



# Espresa

Powering Great Workplaces®

## **Benefits Strategy Benchmark and Trends**

# Welcoming Industry Experts



**Dan Weinstein**  
RVP, Strategic Alliances

20+ years of expertise collaborating with employers to deliver human-centric HR and benefit solutions

- Espresa RVP, Strategic Alliances
- DisruptHR Denver, Chief Disrupter
- Aon
- Mercer



**Jenna Carter**  
RVP, Strategic Alliances

Passion and expertise in wellness and public health, with an abundance of experience in people-first strategic benefit solutions

- Espresa RVP, Strategic Alliances
- WTW
- Fallon Health
- Plus One





A photograph of a diverse family of three—a woman with reddish-brown hair, a man with black braids, and a young child in a yellow shirt—gathered around a tablet. They are all smiling and looking at the screen. The background is a blurred kitchen with wooden cabinets and a countertop.

# Here's what we'll cover:

- Industry insights
- Benchmarking highlights
- Top Trends + beyond
- Q&A

# I

## Employees Want Freedom of Choice and Personalization

60%

Want a wider mix of non-medical benefits they can choose to purchase on their own <sup>1</sup>

70%

Employees are interested in customizable benefits<sup>2</sup>

<sup>1</sup> MetLife Employee Benefits Trends Survey 2021, <sup>2</sup> MetLife Employee Benefits Trend Study 2023



# Smart Employers Meet Diverse Needs

80%



Meeting the needs of a diverse workforce with varying life stages is important to a majority of employers

<sup>1</sup> MetLife Employee Benefits Trends Survey 2022





# LSAs Offer Unique Advantages



Inclusivity



Flexibility



Engaging



Adaptability



# Supporting Total Rewards Strategies

## Foundational

Differentiating benefit meeting *everyone* where they are

- Inclusive
- Flexible
- Choice
- Adaptable
- Global

## Strategic

Common ways LSA funds are released and how they are accessed to employees

- Earned allowance
- Incentivized challenges
- Total Rewards
- Streamline administration

## Progressive

A future-forward strategic benefit that supports company culture and employee attraction/retention

