



Furloughs, Layoffs & Reductions in Force: The Distinctions Impacting Employee Benefits and Employment Laws

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Many employers are making the difficult decision to place employees on a temporary furlough or to implement more permanent layoffs or a reduction-in-force. Employers should be aware of the impact these actions have on the employee benefit programs offered to the affected employees.

The [chart](#) below illustrates the impact of furloughs, layoffs and reductions in force on retirement plans, welfare benefit plans and employment law rights and responsibilities. For purposes of the chart, a “**furlough**” is a temporary, unpaid leave of absence during which an employee remains on the employer’s “W-2” roster with no separation of the employment relationship; a “**layoff**” is a complete termination of employment where there may (or may not) be an expectation that the employee will be rehired when economic conditions improve; and a “**reduction in force**” is similar to a layoff (with respect to the employment termination) but a RIF carries a connotation of permanency, or a lowered expectation of future rehire.

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