



Espresa
Powering Great Workplaces®

Building Families, Empowering Futures: Your Journey, Supported with an LSA

An LSA can empower your employees with the freedom to invest in their personal family-forming goals.

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Espresa is Your Partner in Building Your Future Family



In this guide, we'll explore what is covered under Lifestyle Spending Accounts (LSA) and how they can positively impact your employees' lives, particularly in supporting their growing families. LSAs can be a powerful tool for celebrating work-life integration and ensuring employees feel valued. By addressing the personal needs of your workforce, LSAs can significantly attract new talent and foster loyalty among your people. Demonstrating care for your employees' well-being inside and outside the office helps them feel more connected to your company and their work.

LSAs are employer-funded accounts that support employees' overall health and wellness by meeting individual and personal needs. The account can help pay for various expenses not typically covered by traditional benefit plans. It can also provide flexibility and personalization in your employee benefits program by providing funds for a targeted category—like family-forming benefits—that allow employees to use the funds based on their specific needs.

For HR teams aiming for high engagement, LSAs are a proven solution, with an average participation rate of over 80%. Importantly, you only fund what employees use, allowing unused funds to be redirected to other programs. Instead of investing in initiatives that may go unused, LSAs allow companies to subsidize various services, products, and experiences

tailored to employees' unique lifestyles. This approach consolidates budgets, streamlines HR operations, and enhances efficiency through a single solution—LSA Plus™.

Unlike vendors focusing on a single benefit area, Espresa LSAs cover multiple benefit areas, simplifying administration and maximizing your budget for direct employee benefits. Plus, you have the freedom of choice to set up account funding in a way that suits your organizational needs.



Reimbursement

Automated via payroll or direct deposit



Global Marketplace

Where employees make purchases through the Espresa Marketplace, and your organization is billed afterward



Debit Card

For employees to make purchases with your organization billed for the amount spent

Explore how a Lifestyle Spending Account can support your employees on their family-forming journey.

*If you are an employer
please reach out to:*
sales@espresa.com

*If you are a consultant
please reach out to:*
consultants@espresa.com

Why Family Forming Benefits Matter

Supporting employees on their family-forming journeys is the way of the future. Employers who help cover the costs of fertility treatments, adoption, and surrogacy are expanding family formation benefits to meet the needs of a broader set of employees. These benefits not only improve employee well-being and productivity but also reduce stress and make the company more attractive to top talent. According to a 2023 Willis Towers Watson survey, 40% of employers offered some form of fertility benefits, an increase from 30% in 2019.

If your company takes a proactive approach to family-forming benefits and subsidizes high-cost services—like adoption, infertility benefits beyond medical care, or surrogacy—it can lead to healthier mothers and babies, lower healthcare costs, and happier, more loyal employees.

Financial assistance for family forming benefits



Adoption Assistance:

According to the Dave Thomas Foundation for Adoption's 2023 report, **28% of employers** provided adoption assistance, with an average reimbursement of **\$10,000 per adoption**.



Surrogacy Assistance:

A 2022 IFEBP survey found that **17% of employers** offered surrogacy benefits, with average reimbursements ranging from \$10,000 to \$25,000.



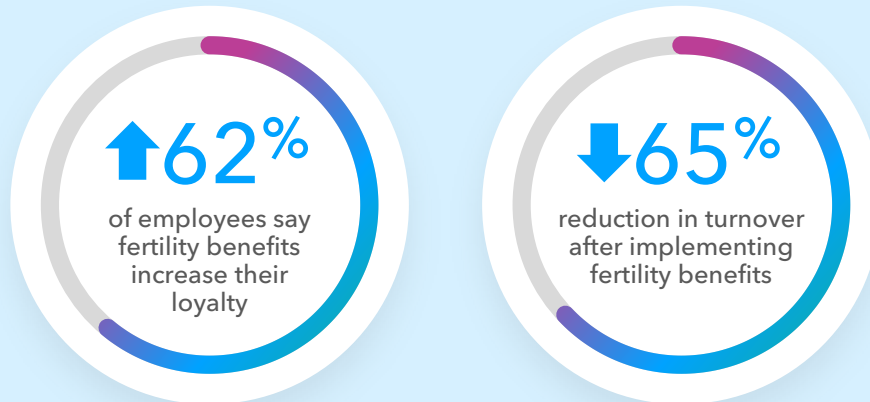
Egg Freezing:

The same IFEBP survey reported that **21% of employers** covered egg freezing procedures, reflecting a growing trend in offering this benefit.



