

What is a Lifestyle Spending Account?

Why organizations are including it in their benefits strategy

Ameriflex®



About Ameriflex

Ameriflex helps individuals and employers navigate the challenges of healthcare with tax-advantaged benefits solutions and industry-leading technology.

We are the benefits administrator that keeps your world quiet and your clients happy.



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Today's Talking Points:

- What is a Lifestyle Spending Account (LSA)?
- Who cares, and why should we?
- How does an LSA work?
- How are organizations using LSAs?
- Does an LSA Add Value to a plan?
- Best Practices for Setting Up and Getting Started
- Question & Answer

What is a Lifestyle Spending Account?

It's an account that allows employers to help employees pay for health and wellness expenses not covered by their health plans.



Who cares, and why should we?

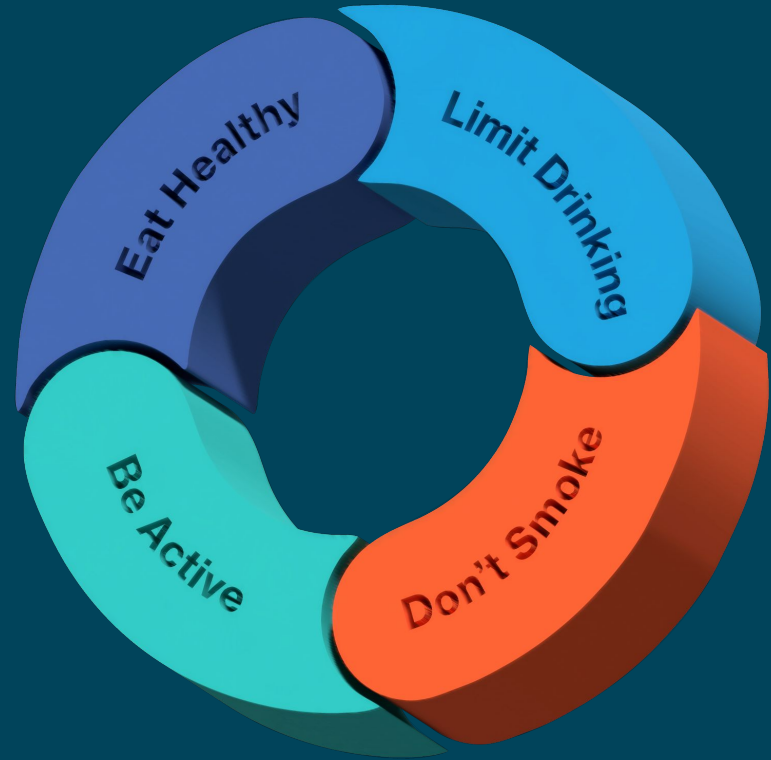
The “Comprehensive” Benefits Package



The "Not-So-Comprehensive" Benefits Package



Did you know the leading causes of death and disability in the U.S. are largely preventable?

