

# The Ultimate Guide to Lifestyle Spending Accounts



# Table of Contents:

Introduction.....	3
-------------------	---

## Lifestyle Spending Accounts 101

What is a Lifestyle Spending Account?.....	5
--	---

An example of what a Lifestyle Spending Account looks like .....	6
--	---

Different uses for companies.....	7
-----------------------------------	---

## Lifestyle Spending Accounts in Practice

Differentiator from today's traditional approach to perks .....	10
---	----

A list of companies who offer their employees Lifestyle Spending Accounts .....	11
---	----

## Getting Started With Lifestyle Spending Accounts

The time to introduce them at your company .....	16
--	----

5 Steps to getting started with an LSA .....	17
--	----

Additional Resources .....	19
----------------------------	----

# Introduction

This resource is meant to cover the basics of Lifestyle Spending Accounts.

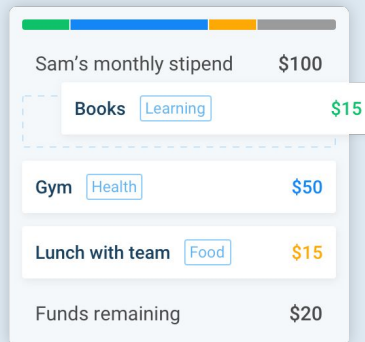
This is a helpful resource for those who are new or already accustomed to the concept of lifestyle spending accounts. Throughout the guide, we'll cover the “what,” “why,” “how,” “when,” and “where” of Lifestyle Spending Accounts. If you have any questions or want to talk through them further, feel free to [contact us at Compt.](#)

# Lifestyle Spending Accounts 101

# What *is* a Lifestyle Spending Account?

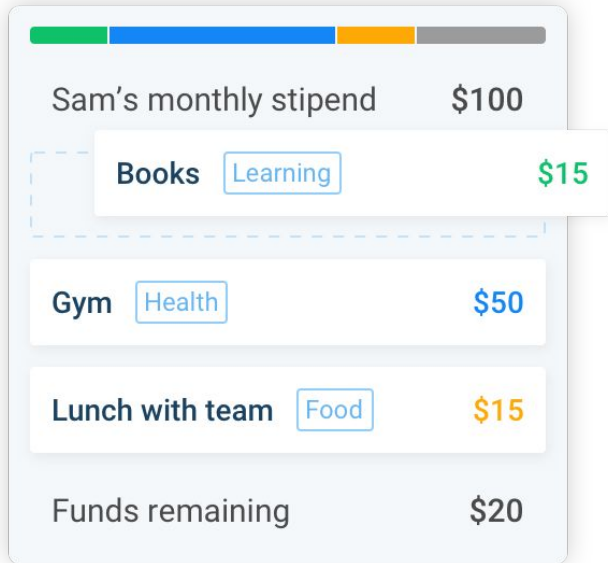
A **Lifestyle Spending Account (LSA)** is an employer-created and contributed account for employees, so that they can get the perks they want and need most.

They share some similarities with Flexible Spending Accounts, but instead of being a dedicated account for out-of-pocket health care costs, they are stipends given to employees to spend on [personalized perks](#).



Sam's monthly stipend	\$100
Books <span>Learning</span>	\$15
Gym <span>Health</span>	\$50
Lunch with team <span>Food</span>	\$15
Funds remaining	\$20





## Here's an example of a Lifestyle Spending Account:

In the example to the left, Sam's company has allocated \$100 per month for her and other employees to spend in the following categories: learning, health & wellness, and food.

This month, Sam purchased books, a gym membership, paid for a lunch with her team, and still has \$20 remaining.

If your company gave you a \$100/month Lifestyle Spending Account, what would you spend it on?

# How do companies use LSAs?

Lifestyle spending accounts are used in one of two ways, making them pretty straightforward to set up:

## Supplemental Perks

It's great for companies who wish to begin the personalization process so employees can get what they want and need most.

An example would be a company which currently offers catered lunches offering a lifestyle spending account for an additional \$100/month for employees to invest in continuing education or health & wellness initiatives. Or, if you have a large remote work population, you could consider offering them \$200/month to purchase their own lunches in addition to the other categories.

