

# SIMPLYWELL LIFESTYLE SPENDING ACCOUNT: FAQS



## QUESTION

**What is a lifestyle spending account?**

## ANSWER

Clarity Benefit Solutions' SimplyWell Lifestyle Spending Account gives you the flexibility to create personalized benefit programs for employees. A convenient debit card makes it easy for them to spend on what matters most.

SimplyWell is a creative way to build a supportive culture and to attract, engage, and retain top talent. With a wide range of spending categories, from home office goods to fitness to education, or even pet care, you can offer a benefit that is tailored to your unique workforce and business needs.

**How does the SimplyWell lifestyle spending account work?**

Lifestyle spending accounts are a way for you to offer yearly, monthly, or other periodic post-tax dollars to your employees to use for spending beyond traditional consumer directed healthcare (CDH) accounts. You designate the amount you want to contribute per employee and determine any limits you would like to set for specific service types within the available spending categories. Your employees can then access the funds in the form of a convenient debit card.

**What are the benefits of offering a SimplyWell lifestyle spending account to your employees?**

You are most likely considering a lifestyle spending account because you are looking for additional benefit options for a changing and varied workforce. Offering a lifestyle spending account is a way for you to reinforce and promote your company culture, meet the market demand and round out your benefits package with an account that delivers personalized spending opportunities for the things that matter most to employees.

**Is SimplyWell lifestyle spending account a tax-advantaged account?**

Lifestyle spending accounts are funded exclusively by the employer, after taxes have been taken out. Because they are post-tax accounts, the IRS does not mandate eligible expenses; rather, you have more control over what types of expenses you would like to cover and how employees can spend their funds.

## QUESTION

**Do these accounts represent taxable income for employees?**

**Are there eligibility requirements for a lifestyle spending account?**

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

**Is this a carded account?**

**Where is the debit card accepted?**

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

## ANSWER

Lifestyle spending accounts are funded by the employer, on a post-tax basis, and used funds are considered taxable income for your employees.

Typically, all employees are eligible to participate in an LSA. During program setup, please consult with your HR department to ensure proper policies are followed.

The spending categories available offer a wide range of options, from home office goods to fitness to education, or even pet care. Please consult with your account manager to review the options available that best meet your unique workforce and business needs.

Yes. This gives employees easy access to spending via a Benefit Card. However, depending on your unique benefit program requirements and plan design, we may recommend a card stacked on the same card as your other health benefit accounts or a unique debit card just for the lifestyle spending account. Please consult with your sales representatives to learn more.

The Benefit Card can be used anywhere Mastercard is accepted, as long as the merchant category codes align with the spending parameters you establish for your program.

The online and mobile experience depends on your unique benefit program design. If your program offers a debit card stacked on the same card as your other health benefit accounts, then the employee would log into the portal and mobile app using their same credentials. If your lifestyle benefit account program is designed to be a standalone program, with a unique debit card, then employees will need to create a separate account on the portal and mobile app for their lifestyle spending account.



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BENEFIT SOLUTIONS™

## QUESTION

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

**What information should I communicate to my employees?**

## ANSWER

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

- **Funding flexibility.** You can offer funds up-front, pro-rated, or on a desired frequency, and can set limits for specific types of purchases. Should employees' needs change, you can easily add more dollars to the account.
- **Easy to manage.** Lifestyle spending accounts decrease the administrative burden placed on your HR team to manually administer perk programs.
- **Preservation of unused funds.** Unlike cash or some gift cards, you only pay for what employees use. Any account funds not spent will be returned to you at the end of the plan year.

Employee benefits communication is vital – to your organization and your employees. You'll want to ensure your employees not only know about your lifestyle spending account but also understand how to use it. Consider communicating the following information prior to launching the program:

- Purpose of the program
- Amount each employee will receive
- Spending parameters (include examples of 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



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