- Aligned with mission, vision, and values
- VOI-based organizational metrics



# Benchmark and Trends Report

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## Highlights





## Top Industries offering LSA



HighTech



Manufacturing



FinTech

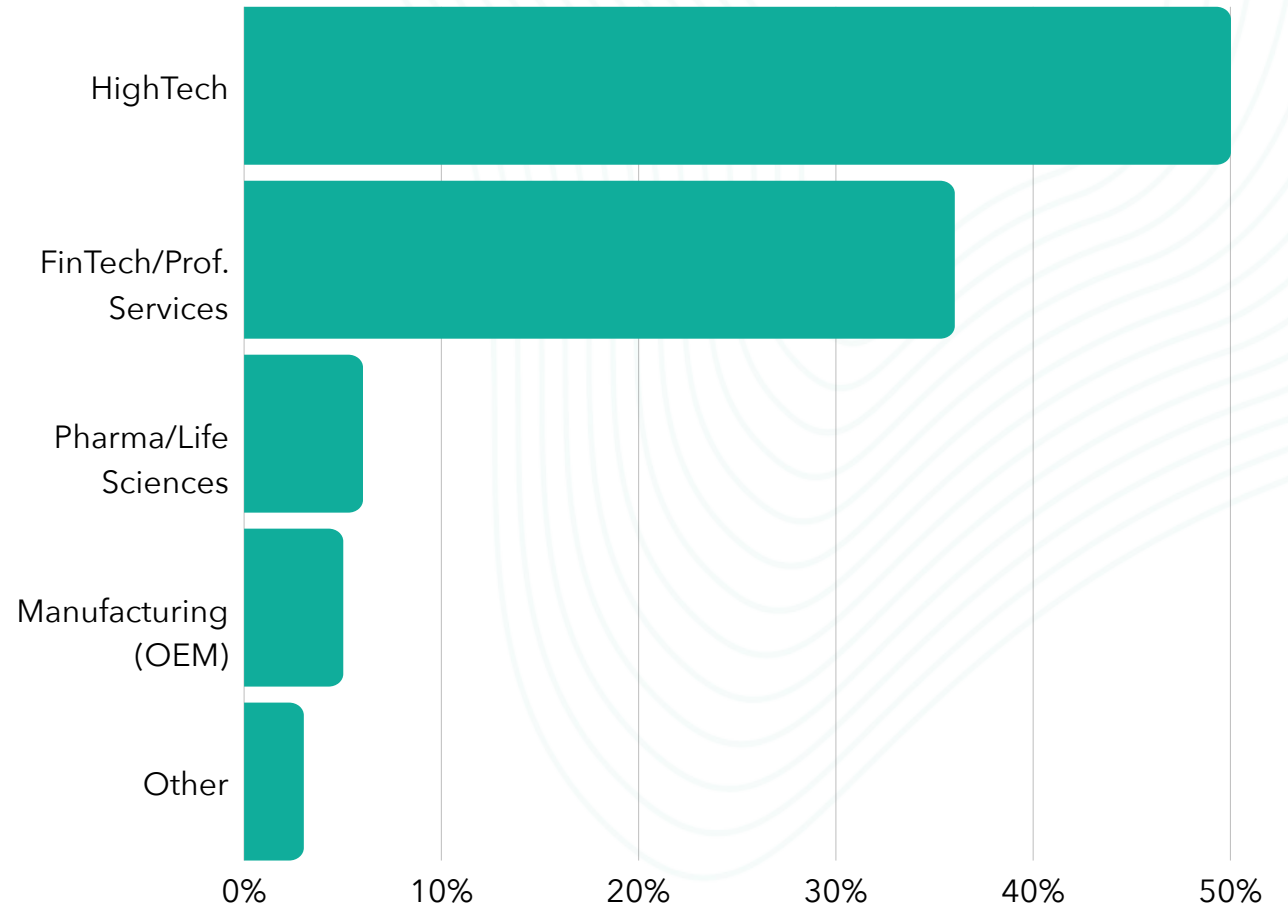


Pharma/Life Sciences



Law Firms

## Industry Highlights



The tail end of 2022 into 2023 shows a broader interest across industries (e.g., Healthcare, Education, and Real Estate)



## Emerging Industries Exploring LSA

LSAs are an every industry benefit. A growing mix of industries are adopting these programs.



Oil + Gas



Healthcare



Construction



Retail + Food



Engineering



# Budgets

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**66%**

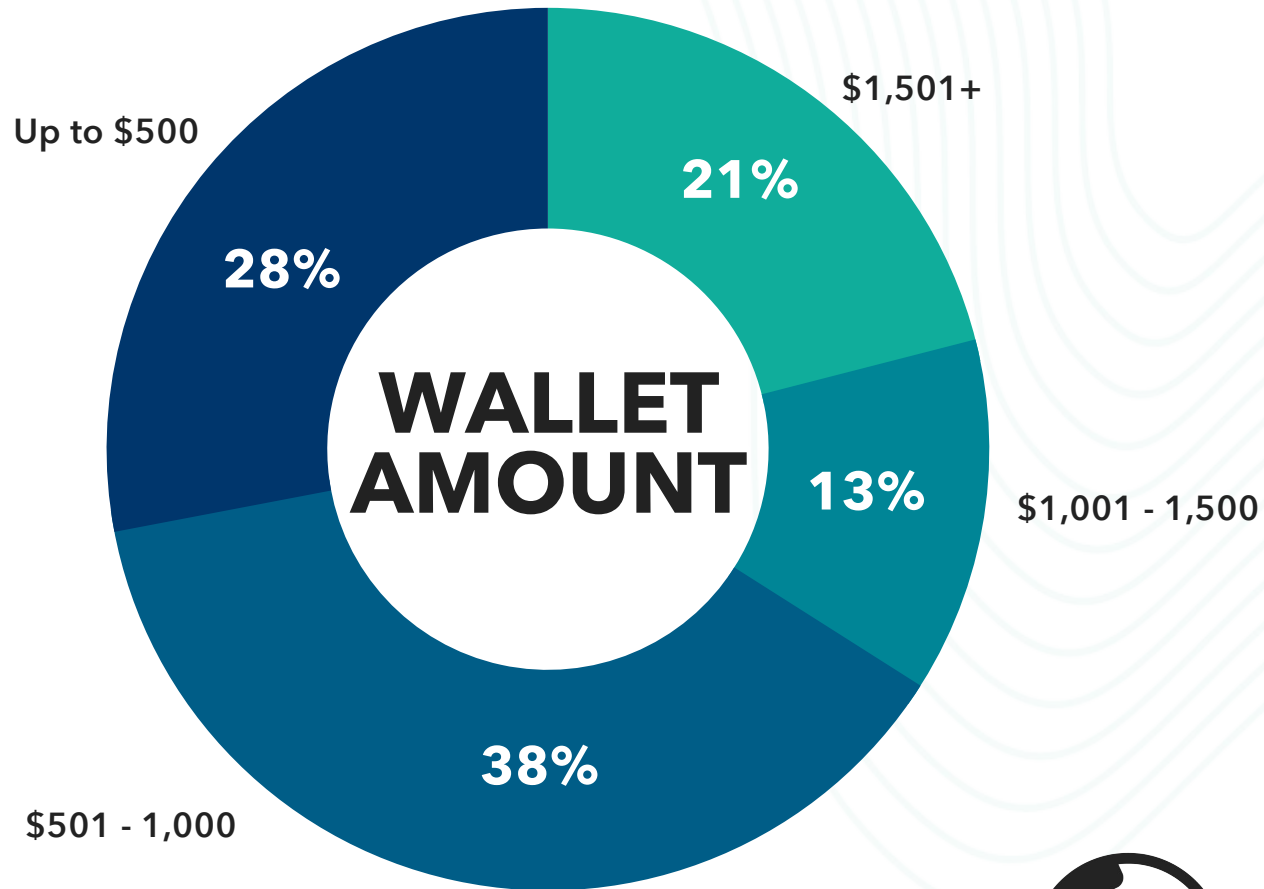
Of Espresa clients offer an LSA between **\$250** and **\$1,000** in annual reimbursement





# Common Amount and Sources for LSA Funding

- Consolidate budgets
- Repurpose incentive dollars
- Redistribute HSA contributions
- Adjust benefit actuarial values
- Replace previous onsite perks
- Reallocate real estate savings



# **Flexibility for Funding Accounts**

Most common ways employers are releasing LSA funds and when they are accessible to employees.



