

Limited Purpose Flexible Spending Account

Why should I choose a Limited Purpose Flexible Spending Account (LPFSA)?



A limited purpose flexible spending account (LPFSA) allows you to set money aside on a pretax basis (via payroll deduction) to pay for out-of-pocket dental, vision, and preventative care expenses. While you could use your HSA to pay for dental and vision expenses, by fully funding your HSA and using a LPFSA to pay for dental and vision expenses, you will maximize your tax savings while preserving your HSA for the future.

Funds on Day 1

Buy those eyeglasses or finally get those braces. **All of your LPFSA funds are available to spend right away.**

Discount Think of it like a discount on eligible expenses at stores such as Amazon, Target, CVS, Walmart, Walgreens and more. Dollars you contribute are taken out of your paycheck before tax which means a \$100 purchase would actually cost you over \$125 without a Limited Purpose FSA.

Plan ahead Think about the money you spent on eligible expenses last year. Plan ahead and set those funds aside in a Limited Purpose FSA and save 25%.¹

Can I enroll?

Anyone is able to enroll. However, a Limited Purpose FSA cannot be paired with a Medical Flexible Spending Account (FSA). It is a great plan to consider should you have an HSA Qualified Plan and an HSA. Use your LPFSA dollars for dental, vision and preventive care expenses, and save your HSA either for other qualified medical expenses you incur now or in the future. While you could use your HSA to pay for dental and vision expenses, by fully funding your HSA and using a LPFSA to pay for dental and vision expenses, you will maximize your tax savings while preserving your HSA for the future.

To determine if a LPFSA is right for you, ask yourself these questions:

1. Do I want to grow and preserve my HSA balance for future expenses and retirement?
2. Do I have enough funds to contribute the IRS maximum to my HSA?
3. Will my family have vision and dental expenses this plan year?²
4. Can I estimate the minimum amount my family will spend on glasses, contacts, corrective vision procedures, dental and orthodontia services this year?
5. Do I have enough discretionary income to deposit funds to a LPFSA?



What does it cover?

There are thousands of eligible items, including:



- Dental and orthodontia office visits and expenses
- Dental implants, veneers, dentures and bridges



- Optometrist and ophthalmologist visits and expenses
- Eye glasses, contacts, prescription sunglasses

¹ Based on a 25% tax bracket.

² LPFSAs are generally subject to "use it or lose it" rules. However, IRS guidance (Notice 2013-71) provides employers the option of allowing employees to roll over unused funds at the end of the plan year. Please see your employer for your LPFSA plan details.