



Lifestyle Spending Account

Give employers the ability to deliver financial assistance and perks that more closely align with what employees want and need.

What is the OCA Lifestyle Spending Account?

Not every employee has the same lifestyle needs. The OCA Lifestyle Spending Account gives employers the flexibility to allow employees to spend benefit dollars on the things that matter most to them. From physical and mental health needs, to professional and educational development, to travel and entertainment, employers have complete freedom to determine how their employees are able to spend their lifestyle spending account dollars.

How is a lifestyle spending account different from other health benefit accounts?

Similar to health savings accounts (HSAs) and flexible spending accounts (FSAs), lifestyle spending accounts often have funds that are meant to be used for specific types of purchases. However, there are differences.

No tax benefit. Unlike HSAs and FSAs, lifestyle spending accounts do not offer any tax advantages. Employers fund the accounts, and the funds are considered taxable income for employees.

Employers control how funds are spent. With HSAs and FSAs, there are restrictions on the use of funds, but these are typically set by the IRS. With lifestyle spending accounts, employers create the program parameters. They can restrict the use of funds to certain types of purchases or leave it wide open. The choice is theirs!

Key benefits of lifestyle spending accounts

- **Funding flexibility.** Employers can fund participant accounts to predefined amounts per employee, and set limits for specific types of services. Should employees' needs change, they can easily add more dollars to the account.
- **Easy to manage.** Lifestyle spending accounts decrease the administrative burden placed on HR teams to manually administer perk programs and employers can rest easy knowing their program will always be IRS compliant.
- **Preservation of unused funds.** Unlike cash or gift cards, employers only pay for what employees use. Any account funds not spent will be returned to them at the end of the plan year.

How do employers get started?

They simply identify their total budget for the program, determine how much they'd like to spend per employee, select the desired spending categories, and communicate the benefit to their employees. It's that easy! Contact us today to learn how the OCA Lifestyle Spending Account can help you provide a more attractive and unique benefits package.



Broker FAQ:

Lifestyle Spending Account

What is a lifestyle spending account?

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How does a lifestyle spending account work?

Lifestyle spending accounts are a way for employers to offer yearly, monthly or payroll-funded post-tax dollars to their employees. Employers simply elect to add the account to their benefit offering, designate the amount they would like to contribute per employee, and determine any limits they would like to set for specific service types (i.e., a \$500 limit for annual gym membership fees). Employees can then access the funds in the form of a convenient debit card, or get reimbursed for purchases through check, direct deposit or payroll.

What are the benefits of offering a lifestyle spending account?

Employers will most likely consider a lifestyle spending account because they are looking for additional benefit options for a changing and varied workforce. Offering a lifestyle spending account is a terrific way for them to reinforce and promote their company culture, meet the market demand and round out their benefits package with an account that delivers flexible spending opportunities for the things that matter most to employees.

Are lifestyle spending accounts tax-advantaged accounts?

Lifestyle spending accounts are post-tax accounts. This means they are funded exclusively by employers, after taxes have been taken out. Because they are post-tax accounts, the IRS does not mandate

eligible expenses; rather, employers have the power to determine what types of expenses they would like to cover and how employees can spend their funds.

Do these accounts represent taxable income for employees?

Unlike other types of health benefit accounts, lifestyle spending accounts do not currently have any tax advantages. They are funded by employers, on a post-tax basis, and used funds are considered taxable income for employees.

Are there eligibility requirements for a lifestyle spending account?

No. All employees are eligible to participate in a lifestyle spending account, regardless of their full- or part-time status.

Do employees have to be enrolled in a health insurance plan in order to participate?

No. Health insurance coverage is not required to participate in a lifestyle spending account. Regardless of their health insurance status, employees can access lifestyle spending account funds.

What types of purchases can be made with a lifestyle spending account?

Employers maintain full control over their lifestyle spending accounts. It is up to them to decide how their employees can spend their account funds – health and fitness services, child care, life coaching, entertainment – the options are endless and the choice is theirs!

Is this a carded account?

Yes. However, it is a standalone account, which means a separate debit card is required. If an employee has elected to participate in other OCA health benefit accounts, they will be issued a debit card for their health benefit accounts and a debit card for their lifestyle spending account.

Where is the debit card accepted?

The lifestyle spending account debit card can be used anywhere Mastercard is accepted, as long as the merchant category codes align with the spending

parameters established by the employer.

Can employees submit a claim for manual reimbursement?

While a debit card is the most convenient way to access lifestyle spending account funds, employees may use personal funds for qualified expenses and submit claims for manual reimbursement.

If an employee also has a OCA health benefit account, will their lifestyle spending account be listed when they log into the member portal and mobile app?

No. Since the lifestyle spending account is a standalone program, employees will need to create a separate account on the OCA member portal and mobile app for their lifestyle spending account.

Why not just provide employees with a basic gift card or cash via payroll?

Offering funds via a lifestyle spending account gives employers added flexibility and protections compared to cash or gift cards.

1. Funding flexibility. Employers can fund participant accounts to predefined amounts per employee, and set limits for specific types of services. Should employees' needs change, they can easily add more dollars to the accounts.

2. Easy to manage. Lifestyle spending accounts decrease administrative burden placed on their HR team to manually administer perk programs and they can rest easy knowing their program will always be IRS compliant.

3. Preservation of unused funds. Unlike cash or gift cards, employers only pay for what employees use. Any account funds not spent will be returned to them at the end of the plan year.

Are there any funding limits or minimums?

There are no funding limits or minimums associated

with the OCA lifestyle spending account.

Do employers have to offer the same amount to all their employees?

No. Employers have the ability to use a tiered approach when it comes to their lifestyle spending account and offer different amounts to different types of employees. For example, they could offer a higher dollar amount to full-time employees as compared to part-time employees.

What information should employers communicate to their employees?

Employee benefits communication is vital – to an organization and its employees. Employers will want to ensure their employees not only know about their lifestyle spending account but also understand how to use it. They should consider communicating the following information prior to launching the program:

- Purpose of the program
- Amount each employee will receive
- Spending parameters (include examples of merchants where funds can be used)
- How employees can access their funds
- How employees can access information about their lifestyle spending account
- Who employees should contact with questions



**For more information,
call 1-855-OCA-0777**

