



**Espresa**  
Powering Great Workplaces®

# Lifestyle Spending Accounts (LSA) Benchmark and Trends Report

2023

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# The Future of Personal Benefits



# What is a Lifestyle Spending Account (LSA)?

A Lifestyle Spending Account (LSA) is an employer-funded account that supports employees' overall health and wellness by supporting their individual and personal needs. LSAs can be used for a wide range of expenses or can target a very specific purpose based on pre-determined categories that align with an employer's vision and values.

 [Get more on Lifestyle Spending Accounts \(LSA\)](#)



Consultant clients considering an LSA as part of their benefits strategy within the next year

# Why Lifestyle Spending Accounts (LSA)?

Employees crave healthy connections wherever they are, including in WFH, hybrid, and workplace environments. Companies need relevant and flexible personal benefits so that employees in all places feel seen and supported equitably.

## LSAs celebrate work-life integration.

Ensuring your people feel valued by meeting their personal needs can go a long way toward attracting new talent and cultivating loyalty. Offering LSAs demonstrates your care for employees' well-being in and out of the office, helping them feel more connected to your company and their work.

LSAs support benefits for life with flexible, personalized, and inclusive benefits to reflect your modern workplace. Give your employees the flex-freedom to invest in their unique interests.



# LSA and Well-Being Unite - LSA Plus™

With benefits, the employee experience (EX) must be engaging to achieve the kind of adoption rates HR teams are seeking. With an LSA, there is, on average, 80+% participation by employees, and you only fund what they spend. If they do not use it, you do not lose it and can repurpose that budget for other activities.

Rather than investing in another initiative employees may or may not use, companies can help subsidize various services, products, and experiences to meet employees' unique lifestyles.

Companies can consolidate budgets, streamline HR operations, and drive efficiency with LSA plus well-being in a single solution - we call this LSA Plus.

LSAs can be administered directly by the employer or can be outsourced to a third-party administrator. This offers relief for busy HR professionals and privacy for your employees about their choices.

[Get more on Lifestyle Spending Accounts \(LSA\)](#)

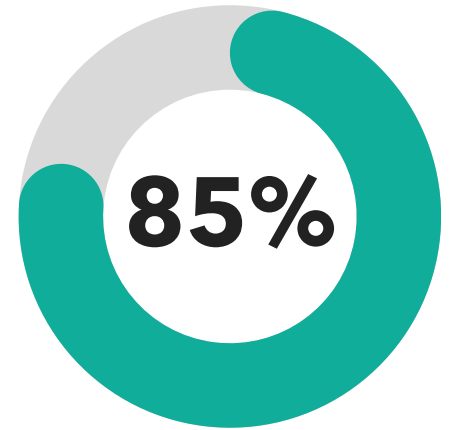
## Employee Experience (EX) and HR Technology

Lean resources in HR are nothing new. Over the past three years, HR professionals have generated the highest turnover rates across all industries, according to LinkedIn. Often due to unreasonable expectations, HR has had a lack of traditional analytics that support their efforts.

Where non-traditional HR tech was a burgeoning trend, it became culture-saving during the pandemic. While HR needed to evolve quickly, so did employee engagement and experience technology.

Much of this had to do with automation while enhancing employee connections in a way that didn't feel like technology. While Artificial Intelligence (AI) continues to develop at whiplash speeds, Human Intelligence and emotion continue to bring employees a much-needed and connective experience.

[Employee Engagement and What You Can Do To Improve It](#)



LSAs drive high employee participation

# The Current State of Individualized Benefits

Organizations have a choice when providing individualized benefits to employees. Old school versus innovative new school. Think strategically about providing personal benefits employees love through a comprehensive approach that meets people where they are.

## Old school

- Point solution buffet: Multiple contracts, vendors, and employee experiences
- Administrative burden and single-digit utilization
- Single-minded: Wearables, gym memberships, in-person classes
- Difficult to show VOI supporting HR and people teams
- U.S.-only

## Innovative new school

- Mobile, global, and scalable
- Elastic platform to meet HR and employee needs on-demand
- Single contract, high utilization at 80%+
- Challenges, well-being, and events administration built-in with LSA Plus
- Significantly reduced administrative burden

# The Future of Personal Benefits

Employee culture and how it is continuing to evolve is developing an elevated voice. We now have an opportunity to elevate them further through innovation, inclusivity, and growth.

How we address these areas in new ways to support people is paramount. Recreating the future of work will continue to transform day-to-day, based on this ever-evolving environment.



“There are two kinds of companies. One is going to embrace work-from-anywhere, and the second is in denial.”

Raj Choudhury

Harvard Business School Economist

Wired's expose on "The Work-From-Anywhere War is Beginning"



# **LSA 2023**

## **The Offer and How**



# Behind the Data

## About Espresa Clients

- Espresa LSA clients
  - 84% with global populations
- Employers with 100 to 40,000 employees
- Client employees in 80+ countries
- Total LSA dollars being offered are over \$150 million and growing

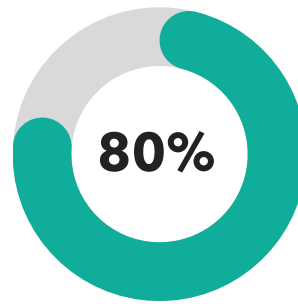
## Benchmark Highlights

- High adoption among global employers
- Employers pairing LSA with well-being and/or recognition
- Average starting LSA under \$600
- Increased flex wallet structure and broader LSA categories
- Increasing diversity in the mix of employers (industry/size) offering LSAs (20+ industries)
- Customized marketplace for U.S. and 100+ countries



# LSA Global Trends

**84%** of Espresa LSAs are offered to global workforces. LSAs have a high impact on helping employers achieve global benefits parity and creating consistent employee experiences.