## Entire Perks Program

This is a great option for companies looking to get started with perks, cut back on monstrous, out-of-date perk programs, or let employees invest 100% of the perk investment.

A company in this category would determine their perk budget and then allocate that to employees to spend within every perk category available. Two tactical LSAs would be

- \$100/month for health & wellness, continuous learning, family, travel, tech, and food.
- \$300/quarter for all available perk categories.

# **Lifestyle Spending Accounts In Practice**



**How do Lifestyle Spending Accounts differ from the traditional approach to employee perks?**

## The *traditional* way to offer perks:

Companies pick, purchase, and manage the perks for their employees.

### Difficult to manage:

- ✗ HR is set up to impossible task of purchasing perfect perks with limited budget.
- ✗ HR spends 20+ hours a month picking, purchasing, and managing vendors and perks.
- ✗ Still cannot quantify impact; what perks are being used and by who?

### Employee dissatisfaction:

- ✗ Generic, one-size-fits-all perks do not the needs of each employee. Akin to one-size-fits-none.

### Costly for organizations:

- ✗ Financial cost: Companies spend more on perks, and spend more on staff to manage the perks.
- ✗ Opportunity cost: beer vs babies. If a company offers beer, they can't offer something else.
- ✗ Isolation costs: By picking a perk, companies are attracting and solving for people who like that perk, thus isolating existing and future employees.

## The *new* way to offer perks:

Employees use Lifestyle Spending Accounts to get the perks they want & need most.

### Easy to manage:

- o HR sets budget, and employees pick the perks.
- o HR spends 30 minutes a month to manage.
- o Start to quantify impact of perks, who is using perk stipend, and for what?

### Employee Satisfaction:

- o Employees are in control and have the choice of what to invest in.

### Inexpensive for organizations:

- o Companies are able to offer unlimited perks to their employees without increasing the budget or effort and time to manage.

# All of the reasons to use Lifestyle Spending Accounts:



## Easy to manage for HR

HR no longer picks perks, as employees have complete control.

HR only spends 30 minutes a month managing them, whether there are 10, 100, or 1000 employees.



## Better operationally

Easily scales as a company grows (or shrinks).

Fully IRS compliant.



## Employees are happier

Companies can finally offer perks that employees want.

Remote employees are able to get the same benefits as those in the local HQ.

