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Benefits Summary for Civilian Employees on Leave Without Pay

For Full and Limited Service Employees

Employees can request, and supervisors approve, leave without pay (LWOP) for a variety of reasons. Read on to discover how LWOP impacts your benefits. **This benefits summary does not apply to employees who enter a leave without pay (LWOP) status for active military duty.**

Federal Employees' Health Benefits (FEHB)

What happens to my health insurance when I enter a leave without pay (nonpay) status? During a period of leave without pay (LWOP) you may elect, *in writing*, to terminate your health insurance coverage or continue it for a maximum of 365 days. A period of LWOP can also impact the tax treatment of your health insurance premium and may permit you to change your participation in premium conversion. You **must** notify the Benefits and Entitlements Service Team (BEST) in writing, via the attached "FEHB Nonpay Status Election" form, whether you wish to continue or terminate your FEHB enrollment. *If you do not return the election form, your enrollment will continue and you will be responsible for the premiums.*

If I continue my Federal Employees Health Benefits (FEHB) enrollment while on leave without pay (LWOP), what are my options for paying the premiums? You may elect to pay the premiums on a current basis or incur a debt. If you wish to pay your health insurance premiums on a current basis, send a check directly to your servicing Defense Finance and Accounting Service (DFAS) payroll office **each** pay period you are on LWOP, until the insurance expires after 365 days in a LWOP status. An election to incur a debt means you agree to pay the resulting debt via payroll deduction after you return to duty.

May I change my premium conversion participation election based on leave without pay (LWOP)? Yes. Entering a leave without pay (LWOP) status and returning to duty from LWOP are both qualifying life events for the purpose of changing your premium conversion participation status. You may change from participating to not participating, or vice versa.

Does leave without pay affect the tax treatment of my health insurance premium? It can. If you are currently participating in premium conversion, premiums are withheld from your salary on a "before-tax" basis. If you elect to pay your premiums on a current basis while on leave without pay (LWOP), your payments will be "after-tax." If you elect to incur a debt and have the premiums deducted from your salary after you return to duty, they will be on a "before-tax" basis. If you are **not** participating in premium conversion, premiums will be paid on an "after-tax" basis regardless of whether you pay on a current basis or incur a debt -- unless you change your premium conversion status from "not participating" to "participating" upon entering into LWOP, or upon returning to duty.

How do I change my premium conversion participation status? Complete the FEHB Premium Conversion Waiver/Election Form and mail or fax it to the address/fax numbers listed below. The form is located on our website at www.afpc.randolph.af.mil/dpc/best/fehb.htm.

Is there a time limit for changing my premium conversion participation status? Yes. Premium conversion elections may be submitted from 31 days prior and up to 60 days after the effective date of entering into leave without pay (LWOP), or within 60 days of returning to duty from LWOP.

I don't want to continue my health insurance enrollment while in a leave without pay status; may I use the Benefits and Entitlements Service Team (BEST) phone or web automated system to stop my enrollment? We strongly recommend you **don't** use the automated phone or web system to stop your health insurance enrollment for the following reasons.

-- Using the BEST phone system or the Employee Benefits Information System (EBIS) web application to stop your health insurance enrollment results in a **cancellation** instead of a **termination**. With a cancellation, you are not eligible for the 31-day automatic extension of coverage or the conversion privilege. When you return to work you will have to wait until the next open season or permissible life event to reenroll. In addition, canceling your enrollment will count as a break in the current continuous coverage you need to be eligible to take your health insurance into retirement.

-- If you **terminate** your enrollment by using the attached election form, you will be eligible for the 31-day automatic extension of coverage during which you and your covered family members may convert to an individual policy. You may reenroll in any Federal Employees Health Benefits (FEHB) plan within 60 days of returning to work. Termination is not considered a break in the continuous coverage necessary for continuing FEHB into retirement, as long as you reenroll within 60 days of returning to duty.

What is the effective date of a termination or cancellation of health insurance coverage? If you elect to terminate now, the termination will be effective retroactive to the last day of the last pay period that premiums were withheld from your pay. A cancellation is effective at the end of the pay period in which you use the automated phone or web system to stop your enrollment. If you elect to continue coverage for the maximum of 365 days in a leave without pay (LWOP) status, your enrollment will terminate at the end of the pay period in which the 365th day falls.

Is there any way to continue health insurance after it terminates? Yes. Whether you elect to terminate your coverage now or it terminates automatically after 365 days in a nonpay status, you will have a 31-day automatic extension of coverage (at no cost), during which you may apply to convert to an individual policy. If you cancel your coverage, as discussed above, you lose both the 31-day extension and the right to convert.