Monthly

**28%**

Quarterly

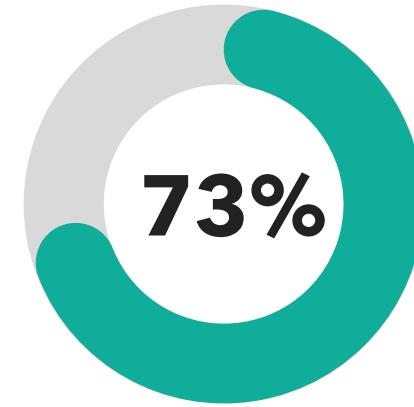
**23%**

Annually

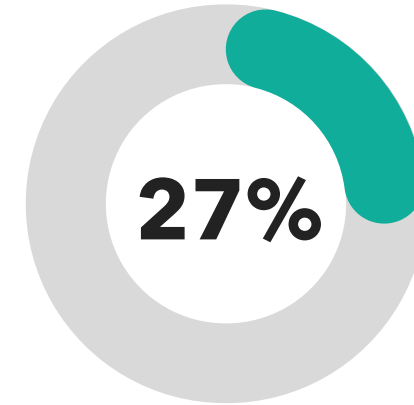
**49%**

## Customizable Carry-Forward

Employers ultimately choose how eligible LSA funds are structured and how guidelines work.



No carry-forward  
funding



Carry-forward  
funding  
(within plan year only)





