plan Services (SHPS), 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. The IRS guidelines state that you are incurring these expenses because you or your spouse is working or attending school.

Upon your return to duty, the allotments will be recalculated based on the number of pay dates remaining in the calendar year.

**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 PC.

**RETIREMENT:** Generally, you will receive 6 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-52, Notification of Personnel Action, to extend the period of LWOP. If you accept another federal position, contact your HRO immediately to prevent erroneously processing of your employment status and benefits.