How do I apply for conversion to an individual policy? Write to your health plan carrier within 31 days of the termination of your health insurance and request information on converting to an individual, nongroup contract. The carrier will provide you with an application for conversion and information on benefits and costs. Additional information on the conversion process can be found in Part B of the Standard Form 2810 (Notice of Change in Health Benefits). The Benefits and Entitlements Service Team (BEST) will provide you with SF 2810 if you elect to terminate your coverage now, or when it terminates at the end of 365 days in a nonpay status.

What happens to my health insurance if I separate from employment prior to completing 365 days in a leave without pay status? If you separate prior to completing 365 days of leave without pay (LWOP), your Federal Employees Health Benefits (FEHB) enrollment will terminate based on the separation, effective at the end of the pay period in which your employment stops. Your servicing Civilian Personnel Office will provide you with SF 2810 (Notice of Change in Health Benefits) indicating your coverage has terminated and the effective date. You will have a 31-day automatic free extension of coverage during which you may convert to an individual policy or apply for Temporary Continuation of Coverage (TCC). If you separate from employment, your Civilian Personnel Office should provide you with our brochure "Benefits Summary for Separating Employees," or you may obtain it by visiting our Separating Employees Page at www.afpc.randolph.af.mil/dpc/best/sep-emp-info.htm. (Click on "Full Services" or "Limited Services," as applies to you.)

What happens to my health insurance if I separate from employment after completing 365 days in a leave without pay status? A separation from employment **after** the 365th day of leave without pay (LWOP) is immaterial. Your health insurance will terminate based on completion of 365 days LWOP, with the 31-day extension of coverage and conversion to individual policy option.

I am not enrolled in health insurance and am entering a leave without pay status; may I enroll upon returning to duty? If you were not enrolled at the time you entered on leave without pay (LWOP), you may enroll on return to pay status **only** if a qualifying event occurred while you were on leave without pay.

Flexible Spending Accounts (FSA)

What happens to my Flexible Spending Account if I enter a leave without pay status? While you are in a leave without pay (LWOP) status, there will be no contributions to your Flexible Spending Account. There are other options, though, such as prepaying the allotment (which will increase the per pay period amount deducted).

How can I get more information about the effect of leave without pay on my Flexible Spending Account? SHPS, Inc., the 3rd party administrator of the program, has full responsibility for the Flexible Spending Account (FSA) program, which includes counseling employees on the program as well as processing enrollments. You can find more information on FSAFEDS Web site at www.fsafeds.com, or you may speak with an SHPS customer representative at 1-877-372-3337 (TTY: 1-800-952-0450). Don't wait....if you have an active FSA account and plan on entering on leave without pay soon, contact SHPS today!

Federal Employees' Group Life Insurance (FEGLI)

What happens to my life insurance when I enter a leave without pay (nonpay) status? Your life insurance coverage continues at no cost to you for the first 12 months of nonpay status. The 12 months may be continuous or broken by periods of less than four consecutive months of pay status. Your coverage will stop at the end of the day in which you complete 12 months in a nonpay status, subject to a free 31-day temporary extension of coverage and conversion privilege. Exception: if you are in a nonpay status because you are receiving workers compensation benefits, your life insurance coverage will continue, if you are otherwise eligible, and your continued coverage is not free. The Department of Labor will withhold premiums from your compensation payments.

I'm receiving benefits from the Department of Labor, Office of Workers' Compensation Programs (OWCP); do I still have life insurance? To continue life insurance benefits while receiving workers compensation benefits, you must have carried life insurance for the 5 years of service immediately before the beginning date of compensation or, if you had it less than 5 years, for the full period(s) of service during which you were eligible to be insured. If you meet this requirement, your life insurance will continue while you are in receipt of compensation benefits.

How will I know if I am eligible to convert to an individual policy? When your insurance terminates because you have reached 12 months in a nonpay status, the Benefits and Entitlements Service Team (BEST) will provide you with an SF 2819 (Notice of Conversion Privilege). The SF 2819 represents notice of the loss of life insurance coverage and the right to convert.

How do I apply for conversion to an individual policy? You will need to complete Part C of the SF 2819 and contact the Benefits and Entitlements Service Team (BEST) to request an SF 2821 (Agency Certification of Insurance Status). Send both the SF 2819 and SF 2821 to the Office of Federal Employees' Group Life Insurance (OFEGLI) at **P.O. Box 2627, Jersey City NJ 07303-2627**. (This is a new address – do not use the address on the back of the SF 2819.) Mail the SF 2819 to OFEGLI within 31 days of the date FEGLI terminates or the date you receive the SF 2819, whichever is later. In the event you do not receive the SF 2821 from BEST, please call for a status; however, do not delay sending the SF 2819 to OFEGLI. Send the form anyway while you await the SF 2821.