## Broad Based LSA Programs

85%

participation  
in LSA programs

6

claims submitted  
annually, per user

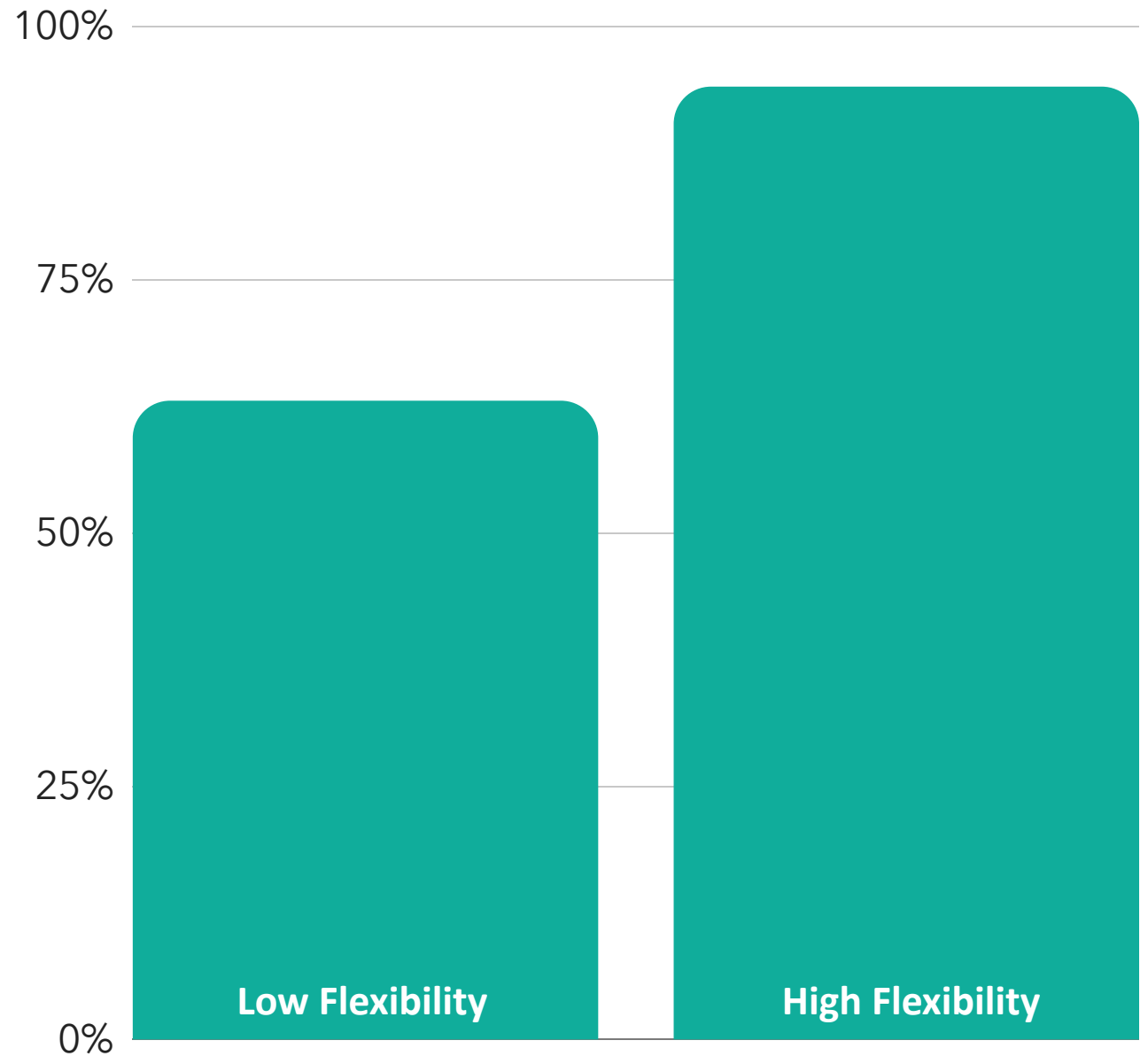


**Employers control the levers that impact participation**

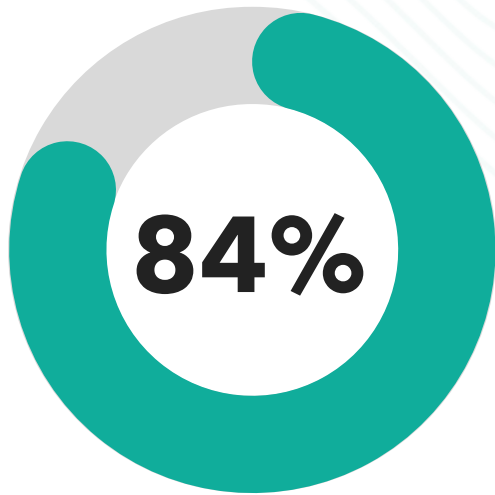


## Highest Usage

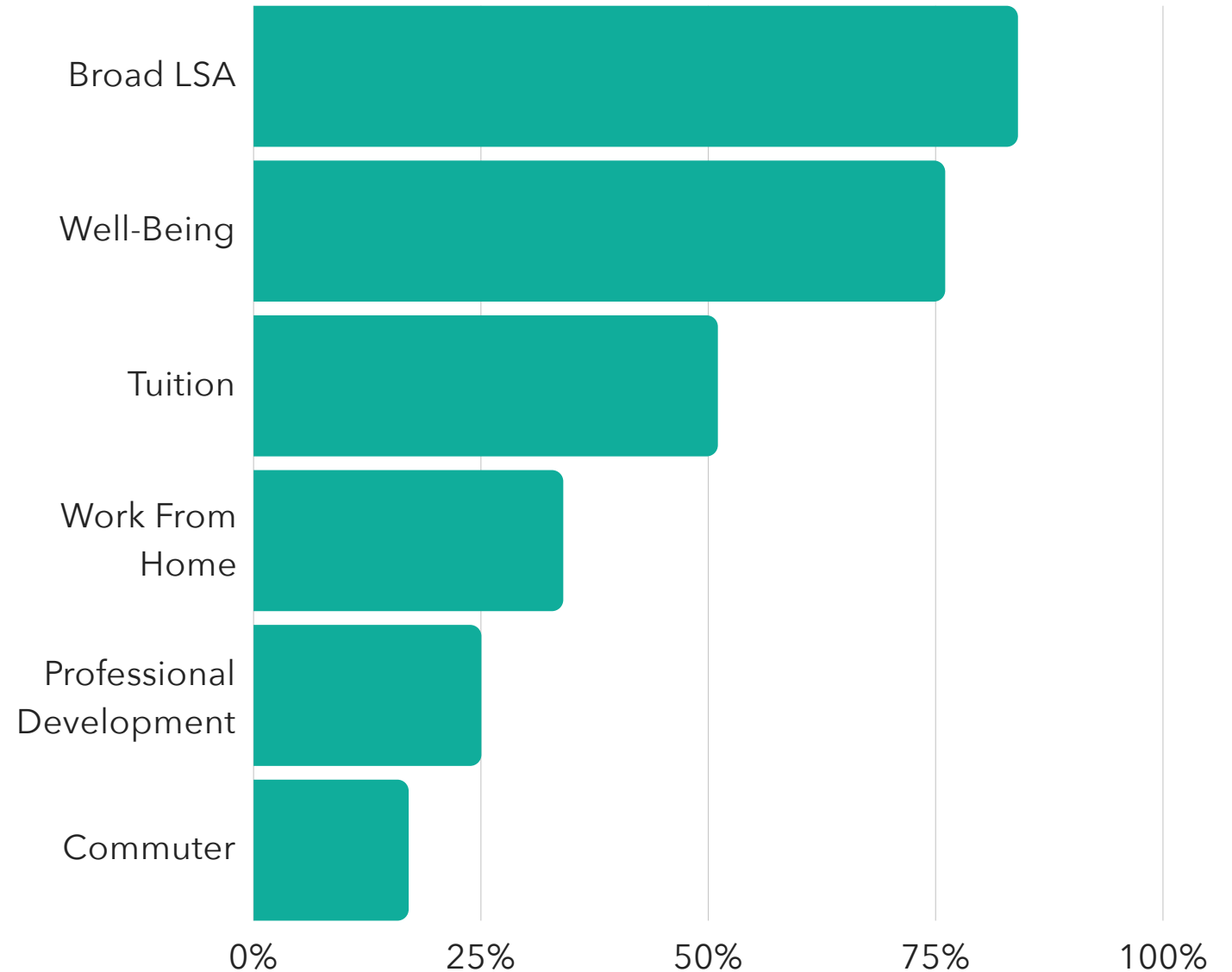
Flexible wallets with an annually available fund see higher utilization.



