

JOON

The Re-emergence of Lifestyle Spending Accounts

Insights to build a more productive and motivated workforce



INTRODUCTION

In this report, we'll explore why Lifestyle Spending Accounts (LSAs) are so popular and effective across companies of varying sizes and industries. We'll also examine best practices and benchmarks for creating, launching, and administering LSAs. Whether your organization already offers a Lifestyle Spending Account or is considering one, this report offers key takeaways, exclusive insights, and recommendations.

KEY QUOTE

"...a startling 70% of [employers] said that they are considering adding an LSA to their benefits package."

[Mercer Insights](#)

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Section I:

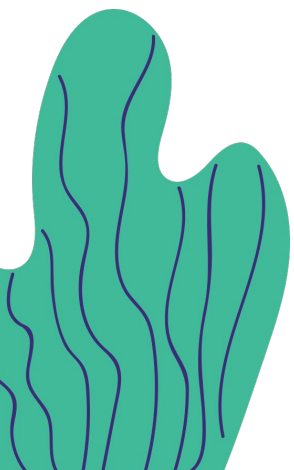
Why LSAs? And, more importantly, why now?

Every organization is trying to gain and sustain a competitive advantage in the war for talent while keeping their workforces engaged and energized to collaborate and work productively. The Covid-19 pandemic forced many organizations to reconsider their priorities and focus on the mental and physical wellbeing of their employees.

While providing health insurance may be a legal requirement for many employers, there's a growing gap between what health insurance provides and what many workers feel they need to achieve "healthiness."

Health insurance is notoriously limited for areas like preventative care and mental health. [According to SHRM](#), "employees' satisfaction with their benefits fell to 61 percent in 2023, down from 64 percent in 2022 and reaching its lowest point in the past decade." Among the reasons was a rapid increase in employee expectations for more holistic benefits packages that include financial wellbeing and physical and mental wellbeing.

Lifestyle Spending Accounts (LSAs) have been around in one form or another for decades, but re-emerged during this period because they offer a flexible and comprehensive way for companies to support their employee's physical and mental wellbeing.



Section I – Why LSAs? And, more importantly, why now?

What is an LSA?

What is an LSA?

There isn't actually a universally-accepted definition. In fact, from the IRS' perspective, there's no such thing as a "Lifestyle Spending Account." Unlike Health Spending Accounts (HSAs) and Flexible Spending Accounts (FSAs), LSAs are an unregulated benefit that can be as flexible as an employer wants to meet the diverse needs of their workforce. They can include stipends for wellness, work from home, family care, pet care, fertility services, vacations, experiences, and anything else an employer wants to offer. In many cases, workforces may not even use the term "Lifestyle Spending Account", but instead refer to them differently such as "wellness stipends."



Section I – Why LSAs? And, more importantly, why now?

Return on Investment

There are a variety of meaningful metrics that can showcase the impact of LSAs. The most easily demonstrable improvements will show up in your workforce surveys for topics around engagement and appreciation.

For example, if you use Culture Amp's Engagement survey template, answers to the following questions will be positively impacted by a successful wellness benefits program:

- I would recommend ACME as a great place to work
- I see myself still working at ACME in two years' time
- The leaders at ACME demonstrate that people are important to the company's success
- My manager genuinely cares about my wellbeing
- I believe my total compensation (base salary+any bonuses+benefits+equity) is fair, relative to similar roles at other companies

From a monetary perspective, there are several metrics that top employers consider when measuring the performance of LSAs. Typically we see some combination of the following:

- Productivity boost measured by revenue per employee. This metric is commonly used for LSAs that include categories such as Learning & Development and Work From Home.
- Retention boost measured by turnover per quarter. This metric is commonly used for LSAs that include generous allowances along with categories such as Health & Wellness and Family Care.
- Accelerated time-to-hire measured by average number of days to fill open positions. This metric is commonly used for companies that are active on Glassdoor and/or reward employee referrals.

Section I – Why LSAs? And, more importantly, why now?

Return on Investment

It's often possible to create a high-impact LSA with an equivalent investment of as little as 1% of existing payroll.

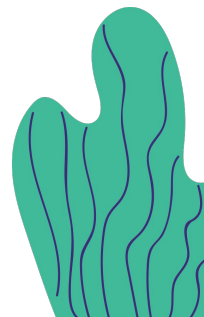
From a cost-savings perspective, there are number of either low-impact or irrelevant expenses that can be redirected toward LSAs, in particular with the advent of hybrid work:

- **Office perks and events:** With many in-office meals, amenities, and events reduced indefinitely, there are significant cost-savings that can be redirected toward higher-impact benefits that employees across all geographies and demographics will use and appreciate.
- **Swag and gifts:** As much as your leadership team wants everyone to rep the brand, it's often a waste of money and a logistical nightmare for sizing and shipping. If you want brand exposure, buy billboards not pajamas. Your employees don't need your wardrobe advice – what they need is to prioritize their mental and physical wellbeing.
- **Health insurance:** As much as rich health insurance plans with little to no premiums are a generous offering, the reality is that for companies with younger workforces, many employees don't engage with the healthcare system that frequently. What most employees need more of is preventative care from mental to physical health, which often is not covered in a traditional health benefits package. Consider how you might be able to adjust your health plans to free up budget to better meet your team's needs.

Due to their flexibility and lack of regulation, LSAs also have the capacity to reduce costs by consolidating various underutilized point solutions.

During the pandemic, many employers accumulated per employee per month subscriptions to various apps and services, from Employee Assistance Programs to remote learning libraries. They're often shocked to discover that due to their restrictive nature and poor user experience, utilization rates are in the single digits.

LSAs, in contrast, allow employers to consolidate multiple benefit categories under one umbrella, and give their workforces the ability to choose benefits that are meaningful to them. Innovative solutions like JOON typically achieve 75%+ monthly utilization.



Section I – Why LSAs? And, more importantly, why now? Tax Implications

Whereas pre-tax benefits like HSAs and FSAs typically involve strict rules and qualified vendors for administration, LSAs generally encompass taxable income and non-taxable business expenses:

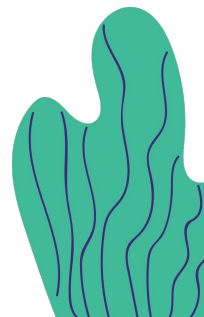
- **Non-taxable:** Businesses are allowed to ‘expense’ certain purchases that benefit employee wellbeing, from professional learning and development to eligible work from home subsidies.
- **Taxable:** Any purchase that isn’t part of a formal pre-tax program or designated as a legitimate non-taxable expense is by definition taxable. This includes some health-related purchases that companies or employees may assume are tax exempt, but aren’t, such as gym reimbursements.

Many companies offer dynamic LSAs that encompass non-taxable and taxable categories. For example, imagine that you create a program that includes both gym reimbursements and a conference stipend. Voila! You suddenly combined taxable and non-taxable benefits as part of your program.