Of employers reported having a global consistency approach or actively developing a strategy\*

\*2023 Health & Well-Being Survey from Fidelity/Business Group on Health

## Global



LSA adoption among multi-national employers is rapidly increasing

Top countries with high LSA program adoption

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

# Top Industries Offering LSA



FinTech



HighTech



Law Firms



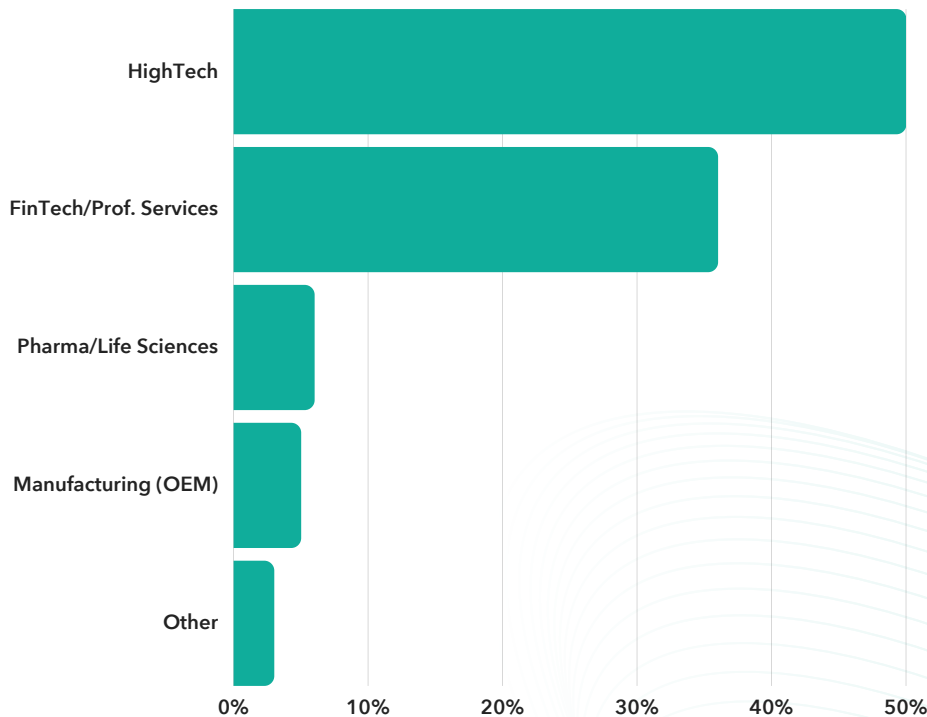
Life Sciences



Manufacturing

## Industry Highlights

2022 saw the war for talent leading the way in adopting LSAs in HighTech, FinTech, Professional Services, Pharma, Life Sciences, and Manufacturing.



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

78% of organizations who offer an LSA say attraction and retention of employees is the most important reason they offer one\*

\*WTW, 2022 Emerging Trends in Healthcare Survey



# Emerging Industries Exploring LSA



Construction



Engineering



Healthcare



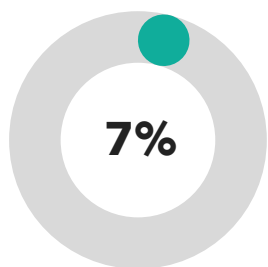
Oil + Gas



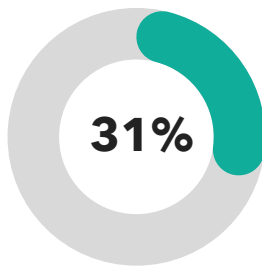
Retail + Food

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

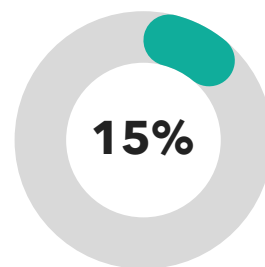
## Espresa Clients by Employee Size



< 100



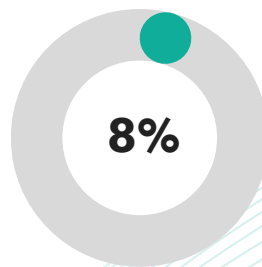
100 - 499



500 - 999



1,000 - 10,000



10,001+



# Finding the Budget

## 75%

of Espresa clients repurposed money to fund a people-first LSA program in place of antiquated reimbursement offerings and other point solutions including under-utilized wellness solutions



