



From the Benefits and Entitlements Service Team (BEST)

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 summary does not apply to employees who enter LWOP in order to perform active military duty.

Federal Employees Health Benefits (FEHB)

What happens to my health insurance when I enter LWOP status? During a period of leave without pay (also called “nonpay”) you may elect, *in writing*, to terminate your health insurance coverage *or* continue it for a maximum of 365 days. You *must* notify the Benefits and Entitlements Service Team (BEST) in writing, via the attached “Nonpay Status Benefits Election,” 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.*

What are the options for paying the premiums if I continue FEHB enrollment while on LWOP? You may elect to pay the premiums on a current basis *or* incur a debt.

To pay your health insurance premiums on a current basis, mail a check each pay period for the amount of your premium to: DFAS-Cleveland, Attn: DFAS-GAG/CL, PO Box 99555, Cleveland OH 44199-8019. Make the check payable to DFAS-CLDFN8522. Be sure to write your SSN and “FEHB LWOP” at the bottom of the check. Continue to send checks until you either return to duty or until your 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 LWOP? Yes. Entering LWOP 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, within 60 days of the date of the qualifying life event.

Does LWOP 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 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, and elected to incur a debt.

How do I change my premium conversion participation status? Complete the “FEHB Premium Conversion Waiver/Election Form,” available on page 6 of the Premium Conversion Fact Sheet at https://gum.afpc.randolph.af.mil/cgi-bin/askafpc.cfg/php/enduser/std_adp.php?p_faqid=2531.

Mail or fax to BEST (see page 6) within the time limit referenced in the next question.

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 LWOP, or within 60 days of returning to duty from LWOP.

I don’t want to continue my FEHB enrollment while on LWOP. May I use the BEST phone system or Employee Benefits Information System (EBIS) web application to stop my

enrollment? We strongly recommend you **not** use the phone or web system to stop your health insurance enrollment for the following reasons:

- First of all, if you are participating in premium conversion you may cancel your coverage only during an open season or in conjunction with a qualifying life event.

- Using the BEST phone system or EBIS web application to stop your health insurance enrollment results in a **cancellation** instead of a **termination**. When you cancel your enrollment, you are not eligible for the 31-day automatic extension of coverage or the conversion privilege. When you return to work you have to wait until the next open season or qualifying life event to reenroll. In addition, canceling your enrollment will count as a break in the 5 years current continuous coverage needed to be eligible to take health insurance into retirement.

- If you **terminate** your enrollment by using the attached Nonpay Status Benefits Election, you will be eligible for the free 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 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 return to duty.

What is the effective date of a termination or cancellation of health insurance coverage? If you elect to terminate, the termination will be effective on the last day of the last pay period in which premiums were withheld from your pay. A cancellation is effective at the end of the pay period in which you use the BEST phone system or EBIS to stop your enrollment. If you elect to continue coverage for the maximum of 365 days in a 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 free 31-day automatic extension of coverage during which you may apply to convert to an individual (private) policy. If you cancel your coverage, as discussed above, you do not have this option.

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 Enrollment). BEST will provide you with the 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 LWOP status? If you separate prior to completing 365 days of LWOP, your FEHB enrollment will terminate based on the separation, effective at the end of the pay period in which your employment stops. AFPC will provide you with SF 2810 (Notice of Change in Health Benefits Enrollment) 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, non-group contract policy or apply for Temporary Continuation of Coverage (TCC). If you separate from employment, your Civilian Personnel Section should provide you with the brochure "Benefits Summary for Separating Employees," or you may obtain it from the Web at http://gum.afpc.randolph.af.mil/cgi-bin/askafpc.cfg/php/enduser/std_adp.php?p_faqid=5689.

What happens to my health insurance if I separate from employment after completing 365 days LWOP? A separation from employment **after** the 365th day of LWOP is immaterial. Your health insurance will terminate based on completion of 365 days LWOP, with the 31-day extension of coverage and opportunity to convert to an individual policy.

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

Federal Employees Dental and Vision Insurance Program (FEDVIP)

Will my dental and/or vision coverage under the FEDVIP program continue while on LWOP?

Yes, it will, as long as you continue to pay the premiums on a current basis. In fact, if you know in advance that you will be entering LWOP, you may contact BENEFEDS and elect to accelerate your premium payments. To do this, you will select the number of pay periods over which you want to pay premiums based on the number of pay periods you expect to be in a pay status prior to the start of your LWOP. BENEFEDS will calculate the new deduction amount to be taken from your paychecks based on this selection. The advantage to accelerating your premium payments is that the premiums are deducted on a before-tax basis.

Example: “Jean” knows she will be on LWOP for maternity reasons for 3 months starting in Sep. She calls BENEFEDS and elects to accelerate her premiums for the 6 months prior to Sep. As a result, two premiums will be deducted from each check during the 6-month period.

