Limited Purpose FSA

Save On Vision & Dental Expenses

Many employers offer this benefit to help you set aside pre-tax funds for you and your family's healthcare. Contributing to both a Health Savings Account (HSA) and a Limited Purpose Flexible Spending Account (LPFSA) takes your savings to the next level.

Sometimes referred to as the "HSA-Compatible FSA," an LPFSA is a tax-advantaged account you can use to pay for eligible vision and dental services. Unlike with a Medical FSA, you can contribute pre-tax dollars to both an LPFSA and an HSA in the same plan year.

Contribution Limits[1]

LPFSA:	**$3,200**
HSA:	**$4,150 (individuals)**
	$8,300 (families)

How It Works

The funds are deducted directly from your payroll, and you can save up to 35%[2] on vision and dental expenses when you pay with them. Used alongside your High-Deductible Health Plan (HDHP) and HSA, it's a smart and convenient way to take care of your health and finances.

Employee Eligibility

If you are eligible for your employer's benefits program, you are eligible to enroll in an FSA. **You will need to re-enroll each year.**

Enrollment Timeframe

You can only **enroll and set** your annual election amount during your employer's open enrollment, or on account of a qualifying life event.

Eligible Expenses

Use your LPFSA to pay for eligible vision and dental expenses such as dental procedures, teeth cleanings, vision exams, prescription glasses.

"use it or lose it?"

You may have heard this about the FSA. While the funds do eventually expire, don't let it deter you from enrolling! Here are some pro tips:

- **Election amount:**
  Don't default to contributing the maximum amount. Take time to assess how much you spent last year and anticipate what you might need this coming year.
- **Grace period & carryover:**
  Check if your employer offers one of these options to allow you to incur expenses up to 2.5 months after the plan year ends or carry up to $640 into the new plan year.
- **Run-out period:**
  Not to be confused with the "grace period," your employer may also offer this time for you to submit claims for expenses after the plan year ends, for expenses incurred during the plan year.

Knowing these plan options and key dates will make it easier to get the most out of your FSA, and ensure you are not left with forfeited dollars.

LPFSA + HSA

The LPSFA and the HSA uniquely complement each other because one is a **short-term spending account** and the other is a **long-term saving account**. By enrolling in both simultaneously, you have the opportunity to maximize HSA contributions while reducing out-of-pocket expenses by paying with LPFSA funds. No other healthcare accounts can be paired like this.

Vision & Dental

LPFSAs are a specific type of FSA that can be used to pay for eligible vision and dental expenses with pre-tax dollars. Check the full list at livelyme.com/whats-eligible.

HSA-Compatible

While you can have an LPFSA without also having an HSA, the LPFSA is specifically designed to pair with an HSA so you can save and spend tax-free in parallel.

FSA Rules Apply

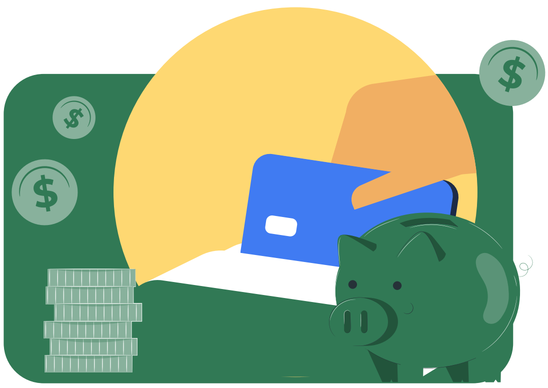
Like Medical FSAs, LPFSAs are employer-owned accounts and funds expire at the end of the plan year. Funds are elected annually and available on day 1 of the plan.

Converts to FSA

Once the health plan deductible has been met, the LPFSA converts to a Medical FSA and can be used for other eligible expenses in addition to vision and dental.*

"When should I enroll in an LPFSA?"

The rule of thumb is to only enroll in an LPFSA if you also plan to contribute the annual maximum to your HSA in the same tax year. By paying for eligible vision and dental expenses with LPFSA funds first, you give your HSA funds a chance to grow.



"What if I have more questions?"

Your employer's benefits plan documents should serve as the source of truth. You can also visit livelyme.com/blog or contact Lively Support to learn more about using your healthcare accounts.

[1] Annual contribution limits are set by the IRS each year. Contributions may vary by employer. Refer to your plan documents for additional considerations, such as catch-up contributions (55+) and employer contributions or matching.

[2] Assuming combined state and federal income taxes of 35% of more.

[3] This may vary by employer. Refer to your plan documents for comprehensive details.

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