Tax advantages are overestimated

Formally established by the US government, Flexible Spending Accounts (FSAs) and Health Spending Accounts (HSAs) undoubtedly have their advantages. They enable employees to use pre-tax dollars on certain eligible expenses. The downside however is that they are both heavily regulated and, when it comes to FSAs, unused funds each year are forfeited by employees.

According to [one report](#), of the \$563M contributed to FSAs in 2019, about \$108M was forfeited. That’s just about the average tax rate for an individual worker meaning that FSAs on the whole are a wash for the American workforce, and that’s before accounting for all the effort and fees for administering them.



Section I – Why LSAs? And, more importantly, why now? Tax Implications

Creating a great LSA isn't about minimizing tax liabilities. In fact, the most desirable and utilized benefits are likely going to be treated as taxable income. Here's a brief overview of the factors and tradeoffs to consider:

- **Flexibility:** The upside of pre-tax benefits is that they are tax advantaged. The downside is that because of the extent of regulations, the “fine print” can be quite exhausting. For example, programs may require employees to use a designated debit card for purchases or upload receipts afterward. They may also require employees to predetermine their contributions ahead of actual spending. These requirements tend to lower employee utilization despite the supposed tax benefits.
- **Seamlessness:** Because of the regulations, pre-tax benefits often lead to endless questions and inquiries from employees (e.g. “Can I use my commuter benefits card for my Uber home?). Taxable benefits are unregulated and therefore much more straightforward.
- **Adaptability:** There is virtually no customization available for pre-tax benefits. There are a few select vendors available and the configuration is highly regulated and rigid. However, in contrast, taxable wellness benefits offer extensive customization options and ultimate flexibility.

Purchase	Category	Taxation
PELOTON Membership	Health & Wellness	Taxable
Doordash	Food Delivery	Taxable
Autonomous Standing Desk	Work From Home	Non-Taxable
T*Mobile	Work From Home	Non-Taxable

Section I – Why LSAs? And, more importantly, why now? Elephant in the room

Legacy vendors historically focused on HSAs and FSAs now also offer LSAs. But employers should be cautious about defaulting to legacy vendors, even if that solution is already in place for other benefits the employer is offering. For decades legacy systems like Wex have offered [subpar solutions](#) with underwhelming employee participation, whereas the entire purpose of LSAs is to increase employee participation by removing barriers and complexity.



Jeffrey L

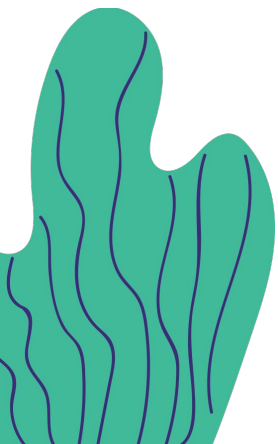


05/13/2022

My company uses WEX for FSA and I have had each and every claim denied over the past 6 months. I have submitted receipts after each use of my card and still denied. We have had to jump through hoops every time and this is what they call a benefit? I spoke to ***** about this matter and was told that they have had nothing but problems with WEX. The one and only benefit that I signed up for and pay into and I cannot even use it. On top of that, I will end up losing my hard earned money because they will not roll it all over. I will not re-enroll next year and advise anyone to stay very clear from this company.

From an administrative perspective, there is undoubtedly an appeal to a one-stop-shop for benefits. Unfortunately, legacy vendors and the half-baked LSA add-ons offered by health insurance providers come with outdated technology and regulations that feel designed to prevent employees from using them. In this labor market, the best employers prioritize their employees over modest vendor management convenience.

In the next section, we'll explore more modern LSA technologies and providers.



Section II:

Types of LSAs

Overall, there's four approaches to LSAs. There are pros and cons of each, and the ideal decision largely depends on budget and the type of workforce:

- **Curated bundle:** A hand-selected group of wellness and lifestyle-focused brands that every employee is offered an account on
- **Single-purpose cards:** Branded prepaid or corporate-issued cards with built-in spending limits and eligible merchant categories
- **Marketplaces:** Portals that limit employees to specific merchants and that frequently use a point-based system for redemption
- **Card-connected:** Benefits recipients connect a personal card and bank account to make eligible purchases and receive reimbursements
- **Receipt upload:** Employees manually submit receipts for review and reimbursement

		Card-Connected	Manual Reimbursements	Marketplaces & Bundles	Single-Purpose Cards
For Benefits Recipients	Merchant agnostic Broad eligibility enables flexibility and freedom	✓	✓	✗ Restrictive merchant list	✓
	Frictionless experience Benefits recipients spend as they normally would	✓	✗ Hassle	✗ Affiliate link process	✗ Card gets rejected / lost
	Pre-tax spending Tax-advantaged spending with contributed funds & rules	✗	✗	✗	✗
For Employers	Customizable benefits Mix and match from Wellness to L&D to WFH	✓	✓	✗ But card often declines	✓
	HR automation No receipts, spreadsheets, or manual reimbursements	✓	✗	✓	✗ Endless inquiries
	Accounting automation No pre-funding accounts, managing accruals, or reconciling purchases	✓	✗ Very tedious	✗ Reconcile transactions	✗ Lengthy implementation
ROI	Avg. Monthly Utilization Benefits that workforces actually use and appreciate	75%+	< 40%	< 40%	< 40%

Section II – Types of LSAs

The card-connected experience

About a decade ago, engineers began building APIs that connected financial institutions together to make consumer banking easier. The leading technology company in the industry, Plaid, is used in virtually every popular financial app today from Venmo to SoFi to Acorns.

The idea applied to LSAs is simple: let users securely connect their existing bank account or credit card to make eligible benefits purchases, rather than issuing them a single-purpose card exclusively for benefits.

LSAs traditionally administered via prepaid cards or marketplaces tend to have significant drawbacks that prevent employees from easily using them.

- **Inflexible:** Both marketplaces and prepaid cards limit employees to a restrictive list of eligible merchants that may or may not match their preferences. For example, the marketplace might offer Barry's Bootcamp, which is great for some folks, but not a local yoga studio or out-of-pocket therapist that might be more aligned with other employees' preferences.
- **Add friction:** Both marketplaces and prepaid cards require employees to adopt new behaviors. Marketplaces require employees to remember to login while prepaid cards require employees to remember to use the right card and remember their balance. Because employees forget about these additional steps, they frequently end up needing to upload receipts to get reimbursed. Receipts are manually reviewed, creating a cycle of even greater friction.
- **Rejected at POS:** Prepaid cards have built-in spending limits which mean that employees will often have their purchases embarrassingly rejected if the amount is a penny more than their leftover allowance. Many merchants won't allow purchases to be split across multiple cards, so the employee is left yet again with uploading receipts. Because of that, it's virtually impossible to use up to the exact allowance limit, so employees always have unused funds.
- **Administrative burden:** Issuing and activating prepaid cards require significant logistical overhead. Cards often require People Teams to place bulk orders and/or pay expensive surcharges, delaying activation for new employees. For remote employees that travel frequently, the card may not be delivered to the most convenient address. Cards can be lost and need to be deactivated and then replaced.



