

# FSA vs HSA

Flexible Spending Accounts (FSAs) and Health Savings Accounts (HSAs) are both ways to save pre-tax money to pay for your eligible healthcare costs. Which one is right for you?

	FLEXIBLE SPENDING ACCOUNTS	HEALTH SAVINGS ACCOUNTS
OWNERSHIP	Your employer owns your FSA. If you leave your employer, you lose access to the account unless you have a COBRA right.	You own your HSA. It is a savings account in your name and you always have access to the funds, even if you change jobs.
ELIGIBILITY & ENROLLMENT	You're eligible for an FSA if it's offered by your employer. You can elect a Healthcare FSA even if you waive other coverage. You cannot make changes to your contribution during the Plan Year without a Qualifying Life Event. You cannot be enrolled in both a Healthcare FSA and an HSA.	<ol style="list-style-type: none"> <li>1. You must be enrolled in a Qualified CDHP/HDHP to contribute money to your HSA. You cannot be covered by a spouse's non-High Deductible plan or a spouse's FSA or enrolled in Medicare or TRICARE.</li> <li>2. You can change your contribution at any time during the Plan Year.</li> </ol>
TAXATION	Contributions are tax free via payroll deduction. Funds are spent tax free when used for qualified expenses.	For Federal tax purposes, the money in the account is "triple tax free," meaning: <ol style="list-style-type: none"> <li>1. Contributions are tax free.</li> <li>2. The account grows tax free.</li> <li>3. Funds are spent tax free when used for qualified expenses.</li> </ol>
CONTRIBUTIONS	Both you and your employer can contribute according to IRS limits. The contribution limit for the Healthcare FSA for 2023 is \$3,050.	Both you and your employer can contribute according to IRS limits. The contribution limit for 2023 is \$3,850 for individuals and \$7,750 for families. This includes the employer contribution. If you are 55 or older, you may make an annual "catch-up" contribution of \$1,000.
PAYMENT	Some plans include an FSA debit card to pay for eligible expenses. If not, you pay up front and submit receipts for reimbursement.	Many HSAs include a debit card, ATM withdrawal, or checkbook to pay for qualified expenses directly. You can also use online bill payment services from the HSA financial bank. You decide when to use the money in your HSA to pay for qualified expenses, or you may use another account to pay for services and save the money in your HSA for future expenses or retirement.
ROLLOVER OR GRACE PERIOD	You must use the money in the account by end of Plan Year; however, a Healthcare FSA may allow up to \$610 to roll over to the next year. A Healthcare FSA or Dependent Care FSA may include a 2.5-month grace period after the end of the Plan Year for expenses to be incurred and reimbursed. A plan can have either a rollover or a grace period, but not both. Any unclaimed funds at the end of the run out are lost and returned to your employer.	HSA funds roll over from year to year. Money is always yours and may be used for future qualified expenses — even in retirement years.
QUALIFIED EXPENSES	Physician services, hospital services, prescriptions, menstrual products, over-the-counter medications, dental care, and vision care. A full list is available at <a href="http://www.irs.gov">www.irs.gov</a> .	Physician services, hospital services, prescriptions, menstrual products, over-the-counter medications, dental care, vision care, Medicare Part D plans, COBRA premiums, and long-term care premiums. A full list is available at <a href="http://www.irs.gov">www.irs.gov</a> .
OTHER TYPES	<ul style="list-style-type: none"> <li>• Dependent Care FSA - Allows you to set aside pre-tax dollars for elder or child dependent care and covers expenses such as day care and before- and after-school care.</li> <li>• Limited Use FSA (LUFSA) - Only covers eligible dental and vision expenses. LUFSA's are typically offered in conjunction with an HSA as the IRS does not allow someone to have a Healthcare FSA and an HSA.</li> </ul>	There is only one type of HSA.

Please refer to your summary plan description or plan certificate for your plan's specific FSA or HSA benefits.  
NOTE: State income taxes are also waived on HSA contributions in almost all states.