If you do not accelerate your premiums, payment of some will be switched to a direct bill method after two consecutive pay periods of LWOP are completed. Direct bill means you will receive a bill for your premiums at your home address. You must pay these bills promptly or coverage will be terminated. BENEFEDS also recommends that you contact them immediately upon entering LWOP and upon return to duty to facilitate the change in billing. The toll-free phone number is 1-877-888-3337, TTY 1-877-889-5680.

Federal Employees' Group Life Insurance (FEGLI)

What happens to my life insurance when I enter a leave without pay (LWOP) 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. You will receive a free 31-day temporary extension of coverage and opportunity to convert to an individual (private) policy. 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, but the continued coverage is not free. The Department of Labor's Office of Worker's Compensation Programs (OWCP) will withhold premiums from your compensation payments.

I'm receiving workers' compensation 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. BEST will also provide you with an SF 2821 (Agency Certification of Insurance Status).

How do I apply for conversion to an individual policy? Complete Part C of the SF 2819 and forward it and the SF 2821 to the Office of Federal Employees' Group Life Insurance (OFEGLI) at **PO Box 1866, Long Island City NY 11101-9885**. (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.

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? 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 workers' 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 on LWOP? No. Employee TSP contributions must be made as deductions from basic pay. Consequently, if you are in a 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 submit a TSP contribution election while in a nonpay status? Yes. You may submit a contribution election (using the BEST phone system or EBIS web application) at any time. 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 TSP loan; how is it affected if I enter into a LWOP status? While in a LWOP status your normal TSP loan payments will not be made via payroll deduction because you aren't earning salary. If you go into approved LWOP status, the Internal Revenue Service (IRS) allows your TSP loan payments to be suspended for up to one year in a nonpay status. However, interest will continue to accrue while your payments are suspended, so you may want to submit loan payments directly to the TSP while on LWOP. To make loan payments from your personal funds, send a check or money order, payable to the Thrift Savings Plan, annotated with your Social Security number and TSP loan number, and send it with a TSP Loan Payment Coupon. The coupon is available on the TSP Web site at <https://www.tsp.gov/PDF/formspubs/tsp-26.shtml>. The coupon contains the mailing address where you should send the payment.

What must I do to have my TSP loan payments suspended? You must complete the attached Nonpay Status Benefits Election and fax both pages to BEST (see page 6). BEST will notify the TSP on your behalf, documenting your LWOP status, so your loan payments will be suspended. When you return to duty, you must notify BEST so that BEST can, in turn, notify TSP and TSP can 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 in default 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 subject to a 10 percent 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 my TSP loan payments resume, will the loan repayment period be extended by the time in a LWOP status? No. You must still repay your loan within the required time frames of 5 years for general purpose loans and 15 years for residential loans. If you kept your loan payments up to date while on LWOP, then the amount of your loan payment should not change. If you did not keep your loan payments up to date while on LWOP, TSP will reamortize the loan and increase the loan payment amount so that the loan will be paid off within the required

timeframe. If your period of LWOP extends beyond one year, the TSP will close your loan by declaring a taxable distribution of the outstanding balance of the loan.

Can I take out a TSP loan while on LWOP? No. When the TSP issues a loan, you are required to repay it via payroll deductions. Therefore, if you are not receiving pay, you are not eligible to apply for or receive a TSP loan.

TSP Catch-Up Contributions

May I enroll to make TSP catch-up contributions while in a leave without pay status? No. You must be in a pay status to be eligible to make catch-up contributions. The other eligibility requirements include being age 50 or older in the year in which contributions are withheld from your basic pay; not being in the 6-month noncontribution period following a financial hardship in-service withdrawal; and being able to certify that you have or will be contributing the maximum possible employee contributions to an eligible employer plan during the calendar year.

What happens to TSP catch-up contributions when I enter LWOP status? If you are already enrolled and making TSP catch-up contributions, those contributions will stop while you are in LWOP status (same as regular TSP contributions). They will automatically resume on return to duty unless you return to duty the following year. 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.

Flexible Spending Account (FSA)

What happens to my Flexible Spending Account if I enter LWOP status? While you are on LWOP, there will be no contributions to your Flexible Spending Account (FSA). There are other options, though, such as prepaying the allotment (which will increase the per pay period amount deducted). If you have not pre-paid your allotment, your Health Care FSA account will be frozen and you will not be eligible for reimbursement of any health care expenses incurred during that period until you return to pay status and your allotments are successfully restarted. However, if you have a Dependent Care FSA account, eligible dependent care expenses you incur during your LWOP may be reimbursed up to your account balance. When you return to pay status, your allotments (deductions from salary) will be recalculated based on the number of pay dates remaining in the Benefit Period.

LWOP itself is not a qualifying life event (QLE). However, if your period of LWOP is related to a QLE, you have the additional option of canceling your election (enrollment) for the remainder of the year and reducing your coverage to the amount already deposited as of the start of your LWOP. Additional information on QLEs is located on the FSAFEDS web site at www.fsafeds.com/forms/qscfact.pdf.