# Budget Usage by Category



LSA budget usage in  
multi-dimensional  
well-being programs





# Top Trends

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## 2023 + The Future



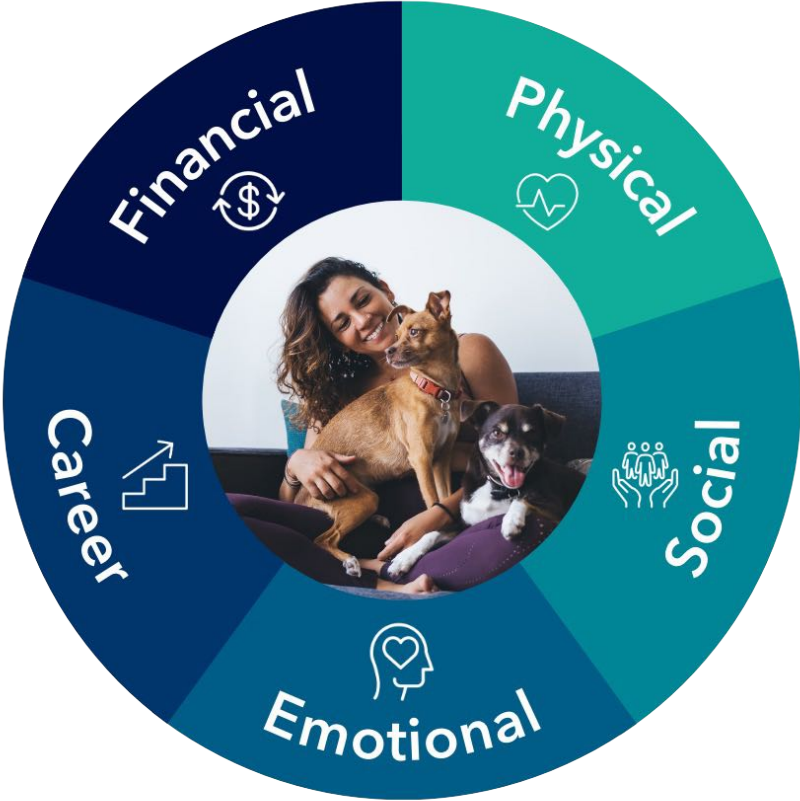
# Modern Approach to Delivering Total Well-Being with Personalization

