

[Company Name]
[Address]
[City, State, Zip Code]

[Date]

[Employee Name]
[Employee Address]
[City, State, Zip Code]

Subject: Notification of Retirement Plan Status During Furlough

Dear [Employee Name],

As previously communicated, your furlough period is scheduled to begin on [Furlough Start Date]. This letter provides important information regarding the status of your retirement plan benefits during this time.

Plan Contributions:

Since you will not be receiving a regular salary during your furlough, your elective deferrals (pre-tax or Roth contributions) to the [Plan Name, e.g., 401(k)] will be suspended. Likewise, any employer matching or non-elective contributions will cease until you return to active pay status.

Outstanding Plan Loans:

If you currently have an outstanding loan from your retirement account, please note the following:

[Option A: Loan repayments will be suspended for up to one year during the furlough period.]

[Option B: You are required to make manual monthly payments to avoid loan default. Please contact the Plan Administrator for payment instructions.]

Vesting:

The period of your furlough [will / will not] count toward your years of service for vesting purposes, in accordance with the terms of the Plan Document.

Access to Funds:

A furlough is generally not considered a "separation from service." Therefore, you may not be eligible for a total distribution of your account balance. However, you may be eligible for a hardship withdrawal or a plan loan, subject to the plan's specific rules and IRS regulations.

Upon your return to active employment, your retirement plan deductions will automatically resume at your previous percentage/amount unless you choose to make a change through the [Online Portal Name].

If you have questions regarding your specific account, please contact [Plan Provider Name] at [Phone Number] or visit [Website].

Sincerely,

[Name]

[Title]

[Human Resources Department]