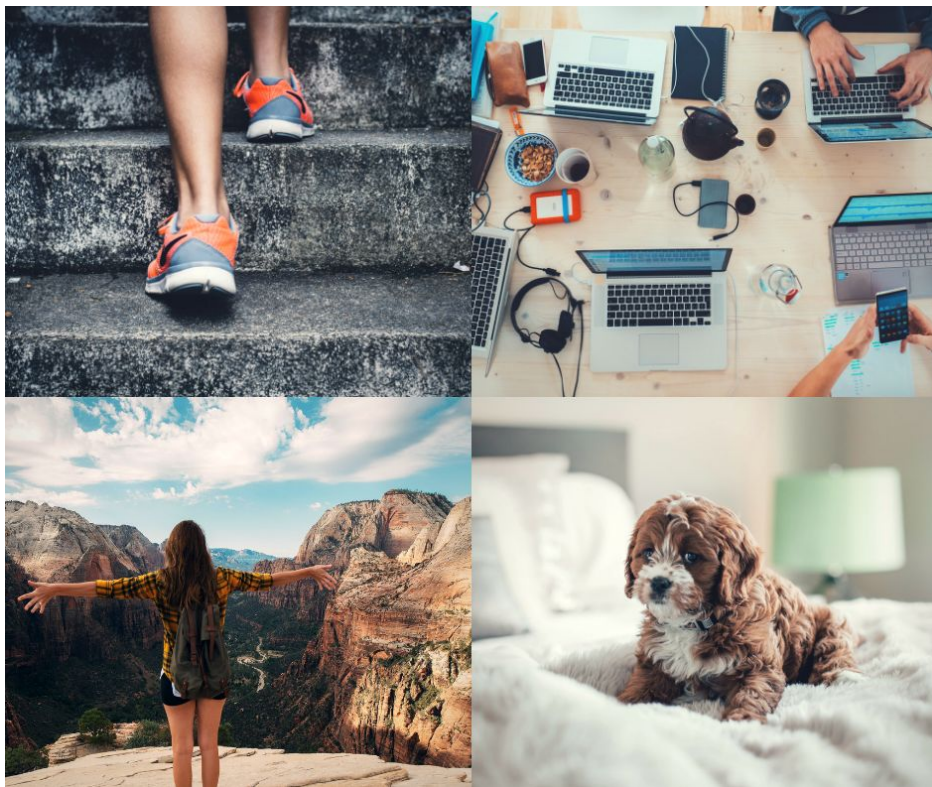


## Organizations experience more success

Offer diverse and inclusive perks that solve for everyone.

Align company perks with company purpose, values, and goals.

Attract, engage, and retain top talent.



## Why pick one perk when you can offer them all?

Lifestyle Spending Accounts make it possible to gift employees student loan repayment, pet insurance, gym subsidies, massages, housecleaning, travel stipends, free books, tech goodies, & more -- without spending more company money or adding more tasks to HR.

# Companies using lifestyle spending accounts:

We've already talked about the two ways companies can offer LSAs, and here are some examples of perk stipends in practice.

Below are company culture leaders using perk stipends:

- [Buffer](#): \$20/month for continuous learning, \$3,000/year dependents grant, and \$200/month remote work stipend.
- Circle: [\\$200 a month to spend on lunches](#).
- [Basecamp](#): \$100/month for health and wellness, \$100/month for massages, \$1,000/year for continuing education, \$1,000/year for charitable giving with matching.
- Microsoft: Annual [\\$800 "StayFit" reimbursement](#) to pick favorite way to stay fit physically, emotionally, and financially.
- Qualtrics: [\\$1,500 a year to spend on experiences](#).
- Airbnb: [\\$2,000 a year to spend on travel](#).
- Facebook: [\\$4,000 in "baby cash" stipend](#) for new parents.

If you'd like more, do a Google search for top perks and you'll find examples of perk stipends tucked within each article.

## The *many* platforms used by Buffer's team for their \$20/month learning stipend.

As mentioned above, Buffer offers their employees a [\\$20/month continuous learning stipend](#).

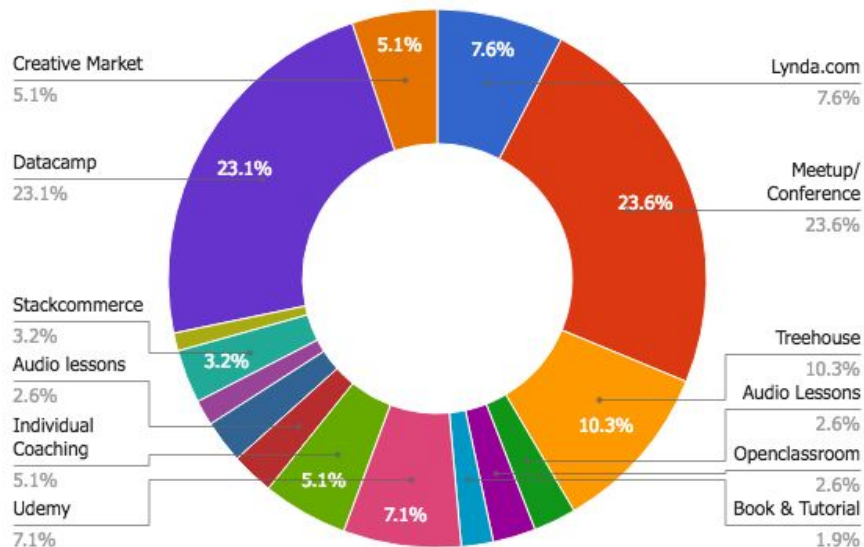
After analyzing their employee's usage of the perk stipend, they noticed that their employees were using many different platforms to learn.

15 unique platforms to be exact.

How could an HR or People Operations professional create a program that supports this diversity of need?