The Impact of Fertility Benefits on Employee Retention

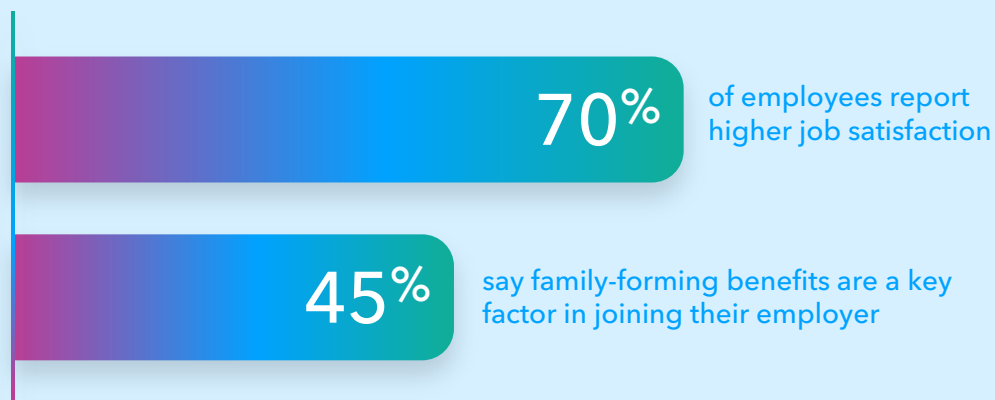
The power of family-forming benefits to boost employee retention



Source: 2021 Society for Human Resource Management (SHRM) Employee Benefits Survey

Organizations that offer family-forming benefits, including support for LGBTQ+ employees and single parents, often report higher employee engagement and commitment. This inclusivity fosters a supportive work environment, strengthens corporate culture, and improves retention.

Enhanced job satisfaction with family support benefits



Source: 2021 Society for Human Resource Management (SHRM) Employee Benefits Survey

Family-forming benefits can be a powerful recruiting tool. According to the Society for Human Resource Management (SHRM) 2021 Employee Benefits Survey, organizations offering benefits, such as fertility services and parental leave, reported greater success in recruiting top talent compared to those that did not.

Utilizing an LSA to Support Your Family Forming Journey

We know that providing family-forming benefits is vital to employee satisfaction and retention; an employer can assist their employees on this journey in many ways. Incorporating family planning benefits within an LSA Wallet provides employees with flexibility and choice, allowing employees to choose how the funds can best impact their lives.

An LSA is one tool in a company's toolbox that can be utilized in a variety of ways to support employees. While reviewing the following information, consider the various approaches and how they can fit your company's vision.

- **Highly valued by employees:** LSAs are increasingly appreciated as a targeted and valuable investment
- **Increasing prevalence:** Traditional family-forming benefits through medical plans often fail to meet diverse needs
- **Flexible support:** LSAs offer flexible, personalized support that effectively addresses these gaps

Generally, there are two different paths to take. You may want to consider implementing a combination of both approaches to assist the needs of your employees.

Targeted Approach: Specific Family Forming Wallet	Total Well-Being Approach: Family Forming Support as Part of Broader Wallet
High-Impact Variable Cost	Broad-Impact Predictable Cost
This approach is ideal for high-cost, low-utilization services, offering significant financial support (e.g., \$5,000 - \$20,000) for needs like adoption, surrogacy, and egg freezing. It excludes lower-cost items with broad use, such as OTC vitamins, baby supplies, and early childcare support.	A Broad LSA offers lower financial support (e.g., \$500-\$2,000 per year) across many categories like wellness, travel, and childcare. Employers can include family-forming benefits without raising overall plan costs, though it provides less substantial support for high-cost processes like adoption.

Let's focus on the Family Forming Wallet

A targeted LSA can offer focused support for specific family-building challenges. This allows for deeper investment in services like surrogacy assistance and comprehensive adoption programs. These services are often associated with a high cost – by providing an LSA that specifically targets these items, employers can provide a meaningful, high-impact benefit to a targeted group of employees.

A targeted LSA investment can highlight your company's commitment to employee well-being. It can enhance talent attraction and retention by positioning your company as a leader in employee support and family-friendly policies.