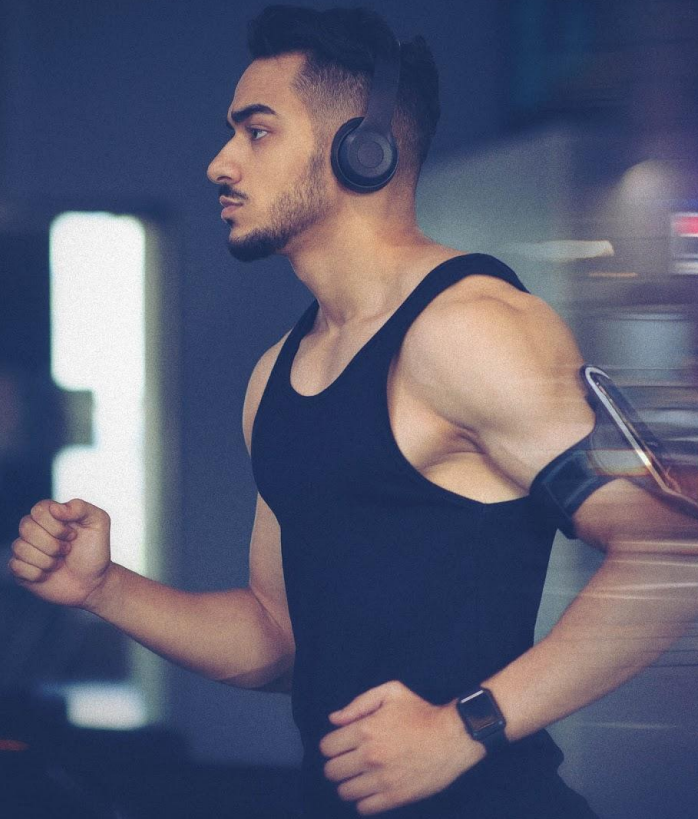


“Chronic health conditions and unhealthy behaviors also **reduce worker productivity**. Five chronic diseases or risk factors—high blood pressure, diabetes, smoking, physical inactivity, and obesity—**cost US employers \$36.4 billion a year** because of employees missing days of work.

[CDC.gov](https://www.cdc.gov), June 9, 2022

Should employers provide preventative maintenance resources?

Or wait until something goes wrong?






*Adding an LSA isn't
entirely selfless...*

It's a benefit for both
the organization
& the employee.



An LSA helps employers fill the gaps:

- Provides employees a means to pay for health and wellness services
- Flexibility in plan design and limits
- ***Helps strengthen employee recruitment and retention***



In a recent [LinkedIn study](#)*, 56% of employers said they're updating their policies to appeal to a multigenerational workforce.

*[*https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions/resources/pdfs/linkedin-2020-global-talent-trends-report.pdf](https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions/resources/pdfs/linkedin-2020-global-talent-trends-report.pdf)*

A blue pen is shown in the upper right corner, drawing a diagram on a white surface. The diagram consists of several interconnected lines forming a series of shapes, possibly representing a flowchart or a process diagram. The background is a light blue gradient.

How Does an LSA Work?

The employer chooses:

- what the account will cover
- what the annual allotment will be
- the terms of the account

What can an LSA cover?

Wellness

Gym/Fitness Club Memberships

Health Club & Spa Memberships

Fitness Classes (Spin/Cycle, Yoga, Zumba, etc.)

Nutritional Supplements

Nutritional Counseling

Fitness Trackers

Weight-loss Programs

Therapy/Counseling (spiritual, marriage, etc)

Massages

Rock Climbing expenses

Personal Trainer

Fees for Marathons, Sports Leagues, Etc

Swimming, Tennis, or other sports activity lessons

Martial Arts Expenses

Athletic/Gym Equipment & Accessories

Gender Affirmation Care

Family Planning Services

All medical-related travel expenses

Lessons (ex: golf lessons)

Passes (ski, snowboard, golf, swimming, etc.)

Annual Park Pass

What can an LSA cover? (cont'd)

Emotional/Social

Personal development Classes

Meditation Classes

Retreats (ex leadership, spiritual, spa/day spa, etc)

Hunting and Fishing Licenses

Pet Care (walking, grooming, general care, etc.)

Cooking classes

Camping (ex tent, site rental fees, cooking equipment, blow up mattress, sleeping bags, etc)

Financial

ID Theft Expenses

Financial Planning & Advisory

Student Loan Reimbursement

Financial Seminars/Classes

Standard

Dependent Care Expenses

Cell Phone Costs

Commuter Reimbursement

Other

Remote Work Expenses: Office furniture & equipment such as desks, chairs, headphones, keyboard trays, internet bills, printers, printer supplies, bulletin boards, white boards, desk lighting, desk organizers, surge protectors

Home office safety supplies: Fire extinguishers, smoke detectors, carbon dioxide detectors

Home purchase expense reimbursement (down payment, closing costs)

Gasoline Expenses

Groceries

Who is eligible?

