



How Instacart delivered competitive benefits with Lifestyle Spending Accounts

Company overview

Understanding Instacart and its diverse workforce

Instacart, a premier grocery delivery and pick-up service, connects customers with personal shoppers to fulfill orders from local retailers. Operating across four countries, Instacart's workforce of 3,500 includes engineers, data scientists, and customer experience teams.

We sat down with Margaret Fairbairn, Director, Global Benefits to learn more about the company's benefits.

During the discussion Fairburn noted, "We have a lot of different ages, and demographics within our employee population. And, that translates to having a lot of different needs in terms of what folks are interested in - in terms of benefits.

So what may be valuable or important to someone may not exactly resonate with another because of their geography, their age, or what have you. Looking for solutions and understanding that not one size fits all is important for us."

You can view the full discussion [here](#).

Summary

Supporting 3,500 employees worldwide

- + Australia
- + Canada
- + China
- + US

Pain points

- Lacked comprehensive coverage, wellness pillar
- Admins spending 70-80% time reviewing claims
- Challenges managing program policy

Program goals

- 1 Focus on competitive, equitable benefits
- 2 Cost containment
- 3 Reduce admin burden

Results

99% claim approval rate

80% engagement

92% budget utilization

The challenge

Recognizing the need for more comprehensive benefits

Before the pandemic, Instacart's benefits program included a cell phone reimbursement. With the pandemic's onset, a one-time \$300 work-from-home (WFH) stipend was introduced to support home office setups for new hires. However, this program was manually administered, consuming 70-80% of administrative time to review receipts and process claims. Additionally, there was a growing demand for comprehensive wellness benefits, which the existing program lacked.

"We had a little bit of a hodgepodge of offerings. We didn't have a lot of strategy, it was a lot of money. We really didn't have anything that was cohesive and weren't being as strategic about it.

We were really looking to pursue something that really felt like it would encompass and really capture what we wanted to do. We were also beginning to think about how to develop a wellness pillar. So there was just this real opportunity to think about what we could be doing and knowing that we were really lacking and we had some gaps to fill," said Fairbairn.

Vendor requirements

Flexible and inclusive benefits platform with comprehensive options

- ✓ Streamline admin. processes
- ✓ Broad, equitable coverage
- ✓ Personalization
- ✓ Data analytics
- ✓ Easy for admins to manage



The approach

Enhancing the strategy behind Instacart's benefits program

Recognizing the gaps, the organization set out to build a more comprehensive benefits program. As Fairbairn noted, “Quite simply, it was offering something that resonated for everyone and then also being able to quantify that. What was that gonna cost? What was that ROI gonna look like? And then how was I gonna tell that story?”

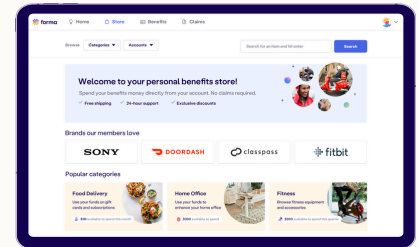
Instacart sought to:

- 1. Reduce administrative burden:**
Streamline the benefits administration process to free up valuable time for the accounts payable (AP) and human resources (HR) teams.
- 2. Offer competitive benefits:**
Attract and retain top talent, especially in the competitive Silicon Valley market.
- 3. Provide flexibility and choice:**
Enable employees to use their benefits in ways that best suit their individual needs.
- 4. Personalize support for wellness and lifestyle needs:**
Integrate a robust wellness pillar into the benefits package.
- 5. Contain costs using benchmark data:**
Utilize data analytics to inform and optimize program policies, ensuring financial sustainability.

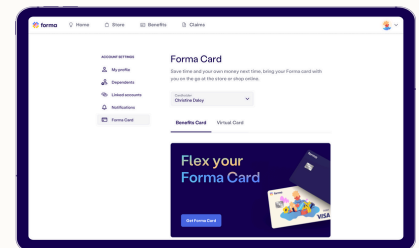
“So our strategy was to pursue a Lifestyle Spending Account that allows folks to go out and use those funds for what's important to them and to treat themselves. Being able to say to finance, ‘We've got all these different things and needs and demands and desires. And that we could actually develop a budget, and know that we're spending this money on things that people actually want and allowing that choice to accommodate vast and varying workforce needs.’” said Fairbairn.