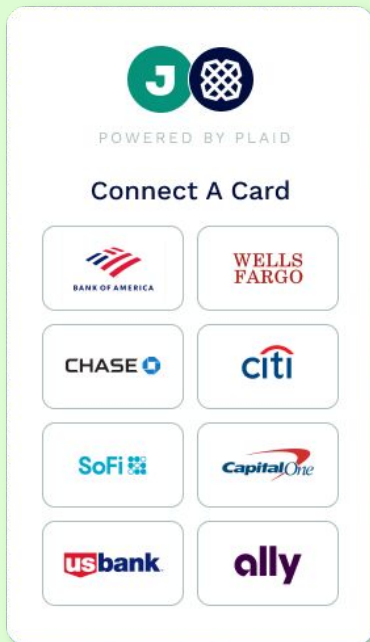
Section II – Types of LSAs

The card-connected experience

Set It and Benefit™ with the world's first card-connected benefits solution. Deliver a seamless experience by enabling benefits recipients to connect personal cards and bank accounts for eligible purchases and reimbursements.

Step 1

Connect any personal card



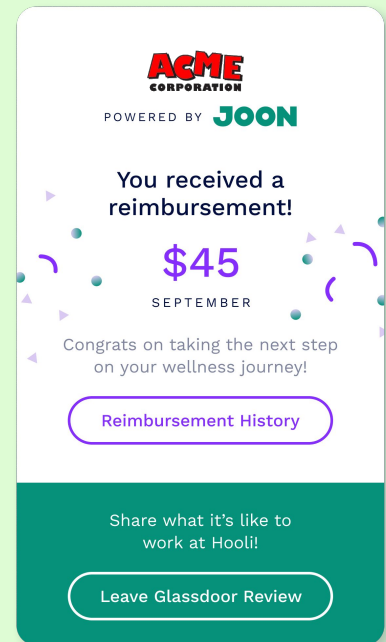
Step 2

Make eligible purchases



Step 3

Get automatically reimbursed



Section II – Types of LSAs











The card-connected experience

The rigidity of marketplaces and prepaid cards is a constant frustration and means that your employee utilization is unlikely to ever exceed 50%.

With a card-connected experience, employees can login to whichever bank account they want and authorize data sharing from any of their existing credit cards. At JOON, we've leveraged this proven technology to create a better employee experience that we call **“Set It and Benefit.”** Benefits recipients connect a personal card for benefits-related purchases and a bank account for reimbursements. Purchases are automatically reviewed for eligibility for direct deposit reimbursement. There are significant advantages to this approach:

- **Use your own card:** Benefits recipients don't need to adopt new behaviors. They can connect and use their preferred card(s) without having to remember to do something different before each purchase.
- **Automatic eligibility:** Eligibility doesn't need to be determined immediately, so purchases never get instantly rejected. Instead, purchases are reviewed for eligibility afterward and deleted for privacy purposes if ineligible. If our system misses an eligible purchase, benefits recipients have a buffer period to request a manual review. If the purchase is in fact eligible, it'll be marked accordingly and the corresponding merchant will be added to a list for future automated eligibility. The system continually gets smarter and more flexible to accommodate an increasingly diverse wellness spectrum.
- **Smart benefit programs:** Employers can create fully flexible benefits categories with included and excluded merchants and keywords. Because benefits recipients use their own cards, they can receive partial reimbursements. If their benefits allowance is \$50/month, they can still use it toward a purchase that costs more.
- **More secure:** In practice, connecting cards is often far more secure. Prepaid cards and marketplaces may seem to avoid the disclosure of any financial information but that's rarely the case. Because of their frustrating limitations, employees frequently wind up uploading receipts that have other irrelevant purchases or private financial information (e.g. card numbers). That's why card-based companies like Expensify are widely criticized because third-party individuals are manually reviewing every receipt your employees upload. With card-connecting, the data is automatically analyzed by computers instead and deleted if it's not eligible.
- **Vendor-agnostic:** Whereas marketplaces require merchant relationships and complicated affiliate programs, there's no need to establish partnerships in order to make a merchant eligible for a card-connected experience. More eligible merchants means a more personalized benefits experience.

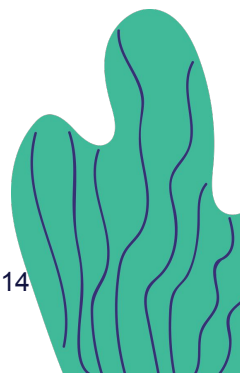
Section II – Types of LSAs Comparing solutions

								  
For Employees	Connect personal cards for making eligible purchases	Shop in a restrictive marketplace, upload receipts, or use a single-purpose debit card	Use a single-purpose debit card	Upload receipts	Shop in a restrictive marketplace, pay tax upon receiving points	Single-purpose debit card combined with marketplace, and wellness challenges	Multi-purpose debit card for lifestyle, vision, and dental spending	Use an unreliable single-purpose debit card or upload receipts
For Admins	Pay a monthly invoice	Pre-fund an accrual, top it off periodically, and issue reimbursements in payroll	Pre-fund an accrual and top it off periodically	Reconcile countless purchases and issue reimbursements in payroll	Pre-fund an accrual and top it off periodically	Administer challenges, pre-fund an accrual and top it off periodically	Integrate with payroll for deductions and accruals	Pre-fund an accrual and top it off periodically
Price	Begins at \$3.50 PEPM, with no minimums or long-term contracts	Annual subscription begins at \$10,000/year	Monthly subscription begins at \$1,000/month	Annual subscription begins at \$24,000/year	\$5 PEPM and min \$300/year rewards per employee	\$2-4 PEPM with high minimum contracts	Annual subscription begins at \$10,000/year	\$1-3 PEPM when bundled with pre-tax benefits
Bottom Line	Slightly higher PEPM in exchange for the best benefits experience for workforces of any size anywhere	A comprehensive solution for enterprises that want pre-tax and lifestyle benefits, with integrations	A sleek solution for organizations that want to prioritize pre-tax benefits over lifestyle benefits	A basic receipt management tool for employers just starting with lifestyle benefits	A gimmicky point system that might not resonate with more senior employees	Feature-rich but overcomplicated and overwhelming for organizations that want ease-of-use	Ideal for workforces that have fragmented health insurance benefits	A legacy provider with a budget-friendly afterthought solution that checks a box

Again, there are a number of different underlying technologies that power LSAs, so the right solution depends on your team’s needs and organization’s objectives.