Employers have total flexibility to customize offerings

Example:  
\$500/employee

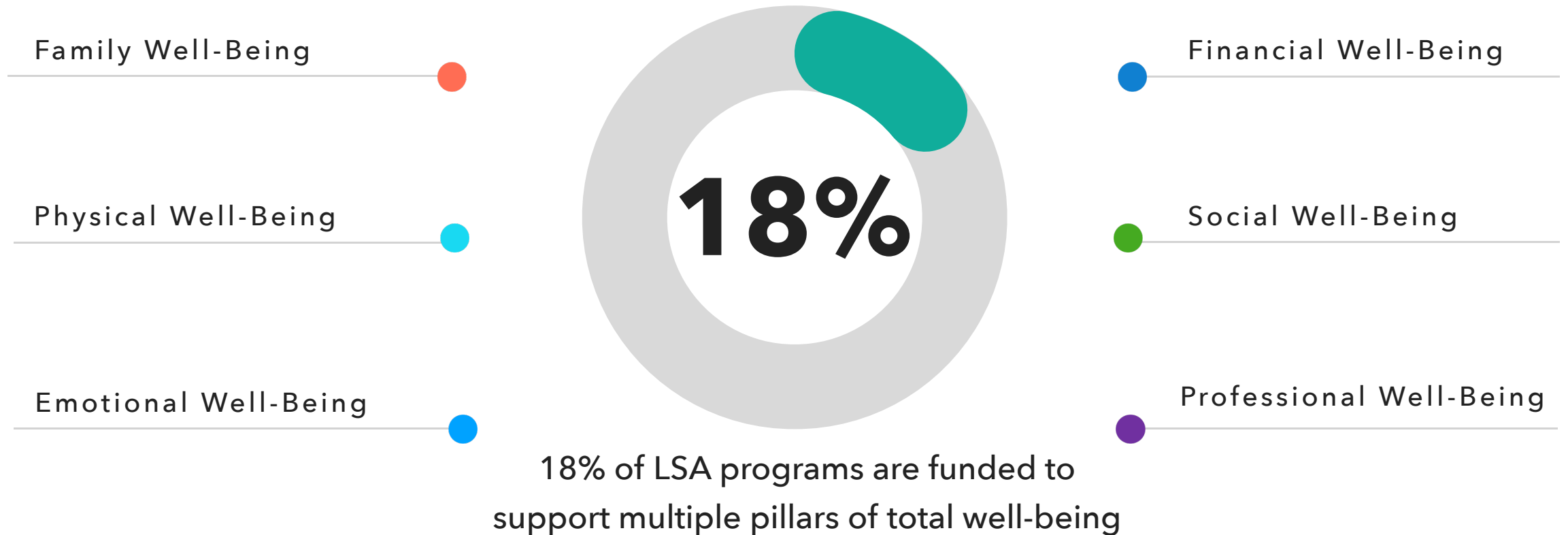


Employee free to choose based on personal need



Sample holistic pillars of well-being

# Mission Driven Well-Being Pillars





# LSA Wallet Types

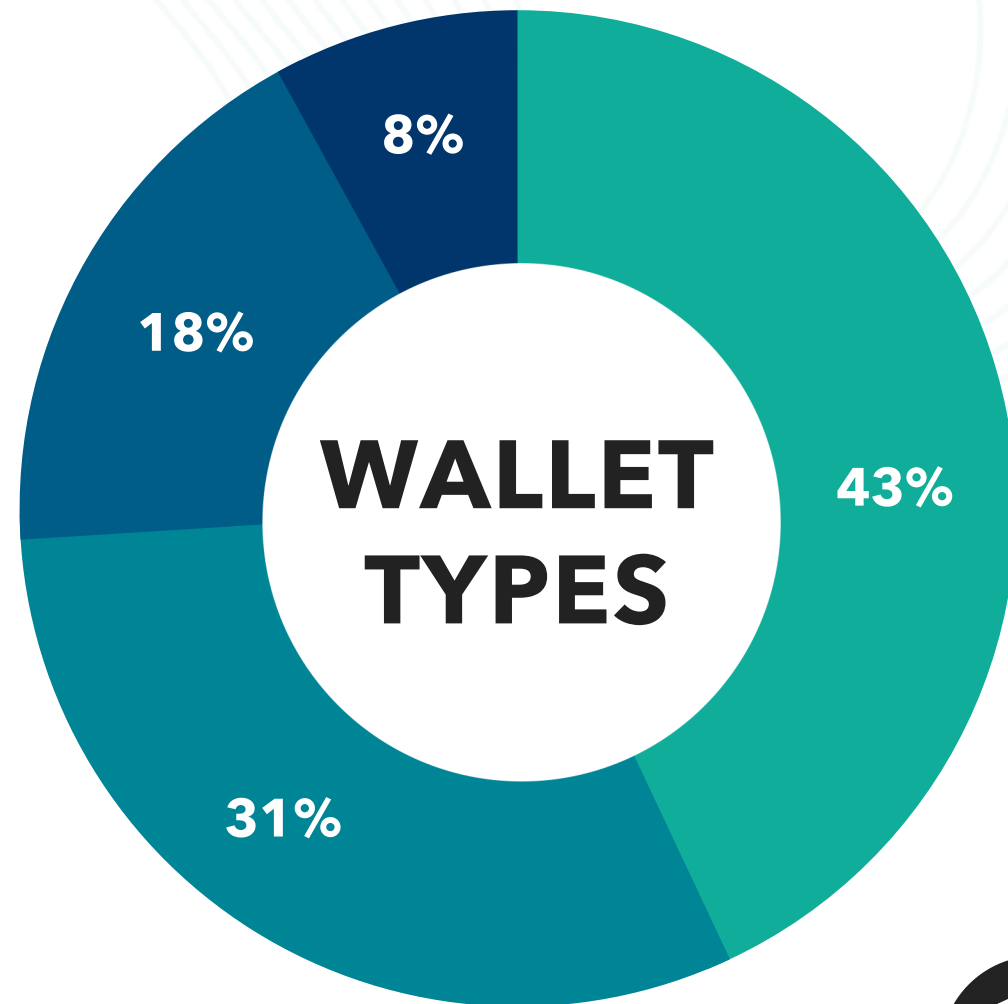
Employers are consolidating programs into LSAs that match company mission, vision, and values.

