



EVERYTHING
YOU EVER WANTED
TO KNOW ABOUT AN / LPFSA



What is an LPFSA?

A **Limited Purpose Flexible Spending Account (LPFSA)** is an employer-sponsored healthcare benefit that allows employees to set aside pre-tax dollars — up to \$3,050 in 2023 — to cover the cost of qualified vision and dental expenses.

LPFSAs work on an annual plan year basis and are funded through regular payroll deductions. They allow employees to set aside pre-tax funds to cover qualified expenses for dental and vision health. Unlike general medical FSAs, LPFSAs can be paired with an HSA because they do not cover general medical expenses before the participant hits their deductible.

DID YOU KNOW?

You can use an LPFSA to pay for dental and vision costs, so you can invest more of your HSA funds for retirement.

Who is eligible for an LPFSA?

Most full-time employees are eligible to participate in an LPFSA, including those enrolled and actively contributing to an HSA.





FUN FACT /

You can save up to

**30% IN
TAXES**

on eligible expenses
with your LPFSA.*

What can be purchased with an LPFSA?

LPFSAs can be used to pay for products and services related to qualified vision and dental needs. Some examples of products and services which may be eligible include contact lenses and solutions, glasses, LASIK surgery, dental repair out-of-pocket costs, braces, invisible aligners and more.



DID YOU KNOW?

Your LPFSA funds can be used to pay for braces and prescription eyeglasses for your children and your spouse, too.



What is typically not eligible for purchase with an LPFSA?

As LPFSAs are limited to qualified dental and vision expenses, any general medical expense, such as co-pays, co-insurance, general medical products (i.e. bandaids, over-the-counter pain relief, sunscreen, etc.) are not eligible. In general, FSAs, including LPFSAs, cannot cover expenses that are for cosmetic purposes or that are intended to simply support general good health or hygiene. For example, costs associated with teeth whitening, non-prescription sunglasses and toothbrushes are generally not eligible.



Are there annual contribution limits for an LPFSA?

Yes. Employee contributions to an LPFSA are limited to \$3,050 for the plan year 2023. Employer contributions may be in excess of this limit.

Can I use my LPFSA for my spouse and children?

An LPFSA can be used for the account holder as well as for their spouse and qualifying dependents through the age of 26.



Can I have an LPFSA and HSA at the same time?

Yes! That's precisely what an LPFSA is for; to be paired with an HSA. You cannot however maintain a general medical FSA with an HSA at the same time, as the general medical FSA would disqualify you from contributing to your HSA.



Does an LPFSA expire?

Yes, with certain exceptions. In general, an LPFSA runs on a 12-month plan year with a deadline for expiration, after which there may or may not be additional time to use remaining funds.

If an employer provides a **grace period** for the LPFSA, employees will have an additional 2.5 months following the last day of their plan year to use remaining LPFSA dollars.

If an employer provides a **carryover option** for their LPFSA, employees will be able to carry over up to \$610 remaining dollars from 2023 to the following plan year.

Employees may also have access to a **run-out period**, which could provide up to 3 months following the last day of the plan year for employees to continue to submit for reimbursement of expenses incurred within the previous plan year.

Talk to your HR representative or see your plan for details.

*Assumes average tax rates, including state, federal and FICA taxes.
For illustrative purposes only. Individual earnings may vary.