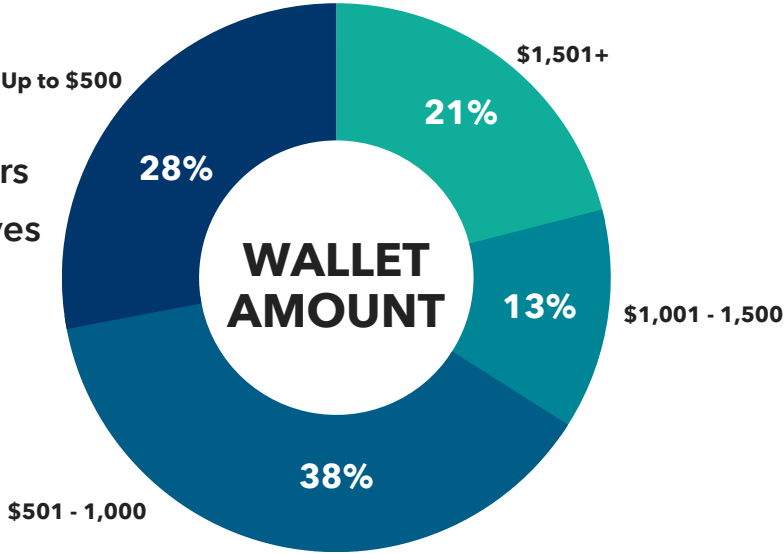
# Budgets

## 66%

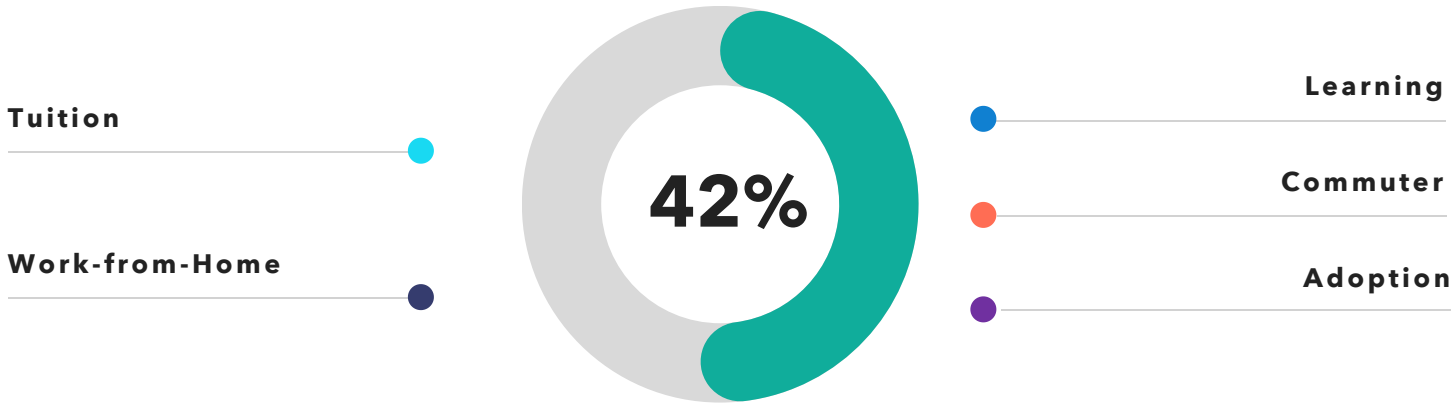
Of Espresa clients offer an LSA between **\$250** and **\$1,000** in annual reimbursements

# Common Amount and Sources for LSA Funding

- Consolidate existing reimbursement dollars
- Repurpose well-being dollars and incentives
- Redistribute HSA contributions
- Adjust benefit program designs or contributions
- Replace previous onsite perk budgets
- Use rewards and recognition budgets
- Reallocate real estate savings



# Additional Wallet Types



42% of Espresa clients offer additional LSA wallets or reimbursement funds to support employees





# 3 LSA Trends

# LSA Wallet Types

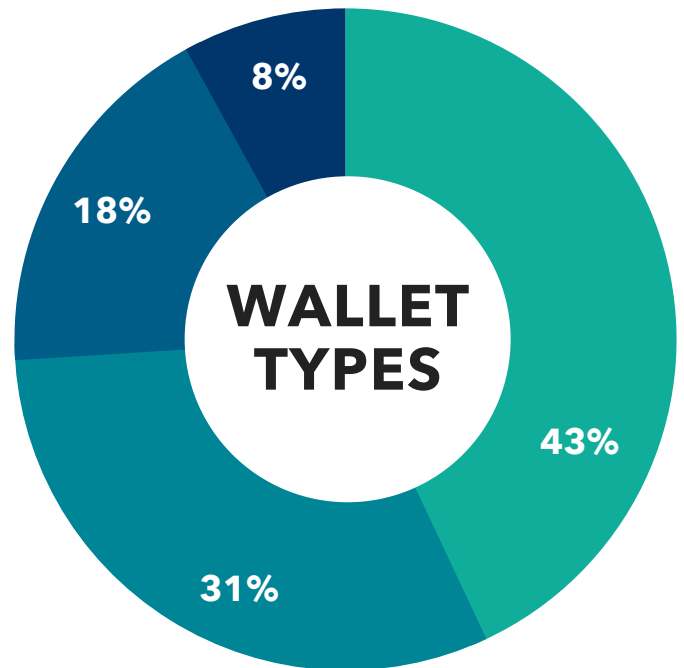
Employers have the ultimate flexibility to create employee wallet types. Smart companies are consolidating existing reimbursement programs into LSA wallets that match company mission, vision, and values, while meeting employees' unique needs.

**43%** FITNESS, WELLNESS

**31%** CONSOLIDATING EXISTING PROGRAMS

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

**8%** HYPER-FOCUSED



## Traditional Wellness Wallets

**43%**

Of Espresa clients offer a more traditional fitness reimbursement program, such as gym memberships or personal trainer fees



# Consolidating Existing Programs

31%

Companies consolidating existing reimbursement programs with Espresa to reduce HR burden and streamline administration of multiple benefits platforms



Adoption and Surrogacy



Commuter



Tuition

[The Great Opportunity: Tuition Reimbursement](#)

## Tuition Wallet

20%

Clients administering tuition reimbursements alongside their LSA in a single platform to support and simplify the employee experience





# Not Your Typical Fitness Reimbursement

Gone are the days of single-dimension benefits.

The workforce of today wants flex-freedom, and that includes their benefits.

Employees want more than gym memberships or fitness stipends. People want flexibility and freedom to put their dollars where their values and personal needs are.