**43% FITNESS, WELLNESS**

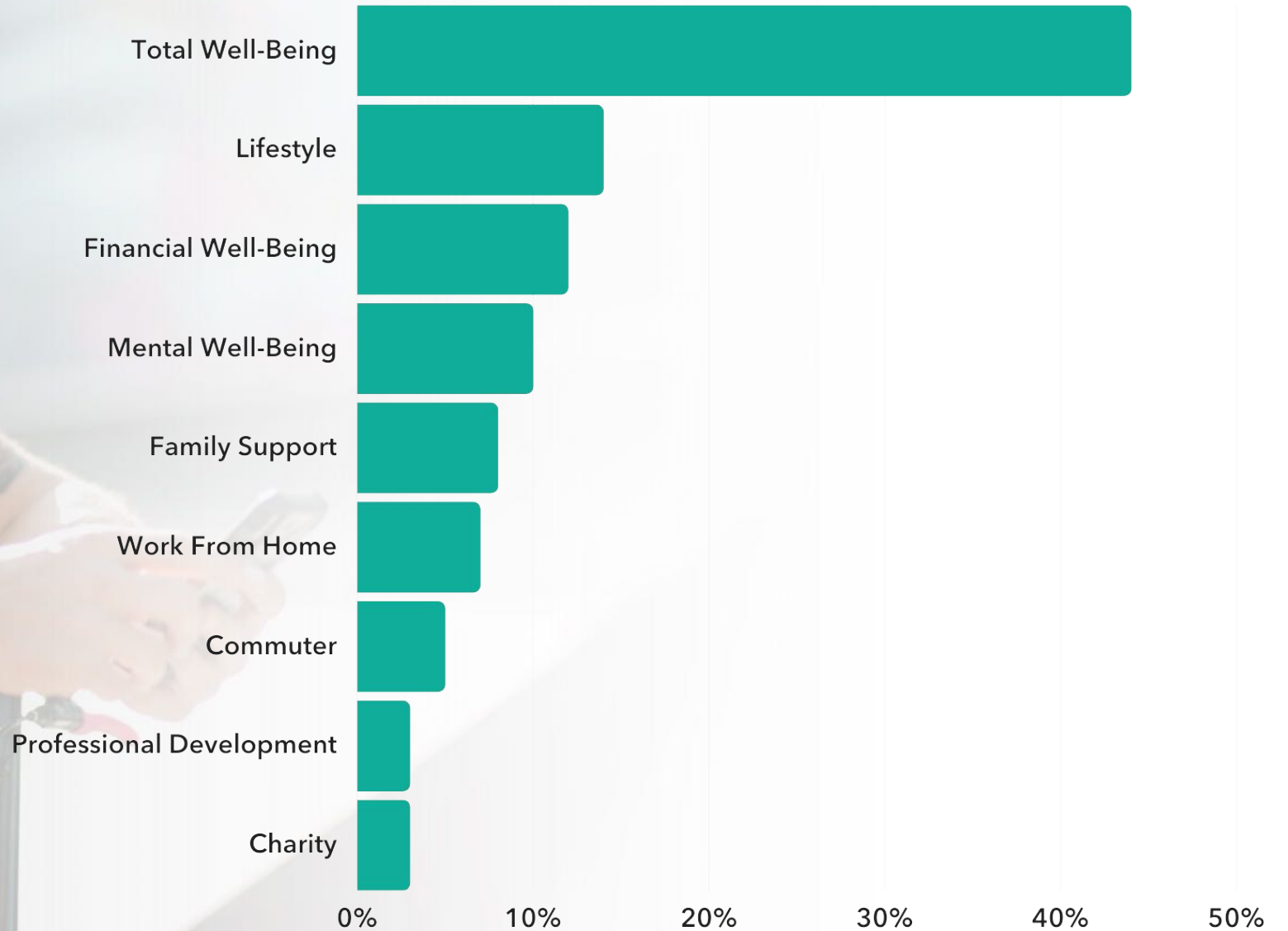
**31% CONSOLIDATING EXISTING PROGRAMS**

**18% MISSION DRIVEN WELL-BEING PILLARS**

**8% HYPER-FOCUSED**



# Popular LSA Categories



# Incentive Dollars Align with Company Values + Mission

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Employers incentivize for  
culture to align with  
company mission and values



Driving additional \$  
into existing LSA wallets





# Personal Benefits that Matter



Powering great places to work  
with flexibility, total well-being,  
recognition, and connection



# Meet People Where They Are

- Available in all countries
- Active in 80+
- 130+ languages
- All currencies
- Purchasing Power Parity (PPP)
- 84% of clients are global

Top countries with high LSA program adoption:

- 
- |             |                  |
|-------------|------------------|
| • Australia | • Ireland        |
| • Canada    | • Japan          |
| • China     | • Sweden         |
| • Germany   | • Switzerland    |
| • India     | • United Kingdom |



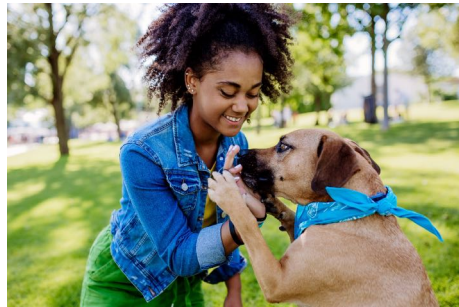
# Emphasize Employee Total Well-Being

LSAs allow quick pivoting to react to workforce needs

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Donation



Environmental and  
Social Governance (ESG)



Inflation



Social Determinates  
of Health (SDoH)



# Q&A

## 1. Can LSAs be set up globally with varying criteria and eligibility by country and employment type?

Yes. LSAs can be set up globally and localized by region. Each country or region can have its own plan, or multiple plans, with different criteria, eligibility, offerings, amounts, languages, and currencies by each.

