

Enclosed are three forms to be used when an employee takes a leave of absence that causes an interruption in contributions to the employee's flexible benefits account.

The Unpaid Leave Documentation form should be submitted with the list bill and invoice payment. The employee can elect to continue benefits while on leave or revoke them. If the employee elects to continue, there are three methods of reimbursement available: early reimbursement through payroll deduction, after tax reimbursement during leave, and retroactive reimbursement through payroll deduction after returning from leave. The employer does not have to offer the third option to employees taking unpaid leave, as long as all employees are treated equally. Also, if the leave crosses over into 2 plan years a retroactive catch-up contribution may be possible (see industry guidance). While pre-payment across plan years is generally prohibited under the no-deferred-compensation rule, for plans that allow the grace period, industry guidance suggests that such pre-payments may be permitted within the 2 1/2 month grace period.

The Return from Unpaid Leave Documentation form allows the employee different options for reinstating benefits depending on the election made before going on leave. If the employee elected retroactive contributions, the retroactive contribution worksheet should be completed to determine new contributions per pay period.

Please be sure to complete these forms as necessary when an employee takes an unpaid leave. If you have any questions, please call Allegiance and speak to your Reimbursement Account Specialist.

Sincerely,

Allegiance Advantage your Reimbursement Account Specialists