

Leave Without Pay (LWOP)

If you go on a period of Leave Without Pay (LWOP) or other non-pay status during the calendar year, your agency will not withhold your allotment during the period you are on leave. Options for coverage during a period of LWOP are based on whether your LWOP is related to a Qualified Life Event (QLE).

What is a period of LWOP in the FSAFEDS Program?

A period of LWOP can fall under one of three categories. Options regarding your allotments will vary, depending on which category you fall. Below is a description of the three types of LWOP:

- **Standard LWOP** – A standard LWOP is any time off work in which you do not receive pay as the result of a non-major life event, such as a personal illness. In this case, you can continue coverage that reflects your current election so that allowable expenses you incur during your period of LWOP will be eligible for reimbursement. You have two options regarding your FSA account(s):
 - Prepay your election by accelerating your allotments prior to your period of LWOP. Allowable health care expenses incurred during your leave will be eligible for reimbursement because your “leave time” will be pre-paid because there will not be an interruption in your coverage period.
 - If you have a DCFSA, dependent care expenses you incur during your leave will not be eligible for reimbursement unless they meet IRS guidelines for eligible expenses. To meet these criteria, you must incur the expenses as a result of you and your spouse, if married, needing to work, look for work, or attend school full-time during the leave. Eligible expenses may be reimbursed up to your account balance.
- Freeze your account. You will not be eligible for reimbursement of any health care expenses during that period until the Benefit Period ends, or until you return to pay status and begin making allotments again. You can submit claims for eligible health care expenses incurred prior to your period of LWOP through April 30 for the previous Benefit Period.

When you return to pay status, your allotments will be recalculated across the remaining pay periods to ensure you reach your annual election amount. If there are less than five pay periods remaining in the year when you return to pay status, your deductions will increase proportionately over the number of pay periods remaining in the Benefit Period so that your account is paid in full on the last day of the year.

- **LWOP due to Military Deployment** – When a period of LWOP is a result of Military Deployment, it is considered a QLE. You will have additional options regarding your allotments. Please refer to the [QLE Quick Reference Guide](#) for more information.
- **LWOP and QLEs** – When a period of LWOP is a result of a major life event, it becomes a [QLE](#). You will have the additional option of canceling your election for the remainder of the year and reducing your coverage to the amount deposited or what you have already been reimbursed as of the start of your leave. If you choose to cancel your FSA, expenses you incur during your leave will not be eligible for reimbursement. Any change(s) made as a result of a QLE must be consistent with the event. For example, if you have a child, you would be able to increase your DCFSA as well as your HCFSA. But, if your child turns 13 years of age, thus is no longer eligible under your DCFSA, your election could only be decreased, not increased, and your HCFSA could not be changed at all.

If your period of LWOP occurs *prior* to a QLE, the time off prior to the QLE will be handled as a standard LWOP and will convert to a QLE on the date of the actual event. For example, you (or your spouse) are pregnant and become ill. You decide to take a period of LWOP to recover and are off for 3 weeks. At the end of two weeks,

the baby is born. Since birth of a child qualifies as a QLE, your LWOP upgrades to a QLE, effective on the date of the birth. Your time off, beginning with the date of birth of the child forward, is now eligible for a QLE. You will need to notify FSAFEDS of the change and how you would like to handle your allotments from that point forward. For more information, refer to the [QLE Quick Reference Guide](#).

LWOP versus QLE

The chart below lists examples of common LWOP and QLE events.

| <u>Leave Without Pay</u> | <u>Qualified Life Events</u> |
|---|---|
| <ul style="list-style-type: none">▪ Personal illness (extended)▪ Sabbatical▪ Care for dependents or family members in case of illness, accident or bereavement▪ To campaign for political office▪ Full-time political office▪ Community service/mission trip▪ Pursuing an education | <ul style="list-style-type: none">▪ Birth or adoption of child▪ Military Deployment▪ Change in legal marital status (marriage, divorce, death of spouse)▪ Death of a dependent▪ Change in number of dependents▪ Change in a dependent's eligibility▪ Change in employment |

I have experienced/will experience a period of LWOP. What do I do now?

You must notify FSAFEDS if you are going to be on a period of LWOP in the future or as soon as possible if you are already in a period of LWOP. Please contact an FSAFEDS Benefits Counselor, toll-free, at 1-877-FSAFEDS (372-3337), TTY: 1-800-952-0450, Monday through Friday, 9:00 A.M. until 9:00 P.M., Eastern Time.