

Know Your Benefits

Brought to you by: STR Benefits Consulting



Lifestyle Spending Accounts

Chances are you're paying more attention to your benefits and wondering how to get the best bang for your buck. You're likely familiar with health savings accounts and flexible spending accounts, but have you heard of lifestyle spending accounts (LSAs)? An LSA is an employer-funded account that can cover some health- and wellness-related expenses outside your health plan. This benefit can help you focus on your well-being and save money on the activities or expenses that matter to you.

This article provides an overview of LSAs and commonly covered expenses.

What Is an LSA?

An LSA is a taxable, employer-funded benefit to support your physical, mental, emotional and financial health and wellness. Employers determine their annual contribution amount and how you can spend your LSA funds. Your employer will also place parameters on acceptable products, services and expenses—sometimes covering other costs not typically included in a group plan.

How Does It Work?

An employer deposits money into your LSA to pay for eligible products and services that support your lifestyle. The money you spend is taxable income, so you should see the benefit itemized on your payroll stub with applicable taxes withheld.

Although employer rules vary, you may be able to make LSA-eligible purchases using an issued debit card or save receipts to file reimbursement claims online.

What Types of Expenses Are Covered?

Depending on how your employer sets up the LSA, you have multiple options for spending your funds. Common LSA expenses include:

- **Care services** (e.g., child care, elder care and nursing home care)
- **Convenience services** (e.g., home meal delivery, food or grocery delivery, and home cleaning services)
- **Emotional services** (e.g., nonmedical counseling services, retreats and personal development classes)
- **Financial services** (e.g., financial planning, tax preparation and filing fees, home purchase expenses, identity theft services and financial education programs)
- **Legal services** (e.g., will fees and estate advisor and planning services)
- **Lifestyle expenses** (e.g., social activity fees)
- **Mental health** (e.g., mindfulness or meditation apps and life coaching)
- **Pet services** (e.g., adoption fees, pet insurance, pet supplies, pet grooming and pet day care)
- **Physical health** (e.g., gym or spa memberships, fitness classes, personal trainer services, fitness trackers, weight management program fees, nutrition counseling, athletic apparel and exercise equipment)
- **Professional development** (e.g., continuing education courses, certificates and industry conferences)
- **Return-to-work incentives** (e.g., gas, meals and auto maintenance)
- **Wellness** (e.g., food supplements and nutrition counseling)
- **Work uniforms or equipment**
- **Work-from-home expenses** (e.g., internet bill, home office equipment and office supplies)

You're typically encouraged to spend LSA funds in the calendar year they are deposited, but some employers may allow you to carry funds over.

For More Information

An LSA can help you on your physical, emotional, mental and financial wellness journey. Your employer has designed this unique benefit to help you be your best self.

Contact your HR representative to learn more about LSA eligibility, eligible expenses and other rules.

This Know Your Benefits article is provided by STR Benefits Consulting and is to be used for informational purposes only and is not intended to replace the advice of an insurance professional. © 2023 Zywave, Inc. All rights reserved.