General Purpose Flexible Spending Accounts 101

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The basics to know

What is a General Purpose Flexible Spending Account (GPFSA)?

A GPFSA is an employer-sponsored benefit that covers a broad range of medical, dental, and vision expenses your health insurance plan may not cover, such as copayments and deductibles.

Value of General Purpose FSAs

Tax-free contributions
Contributions to a GPFSA are made through pre-tax payroll deductions, effectively reducing your gross taxable income.

Access funds from Day 1
GPFSA funds are available on the first day of the plan year, regardless of the accrued balance on the account.

Savings up to 35%[1] for you and your family
Use tax-advantaged funds to pay for qualified medical expenses for you, your spouse, and dependents claimed on your tax return.

Flexibility when choosing health insurance plans
GPFSAs are not tied to your health insurance plan, allowing you to choose a health plan that fits your needs.

[1] The 35% example includes 24% federal tax savings, 7.65% payroll tax savings, and 3.35% state tax savings. Payroll tax savings are only available on deposits made through your employer's payroll. State tax savings are not available in states without income taxes or in California or New Jersey.

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Eligibility, rules, and restrictions

- **Employer-owned**
  As an employer-owned account, your employer must offer a GPFSA benefit in order for you to enroll.
- **HSA compatibility**
  Unlike a Limited Purpose FSA and Dependent Care FSA, you cannot enroll in a GPFSA and an Health Savings Account (HSA) in the same plan year. You also cannot continue contributing to your HSA if you are enrolled in a GPFSA.
- **"Use it or lose it" rule**
  GPFSA funds do not rollover year-to-year, and unused funds revert back to your employer — hence why they are "use it or lose it." To ensure you get the most out of your GPFSA without forfeiting funds, calculate your contributions by estimating how much you expect to spend that plan year.

Contributing to a GPFSA

The IRS sets limits to how much you and your employer can contribute towards a GPFSA each year. Funds can be deducted directly from your payroll based on the election amount you choose at the start of the plan year during open enrollment.

Please note that you cannot change the election amount unless there is a change in employment or "family status" specific to your health insurance plan.

$3,200

2024 Contribution Limit

Qualified expenses

You can use GPFSA funds on qualified healthcare expenses as defined by the IRS. The standard 213(d) list of eligible healthcare expenses has a comprehensive list of what qualifies, what does not, and what could potentially qualify based on certain circumstances.

- ✓ Deductibles
- ✓ Co-payments
- ✓ Physical therapy
- ✓ Lab work
- ✓ CT scans
- ✓ X-rays
- ✓ Dentist
- ✓ And many more

Learn more about what's eligible

Access the list of qualified expenses directly through Lively's What's Eligible tool. Our comprehensive lists are always up-to-date with information from the IRS.

livelyme.com/whats-eligible