## 2. Can LSAs reflect different employment status or worker segments (part-time, full-time, and contract)?

It is common for employers to offer multiple LSAs or flexible reimbursement programs together. Pairing multiple programs on a single platform streamlines the experience for employees, improves engagement, and simplifies administration for employers.

Employers can offer different LSAs to various segments of their employee population (full-time, part-time, or contract). All of these various programs can establish different reimbursement program parameters and dollar amounts.





## Q&A

### 3. How does an LSA compare to an HSA or FSA account?

Espresa does not offer HSA or FSA accounts. LSAs are a largely non-tax advantaged account with fewer regulatory limitations. This allows for tremendous flexibility with plan design, program parameters, offerings, eligibility, and geography. Due to the flexible nature of LSAs, they are naturally more inclusive of all employees at an organization. The “everyone benefit”, LSAs do not compare to HSA or FSA benefits that are largely built around tax-advantaged savings for US medical expenses.

### 4. Can an LSA be funded using paid time off (PTO)?

Yes, it is possible to use PTO to fund an LSA. We’ve seen discussions around allowing an employee to purchase additional PTO using their available LSA dollars.

### 5. Are LSAs used as a retention tool?

Yes, we have seen this. Tenure based approaches have been used by clients, and we’ve seen clients create targeted programs to positively impact retention of critical roles.



## Q&A

### 6. At the end of a benefit year, what happens with unused or remaining LSA funds?

Our clients employ a “use it or lose it” approach for unused LSA dollars at the end of a plan year. While it is possible for Espresa to administer carryover from one year to another, it creates a variety of accounting complexities related to deferred compensation. We find most accounting and finance teams prefer to avoid this.

From the employer standpoint, LSAs are notional accounts. This means, employers only spend what is used by employees in a plan year, and are not paying for unused or remaining funds.

### 7. Are LSAs considered taxable income for employees?

LSA dollars are largely considered taxable income for the employee and are coded as such when reporting back to the employer for taxation purposes.

There are some exceptions, such as certain work-from-home expenses, or a portion of tuition reimbursements. Outside of the US, there are also some well-being expenses that are tax advantaged. Espresa is not a tax advisor, and clients should consult with their tax advisor prior to finalizing program design and account set up.



## Q&A

### 8. What are other strategic benefits you see commonly combined with an LSA?

There is extensive flexibility in program bundling or combining of benefits, which makes the customization of these programs highly adaptable to a company's needs. We see high adoption of LSA Plus Total Well-Being and Challenges, and we also see a substantial amount of LSA Plus Rewards and Recognition solution. The monetary incentive pairs seamlessly with the flexibility of choice of an LSA program.

In considering a broader total rewards strategy, it is becoming increasingly common to bundle all of these solutions as a way to enhance total well-being, amplify engagement, and streamline the employee experience, all while reducing administrative costs to the employer.



## Q&A

### 9. What are typical budgets to consider for incentivized challenges or earned allowance with rewards and recognition?

Budgets for the bundling of these programs vary significantly based on company specific finance. We have seen companies offer the ability to earn an additional \$25, \$50, \$100, and \$250 quarterly through challenges. For rewards and recognition, we have seen smaller increments available by recognition moment, anywhere from \$5, \$10, \$25 to \$50, being set at the company level and divided out by managers.

### 10. Can you participate and earn points from other well-being vendors to incentivize Espresa?

Yes, we are able to take in participation, completion, and points data from third party well-being vendors. We are able to connect to incentives provided through the Espresa LSA platform.





## Q&A

### 11. Are you measuring ROI across your clients?

Due to the personalized nature of LSAs, a credible ROI is hard to evaluate widely as clients vary extensively across our book of business. We establish goals specified to each client and the programs they are utilizing in order to measure Value of Investment (VOI).

Our primary measure of success is employee participation in each program. When designing and implementing a program, we define success with our clients based upon their selections and goals.

LSA adoption across our book of business is 80-90%.

### 12. Is your platform compliant globally?

Yes, Espresa is GDPR compliant and has a comprehensive security and privacy program. Controls are verified as part of our annual SOC2 type 2 audit.



## Q&A

### 13. How does taxation work for an LSA?

Since most reimbursements through an LSA program are taxable expenses, each expense is coded. The data is provided to the employer's payroll at a cadence set by the employer. The employer's payroll then handles the taxation and reimbursement. In the place of the LSA marketplace, or debit card purchases, payroll would only be managing the taxation.

The Espresa platform is flexible. We can support and administer nearly all plan options, both pre and post-tax, with few limitations.

We do not recommend employers include medical care as part of an LSA (in the US). While we can administer them, many medical care services are considered qualified expenses under IRS Section 213(d) and are subject to various compliance requirements under ERISA.





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**EMPOWER  
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PEOPLE  
WHEREVER  
THEY ARE**



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