How can I get more information about the effect of LWOP on my FSA account? FSAFEDS has full responsibility for the FSA program, which includes counseling employees on the program as well as processing enrollments. You can find more information on FSAFEDS Website at www.fsafeds.com, or you may speak with a FSAFEDS customer representative, toll-free, at 1-877-372-3337, TTY: 1-800-952-0450. Don't wait...if you have an active FSA account(s) and plan on entering LWOP soon, contact FSAFEDS today!

Long Term Care Insurance (LTC)

How does LWOP affect my enrollment in the Long Term Care (LTC) insurance program? Your enrollment and coverage will continue while you are on LWOP as long as you continue to pay your

premiums on a current basis. You may not incur a debt, and there is no provision in law that will allow the agency to pay the premium on your behalf while on LWOP.

If you are currently paying the LTC premium by automatic payroll deduction from salary, you must contact LTC Partners at 1-800-582-3337 (TTY 1-800-843-3557). Let them know you are entering LWOP, and change your billing method to automatic bank withdrawal or direct billing. In the meantime, if you receive a "Bill for Uncollected Payroll Premium" at your home address from LTC Partners, be sure to pay it immediately in order to avoid a lapse in premium payment and possible cancellation of your policy. You cannot pre-pay or accelerate LTC insurance premiums.

Additional information is available on the LTC insurance web site at www.ltcfeds.com.

Retirement

Generally, LWOP up to 6 months in a calendar year is creditable for retirement eligibility and annuity computation. Example: If you are LWOP for 8 months in 2009, 6 months is creditable and the other 2 are not.

Exception: If you are in a LWOP status because you are receiving wage loss benefits from the Office of Workers' Compensation (OWCPC) for an on-the-job injury or illness, the entire period of LWOP is creditable for retirement eligibility and annuity computation.

Please Note: If you are entering LWOP to go on active military duty, this brochure and election form do not apply to you. Instead, obtain our brochure "Information for Employees Entering Military Active Duty" from the BEST web site at https://gum.afpc.randolph.af.mil/cgi-bin/askafpc.cfg/php/enduser/std_adp.php?p_faqid=5687 (select the appropriate brochure, based on whether you receive Full or Limited benefits services from BEST).

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

Within the United States: Toll-free 1-800-525-0102

Foreign Areas: First dial a toll-free AT&T Direct Access Number for the country you are located in, then 800-525-0102. (AT&T Direct Access Numbers are available on the web at www.usa.att.com/traveler/index.jsp).

When the phone system answers, press 2 for civilian employees, then 2 again for BEST benefits and entitlements, and follow the prompts. The system will eventually voice the benefits main menu: press 1 for FEHB, 2 for retirement, 3 for TSP, 4 for FEGLI. Press the number of the area related to your call, then zero to transfer to a counselor.

Hearing Impaired: TDD toll-free number 1-800-382-0893, or (commercial) 565-2276 if located in San Antonio, Texas (area code 210)

After separation from employment: 1-800-540-4047, or (commercial) 565-5027 if calling within San Antonio, Texas (area code 210)

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

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

Return Both Pages of This Election Form**NONPAY STATUS BENEFITS ELECTION**

Privacy Act Statement: This document contains information which will be protected in accordance with AFI 33-332 and DoD Regulation 5400.11, Privacy Act of 1974 as amended, and it is For Official Use Only (FOUO). Failure to provide your social security number may result in your election not being processed.

Employee Name (Print Legibly) _____

SSN _____ **Date** _____

Date LWOP Began _____

FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB)

Each pay period you are enrolled in the FEHB program, you are responsible for payment of the employee share of the premium. When you enter on 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 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:

- Send a check directly to your Defense Finance and Accounting Service (DFAS) payroll office on a current basis, **or**
- 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.

To pay on a current basis, mail your check to: DFAS-Cleveland, Attn: DFAS-GAG/CL, PO Box 99555, Cleveland OH 44199-8019. Make the check payable to "DFAS-CLDFN8522." At the bottom of the check, **be sure to write your SSN and "FEHB LWOP."**

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 election by mail to BEST at AFPC/DPIRB, 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 (select one):

Continue the enrollment

(Check one):

Submit direct payments to DFAS on a current basis

Incur a debt

Signature _____

Date _____

Daytime Phone Number _____

Terminate the enrollment

Signature _____

Date _____

Daytime Phone Number _____

THRIFT SAVINGS PLAN (TSP) (initial and sign if applicable):

I currently have an outstanding TSP loan. I request that BEST notify TSP of my nonpay status so my loan payments will be suspended. I understand that I must notify BEST immediately upon return to duty so they can notify TSP of same, in order to avoid a taxable distribution.

Signature: _____ Date: _____.

Please 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, obtain our brochure "Information for Employees Entering Military Active Duty" from your local Civilian Personnel Office.