This perfectly illustrates the power of a lifestyle spending account.

Usage per platform



# Getting Started With Lifestyle Spending Accounts

# When do companies consider using LSA's?

Companies usually set up a Lifestyle Spending Account (LSA) when they:

- Want to offer innovative personalization to their employee experience.
- Want to offer more comprehensive and diverse perks to their employees without actually having to purchase and manage individual perk preferences and individual vendors.
- Want to offer inclusive perks, but don't have a lot of money to offer them or the time for HR to do so.







## Meet Tim.

Director of HR, small company

Current perk offerings include:

- Occasional lunch in the office
- \$50/quarter “tech” stipend

- **Tim’s Challenges:**

- Not sure what perks to offer employees.
- Everyone wants something different.
- Limited budget.

- **How Compt helped:**

- Instead of picking perks, created employee LSA so they can pick what’s best for themselves.
- Save money and time from managing.
- Help to differentiate the company and better attract & support talent.



## Meet Laura.

VP HR, medium-sized company

Current perk offering includes:

- fitness stipend
- \$5k/year education stipend
- team lunches on Fridays

- **Laura's Challenges:**

- Time spent managing the perk stipend expenses, taxes, employee balances, and utilization rates.

- **How Compt helped:**

- Added both stipends to Compt.
- Compt software manages the expenses, taxes, balances, tracks utilization rates.
- Giving Sam ~20/hours a month back.



## Meet Erin.

Head of Comp & Benefits, large company

Current perk offerings:

- Catered meals + on-site barista
- Student loan forgiveness
- On-site gym & classes

- **Erin's Challenges:**

- Supporting remote employees & satellite office employees.
- Managing all of the individual perks and vendor relationships.

- **How Compt helped:**

- Instead of offering more, began to combine several offerings into one LSA for employees.
- Offered remote employees LSA.
- Saved her team 80+ hours a week from managing.
- Better solve for diverse base.

# How Compt Works

## Set Budget

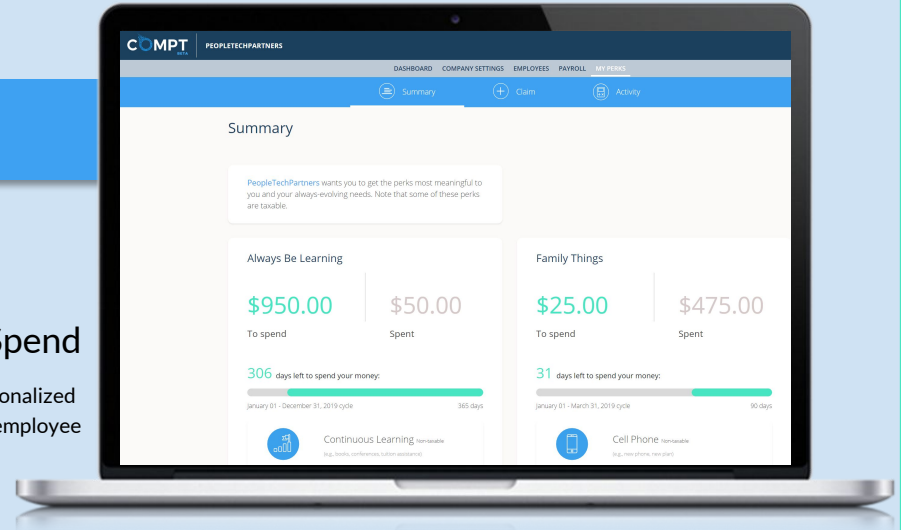
Set amount per employee per time period of your choice.

## Pick Categories

Choose categories that align with your culture

## Employees Spend

Perks are 100% personalized to the needs of each employee



# Additional Resources

## Additional Resources:

- [Lifestyle Spending Accounts: Everything You Need to Know](#)
- [The Ultimate Guide to Employee Perks](#)
- [Personalized Perks: The Innovative Employee Experience](#)
- [How to use Perks to Increase Employee Retention](#)

**Add Lifestyle Spending Accounts  
to your perks strategy.**

**Schedule a demo of Compt today.**