



## Limited Purpose Flexible Spending Account

An HSA compatible Limited Purpose Flexible Spending Account (LPFSA) allows you to elect additional tax free dollars in addition to your HSA contribution for dental and vision expenses. Employees participate in a LPFSA when they want to maintain a higher HSA balance for medical expenses only and when they anticipate large dental and vision expenses.

The Limited Purpose Flexible Spending Account covers dental and vision expenses. The amount of salary you direct to the plan is not taxed. You save federal income tax, state tax, local tax, and social security tax (assuming your salary is below the maximum social security wage base).

Your redirected salary is held in an account maintained for you. Qualified expenses incurred are reimbursed tax-free from dollars in your account. The same rules of the traditional Flexible Spending Account apply, including the 2 ½ month grace period and “use it or lose it”, or the \$500 health FSA carry-over provision; whichever is elected by the employer.

The tax savings are 25% to 40% on dental and vision expenses. Some examples of eligible expenses are listed below.

- Prescribed sunglasses & eyeglasses
- Contact lenses, solutions & supplies
- Eye exams, surgery & LASIK
- Dental cleanings, fillings & X-rays
- Sealants, crowns, bridges & dentures
- Braces, spacers & retainers
- Wisdom teeth, implants & oral surgery