Termination of Employment Instructions

Print or copy this instruction form to use as a reference guide when terminating an employee.

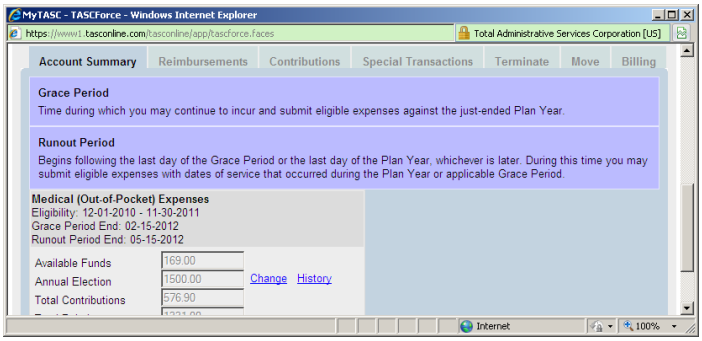
It is important to log in to your MyTASC account and enter all employee terminations immediately to avoid overpayments. Reimbursements may be submitted and processed through the terminated employee's Runout end date for services incurred through the employee's eligibility end date.

Please note: If your Plan includes an HSA and all of the Participant's use TASC's HSA Bank, a separate e-mail must be sent to *inbox_HSA@tasconline.com* with the Participant's termination information for the HSA deduction only. Those terminated Participants with benefits in addition to an HSA or if your employee's select their own HSA Banks, enter their termination information on MyTASC as noted below.

The termination process terminates all benefits on MyTASC the Participant elected in the three easy steps noted below.

Step 1

- Visit www.tasconline.com and log in to MyTASC using your username (or 12-digit TASC ID) and password.
- From the Client Manager Page in your account, click Payroll Verification Report (PVR).
- Select the appropriate Plan from the drop down menu.
- Locate the Participant that has terminated and click Account. This brings up the Participant's Account Summary.



- Verify that all payroll contributions have been submitted for the terminated Participant by clicking Contributions. Contributions have been submitted for all Payroll Dates with a Yes in the Posted Column. (This Payroll Date will default in the Last Payroll Date field on the Termination Page. If more contributions will be taken on a future Payroll Date, you will need to change that date on the Termination page.)

Step 2

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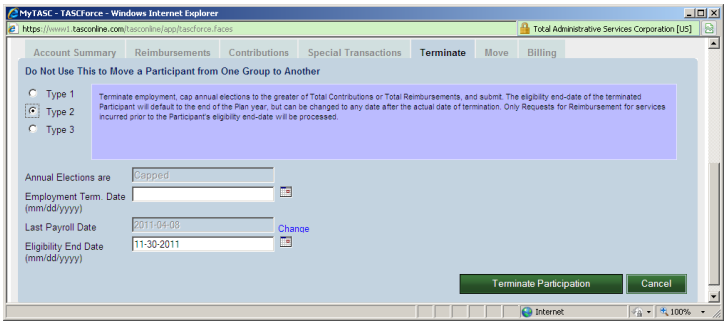
- Click Terminate and select your Plan's termination type. The option selected by the employer must be made in a nondiscriminatory manner and applied equally to all Plan Participants. See the descriptions below to determine which option to select.



Type 1: Employers are advised to consult their respective State Laws on Wage and Garnishment prior to selecting this Termination Type. With Type 1, the employer deducts all remaining Medical FSA deductions from the Participant's final paycheck regardless of the employee's current account balance.

Type 2: No further deductions will be withheld from the employee's paycheck. The annual Medical FSA election is adjusted to reflect the year-to-date deductions.*

Type 3: No further deductions will be withheld from the employee's paycheck. The Participant's annual election is retained. DO NOT reduce the annual medical FSA election to reflect YTD deductions.

Step 3

- Enter the date the Participant's termination was effective in the Employment Term Date field. Enter the date using 8 digits and dashes (xx-xx-xxxx) or select the calendar and click on the applicable date.
- Verify the date the Participant received their last paycheck listed in the Last Payroll Date field is correct. (The date must match a date listed on the PVR.) If more contributions will be taken from a future Payroll Date, you need to change the date. Click Change and select the appropriate date from the drop down list.
- Enter the Participant's eligibility end date per your Plan's eligibility end date specifications. The eligibility end date determines how long a Participant has to incur claims. Depending upon your Plan, the eligibility end date could be the same as the date of termination, the end of the month in which the Participant terminated, the Participant's last payroll date or the last day of the Plan Year. The eligibility end date must be consistently applied to all Plan Participants to be nondiscriminatory. Please note the system date defaults to the last day of the Plan Year. If this is not correct for your Plan, you must change it to reflect the correct date.
- After entering all of the above, select the Terminate Participation button.

*For all Clients funding via the PVR method (Participant contributions), any terminated Participant with a negative amount greater than $50 in the medical FSA account that were paid by FlexSystem will be applied to your next Payroll Verification Report (PVR) upon the Participant's termination. All other negative balances will be netted out of forfeitures after the end of the Plan Year's transitional period. Any

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remaining net negative balance will be due at that time. Please note, due to the Internal Revenue Service Uniform Coverage Rule, the Participant is NOT responsible for this negative balance. The balance is covered by the Employer.

Employers that are subject to COBRA (see below) may be required to offer COBRA to terminating employees participating in their Medical (Out-of-Pocket) Expenses FSA (dependent daycare and term life insurance do not qualify for COBRA). COBRA coverage need not be offered at all if, as of the date of the qualifying event, the Participant's year-to-date reimbursements equal or exceed their year-to-date contributions.

Employers subject to COBRA:

All employers with 20 or more employees on 50 percent of their typical business days during the preceding calendar year. Two exceptions apply to this rule:

- The federal government has its own rules regarding continuation coverage.
- Church plans (within the meaning of 414(e) of the Internal Revenue Code).

All common law employees must be counted, regardless of whether or not they have health coverage. Part-time employees must be counted on a prorated basis. Self-employed individuals, independent contractors, and directors are not counted. Employers who are participants in a controlled group must offer COBRA as well.

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