

Build your **LSA** Guide

8 decisions you make when offering a lifestyle spending account



Considering a lifestyle spending account (LSA) for your employees but not sure where to start? An LSA is a unique way to support your employees' wellness, but setting up the post-tax benefit might feel overwhelming because it is customizable, which leaves you with a lot of decisions to make. Use this guide to:



Understand LSA plan design options



Explore what other employers (just like you) are offering



Decide if an LSA is right for you and your employees

Are you ready to get started?

Goals

What are your goals with your LSA? Think about your reasons for offering the benefit and how it may impact your employees.

- Financial wellness
- Mental and emotional wellness
- Physical wellness
- Boost retention + attract new talent
- All of the above
- Other

Contribution schedule

When would you like your employees to receive their funds? Your options include at the start of a plan year, periodically throughout the plan year, or tied to a behavior.

- Plan year start
- Monthly
- Quarterly
- Other



Here are most common contribution schedules for employers with a WEX LSA:

Plan Year start:

56%

Monthly:

17%

Quarterly:

7%

Other:

20%

Contribution budget

How much do you have in your benefits budget to fund employees' LSAs?
Start with your budget and work backwards.

$$\frac{\text{LSA Budget}}{\text{Number of eligible employees}} = \text{Contribution per eligible employee}$$

Customize employee coverage

Will you provide an LSA to all benefits-eligible employees, or will it only be available to a specific class or subset of employees?

- Full benefits-eligible employees
- Part-time employees
- Seasonal employees
- All

Consolidate wellness benefits

If you're currently providing any sort of post-tax funding for mental, physical, and financial wellness, you may want to wrap that benefit or benefits into your LSA. That way your employees view their LSA as their one-stop shop for any of these types of expenses.

Yes, I am
If yes, what are you offering?

No, I'm not

End-of-plan-year funds

Will the LSA funds roll over at the end of the year like an HSA? Or will funds run out if they aren't spent like an FSA?

- Run out
- Roll over



Benchmarking against other WEX clients

Average employer contribution

\$750

Average spend for consumers using their accounts

\$500

30%
of WEX clients offer a carryover.

Eligible expenses

LSA eligible expenses are completely customizable by the employer. What problems you're trying to solve for and what employee behaviors you're trying to influence will help drive the LSA's eligible expenses. These are the most common expenses that WEX clients select.



Physical wellness

- Athletic equipment and accessories*
- Exercise equipment*
- Gym, health club, spa and fitness studio memberships*
- Rock climbing, martial arts and tennis expenses
- Fitness classes (yoga, Pilates, spin/cycle, dance, etc.)
- Lessons (golf, swimming, tennis, dance, etc.)
- Personal trainer
- Fitness trackers*
- Entry fees (marathons, leagues, etc.)
- Passes (ski, snowboard, golf, swimming, etc.)



Financial wellness

- Student loan reimbursement
- Home purchase expense reimbursement (down payment, closing costs, etc.)
- Financial adviser and planning services
- Financial seminars and classes
- Identity theft services
- Pet insurance premiums



Emotional wellness

- Meditation classes
- Non-medical counseling (marital, parental, etc.)
- Retreats (leadership, spiritual, etc.)
- Pet care (walkers, day care, grooming, etc.)
- Camping (equipment fees, etc.)
- Personal development classes (art, cooking, etc.)
- Annual park pass
- Hunting and fishing license

Not seeing an expense you want to offer? Expenses can be easily removed and new expenses can be added upon review.

* Commonly used participant expense

Select an administrator

Here are a few criteria you should look for in your LSA administrator:

- Experience supporting clients' LSA plan design
- Empathetic experts to help you and your employees along the way
- Easy ability for participants to spend funds

When you're ready to design your plan with WEX, our onboarding team will put you through a formal process to help you build a plan based on you and your employees' unique needs.



WEX's LSA solution has supported a:

77%

year-over-year increase in employers offering LSAs and a

305%

year-over-year increase in LSA participation in 2022.

WEX simplifies LSAs for everyone.

Employers can easily administer their LSA directly from LEAP, along with the rest of their WEX benefits offerings.

And we make it easy for participants to manage their LSA expenses and seek reimbursement through the same online account and mobile app they use for all of their WEX benefits.

Ready to get started?

Request a proposal: wexinc.com/solutions/benefits/rfp

Learn more at: wexinc.com/products/benefits/lisa

