



Limited Purpose Flexible Spending Account: Frequently Asked Questions

Learn more about your BenefitWallet® Limited Purpose Flexible Spending Account (LPFSA) with these helpful FAQs. You can also visit mybenefitwallet.com for more answers to common questions.

What is a Limited Purpose FSA?

A Limited Purpose FSA is an employee benefit provided by your employer that allows you to save money. With an LPFSA, you set a specific amount of pre-tax dollars to be withheld from your paycheck. You can then use those funds to pay for qualified dental and vision expenses. Without your LPFSA you would pay for those expenses with money that's already been taxed.

What tax savings do I get with an LPFSA?

The money you have withheld from your paycheck is pre tax. This means no federal, state or payroll taxes are taken from your income that goes into your account. You could save up to 35% or more on taxes when using an LPFSA – if your federal tax bracket is 25%, your state tax rate is 3%, and you receive 7% payroll tax savings. State taxes vary as not all states have an income tax.

How does a Limited Purpose FSA work?

- 1. Funding:** During open enrollment, you decide on a specific amount of pre tax dollars with which to fund your account. Be sure to choose an amount you will spend as leftover money is typically lost at the end of your plan year.
- 2. Paying for qualified expenses:** Pay for eligible expenses using your LPFSA debit card. You could also pay out of pocket and request reimbursement online or through the BenefitWallet mobile app.
- 3. Requesting reimbursement/substantiating purchases:** Each purchase you make must be verified, or substantiated, typically with an itemized receipt and Evidence of Benefits (EOB). You can use mybenefitwallet.com or the mobile app to submit claims and request reimbursement.
- 4. Reimbursement claims processing:** BenefitWallet promptly processes your request. If you paid out of pocket, we will reimburse you by direct deposit or check. Set up direct deposit at mybenefitwallet.com to receive faster reimbursements.

Whose expenses can be paid with your Limited Purpose FSA?

Your LPFSA can be used to pay for your qualified dental and vision expenses and those of your spouse and tax dependents, if you have them.

What happens to my LPFSA if my employment ends?

Deductions for your LPFSA will end when your employment ends, unless your employer is obligated to offer you COBRA continuation and you elect this option. If you don't choose COBRA, you are not eligible to be reimbursed for qualified medical expenses incurred after the termination of your employment. Reimbursement requests for claims incurred while active under the LPFSA plan must be submitted prior to the end of your employer's plan year.

What special account features does my employer offer?

You will need to check with your employer about special LPFSA features that could extend the timeframe for spending your annual funds. Remember, in general LPFSA funds expire at the end of your plan year. Your employer may offer a grace period (allows you to use prior-year funds to pay for expenses incurred at the beginning of the following year), a run-out period (allows you to submit claims for prior-year expenses during the first couple months of the following year) or a carryover (allows you to carry over a maximum of \$500 into the following plan year, to be used anytime during that next year).

Who is eligible to contribute to a Limited Purpose Savings Account?

Typically if you are in a Health Savings Account (HSA) and your employer offers an LPFSA, you are eligible to contribute. IRS rules prevent you from contributing to both an HSA and FSA. However, by limiting FSA reimbursements to dental and vision expenses, the IRS allows you to participate in both a LPFSA and HSA. This allows you to maximize your tax savings benefits.

Which should I spend first – LPFSA funds or HSA funds?

This decision is up to you, but in general you should consider spending your LPFSA funds first and preserving your HSA funds since you own them, they carry over year after year and never expire. LPFSA funds typically expire if you don't use them in the same year you fund the account.

What kinds of expenses qualify?

An LPFSA covers out-of-pocket dental and vision expenses. These typically include dental cleanings, fillings, crowns and braces. Covered vision expenses include contacts, glasses, eye exams and vision correction procedures like Lasik.

Is there a limit to how much I can contribute?

Contributions to LPFSAs are limited to \$2,600 annually. It's possible that your employer may have a lower limit. If both you and your spouse are eligible for LPFSAs, you are each allowed to contribute to the annual maximum for your plan.

Who do I contact with questions?

For more information visit our website at mybenefitwallet.com or call us at **855.236.8600**.