Employers can
decide who can
participate

*How much
can employers
contribute?*

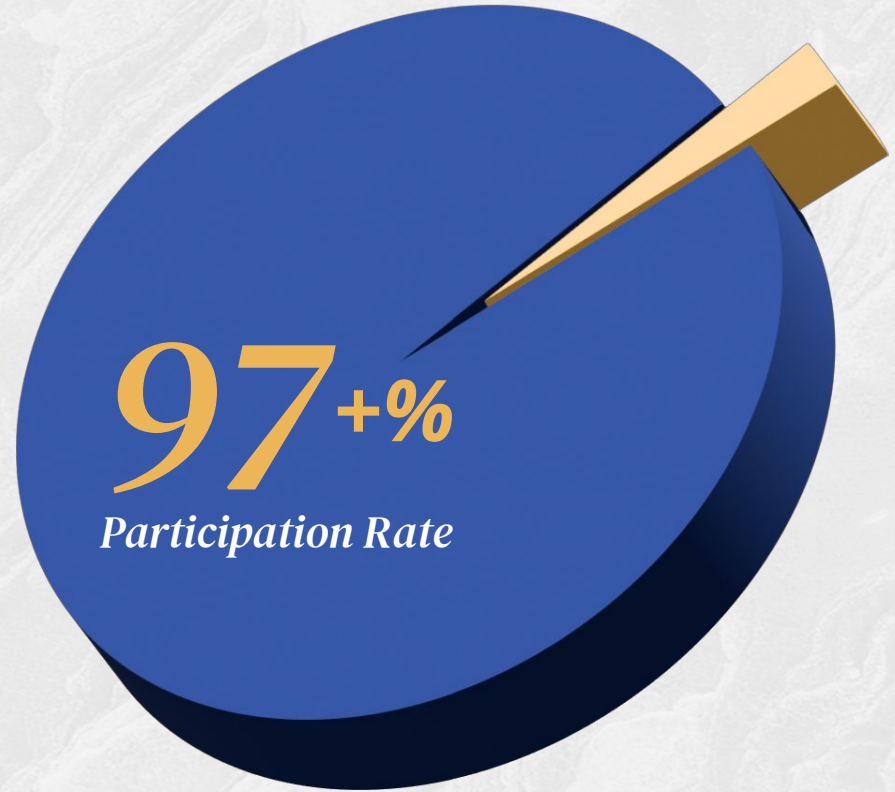
Employers can
decide how much
to contribute.

How are organizations using LSAs?

A look at Ameriflex LSA stats:

Participation rate | Allotment Amount | Funding frequency

We have *1701*
eligible employees
with *1655*
participating



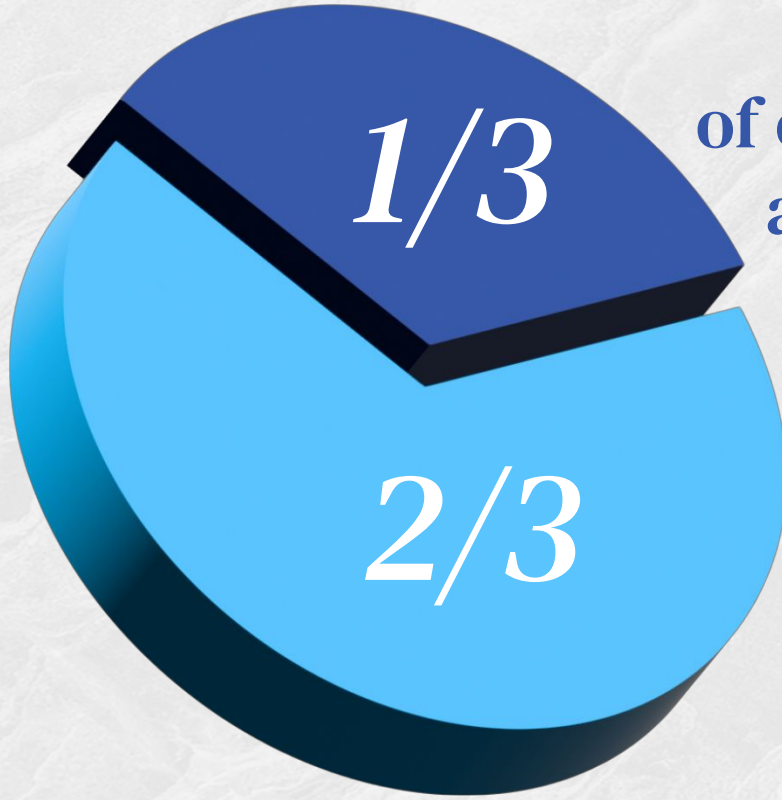
Average Annual Funding Amount

\$480 *Low*

\$1,568

\$3,000 *High*

**A few clients choose to vary the funding availability, which isn't recommended. Data isn't included for those accounts.*



**of our LSA accounts
are funded annually**

**are funded monthly
or bi-monthly**

LSA Plan Design Example **1**

Employees: 64 Enrollment: 100%

Annual Funding Amount: \$3000

Allotted: \$250/month

Expenses Covered:

Hunting License

Fishing License

Pet Care (walking, grooming, general care, etc.)