What if I return to work after my life insurance has been terminated? Your previous life insurance coverage will be reinstated.

What happens to my life insurance if I separate from Federal employment? Federal Employees Group Life Insurance (FEGLI) coverage terminates (stops) at the end of the day you separate from Federal service, subject to a free 31-day temporary extension of coverage and conversion privilege. Exception: If you are

retiring, transferring to another Federal agency, or receiving worker's compensation, you may be eligible to continue your coverage.

Thrift Savings Plan (TSP)

Can I contribute to my regular Thrift Savings Plan account if I am in a leave without pay status? No. Employee contributions to Thrift Savings Plan (TSP) accounts must be made as deductions from basic pay. Consequently, if you are in a leave without pay (LWOP) status for one or more pay periods, you cannot contribute to your TSP account for these periods. In addition, employees under the Federal Employees Retirement System (FERS) will not receive agency contributions during LWOP.

Can I make a Thrift Savings Plan contribution election while in a nonpay status? Yes. You may make a contribution election (using the Benefits and Entitlements Service Team (BEST) automated phone or Web system) at any time during a Thrift Savings Plan (TSP) Open Season. The election will be processed, even though no contributions can be made to your account while you are in nonpay status. When you return to duty and your pay resumes, TSP contributions will be deducted based upon your most recent contribution election.

I have a Thrift Savings Plan loan; how is it affected if I enter a leave without pay (nonpay) status? While in a leave without pay (LWOP) status your normal Thrift Savings Plan (TSP) loan payments will not be made via payroll deduction because you aren't earning salary. You can suspend loan payments for up to one year, with interest accruing during that time. Suspension of payments may require reamortization of the loan on return to duty. However, you may also make payments by personal check or money order while in a LWOP status. Make the check payable to the Thrift Savings Plan and send it in with the Loan Payment Coupon. The coupon can be downloaded from the TSP Web site at www.tsp.gov/forms/oc02-7.pdf.

What must I do to have my Thrift Savings Plan loan payments suspended? You must submit a copy of the SF 50 (Notification of Personnel Action) documenting your leave without pay (LWOP) status to the Accounts Maintenance Branch, Thrift Savings Plan Operations Office, National Finance Center, P.O. Box 61820, New Orleans LA 70161-1820. If the initial SF 50 is for less than one year, you will also need to provide any subsequent SF 50(s) which extend the period of your LWOP. Failure to provide the SF 50(s) may have adverse tax consequences. When you return to duty, you must notify TSP of same, and they'll automatically reamortize your loan. However, if you don't keep your loan payments up to date, and you are in a nonpay status more than a year, the loan will be closed out and a taxable distribution will be declared. You will be liable for income taxes on the amount reported to the Internal Revenue Service (IRS), and depending upon your age and employment status, you may also be liable for a 10% early withdrawal penalty. The TSP Service Office will send you the appropriate tax form by Jan 31 of the following year. The taxable distribution accounts for the portion of your loan and interest you failed to repay to your TSP account.

If I return to a pay status and resume Thrift Savings Plan loan payments, will the loan repayment period be extended by the time in a leave without pay status? No. You must still repay your loan within the required time frames of 5 years for general purpose loans and 18 years for residential loans. Unless you repay your loan in full by the required deadline, the Thrift Savings Plan (TSP) will close your loan by declaring a taxable distribution of the outstanding balance of the loan.

Can I receive a Thrift Savings Plan loan while I am in a nonpay status? No. You must be in a pay status to apply for a loan.

TSP Catch-Up Contributions

May I enroll to make Thrift Savings Plan Catch-Up contributions while in a leave without pay status? No. One of the eligibility requirements for catch-up contributions is that you be in a pay status. Another is that you must be age 50 or older in the year in which contributions are withheld from your basic pay.

What happens to my Thrift Savings Plan Catch-Up contributions when I enter a leave without pay status? During leave without pay (LWOP), catch-up contributions will stop (same as regular Thrift Savings Plan contributions), and automatically resume on return to duty unless you return to duty the following year. Since Catch-Up contributions aren't tied to open seasons, on return to duty you may submit a new election to change the amount of your contribution, as long as the new amount doesn't exceed your net pay or the annual catch-up contribution limit. If you return to duty the following year, you would of course need to make a new enrollment election for that year.

When I entered on leave without pay the Thrift Savings Plan Catch-Up Contributions program was not yet implemented; can I enroll on return to duty? Yes, you may enroll in the Thrift Savings Plan Catch-Up Contributions program on return to duty if you meet the eligibility requirements for participation in the program.

Please annotate your elections on the attached form and return it to BEST at the address at the bottom of the form.