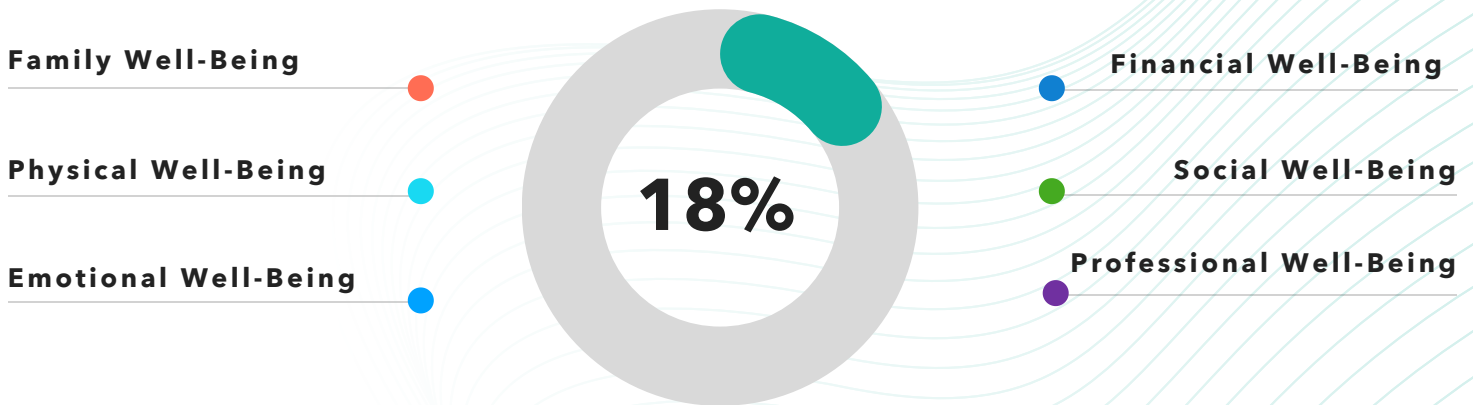
Both Millennials and Gen Z will make up over 75% percent of the workforce by 2025. They seek companies that align with their ethical values and that give them the freedom to invest in sustainability, inclusion, and planet-first initiatives.

Benefits today must be inclusive of all dimensions of total well-being.

[Generational Differences in Today's Workplace](#)

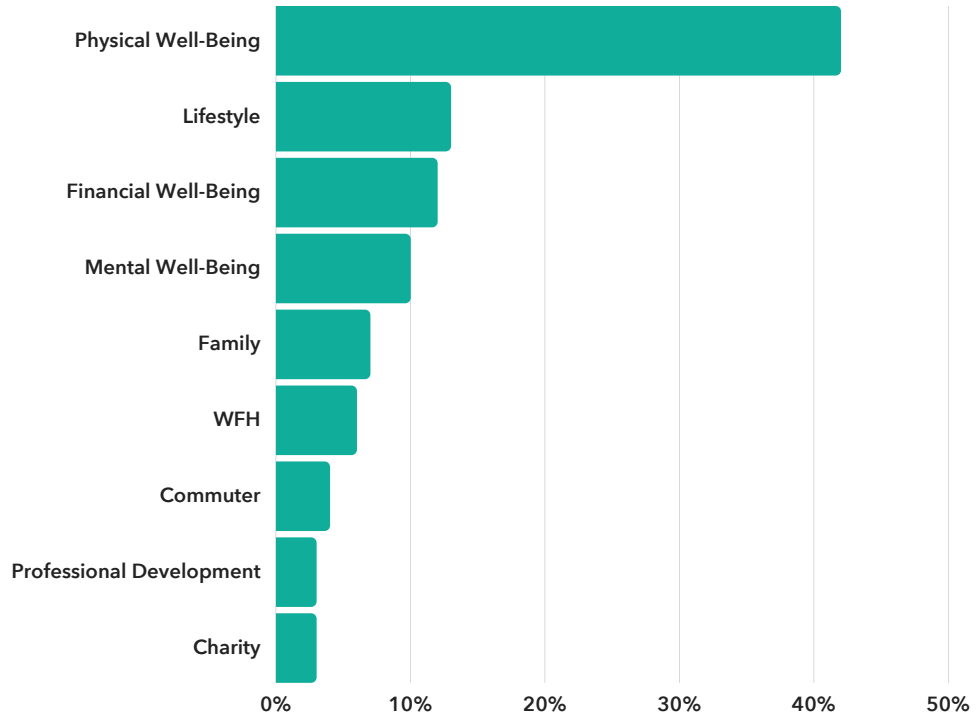
## Mission Driven Well-Being Pillars

Fastest growing benefit in 2023: 18% of Espresa client LSA programs are funded to support multiple pillars of total well-being.



# Popular LSA Benefit Categories

Physical well-being LSAs continue to be popular among employers. However, Espresa is seeing a shift as total well-being programs become inclusive of more than physical fitness.



## Focused LSA Wallets

**8%** of LSA wallets are hyper-focused to align with company goals and specific employee needs, such as family care or career and professional development initiatives



# Meeting Business Needs, Flexibly

- Flex-freedom in allocating funds to your employee population
- Customizable program parameters
- Exercise company-driven initiatives to establish guidelines



# Flexibility for Funding Accounts

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



# Customizable Carry Forward

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





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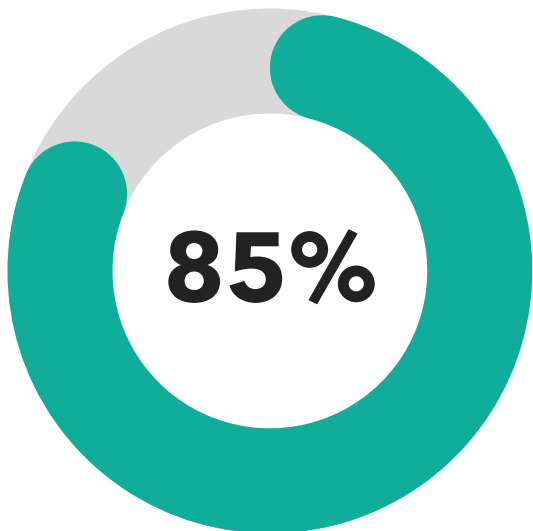
# **LSA Employee Experience, Engagement, and Flex Benefits**



# Inclusive Benefits, Meet Happy People

Broad Based LSA Programs

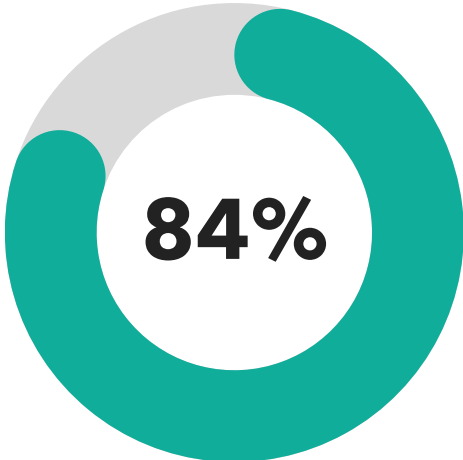
**6** claims  
submitted  
annually,  
per user



