



Caregiving Spending Account eligibility standards



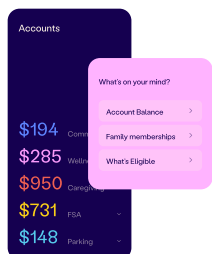
Support caregivers and their unique needs

A Caregiving Spending Account is an employer-sponsored benefit that employees can use to pay for various caregiving-related expenses. The program can encompass a variety of options that help ensure that employees loved ones receive the best of care.

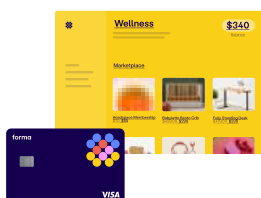
Note: In most cases, funds are treated as taxable income.

How a Caregiving Spending Account works

Given how personal and unique caregiving is, bespoke solutions like Lifestyle Spending Accounts (LSAs) can move the needle and provide personalized support for your employees.



Employers select from a variety of caregiving-related options to define program eligibility.



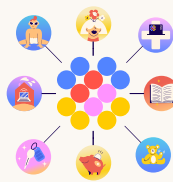
Employees choose options based on who they are supporting, where they are, and what can help the most.

Why this benefit is important

Odds are your workers need help supporting a child, parent, extended family member, pet, neighbor, or some combination of these groups. Nearly three out of every four employees are currently juggling caregiving responsibilities.¹ And, on average, caregivers spend more than a quarter of their income on caregiving activities.² With a Caregiving Spending Account, companies can cover care-related expenses to help offset costs, reduce stress, improve productivity, and drive engagement.

A better way to handle caregiving benefits

Gain efficiency and get more with Lifestyle Spending Accounts (LSAs).



One platform for pre-tax and post-tax spending accounts: LSAs are not restricted to the same IRS limitations as pre-tax accounts.³ And, pairing a post-tax caregiving LSA with a tax-advantaged Dependent Care FSA can help offer complete coverage.



Better allocation of your benefit budget: Leveraging LSAs instead of point solutions consolidates caregiving benefits into one holistic offering. Doing so, makes it easy to use and manage.



Only paying for what employees use: LSA funds are notional - so the company only pays for the claims when employees use their benefit. Compared to traditional perk programs, this approach is more efficient and cost-effective.



Learn how to meaningfully support an employee's caregiving needs with a flexible approach that benefits your organization.

¹ Harvard Business: How employers can help employees manage their caregiving responsibilities—while reducing costs and increasing productivity

² AARP: Valuing the Invaluable: 2023 Update Strengthening Supports for Family Caregivers

³ Publication 503: Child and Dependent Care Expenses

What to include in a Caregiving Spending Account

Support employees' caring for their loved ones. The following list captures the top items to include in this type of account. For every stage in life, Forma is there to help employees and ensure those close to them are taken care of.



Baby Food

- + Baby food subscription boxes
- + Baby formula*
- + Food specific for babies (pureed foods, puffs, biscuits)

Extra options

- + Baby supplements

Percentage of Forma customers offering:

14%



Baby Gear & Accessories

- + Baby monitor* (video, camera, audio)
- + Baby sunscreen
- + Diapers
- + Stroller
- + Pacifier

Extra options

- + Food processor

Percentage of Forma customers offering:

21%



Bereavement

- + Burial
- + Death certificates
- + Funeral fees

Percentage of Forma customers offering:

4%

Continued →

What to include in a Caregiving Spending Account



Child Education

- + Before/after school care**
- + Before/after school educational programs**
- + Preschool**
- + Tutors

Extra options

- + Educational summer or day camp
- + Registration fees and payments**

Percentage of Forma customers offering: **39%**



Child Remote Learning Technology

- + Children's headphones
- + e-Reader
- + Children's laptop
- + Tablet

Extra options

- + Children's desk and chair
- + Child educational games

Percentage of Forma customers offering: **14%**



Childcare Services

- + Babysitter**
- + Childcare service platforms (Care.com)
- + Daycare center**
- + Nanny**

Extra options

- + Au Pair**
- + Housekeeper (that cares for child)**
- + Summer camp**

Percentage of Forma customers offering: **54%**



Eldercare

- + Adult daycare center**
- + Adult day senior care**
- + Adult nursing care**
- + Custodial elder care**

Extra options

- + Transportation to and from care**

Percentage of Forma customers offering: **21%**



Long-term Care Insurance

- + Insurance deductibles
- + Insurance premiums

Percentage of Forma customers offering: **11%**



Parental Coaching

- + Parent-child workshops
- + Parent-child activities
- + Parenting classes

Percentage of Forma customers offering: **40%**

What to include in a Caregiving Spending Account

Pairing Caregiving Spending Accounts with tax-advantaged programs

An expense can be covered under a Dependent Care FSA (DCFSA) and still be eligible under an LSA. It's best to utilize the DCFSA when available to reap the tax advantages up to the IRS limit. Then, provide an LSA for any caregiving expenses not eligible under the DCFSA and that exceed the IRS maximum.



Note: All services that may be eligible under a DCFSA are noted with a **.

What **not** to include

For US companies: Medical expenses incurred for a medical-related purpose are not eligible for LSA coverage. Generally, most medical-related expenses would be covered under medical insurance, such as:

Baby care

- x Baby rash ointment
- x Diaper rash cream

Childbirth

- x Birthing tub
- x Childbirth classes
- x Doula

Lactation

- x Breastfeeding classes, support, or consultation
- x Lactation services

What to include in a Caregiving Spending Account

Providing Pet Care coverage

Include care for your furry or feathery loved ones. While this benefit can stand alone, you can add this coverage for employees caring for pets. 1% of customers offer Pet Care Spending Accounts. The average annual funding is \$170 and the average budget utilization is 9% per employee yearly.

Percentage of Forma customers offering: **13%**



Pet products

- + Pet food
- + Pet supplies (bowls, leashes)

Percentage of Forma customers offering: **10%**



Pet services

- + Animal care (dog walker, boarding, grooming)
- + Veterinary services (medication, check-ups, vaccines)

Optional extras

- + Pet adoption fees
- + Pet insurance fees

Percentage of Forma customers offering: **25%**



Supporting new parents

A number of companies are offering new parent support to help employees with new children and can provide benefits when employees are on leave or upon return to work. A growing number of customers offer new parent coverage as part of a Caregiving Spending Account with a few offering a stand-alone New Parent Spending Account. The funding can range from \$250 - \$2,800 with an average of \$1,075 per employee.

Percentage of Forma customers offering: **24%**



New parent

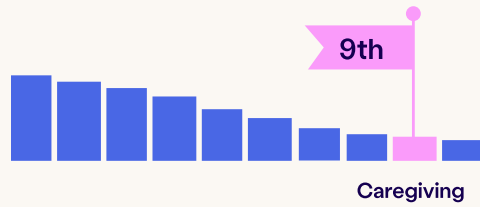
- + Baby food
- + Baby gear & accessories

Extra options

- + New parent gift (used for necessities)

Caregiving Spending Account benchmark data

Forma's Caregiving LSA ranks 9th among the top 10 LSA benefits.



63%

of Forma customers cover caregiving-related expenses.

7%

of Forma customers offer a dedicated post-tax Caregiving Spending Account.

\$3,170

Median annual funding per employee

38%

Average budget utilization per member



For insights into how 450K employees from over 200 companies use their LSAs, check out the 2024 Lifestyle Spending Accounts (LSA) benchmark report.

Customizable spending accounts. Better benefits.

Forma will help you define spending account eligibility. Configuration is easy and you can adapt at any time.

[Contact us](#) to learn more about what we can do for you.