A targeted LSA can be most impactful for high cost services that are not covered by medical plans. Let's look at some examples of how a targeted LSA could be used:



Elective Cryopreservation (Egg Freezing)

- Costs for egg/sperm/embryo retrieval, freezing, and storage if storage is planned for greater than one year



Adoption Assistance

- Adoption Fees: Legal fees, agency fees, and court costs associated with the adoption process
- Home Study Expenses: Costs for home studies required for adoption approval
- Travel Expenses: Travel costs related to adoption, including airfare, lodging, and meals

- Post-Adoption Support: Counseling and support services for adoptive families
- Parent & Family Adoption Counseling
- Foster care expenses



Surrogacy Support

- Agency Fees: Costs associated with hiring a surrogacy agency
- Escrow Agency Fees: Costs associated with hiring an escrow agent/agency to manage funds in a secure, third-party account
- Reproductive Donor tissue (Egg)
- Medical and Legal Fees: Medical expenses for the surrogate and legal fees for surrogacy agreements
- Surrogate Compensation: Partial coverage for surrogate compensation, including living expenses and travel

Please note:

It's recommended that covered items should only include services **not eligible to be covered** by a medical plan (generally known as IRS Section 213(d) expenses. LSA funds should NOT be made available for any services considered a Qualified Medical Expense. A QME for fertility refers to any cost associated with the diagnosis, treatment, and prevention of infertility. Examples of Section 213(d) expenses related to fertility include: In vitro fertilization (IVF), tests to diagnose infertility, and prescription fertility drugs. These rules only apply in the US; employers may often include infertility medical expenses outside the US.

Discover how offering family-forming support as part of a Total Well-being offering may be the right fit.

While the Targeted LSA can provide high impact to a select group of individuals, the broader LSA approach can provide a meaningful impact to a more comprehensive range of employees with ongoing family-related expenses. The broad LSA allows you to support the needs of a diverse population. Employees can choose how they use their LSA funds, making the benefits more relevant and valuable to their individual situations.

By setting a fixed annual amount (e.g., \$500-\$2,000), employers can also manage their benefits budget more effectively, ensuring predictability in spending. Since an LSA can be used across various categories, employers can make their benefits package more attractive and competitive.

The broad LSA can be used essentially for any service not covered by a healthcare plan, leaving you, as the employer, with the freedom to direct these funds into categories that are most impactful to your employees. Here are some examples of how a broad LSA can support family-forming benefits. This list is not exhaustive but can provide a starting point as you develop your program.



Postpartum/Return to Work

- Doula
- Night nurse
- Lactation consultants
- Breastfeeding Supplies: Breast pumps and related supplies for returning to work
- Breastmilk shipping: FedEx shipping costs
- Cribs/bassinets
- Sleep training

Additional Services

- Fitness, Wellness, and Nutrition Programs
- Massages
- Food subscriptions or gift cards
- Support groups and counseling
- Financial advisor and planning services
- Child and adult sitters - evening, weekends, overnight
- Tutoring cost (school-related only)
- College preparation services
- Family support apps
- CPR + first aid classes



Important Considerations

When offering programs like adoption, surrogacy, and fertility support through an LSA, employers need to navigate several key compliance issues and considerations:

Tax Handling: Espresa is not a tax expert; however, we can share best practices or recommendations. Seeking guidance from tax advisors or legal professionals can help navigate the complexities of tax laws and ensure that the family planning benefit program aligns with regulatory requirements and the organization's objectives for supporting employees' family planning needs. If you are including Adoption expenses in your LSA, we can help make sure you have the needed data for tax reporting. Generally, up to \$15,000 of adoption assistance can be tax-free; however, there are income phase-out limits, so accurate tax reporting is critical.

Optional Gross-Up: Employers may offer a gross-up on taxes for fertility benefits to ensure fairness and equity in their compensation

packages. With Qualified Medical Expenses being non-taxable, some employers view it as inequitable for those employees who can't achieve pregnancy (LGBTQ+ employees). By covering the additional taxes associated with fertility benefits, employers simplify the process for employees, enhance transparency, and demonstrate a commitment to supporting diverse family planning needs. This approach not only helps mitigate the financial impact of fertility treatments but also strengthens employee recruitment and retention efforts by offering a competitive and inclusive benefits package. Ultimately, providing a gross-up on taxes reflects a proactive stance towards employee well-being and reinforces organizational values of fairness and support.

Global Considerations

Launching a family planning benefit for a global employer involves several key considerations to ensure consistency, compliance, and effectiveness across different regions and jurisdictions. Espresa supports local program customization and seamless currency conversion, making it ideal for global clients. Currently, 84% of our clients operate globally, and our customer support team is available 24/5 to support all employees regardless of their time zone. We encourage you to pull in your global workforce team or an international benefits consultant. Please keep in mind that Espresa can support your global workforce needs; however, there may be some important considerations to be aware of:

