

Limited-Purpose Flexible Spending Accounts

Make sense of healthcare

A Limited-Purpose Flexible Spending Account (LP-FSA) is a powerful way to stretch your benefit dollars. Even if you already have a health savings account, you can also contribute pre-tax dollars to your LP-FSA to reimburse yourself for eligible out-of-pocket vision and dental expenses. And with the bonus of tax savings and increased take-home pay, it just makes sense.

An LP-FSA lets you to set aside pre-tax earnings to pay for qualified dental and vision expenses throughout the year. Since you don't pay federal or most state taxes on these paycheck deductions, you can benefit from tax savings.[1]

How does an LP-FSA work?

- Set up your tax-advantaged LP-FSA through your employer plan.
- Determine your annual contribution, which will be deducted, pre-tax, in equal installments from your paycheck.
- Pay for vision and dental expenses; pay your provider directly with your debit card or pay out of pocket and submit a claim for reimbursement.
- To submit a claim, scan and upload your receipt(s) or Explanation of Benefits on the Member Website or mobile app.
- Get reimbursed once your claim is approved.
- Check your balance and account information on the Member Website or mobile app 24/7.

Are you eligible?

You're likely eligible if you answer "yes" to the following:

- Your employer offers an LP-FSA benefits program.
- Your employer sponsors a group health plan.
  Note: Plan participation isn't required for eligibility.
- You're not self-employed.

LP-FSA employee pre-tax contributions do not reduce New Jersey wages subject to income tax. Certain limitations may also apply if you are a highly compensated participant or a key employee (IRS publication 969).

How much can you contribute each year?

The IRS sets limits each year for maximum contributions. Visit **hsabank.com/irs-guidelines** for the latest updates. Be sure to double-check your specific plan details, as it may further limit your contributions.

What happens to leftover funds at the end of the year?

Typically, unused funds don't carry over to the next plan year. However, your employer may offer a grace period or allow you to carry over unused funds.

What is the double-tax advantage?

- Tax-free withdrawals for qualified vision and dental expenses.
- Payroll deductions not subject to federal and most state taxes.

IRS-qualified vision and dental expenses[2]

- Eye exams
- Prescription eyewear
- Prescription contact lenses
- Contact lens solution
- Vision correction surgery
- Cleanings
- Fillings
- Crowns
- Braces
- Dentures

[1] HSA Bank does not provide tax advice. Consult your tax professional for tax-related questions.

[2] This list is not comprehensive. It is provided to you with the understanding that HSA Bank is not engaged in rendering tax advice. The information provided is not intended to be used to avoid federal tax penalties. For more detailed information on IRS-qualified expenses, refer to Publication 502 at irs.gov.

Plan Administrative Services and Benefit Services are administered by Webster Servicing LLC.

Visit **www.hsabank.com** or call the number on the back of your debit card for more information.

hsabank®
A Division of Webster Bank, N.A., Member FDIC

© 2021 HSA Bank. HSA Bank is a division of Webster Bank, N.A., Member FDIC.
Limited_Purpose_FSA_10042021