**participation  
in LSA programs**

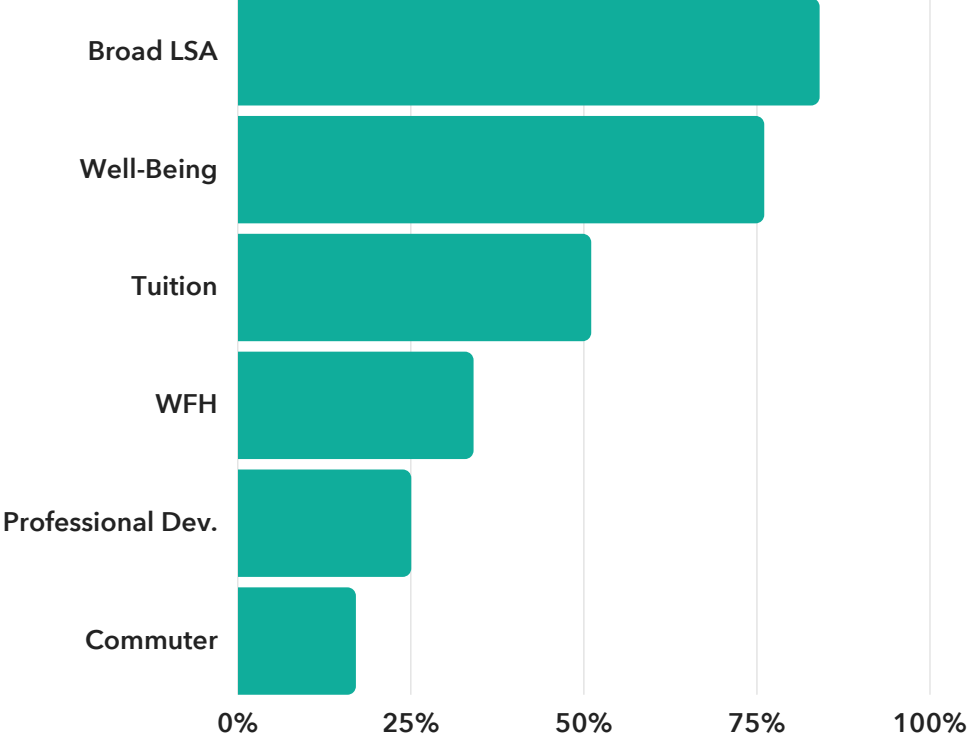
# Personal Benefits Meet Employee Happiness

Espresa clients experience 84% LSA budget usage in multi-dimension well-being programs. Programs often include expanded choice and/or incentives that amplify engagement.



## Budget Usage by Category

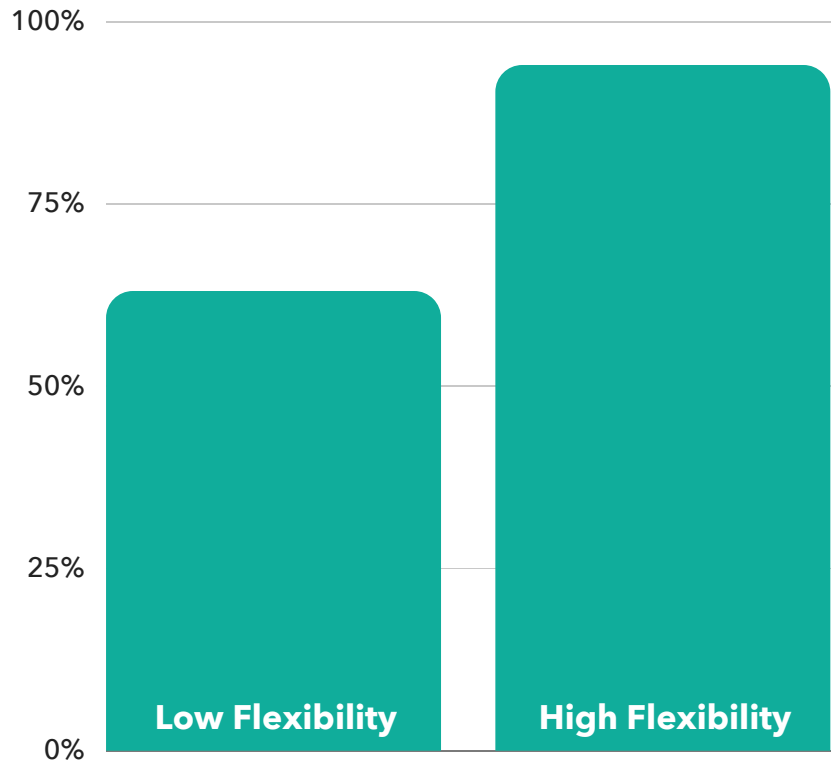
Budget utilization increases when employers offer broader choice within LSA programs - meeting the diverse needs of a diverse workforce.



# Highest Usage

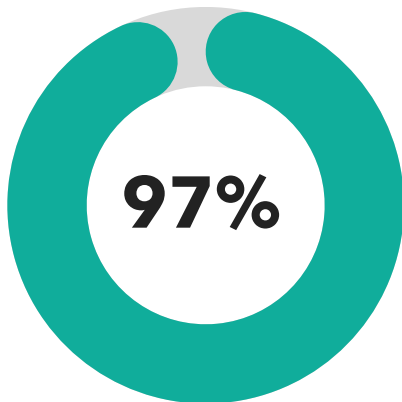
Flexible wallets with an annually available fund see higher utilization.

The broader the plan across the dimensions of well-being, the higher the participation and the higher % of the funds used, ranging from 63% wallet utilization to 96% utilization.