If utilization is your goal, then you’ll want to prioritize flexibility, seamlessness, and adaptability. JOON is the best solution for you as it’s the only card-connected product in the market. It works globally and there are no long-term contracts so you can continuously fine-tune your program or cancel if your workforce doesn’t love it.

If tax minimization is your goal, then you’ll want a way to select a vendor that primarily focuses on pre-tax benefits while also offering LSAs. Forma and Benepass offer modern HSA and FSA accounts, while Level offers integrated dental, vision, and commuter benefits. While Wex, HealthEquity, and Navia are household names for pre-tax benefits, their LSAs products are afterthoughts that are rife with bugs and limitations. Wex, HealthEquity, and Navia also offer LSAs at bargain prices or even complimentary when you administer their pre-tax benefits.



Section II – Types of LSAs

Comparing solutions

If employee recognition is your goal, then you'll want to select an LSA like Espresa or Fringe that also offers wellness rewards and competitions.

If you simply want to spend less and check a box that you offer LSAs, then consider leveraging existing expense-reporting tools. Just keep in mind that these platforms are not designed for wellness and lifestyle benefits, create more administrative work, and do not promote high utilization.

Value your time

Compared to managing receipts and spreadsheets, any LSA administrator will save an HR team 3+ hours per month. Because JOON automatically scans thousands of purchases for eligibility, the HR team at a 100-person organization can save more than 40 hours per year by switching from receipts and spreadsheets.



Section III:

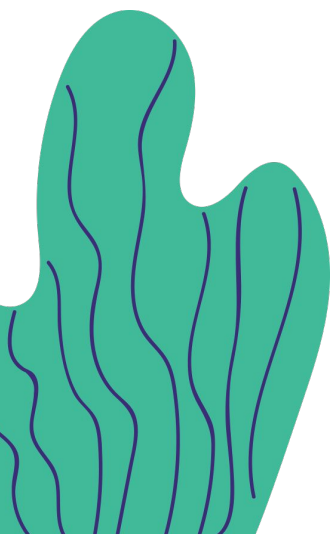
Design and administration

While every organization is unique, it's helpful to understand the most common Lifestyle Spending Account categories and allowances. On JOON, the top 5 most popular categories are as follows.

Work From Home is an increasingly popular category, particularly as US state laws have begun mandating reimbursements related to remote work.

Other popular categories include: Healthy Food Delivery, Phone & Internet, Commuting & Metro, and Experiences & Activities.

Rank	Category	% of programs that include category
1	Health & Wellness	72%
2	Family Care	46%
3	Pet Care	40%
4	Learning & Development	36%
5	Work From Home	34%



Section III – Design and administration

Ongoing reimbursements

JOON supports monthly, quarterly, and annual allowances, along with the ability to reimburse large purchases on an ongoing basis to incentivize upfront investments (e.g. like purchasing a Peloton bike). Ongoing reimbursements also incentivize employee retention, as the reimbursements are discontinued if the employee leaves the company.

Ongoing reimbursements

Your \$50 monthly allowance is being applied to a large purchase made on Oct 01, 2023. You are scheduled to be fully reimbursed in May 2024.

Oct 2023 May 2024

\$50 applied \$350 remaining

Benefit Program	Merchant	Purchase Date	Original Amount	Remaining
Health & Wellness Program	Peloton	Oct 01, 2023	\$400.00	\$350.00

The overwhelming majority of programs include monthly “use it or lose it” allowances. While quarterly and annual allowances are generally favorable when average purchases tend to be sizable, they too often encourage procrastination. Utilization tends to be significantly higher for monthly allowances.

Rank	Category	% of allowances that are monthly
1	Health & Wellness	89%
2	Family Care	81%
3	Pet Care	84%
4	Learning & Development	75%
5	Work From Home	80%

Section III – Design and administration

Be more flexible and inclusive

With regard to monthly allowances, there are significant ranges depending on company size, industry, and geography. The average monthly allowance for US-based programs across categories is \$150-\$200.

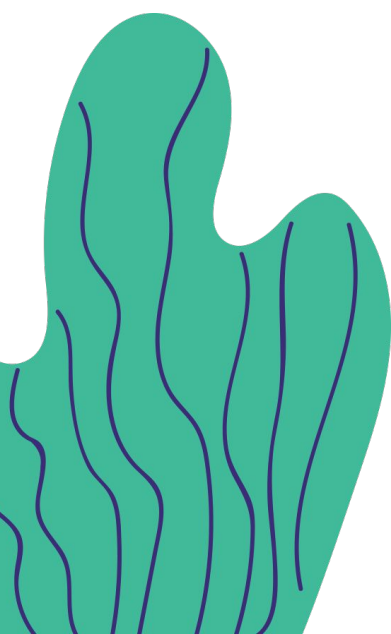
Customers of JOON tend to target at least 70% monthly utilization for their Lifestyle Spending Accounts. Whether you use JOON or another platform, there are three important techniques to optimize utilization, appreciation, and impact:

#1 Be more flexible and inclusive

The top-rated employers aren't just generous. They're generous in a way that's fine-tuned to their workforce needs and preferences. They eliminate guesswork by carefully listening to feedback and involving stakeholders in the decision-making process.

We recommend these resources for surveying your employees:

- [JOON's Workforce Wellness Survey](#)
- [CultureAmp's Engagement survey](#)
- [CultureAmp's Wellbeing question set](#)
- [Lattice Employee Wellbeing survey](#)

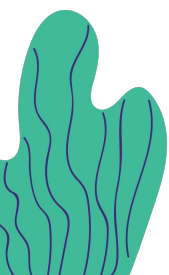


Section III – Design and administration

Be more flexible and inclusive

When surveyed, benefits recipients on JOON list the following as their wellness goals and interests:

- **Gym Memberships and Fitness Classes:** A significant number of individuals express a desire for discounts on gym memberships or access to fitness classes. This includes specific mentions of popular fitness brands and facilities, indicating a strong interest in structured workout environments.
- **Weight Management:** Many responses focus on weight loss or management as a primary goal, showing a widespread concern with maintaining a healthy weight. This includes interest in diet and nutrition advice, supplements, and fitness programs tailored to weight loss.
- **Healthy Eating and Nutrition:** There's a clear trend toward wanting more information and discounts related to healthy eating, including grocery discounts, meal prep services, and nutritional supplements. This reflects an understanding that wellness extends beyond physical activity to include diet.
- **Mental Health and Mindfulness:** Mindfulness and mental health resources, including meditation apps and stress management techniques, are frequently mentioned. This highlights a holistic approach to wellness, recognizing the importance of mental well-being alongside physical health.
- **Home Workout Equipment and Gear:** Interest in home gym equipment and workout gear suggests a trend towards more people seeking to maintain their fitness regimes at home, possibly influenced by recent global events affecting access to public gyms and fitness centers.
- **Outdoor and Recreational Activities:** There's a noted interest in outdoor activities and equipment, including hiking gear and national park passes, indicating a preference for integrating fitness with leisure and an appreciation for the mental health benefits of spending time in nature.



