



Limited Purpose Flexible Spending Accounts

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 (HSA), you can also contribute pre-tax dollars to your LP-FSA to reimburse yourself for eligible out-of-pocket vision and dental expenses for you and your spouse and/or other eligible dependents. And with the bonus of tax savings and increased take-home pay, it just makes sense.

An LP-FSA enables 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 USG 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.
- Once your claim is approved, you will be reimbursed.
- Check your balance and account information on the Member Website or mobile app 24/7.

Am I eligible?

You are likely eligible if you answer “yes” to the following:

- You are not self-employed.
- Must be enrolled in the Consumer Choice HSA plan.

How much can I contribute each year?

Each year, the IRS limits how much you can contribute to your LP-FSA. Visit hsabank.com/irs-guidelines for specific annual limits.

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

Plan Carefully! Money left in your FSA at the end of the grace period is forfeited and cannot be returned to you. This is called the “Use it or Lose it” rule. You must incur eligible expenses by March 15, 2024 and submit them for reimbursement before March 31, 2024.

Grace Period. The USG provides a grace period of 2 ½ months after the end of the calendar year. This means you can continue to incur eligible healthcare expenses through March 15, 2024. All USG FSAs have a grace period.

What is the double-tax advantage?

- This means you can take out funds tax-free for qualified vision and dental expenses.
- And when you make contributions automatically through your paycheck, these deductions aren’t subject to federal and most state taxes.

IRS-qualified vision and dental expenses²

- 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.

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).



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