ID Theft Expenses

Dependent Care Expenses

Cell Phone Costs

Commuter Reimbursement

Gym/Fitness Club Memberships

Health Club & Spa Memberships

Fitness Classes (Spin/Cycle, Yoga, Zumba, etc.)

Nutritional Supplements

Nutritional Counseling

Fitness Trackers

Weight-loss Programs

Therapy/Counseling (spiritual, marriage, etc)

LSA Plan Design Example 2

Employees: 90 Enrollment: 100%

Annual Funding Amount: \$600

Allotted: \$50/month

Expenses Covered:

ID Theft Expenses

Financial Planning & Advisory

Student Loan Reimbursement

Financial Seminars/Classes

Dependent Care Expenses

Cell Phone Costs

Gym/Fitness Club Memberships

Health Club & Spa Memberships

Fitness Classes (Spin/Cycle, Yoga, Zumba, etc.)

Nutritional Supplements

Nutritional Counseling

Fitness Trackers

Weight-loss Programs

Therapy/Counseling (spiritual, marriage, etc)

Massages

Rock Climbing expenses

Personal Trainer

Fees for Marathons, Sports Leagues, Etc

Swimming, Tennis, or any other sports activity lessons

Martial Arts expenses

Athletic/Gym equipment & accessories

LSA Plan Design Example 3

Employees: 60 Enrollment: 97%

Annual Funding Amount: \$500

Allotted: \$500 annually

Covered Remote Work Expenses:

Office furniture & equipment such as desks, chairs, headphones, keyboard trays, internet bills, printers, printer supplies, bulletin boards, white boards, desk lighting, desk organizers, surge protectors

Covered Home office safety supplies:

Fire extinguishers, smoke detectors, carbon dioxide detectors

Do LSAs add value?

LSA vs Raise in Pay

- A raise is spread out over the whole year, while an LSA can be offered and used in a lump sum as needed.
- An LSA is an avenue an employer can use to show appreciation or extra care and concern for employees by investing in their overall wellness.
- Employees only use what they need. So, LSA allotments not spent by the employee won't count as income at the end of the year.
- A raise is more permanent, and an LSA can be adjusted from year to year.
- Items covered by an LSA could also positively impact the household budget

How are contributions taxed?

*Taxes are withheld
like a standard
payroll deduction.*

\$1000 contribution taxed at
***20%** = **\$200**

The employee receives the
balance after taxes. **\$800**

**Payroll deductions vary by regions and employee preferences,
so 20% is used as an example illustration.*

Best Practices for Getting Started

Do

- Give clients a starting point
- Give examples
- Be flexible
- Allow customization

Don't

- Allow medical premiums
- Allow expenses covered by other pre-tax accounts

FAQs:

How do participants spend the LSA funds and receive reimbursement?

After the employer sets a reimbursement limit, employees pay for eligible expenses and submit a receipt for the product or service.

What account support is provided?

Ameriflex provides participant and employer support via its website, phone, and mobile app.

Will LSA balances carry over at the end of the year?

It's up to the employer. When planning the account, the employer chooses if carrying over a balance will be an option.

Why did our clients decide to add an LSA?

“To help our employees pay for expenses that our group health plan doesn’t cover.”

“To strengthen our benefits package to improve employee retention.”

“Our employees expressed an interest in it.”

“To encourage our employees to invest in their health and wellness.”

“To be more competitive in our benefits offerings for new employees.”

“To strengthen our benefits package to improve employee retention.”



Take advantage of our LSA promotion:

available through September

15% off of LSA administration for current clients

15% off of Compliance (COBRA, SPD Wrap, Form 5500) for new clients adding an LSA

15% off of Flex Benefits including FSA, DCA, HRA, etc. for new clients adding an LSA

Free Setup (\$500 value) when adding a new product

<https://myameriflex.com/proposal>

Question & Answer