Section III – Design and administration

Be more flexible and inclusive

You should also engage in one-on-one conversations with a diverse set of employees across all departments and levels within your organization. Focus on perceptions of compensation competitiveness, sources of both energy and stress, and examples of experiencing highs and lows. Probe at what employees are grateful for and disinterested in.

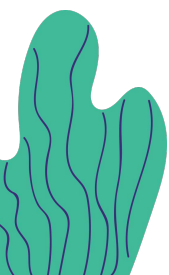
Many high-growth organizations notice that their workforces have diverse needs and interests when it comes to personal wellness. Parents have completely different priorities compared to new graduates. Even two employees who meditate daily may prefer different techniques and apps. As well-intentioned as it may be, hand-picking individual brands and creating one-size-fits-all benefits programs is a mistake. It isn't inclusive and will bias toward one group's preferences over another.

Instead, give your benefits recipients more flexibility and freedom to choose their own wellness journeys. An allowance that recipients can use and then get reimbursed for is significantly more flexible than a predefined bundle of hand-selected brands.

Further, the “discount” rates HR teams think they're negotiating with marketplace-based vendors and individual merchants are often significantly worse than what your workforce will get when you select a flexible LSA solution.

For example, JOON is engineered to make any merchant eligible within an organization's benefits categories, from “Health & Wellness” to “Work From Home” to “Healthy Food Delivery.” The categories are smart and work globally with any merchant, so your employees aren't limited by a predefined bundle. Not only that, but with thousands of benefits recipients on our platform, we are able to negotiate better rates and exclusive partnerships than individual employers can achieve independently.

66% of benefits recipients on JOON say they made a purchase using their LSA that they wouldn't have otherwise made.



Section III – Design and administration

Remove friction

#2 Remove friction for benefits recipients and admins

The best employers set ambitious goals for their LSAs that are directly tied to workforce utilization. They know that successful programs can have significant upside for employers, returning a multiple on the investment into them. Simply checking a box with a nice-sounding benefit that recipients can't easily use will backfire and make your organization seem less caring and inauthentic.

For example, some organizations offer gym reimbursements that require recipients to show proof of a certain level of attendance. Not only does this add administrative overhead to both the HR team and your workforce, it directly signals that you think benefits recipients are dishonest. The cost of disgruntled employees and turnover far outweighs the cost-savings of adding friction.

Benefits shouldn't be burdensome. If you've adequately budgeted for your program, utilization should be your top priority, not your arch-enemy. But even when you have the best intentions, it can be difficult to realize how much friction is in the way.

For example, Commuter Benefits, Health Spending Accounts (HSA), and Flexible Spending Accounts (FSA) clearly have tax advantages with seemingly little friction (the latter even has "Flexible" in its name!). But in reality, few employees want money deducted upfront from their paychecks for a benefit they may or may not use with CVS receipt-length fine print. That's not to say you shouldn't make such programs available, but don't expect to achieve greater than 30% utilization or "solve for wellness" with them. **LSAs may not have the same tax advantages but offer far fewer rules and formal regulations.**

Across the LSA solution landscape, there is still a range of friction even if the overall utilization will tend to be higher than pre-tax benefits. Some solutions involve restrictive marketplaces while others issue single-purpose cards that recipients must remember to use while hoping that they don't get humiliatingly rejected when showing up for a fitness class that charges a penny more than their remaining spending limit.

Continuously iterate

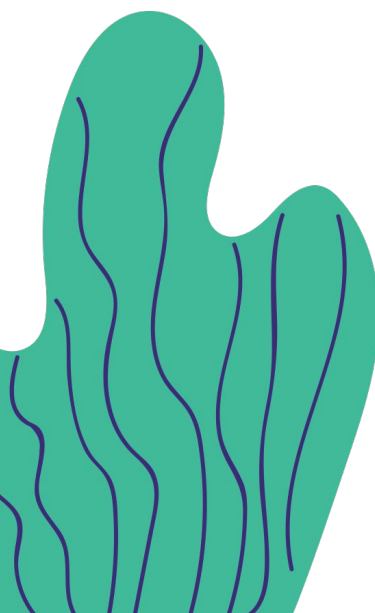
#3 Continuously iterate and track performance

Every employee engagement initiative or benefits program is going to need ongoing tweaking and fine-tuning. Some initiatives sound great on paper but fall apart when rubber hits the road. Others are great at first but need to be updated as new trends and more modern wellness solutions become available.

Many organizations make the mistake of locking themselves into long-term contracts and commitments without the flexibility to adapt to changing trends and workforce needs. Whenever you engage a new vendor, demand contract flexibility! Ask for shorter contracts or pilot programs with mutually-defined success criteria such as the following:

- Utilization (% that use the benefit)
- Feedback (% that appreciate the benefit)
- Outcomes (% increase in key performance indicators)
- Cost and return on investment (impact on bottom line)

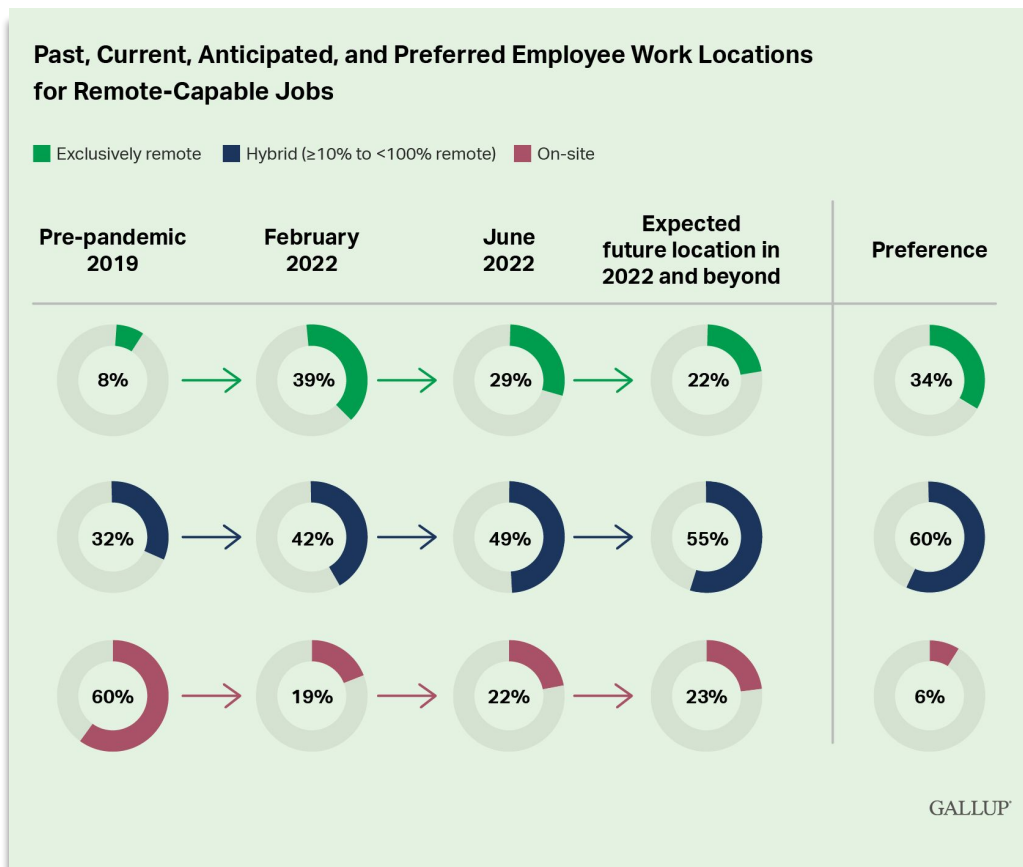
Consider piloting new benefits programs to a subset of your workforce first, before going all in on more costly and irreversible company-wide rollouts.