- **Legal and Regulatory Compliance:** The local laws & regulations of fertility treatments globally are changing constantly. Companies offering an LSA for family planning would need to familiarize themselves with the laws and regulations related to family planning benefits in each country or region where the benefit will be offered. This includes understanding the requirements for fertility treatments, adoption assistance, parental leave, and any associated tax implications. (Typically, everything is taxed on an international level)
- **Cultural Sensitivity:** Family planning practices and preferences can vary widely across cultures and regions. Consider cultural norms, sensitivities, and local attitudes toward fertility treatments, adoption, and parental leave policies. Tailor the benefit offerings and communications to respect local customs and expectations.
- **Benefit Consistency and Equity:** Ensure consistency in benefit offerings while accounting for local variations in healthcare systems, insurance coverage, and statutory entitlements related to family planning. Strive for equity in benefits across different regions to promote fairness and employee satisfaction.
- **Language:** Provide access to information about the family planning benefits in multiple languages as needed. Ensure that employees across different regions understand their options, eligibility criteria, and how to access the benefits.
- **Implementation Complexity:** Implementing global programs comes with additional complexity. To ensure a smooth implementation, collaborate with a partner experienced in facilitating global implementations and supporting global program administration. Be prepared to address varying administrative processes, benefit providers, and local compliance requirements. Work closely with local HR teams, legal advisors, and benefit administrators to navigate these aspects effectively.



Launch Your Family Forming LSA Program

An LSA offers flexible, personalized, and inclusive benefits tailored to your modern workplace. Espresa can streamline your benefits administration, reducing the complexity and costs of managing multiple vendor solutions. Here's how we recommend approaching your LSA implementation:



Inventory current programs

Assess your existing family-forming benefits and areas for improvement. Is a broad LSA or a targeted LSA a better fit for your organization? Some employers may use a combination of both approaches, but it's essential to understand the needs of your employees to determine which approach fits your company's vision.



Identify gaps

When evaluating your current programs and identifying any potential gaps of service, you should consider the various employee groups in your population - do your current benefits meet the variety of employee needs, including diversity, inclusivity, and accessibility? Creating a benefits program that fits everyone can be challenging, so an LSA can be impactful in providing niche benefits tailored to specific needs.



Review usage and costs

To decide where to focus your LSA program, you should analyze how much is spent on various family-forming benefits and how many employees utilize each benefit. This data can help in understanding the return on investment and identifying potential high-impact areas.



Simplify administration

Family forming LSAs through Espresa ensure efficient use of funds by eliminating unnecessary administrative and navigation costs for unused benefits. This means you only spend on what employees use, maximizing your investment's value. This approach streamlines spending, making it more targeted and effective. Plus, the Espresa adjudication team evaluates each claim submitted for approval.



Create equity across regions

Benefits can vary widely throughout the world, and LSAs have the potential to establish a global benefits assistance program that ensures equity across your entire workforce, regardless of location. By offering consistent support and resources worldwide, you can provide all employees equal access to valuable benefits, fostering a unified and inclusive company culture. This global approach helps ensure that every team member feels valued and supported, no matter where they are.

Let's Get Started!

Lifestyle Spending Accounts (LSA) can significantly impact your employees by addressing their individual and personal needs, especially in supporting growing families. These accounts allow employees to use funds for high-cost, high-value items, empowering them to invest in their personal family-forming goals.

Espresa LSAs cover multiple benefit areas, simplifying administrative tasks and maximizing your budget's direct benefit to employees. Espresa makes it easy for your team to offer an LSA. Once your program is in place, we take care of the rest. All claims submitted to Espresa are reviewed and processed by our adjudication team.

When implementing your LSA program, you can offer fund access in the way that best fits your employees' lifestyle.

Featuring the Espresa Global Marketplace!

The Espresa Global Marketplace is a unique optional feature that allows employees to shop as they usually would and use their LSA funds to pay for eligible goods and services – employees do not need to enter personal payment information or wait for reimbursement. Employers pre-fund the accounts to make the employee experience simple and seamless. The products and services offered on the Marketplace are offered at competitive pricing and are fulfilled by local vendors. We're constantly adding to our Marketplace to provide cost-effective products and offerings tailored to your diverse population's needs across various regions around the world.



Reimbursement

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Global Marketplace

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Debit Card

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Your LSA through Espresa

Implementing an LSA can be a transformative way to enhance employee benefits, particularly when supporting family-forming journeys. By offering a Family Forming LSA, you empower your employees to invest in their unique family-building goals, whether through fertility treatments, adoption, surrogacy - or other day-to-day expenses. Let's take the next step in creating a flexible and inclusive service that supports your benefits program and aligns with the diverse needs of your workplace.

Ready to empower your employees and elevate your benefits?

Contact us today to get started.

If you are an employer reach out to:
sales@espresa.com

If you are a consultant reach out to:
consultants@espresa.com