# Claims Review Cycle

When claims require substantiation



Claims reviewed within 1 business day



Claims reviewed within 3 business days

# Break the Cycle, Launch Anytime



## 50%

of Espresa clients  
launched an off-cycle  
LSA benefit in 2022

 [LSAs: The Instant and Modern Benefit  
with No Regulation Required](#)

## Top Reasons For Off-Cycle Benefits

### Q4 HR Burden

Alleviate or eliminate  
the burden on HR  
teams by launching  
off-cycle

### Global Eligibility

Benefits parity with  
global eligibility, fully  
customizable wherever  
your people are

### Spotlight Benefits

Highlight your new  
offering rather than  
burying in traditional  
benefits news and  
announcements





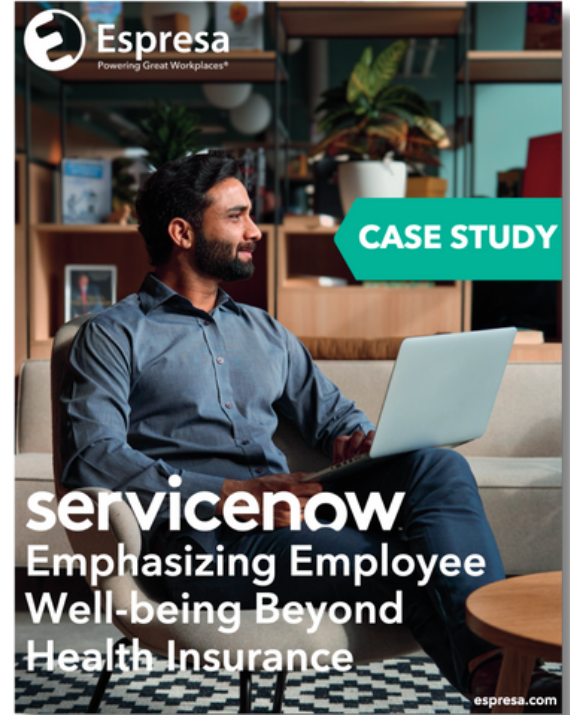
# Clients in Action

# Clients in Action Case Studies



"LSAs are the modern engagement vehicle, flexibly and creatively meeting people where they are. They're an empathetic and monetary vehicle that directly speaks to your culture, mission, vision, and values."

Susan Lovegren  
Fortune 500 Chief People Officer



# Clients in Action

LSA Plus™ Wellness Incentive Wallet



*We combined the standard LSA wellness incentive. This is usually done by two platforms. We were surprised by how easy it was!*

94%  
LSA Participation

95%  
Member  
Satisfaction

92%  
24Hr Claims



## Profile

- 40,000 global employees
- Fortune 100

## Key Goals

- July 2022 off-cycle launch
- Consolidate budgets
- Provide exceptional experience

**FINTECH**



# Clients in Action

Global LSA



*Espresa helped us evaluate gaps and curate LSA wallets that are specific to our people and with integrated language support for our global base.*

93%

LSA participation

3.5

Claims per person on average

10,000

Claims adjudicated quarterly



## Profile

- 3,000+ global employees
- 8 countries, 4 continents

## Key Goals

- Eliminate manual processes and administrative burden
- Create dispersed workforce inclusivity

**HIGHTECH**

# Clients in Action

Global LSA Plus™ Marketplace



*We needed the ability to offer a global marketplace to deliver an equitable experience that consistently delivered for all our people.*

22

Countries with marketplace

38%

LSA participation in first 5 weeks

97%

24hr claims



## Profile

- 7,200 global employees
- 20+ countries

## Key Goals

- April 2023 off-cycle launch
- Global consistency

**HOSPITALITY**





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# **Emerging Trends and Data Points**



# LSA Plus™

## Benefits Designed for Life



**LSA Plus = Connecting multiple Espresa solutions alongside LSAs to create incentivized wallets, enhance the UX, and reduce the total cost of administration**

- Mobile- and global-first platform
- Individual benefits for every person
- Total well-being and gamified challenges with leaderboards and awards built-in
- Rewards and recognition with social amplification
- Communities, events, and company values-based incentives

## LSA Plus

### Earned Incentives



**Employers incentivize for culture to align with company mission and values while driving additional dollars into LSA wallets**