Three ways to pay

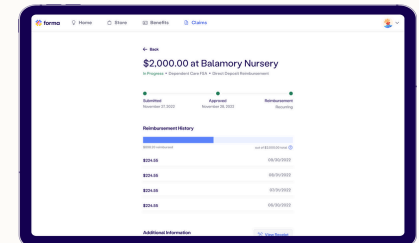
The Forma Store



The Forma Visa Card



Claims Administration



The strategy

Introducing Instacart's comprehensive Lifestyle Spending Account program

Instacart developed clear policies defining different benefit categories, such as lifestyle, home office, and wellness. Utilizing benchmark data from Forma, they set budgets and predicted utilization, enabling informed decision-making and cost control.

By centralizing the benefits administration through Forma's platform, the administrative burden was significantly reduced. The streamlined process ensured high employee awareness and engagement, with regular communication and creative initiatives to maintain interest in the benefits.

Treat Yourself Program

The "Treat Yourself" program provides \$100 monthly, accruable up to \$1,200 per year. This program emphasizes flexibility and choice, offering various categories such as fitness and wellness, nutrition, caregiving, wellbeing services, lifestyle services and products, personal development, pet services, and legal services.

Cell Phone/Internet Reimbursement

Employees receive \$60 monthly, accruable up to \$720 per year, for cell phone and internet expenses. This reimbursement is treated as tax-free for employees in the US, CA, and AU, providing a seamless experience for expense submission.

New Hire Home Office Stipend

New hires receive a one-time \$300 allowance to set up their home office and connectivity needs. To ensure timely and intentional use, accounts automatically reset to \$0 after 90 days from the hire date, promoting the efficient use of the funds.

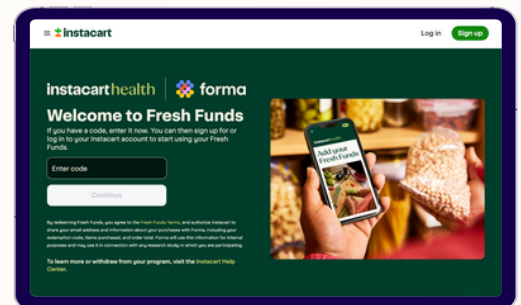
The benefit of Instacart's Fresh Funds

In partnership with Forma, Instacart introduced Fresh Funds, an innovative and flexible benefits solution accessible in The Forma Store. Instacart Health Fresh Funds allow employees to shop online for same-day delivery from more than 85,000 retail stores using their post-tax Lifestyle Spending Accounts (LSAs), helping them save time, reduce stress and maximize their budgets.

"By operating with Forma and carving out a multitude of wallets, that allows us to be really creative, also flexible, and gives employees really good guidelines on what each intended use for each wallet is.

I will say that it was really great to partner with Forma as we quickly wanted to pivot and make some changes to enhance that employee experience. I really just appreciated Forma's agility and continued partnership as we do make little tweaks here and there. Just how willing the team is to help make things evolve quickly - that's to me a real sign of a true partnership."

- Margaret Fairbairn
Director, Global Benefits



The results

The evolution and expansion of the competitive LSA program

Instacart has refined the benefits program based on employee feedback and utilization data. In 2024, Instacart expanded the program to include employees in China, further broadening its reach and impact.

Since the launch of Fresh Funds in March 2023, Instacart has seen significant engagement with the benefits program. Hundreds of thousands of dollars have been spent on Instacart through Forma's marketplace, with a high utilization rate and claim approval rate across various categories.

The implementation of Instacart's LSA program has yielded remarkable results.

+ **Treat Yourself**

76% utilization with a 98% claim approval rate.

+ **Cell Phone/Internet Reimbursement:**

77% utilization with 98% claim approval rate.

+ **New Hire Home Office Stipend:**

87% utilization with 100% claim approval rate.

Employees appreciated the flexibility and personalization of the new benefits, which allowed them to choose what was most meaningful to them. The streamlined administration reduced the workload for AP and HR teams, allowing them to focus on more strategic tasks. The use of data analytics ensured cost control and informed policy decisions, making the program sustainable and effective.

Instacart's partnership with Forma and the introduction of LSAs has transformed their benefits program, aligning it more closely with employee needs and organizational goals. By offering flexible, personalized, and data-driven benefits through LSAs Instacart successfully reduced administrative burden, enhanced employee satisfaction, and maintained competitive advantage in the talent market.

 instacart

87%

activation in 2023

 instacart

97%

claim approval in 2023

 instacart

12%

of employees spent funds on Fresh Funds