Section IV:

Global implementation

The pandemic forced a remote work experiment that has proven to be successful for many companies, with about [1 in 4 “remote-capable” workers expecting to work exclusively remotely](#) long-term according to Gallup. Despite recent high-profile layoffs, labor markets in the US remain as competitive as ever, which is one of the reasons that a report from Velocity Global shows [72% of employers plan to expand to multiple countries](#) within five years.



Section IV – Global implementation

Localize wellness

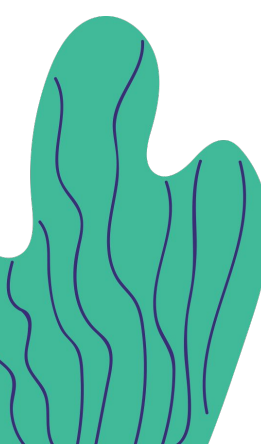
International labor markets certainly present a great opportunity for growing organizations, but they're not entirely without challenges. In addition to scaling sourcing efforts and configuring compliant payroll, organizations need to internationalize their benefits in an equitable way.

Many of our customers struggled with making their benefits internationally compatible and relevant for their diverse, global workforces. Along with [many other drawbacks](#), pre-tax cards and programs like HSAs, FSAs, and commuter cards are completely inapplicable abroad. Similarly, LSAs administered via marketplaces and single-purpose cards [suffer even more inflexibility and friction internationally](#) than they do domestically. Wellness brands and products that are popular in the US may not be available internationally, while the spending categories that are popular in the US may not be priorities elsewhere.

Because JOON is a [customizable “choose-your-own” benefit](#) powered by a card-connected experience, employers can seamlessly configure LSAs that are attractive for each country. Here are the 3 tips for creating equitable international benefits:

#1 Learn to say “wellness” in multiple languages

Wellness is a universally important concept, but it doesn't necessarily translate easily from one country to the next. Consider that many international workers likely have access to socialized healthcare, parental leave, and other services that may provide more or less coverage than your US-based healthcare plans and labor laws. What might be considered a generous benefit in the US could be standard elsewhere, and vice versa.



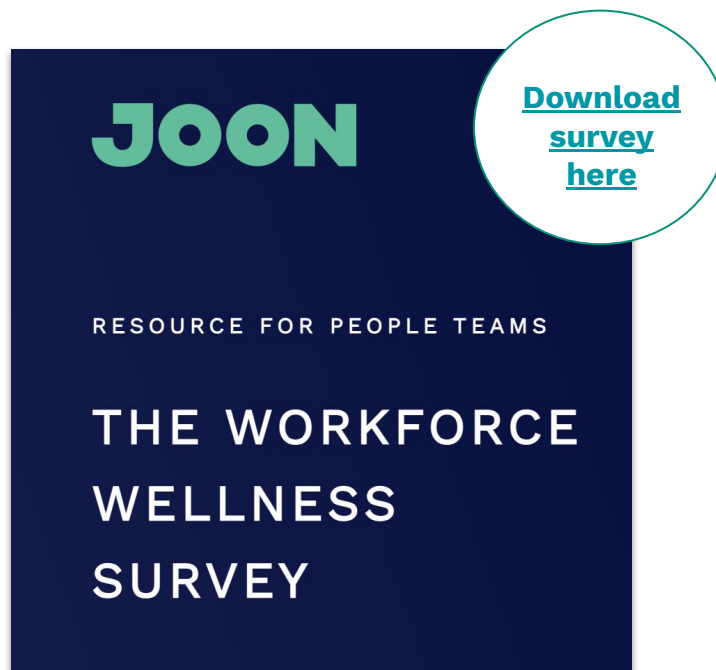
Section IV – Global implementation

Localize wellness

“We’ve leveraged JOON to support a diverse and fair wellness and benefits program so employees can choose what they value vs the company choosing,” says Sara Simmons, Head of People at [Beatstars](#). “We educate our employees that wellness and self-care may mean something different to each other, which is why we value choice and quality of options over a defined program or specific offering. We’ve also launched company-wide self-care days once a quarter so employees have the time to shut down and replenish and leverage access to JOON or to spend that time to fill their tanks, whatever that may mean to them.”

The causes of stress, low morale, and low productivity vary from country to country. In the US, employers that work with JOON heavily emphasize student loan repayment for young workers in debt and family care for working parents. Juxtapose that with the situation at an employer with a UK workforce where the major source of stress is soaring electricity prices. For them, financial wellness is an allowance to help subsidize energy bills.

It’s important to [survey your workforce](#) to better understand what “wellness” means in every country and to design benefits that your workforce actually uses and appreciates.



Section IV – Global implementation

Convert allowances into purchasing power

#2 Convert allowances into purchasing power

However you translate “wellness” across countries with regard to spending categories, it’s also important to take an equitable approach to allowances. Compensation is always a sensitive topic, in particular for distributed workforces where equivalent jobs may have varying compensation depending on location.

Unless there are extenuating circumstances, the most common and equitable approach is to localize allowances based on purchasing power or cost of living, which is a bit more sophisticated and stable than a currency conversion. In other words, if their “base” allowance in the US is enough to cover a gym membership, then the allowance in each country should be enough to cover a gym membership in those countries (even if the gyms and categories are different across benefits programs).

[Purchasing power data](#) is publicly available and you can use a [simple calculator](#) to convert purchasing power from one country to the next in local currencies. For example, \$100 in USD is \$1,004 in MXN or 62.45 €EUR in Spain.

What is Purchasing Power Parity?

Icon 1: A circular arrow with a dollar sign (\$) and a plus sign (+) above it, positioned over a bar chart with four bars of increasing height.

A theoretical exchange rate that allows you to buy the same amount of goods and services in every country.

Icon 2: A central lightbulb with several arrows pointing outwards in different directions, surrounded by small orange dots.