# LSA Plus™ Personal Benefits Made for Life Plus

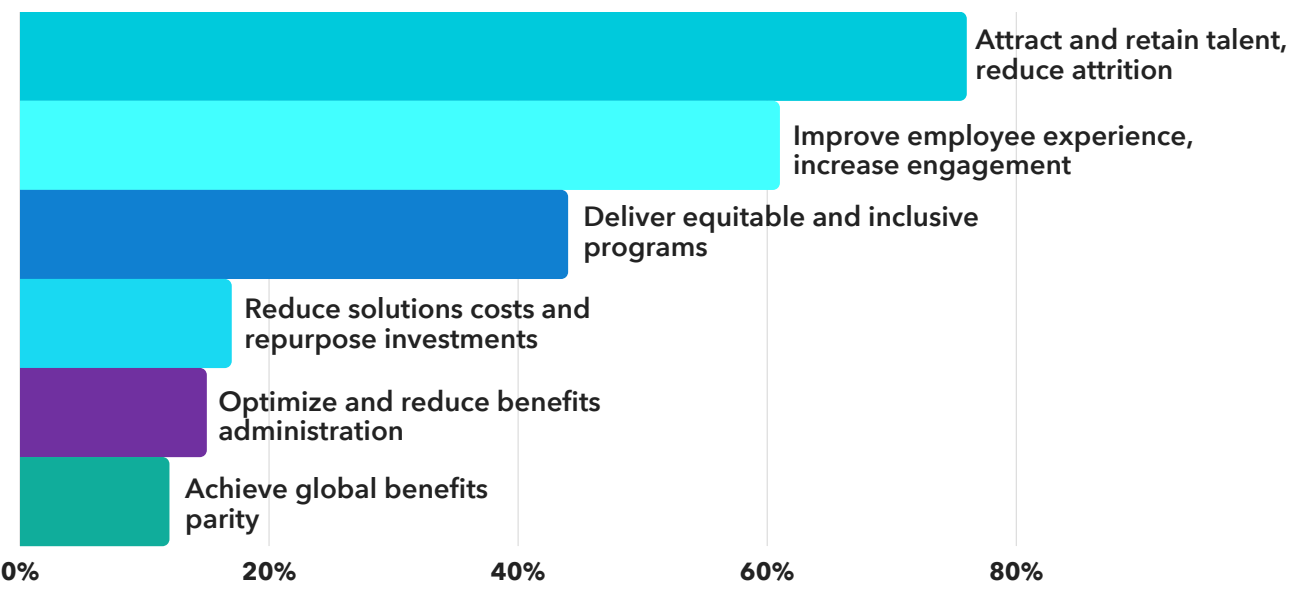


# 69%

## Of Espresa clients offer LSA Plus

[LSAs Made Modern: Packing Additional Benefits Into One](#)

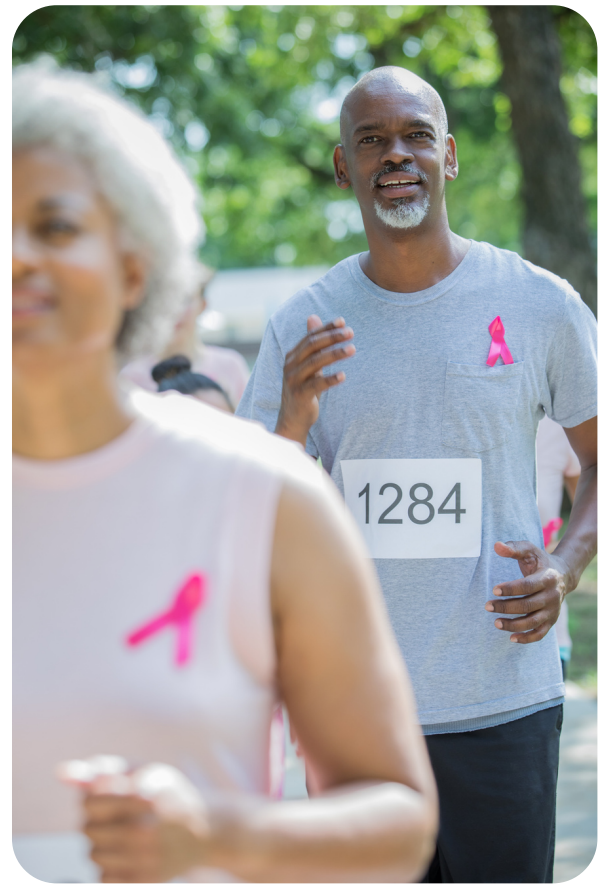
# Client Considerations



# Innovative LSAs

LSAs offer the opportunity to support global workforces, along with company missions and vision:

- Inflation support
- Sustainability, carbon offsets
- Charitable giving
- DEI initiatives
- Natural disaster relief
- Mental health and emotional fitness

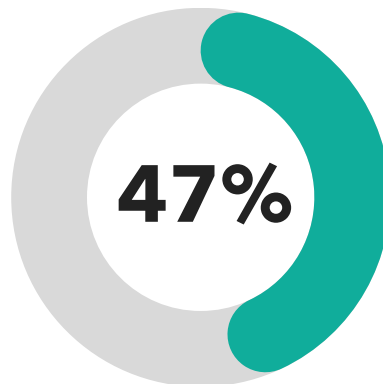


 [Why is Diversity, Equity, and Inclusion Important in the Workplace?](#)



## Turbo-Boost Incentives

Funnel funds earned through challenges, rewards and recognition straight into LSA benefits. Boost company culture and increase engagement.



Clients offer well-being incentives and/or recognition alongside of an LSA





# LSAs are Adaptive

LSAs are infinitely scalable and inclusive to everyone, anytime and off-cycle. The program a company launches with most often quickly evolves as HR discovers what employees value.

Offering the ultimate in flexibility, LSAs enable companies to adjust programs as employee strategies and landscapes change. Unlike many other total rewards programs, LSA offerings can change on demand from budgets to wallet types.

# LSAs are Proactive

LSAs are proactive. Employers can encourage healthy lifestyle choices by taking meaningful action to fund health and wellness needs that traditional health plans or HSAs may not cover while strengthening relationships with employees.

For example: If a company is willing to subsidize the cost of entry into a bike race, their employee will dedicate countless hours to training, nutrition, and mental preparation for this effort. The employee benefits not only from the experience of the race itself but from a healthier mind and body gained from the endeavor. All thanks to their company's investment in personal wellness.





# LSAs are Inclusive

Employers pursuing diversity, equity, and inclusion (DEI) initiatives may see LSAs as a straightforward way to address benefit gaps for women, specific racial and ethnic groups, LGBTQIA+, neurodivergent employees, and populations with special life needs such as family building or emergency relief.



 [How to Promote Mental Health Inclusion to Benefit All Employees](#)

# LSAs Empower Choice

Savvy companies know mental health inclusion is mission-critical for a healthy, productive workplace.



LSAs enable favorable mental health and family care reimbursements securely and anonymously, promoting the total well-being of all employees. These benefits can be tailored to meet unique individual needs.

Thanks to technology, access to mental health care for underrepresented or marginalized employees is available remotely regardless of geography or other logistical barriers.

# LSAs Support Sustainability

Becoming a leader in ethical and sustainable business practices boosts cost and energy efficiency, improves employee and customer engagement, enhances compliance, and bolsters corporate risk resilience. The ultimate value of sustainability efforts in the workplace measures whether they encourage real change for the common good.

[!\[\]\(3dfb8d66e81160ad61421a3452093d1b\_img.jpg\) Sustainability in the Workplace: How to Inspire Employees to Make a Difference](#)





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# The Value on Investment (VOI) of LSA Plus™



# The VOI of LSA Plus™

## Intangible benefits made tangible

Environmental, social, and corporate governance along with the company mission, and vision are as important to most employees as they are to employers. While ROI is a focus in all areas of business, value on investment, or VOI is of particular interest to HR and people teams.

