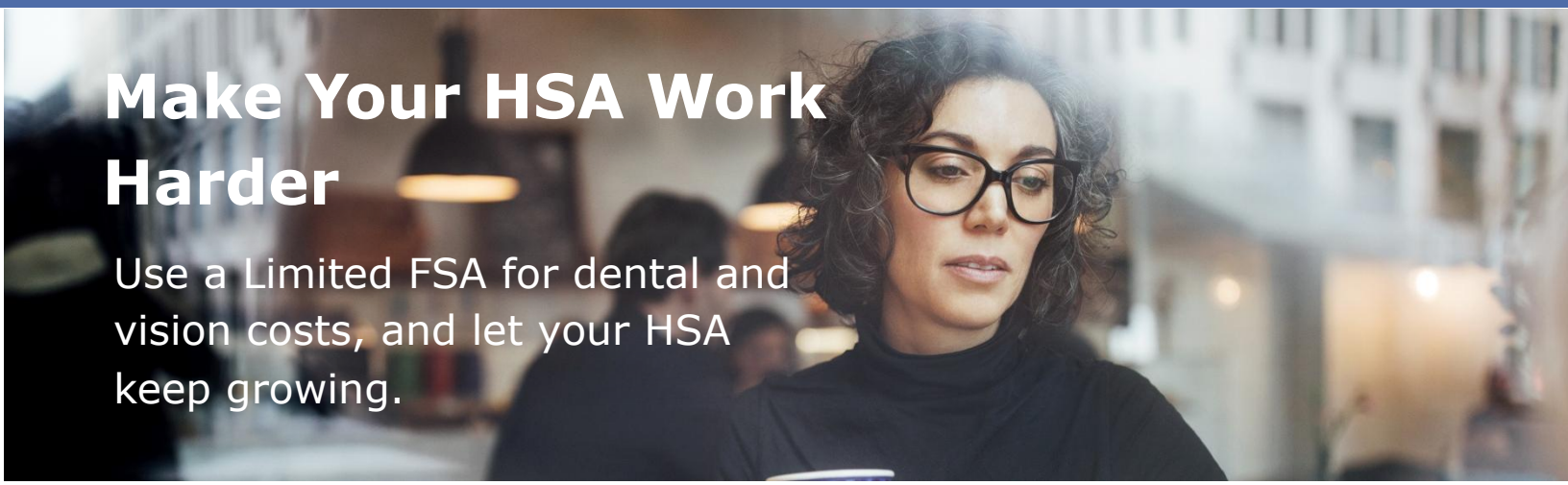


Make Your HSA Work Harder

Use a Limited FSA for dental and vision costs, and let your HSA keep growing.

Why a Limited Flexible Spending Account?

A **Limited Flexible Spending Account (LFSA)** is a benefit designed for you to couple with your HSA. The LFSA lets you set aside pre-tax funds to spend on eligible out-of-pocket dental and vision expenses. Funds must be spent by the end of each plan year, but your employer may offer a grace period or rollover. Check your Summary Plan Description to confirm.

The **Health Savings Account (HSA)** is a triple-tax-advantaged benefit that allows you to set aside pre-tax funds from your paycheck for medical, dental, and vision expenses. Your HSA funds never expire and go with you even if you leave your employer. With that in mind, if you contribute to an HSA, you may be wondering why you should consider also contributing to a Limited FSA.

The answer is to maximize your tax savings!

An LFSA is designed to be paired with an HSA to allow the savvy employee to save even more on taxes while allowing saved and invested HSA funds to grow. Because your HSA dollars will never expire, and you can even invest your HSA funds like you do your retirement account, many financial planners recommend that you avoid spending your HSA funds and instead invest them to grow a larger nest egg for your future expenses, especially during retirement. Did you know that you don't pay taxes on your earnings on HSA investments as long as those funds are spent on eligible medical expenses? Even more reason to invest those HSA funds!

If your goal is to save and invest rather than spend your HSA dollars, but you still have dental and vision expenses each year, the LFSA is a great tool for you to maximize tax savings each year. Instead of spending those HSA dollars on your child's braces, new glasses for the family, or your laser eye surgery, why not use LFSA funds for those expected dental and vision expenses and let your HSA funds continue to grow?