Example: If you want to live inexpensively, and you can move to any country in the world, compare prices of a McDonald's Big Mac.

Icon 3: A group of stylized human figures (a family) with a speech bubble above them, all enclosed within a laurel wreath.

Government agencies use it to compare the output of countries that use different exchange rates.

Investopedia




Section IV – Global implementation

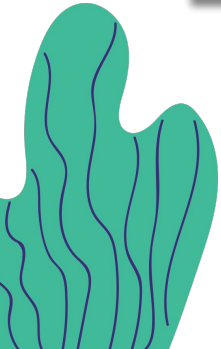
Be a local tour guide

#3 Be a local tour guide

While many employees have well-defined wellness routines to apply their benefits to, the vast majority of workers will need some help to get started. The wellness space is overwhelming and can feel intimidating like a blank canvas. One of the most popular features that JOON offers is our Categories Guide, which gives benefits recipients suggestions of popular merchants in each category. Our guides are localized to a benefits recipient’s country.

We have also negotiated exclusive discounts to [100+ popular merchants](#), both domestic and international. As employees begin investing in their wellness, JOON’s platform can make recommendations to help them along their journey. Each employee will also receive our popular newsletter with [curated reviews](#) and [expert interviews](#). Having a partner like JOON can make your global benefits feel localized and personalized rather than bland and haphazard, so that no employee feels second-class.

 TEMPLATE Benefits Categories Guide		
<small>Your organization is administering the following benefits programs via JOON. This guide provides examples within each benefits category, but your program is not limited to those examples – any merchant within the category is eligible! For more information about how JOON works, visit help.joon.io.</small>		
<small>Deadline for eligible purchases: 3rd business day of the following month</small>		
Family Care <small>(likely <i>taxable</i> as additional income)</small> Works globally at every: ✓ Childcare facility & babysitting service ✓ Fertility & family planning ✓ Daycare, learning & tutoring ✓ Elder care & senior living	Child Care Dependent/Elder Care Fertility Learning & Development New Families	Bright Horizons, WeeCare , Care.com, UrbanSitter, Kinside, Summer Camps, Venmo Payments Brightstar Care, Dementia Support, Personal Safety Alarms Oma Fertility, Ro, Frame Fertility, Kindbody, Legacy Kumon, Outschool , Wonderschool, Beestar, Thinkster, Altitude Learning Motherly , Happiest Baby (SNOO), Milk Stork, Origin, Natalist, Dadi, Playfully App, BABYJÖRN, Lalo
Pet Care <small>(likely <i>taxable</i> as additional income)</small> Works globally at every: ✓ Pet Store ✓ Pet Sitting Service ✓ Pet Insurance Provider	Pet Supplies Dog walker/Dog Sitting Pet Insurance Veterinarian	Farmer’s Dog, Ollie, Chewy, Petsmart, Petco, Whistle Wags, Rover, Local Doggie Daycares Nationwide, Wagmo Modern Animal, VCA Animal Hospitals, AirVet, Pawp
Work From Home Essentials <small>(likely <i>NON-taxable</i> as additional income)</small> Works globally at every: ✓ Office furniture retailer ✓ Internet service provider ✓ Phone service provider	At-Home Office & Ergonomic Set Up Digital Accessories Internet/Phone Housekeeping Desk Enhancements	The Sill, Grovemade, Vari, Roost, Herman Miller, Autonomous, Desk, Chair, Cushion Monitors, Headphones, Lighting, Keyboard, Mouse Xfinity, Spectrum, Verizon, Hot Spot, T-Mobile, Google Fi, Sprint, Frontier Branch Basics, Seventh Generation, Blueland, Tidy App Cubii, Treadmill , FEZIBO Balance Board, Ember Mug



Section V: Next Steps

We're fortunate to have a front row seat to the future of employee experience. In the next decade, Lifestyle Spending Accounts will be widespread as employers develop increasingly flexible, personalized, and competitive compensation packages.

We'll now dive into tips and recommendations, whether you're creating your first benefits program or improving an existing program.

JOON Account

Customize Benefits Program

1. SET ALLOWANCE

- \$100 +

2. SET CADENCE

Monthly Quarterly Annually

3. SELECT CATEGORIES

Health and wellness Work from home Healthy food delivery

Family care Learning and development Custom

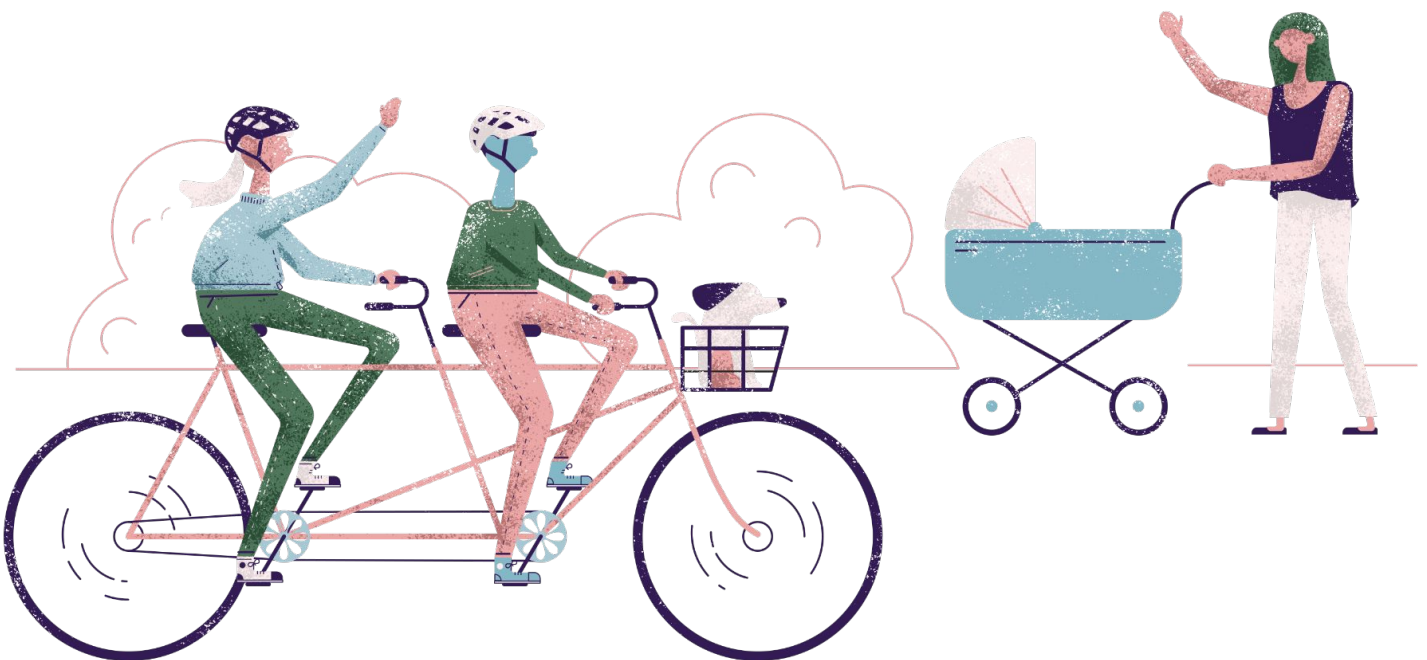
\$100 ACROSS 2 CATEGORIES [Set It And Benefit](#)

Section V – Next Steps

Recommendations for employers launching an LSA for the first time

First, congrats! Launching a Lifestyle Spending Account is an effective way to improve workforce health and satisfaction, better compete in the war for talent, and build a better employer brand and place to work.