LSAs connect words into action, engagement, attraction, retention, and to increased profitability.

Organizations that included their Diversity, Equity, and Inclusion (DEI), Environmental, Social and Governance (ESG), Health and Safety, and Total Rewards programs as part of their well-being strategy\*





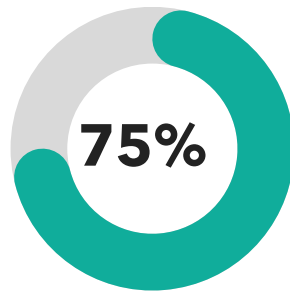
# Freedom of Choice and Personalization



Employees want a wider mix of non-medical benefits they can choose to purchase on their own\*



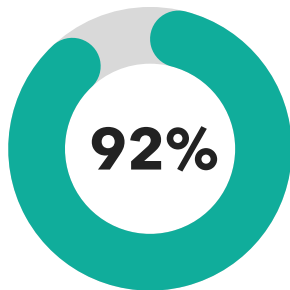
Employees would rather have subsidy for wellness and family care than more PTO days\*\*



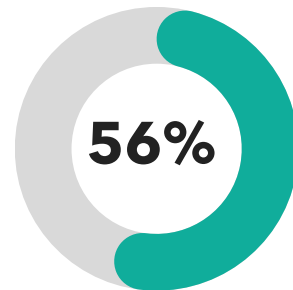
Employees want more choice and control over how benefit allowances are spent\*\*

## Supported Employees Are More Engaged

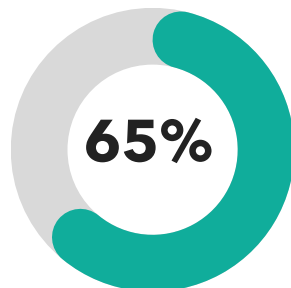
Employees who feel cared for are:



More likely to feel engaged at work\*\*\*



More likely to be productive at work\*\*\*



More likely to be loyal\*\*\*

\*MetLife Employee Benefits Trends Survey 2021

\*\* Aon Employee Experience Survey 2022

\*\*\* MetLife Employee Benefits Trends Survey 2023

The background features a large teal circle on the right side and a series of thin, wavy teal lines that create a sense of motion and depth, flowing from the bottom left towards the center.

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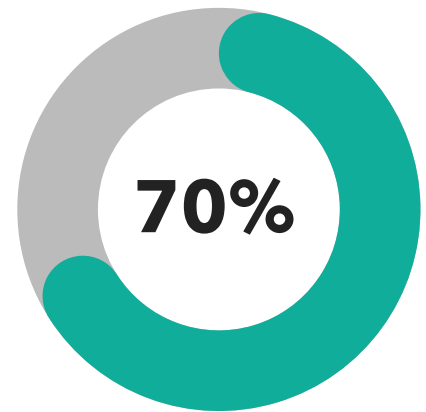
# **The Future of LSAs and Resources**

# LSAs, Truly Working at Work

Many employees feel exhausted and burned out, while "quiet quitting" has reached an all-time high. U.S. Secretary of Labor Marty Walsh recently chimed in: "If you are an employer, you should catch on early enough that your employees aren't satisfied, aren't happy, and then there needs to be a dialogue, a conversation."

Opening up this dialogue is determining what flexible benefits will be relevant and valuable to your people. LSAs make it so companies can tailor offerings and address underlying sources of inequity and unhappiness before they lead to attrition.

While salary does matter, if the holistic employee experience falls short, employees will start to look for a better fit. Keeping employees happy and healthy can be synchronous and undoubtedly is a worthwhile investment.

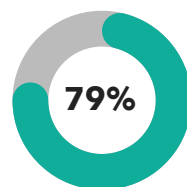


Employers considering adding an LSA due to employee feedback\*

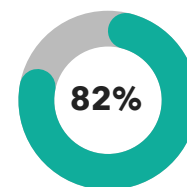
# Connecting Employees at Work

**Due to their flexibility, LSA adoption is expected to increase as employers look to address the challenges of expanding well-being strategy**

While mental health, physical health, and financial well-being have remained well-established features of well-being strategies, employers said they would expand the scope of their offerings in 2023



Of employers plan to focus on community, up from 67% in 2022\*\*



Of employers plan to focus on social connectedness, up from 70% in 2022\*\*

These dimensions, including job satisfaction and purpose in life, are expected to jump by up to 20 points in the next two years.\*

\*Mercer Insights Survey

\*\*2023 Health & Well-Being Survey from Fidelity/Business Group on Health

# Inclusive of All People, Everywhere



LSAs are the great equalizer in benefits, meeting people wherever they are. Connecting organizations and freedom of choice to each individual, Espresa's LSA Plus™ has reshaped the total well-being ecosystem.

## Resources to Stay in the know

- Visit [espresa.com](https://espresa.com)
- Attend events with us - [espresa.com/industry-events/](https://espresa.com/industry-events/)
- Get the latest thought leadership - [espresa.com/blog/](https://espresa.com/blog/)
- Get consultant-specific resources - [espresa.com/consultants/](https://espresa.com/consultants/)



# Your Team



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**Dan Weinstein**  
RVP, Strategic Alliances



**Jenna Carter**  
RVP, Strategic Alliances



**Ryan Ramsey**  
Head of Strategic Alliances



**Brandon Markham**  
VP of Workplace Culture, Central



**Brian Leadbetter**  
VP of Workplace Culture, East



**Dawn Irby**  
VP of Workplace Culture, West



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## **Powering Great Workplaces® with Personal Benefits Employees Love**

Deliver all the moments that matter with Lifestyle Spending Accounts (LSA), recognition, total well-being, and community. Espresa helps consolidate budgets, increase participation, and celebrate life to the fullest.

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