Receipt acknowledgement: _____
Employee Signature Date

How to Reach the Benefits and Entitlements Service Team (BEST)

Within the United States: Toll-free 1-800-616-3775

Overseas: Dial a toll-free AT&T direct access number for the country you are located in, then 800-997-2378. (AT&T direct access numbers can be obtained from www.att.com/business_traveler/guides_and_access/dialing_instr.html#outside).

Hearing Impaired: TDD toll-free number 1-800-382-0893, or (commercial) 565-2276 if located within the San Antonio, Texas area.

After separation from employment: 1-800-540-4047, or (commercial) 527-2399 within San Antonio, Texas.

BEST Fax Number: DSN 665-2936 or (210) 565-2936

BEST Mailing Address: HQ AFPC/DPCMB
550 C Street West Ste 57
Randolph AFB TX 78150-4759

BEST Homepage: www.afpc.randolph.af.mil/dpc/best/menu.htm

Thrift Savings Plan Operations Office
Accounts Maintenance Branch
P.O. Box 61820
New Orleans LA 70161-1820

Return Both Pages of This Election Form

FEHB NONPAY STATUS ELECTION

Employee Name (Print Legibly) _____

SSN _____

Date _____

Each pay period you are enrolled in the Federal Employees Health Benefits (FEHB) program, you are responsible for payment of the employee share of the premium. When you enter leave without pay (LWOP), also called nonpay status, or your pay is insufficient to cover the premium, you must make a decision to:

- Terminate your enrollment; *or*
- Continue the enrollment and pay the premiums on a current basis *or* incur a debt.

TERMINATE THE ENROLLMENT. A termination of enrollment is effective at the end of the last pay period in which premiums are withheld from pay. Health insurance coverage will continue at no cost to you for an additional 31 days during which you and your covered family members may convert to an individual contract with your insurance carrier. The termination of coverage is not considered a break in the continuous coverage necessary for continuing health insurance into retirement. When you return to pay and duty status, or at the end of the first pay period your pay becomes sufficient to cover your premium, you have 60 days to reenroll if you want health insurance coverage.

CONTINUE THE ENROLLMENT AND AGREE TO PAY THE PREMIUMS. If you elect to continue your Federal Employees Health Benefits (FEHB) coverage while in a leave without pay (nonpay) status, you must also decide the method by which you will pay the premiums. There are two options: 1) send a check directly to your Defense Finance and Accounting Service (DFAS) payroll office on a current basis, or 2) incur a debt for the amount of the unpaid premiums.

If you decide to pay the premiums directly to DFAS on a current basis, the payments will be made with “after-tax” monies. Contact your local payroll customer service representative to obtain the DFAS address where the check or money order should be sent, and who to make the check payable to. Include the following information on the check or money order: your name, social security number, a note that the payment is for “FEHB premium” and the pay period for which the payment is being made.

If you elect to incur a debt, repayment of the debt will be deducted from your pay after you return to duty. If you are participating in premium conversion at the time the debt deduction is made, it will be treated as a pre-tax payment. You can change your premium conversion participation when you return to a pay status. It does not matter whether you participated in premium conversion at the time the debt was incurred. If you are participating when the debt repayment deductions are made from your pay, they will be afforded pre-tax treatment.

If you elect to incur a debt, or if you elect to pay directly but fail to pay the entire amount due, you will receive a notice stating the total amount due. The notice will be sent when you return to pay status, your pay becomes sufficient, or you separate from employment with the Federal government. By electing to continue coverage, you agree the amount due will be withheld from salary by deducting the regular premium and an additional premium per pay period until the debt is paid. If the amount due cannot be withheld in full from salary, it will be recovered from a lump sum payment of accrued leave, income tax refunds, amounts payable under the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS), or any other source normally available for the recovery of a debt due the United States government.

Upon completion of 365 days of continued health insurance coverage during leave without pay (LWOP), your coverage will terminate with a free 31-day extension of coverage and the opportunity to convert to an individual, nongroup contract.

Make your election below, sign, date, and return both pages of this notice by mail to HQ AFPC/DPCMB, 550 C Street West Ste 57, Randolph AFB TX 78150-4759, or fax to DSN 665-2936 or (210) 565-2936.

After reading and understanding the above, I elect to:

_____ Continue the enrollment

(Check one):

_____ Submit direct payments to DFAS on a current basis

_____ Incur a debt

Signature _____ Date _____

_____ Terminate the enrollment

Date Leave Without Pay (LWOP) Began: _____

Signature _____ Date _____

NOTE: If you are entering a leave without pay (nonpay) status to go on active military duty, this brochure and election form do not apply to you. Instead, see our brochure "Information for Employees Entering Military Active Duty," located on the Web at www.afpc.randolph.af.mil/dpc/best/res-emp-info.htm.