

Date: [Insert Date]

Subject: Important Information Regarding Your Flexible Spending Account (FSA) During Furlough

Dear [Employee Name],

This letter is to inform you of how your upcoming furlough, effective [Furlough Start Date], will impact your Flexible Spending Account (FSA) benefits.

Health Care FSA:

While you are on furlough, your payroll deductions for your Health Care FSA will cease. According to IRS regulations, you may only submit claims for eligible expenses incurred through your last day of active employment, unless you choose to continue your FSA coverage through COBRA. If you return to active status within the same plan year, your deductions will resume at a recalculated rate to meet your original annual election.

Dependent Care FSA:

Deductions for your Dependent Care FSA will also stop during your furlough. You may still submit claims for eligible childcare expenses incurred during the furlough period, provided the expenses allow you or your spouse to look for work or attend school, up to the remaining balance currently in your account.

Claims Submission:

You have until [Insert Deadline Date] to submit claims for expenses incurred prior to your furlough start date. Please submit all documentation to [FSA Administrator Name] via [Submission Method, e.g., online portal/mobile app].

COBRA Option:

You may be eligible to continue your Health Care FSA coverage on an after-tax basis through COBRA. A separate COBRA election notice will be mailed to your home address with further instructions and deadlines.

If you have questions regarding your account balance or specific eligible expenses, please contact [FSA Administrator Name] at [Phone Number] or [Email/Website].

Sincerely,

[Your Name/Department Name]
[Company Name]