



Considerations around Layoff

The COVID-19 emergency has presented employers with many challenges to consider, including layoffs for their employees. As you read the below it should be noted that in the absence of COBRA applicability, state continuation may apply.

Things to Know:

- **Overall**
 - Layoffs are generally treated as an employment termination. Even though the most common scenario is a temporary reduction in force, your intent is to eventually recall the employee.
 - This is a COBRA-triggering event for any health benefits (medical, dental, vision, Healthcare FSA, HRA, etc.) upon termination for those covered under these plans. In this situation, you could offer a severance and subsidize a portion of the COBRA premium for these terminated employees.
- **Returning to Work**



In the case of a layoff, reinstatement of a returning employee’s benefits will be governed by your layoff and recall policy and the applicable benefit plan documentation. Careful consideration should be made regarding formalization of such a policy.
- **Other Considerations**

For Applicable Large Employers (ALE), defined under the Affordable Care Act (ACA), layoffs can have an impact on your obligations under the ACA Employer Mandate.

Important: This information sheet is meant to provide you with general information and should not be viewed as legal advice. If you are contemplating the employment actions discussed herein you are advised to consult your legal counsel regarding these actions to ensure you are in compliance with federal, state and local laws. It is also important for you to check with your insurance carrier or other TPA regarding any coverage rules that may apply.

Additional Resources

We want to help! You don’t need to be a TASC customer to call our hotline or download our helpful documents.

General questions on this information	Want us to make changes to your TASC plan?	Want guidance for another benefits TPA?
 <p>Call our Special Forces COVID-19 hotline: Call 1-833-433-1002</p>	 <p>Contact us to do all or part of this work effort for you: 1-888-595-2261, or Get Started.</p>	<p>Share our How-To document with your administrator: Get Started.</p>



Why TASC?

For more than 40 years, TASC has been a leader, an innovator, and a partner of employers committed to ensuring the health, wealth and well-being of their employees and their employees' families and community. TASC was a pioneer in assisting sole-proprietor farmers and small businesses save billions in tax dollars through the adoption of health reimbursement plans; challenging many ill-informed IRS auditors, accountants, and naysayers along the way. TASC, through FlexSystem, brought the idea of a Cafeteria Plans to large and small businesses; challenging the notion that such plans were burdensome, complicated and difficult to administer.

There from the beginning of Section 125, TASC has brought its knowledge and expertise forward with the idea that together we can improve lives of many, strengthen our communities, and make benefits feel like benefits. TASC understands that each employers circumstance is different. TASC offers its guidance based upon the wealth of its experience as an employer and as a benefits administrator. It is not legal or tax advice and should not be taken as such but is offered to prompt knowledgeable inquiry of your plan professionals and provoke thoughtful plan decision making.

TASC provides its clients with an audit guarantee with respect to serviced tax advantaged accounts. Subject to certain conditions and restrictions, this guarantee provides that in the event a client suffers an adverse finding by the IRS or Department of Labor, despite following TASC's plans and procedures, resulting in interest charges and/or assessed penalties, such interest and penalties will be covered by the guarantee.