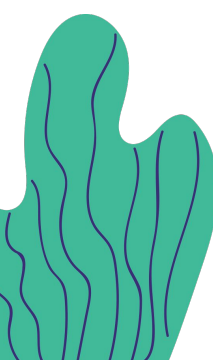
- **Analyze your workforce and existing feedback.** You may already have feedback from a recent workforce survey. Is your workforce stressed? Are people relocating to more rural areas? Do they have student debt? Are they interested in family planning? Consider these factors so that your LSA is a direct reflection of your workforce’s unique needs.
- **Keep it simple.** Too many HR initiatives have too much paperwork and process that get in the way of achieving their objectives in the first place! The last thing you want to do is spend time and resources designing a program that benefits recipients are too confused to use. Start with a simple program, allowance, cadence, and eligible category. Typically we recommend beginning with Health & Wellness as a category since it is the most popular and universally applicable (everyone benefits from being healthier!). However, if you have clear feedback that another priority would serve your workforce better, perhaps focus on that first. Let benefits recipients know that this is the initial edition and that it will evolve based on feedback.



Section V – Next Steps

Recommendations for employers launching an LSA for the first time

- **Choose an appropriate and sustainable allowance.** Enable your workforce to actively engage in the program while achieving incredible ROI for your organization. The most successful companies we work with start by offering between \$50 – \$75/month which goes a long way in the Health & Wellness category. For example, a \$75 allowance will cover a monthly Peloton subscription along with supplemental app subscriptions for meditation and yoga. For a 100 person company with 75% monthly benefits utilization, such a program will cost about \$60,000 – \$75,000/year for your business. That’s less than the cost of replacing one employee who burns out or leaves because they don’t feel appreciated. We recommend starting with an allowance you can potentially commit to long-term – although it happens, it’s far from ideal to reduce allowances or remove eligible categories in the future.
- **Use it or lose it.** For categories like Health & Wellness, we highly recommend monthly allowances on a “use it or lose it” basis. Such programs incentivize benefits recipients to urgently prioritize their wellness in the present, rather than pushing it off. Alternatively, for categories like Family Planning, an annual cadence may be more appropriate. If you’re combining multiple categories into the same program, it’s best to stick with a single cadence so as not to overcomplicate the program and confuse your workforce right out of the gate!
- **Test and learn.** Analyze utilization and feedback every month after launching your program. For many of our clients, we’ll insert feedback surveys and even links to leaving a Glassdoor review in monthly reimbursement email notifications to benefits recipients. Take feedback seriously and consider revising your program on an annual or bi-annual basis.



Section V – Next Steps

Recommendations for employers improving an existing LSA

If you already have an LSA, it means you're in the top echelon of employers! You may want to take your program to the next level for any number of reasons, from improving utilization to becoming more inclusive of an increasingly diverse workforce.

- **Incorporate multiple categories to appeal to a diverse workforce.** After Health and Wellness, other popular categories include Family Care and Learning & Development. But the world is your oyster and we offer many Standard Categories that can be customized! You can turn all the categories on, or start with one and add on new categories every quarter to keep benefits recipients excited and engaged in the program.
- **The fewer exclusions the better.** Some companies specify what subcategories and merchants are and aren't eligible (i.e. making electricity bills ineligible within the Work From Home category) which we understand can be necessary and justifiable, but the more simple the program the more likely your workforce will engage.
- **Increase the monthly allowance.** Even if it's a small bump! Announcing a \$10 increase shows your workforce that you are continuously prioritizing and reinvesting in them, and may be the motivation some benefits recipients need to utilize their benefit.



Section V – Next Steps

Recommendations for employers improving an existing LSA

- **Include merchants that are aligned with your brand values.** If you're using a flexible LSA solution like JOON, you can make individual merchants eligible within your benefits program. We work with companies that make local merchants eligible in order to support their surrounding community. We also work with companies that make black-owned businesses eligible for Black History Month. Consider how your benefits program can reinforce your company values.
- **Analyze utilization reports.** Talk to your JOON account manager about best practices for dissecting your utilization reports by workforce cohorts. For example, are longer tenured employees utilizing their benefits while newer hires are too overwhelmed and struggle to get onboarded?
- **Create a company-wide incentive.** The most successful employers motivate their benefits recipients to utilize their benefits. For example, one company we work with set an incentive that if 90% of the company utilized their benefits within the first month they'd also get free lunch at the next Town Hall. Ultimately, effective benefits programs show up in workforce productivity, engagement surveys, and Glassdoor reviews. It's a worthwhile investment to get right.





Offer better benefits. Become a better employer.

JOON is the flexible Lifestyle Spending Account that achieves better utilization 🙌🙌🙌

The image displays two screenshots of the JOON interface. The left screenshot shows the 'Customize Benefits Program' screen with three steps: 1. SET ALLOWANCE (set to \$100), 2. SET CADENCE (set to Monthly), and 3. SELECT CATEGORIES (Health and wellness and Family care selected). The total allowance is \$100 across 2 categories. The right screenshot shows the main dashboard with a 70% utilization rate in March, a bar chart for 'Spending by Category' totaling \$670, and a list of 'Top 5 Brands' used by the workforce: Thrive Market, Peloton, Calm, Udemy, and Modern Fertility.

Customize Benefits Program

1. SET ALLOWANCE: \$100

2. SET CADENCE: Monthly

3. SELECT CATEGORIES: Health and wellness, Family care

\$100 ACROSS 2 CATE

JOON Dashboard

Summary: 70% UTILIZATION IN MARCH

Monthly Trends: +25%

Spending by Category: TOTAL \$670

- Work from home: \$40 (+25%)
- Health and wellness
- Food and groceries
- Family
- Custom
- Doantions

Top 5 Brands USED BY YOUR WORKFORCE:

- THRIVE - MARKET
- PELOTON
- Calm
- udemy
- Modern Fertility

USED BY GLOBAL WORKFORCES



We hope you found the recommendations and insights throughout this report helpful. We wish you the best of luck on your LSA journey and encourage you to reach out with any questions!

JOON

Learn more at
joon.io