

## Healthcare Account Comparison

# HSA vs FSA

Both HSAs and healthcare FSAs enable members to contribute pre-tax dollars to pay for qualified medical expenses.<sup>1</sup> But there are some important differences you should keep in mind.

Consideration	HSA   Health Savings Account	Healthcare FSA   Flexible Spending Account
Account overview	An HSA lets you use pre-tax money to pay for qualified medical expenses. <sup>2</sup> HSAs require an HSA-qualified health plan in order to contribute. You can invest <sup>3</sup> HSA dollars and grow tax-free earnings. Funds never expire—even if you change health plans, employers, or retire.	A Healthcare FSA similarly empowers members to set-aside pre-tax money to pay for eligible medical expenses. The difference is that members do not keep their unused FSA money and funds may be forfeited back your employer. FSAs are generally paired with traditional health plans.
Health plan type	HSA-qualified or high-deductible health plan	Traditional
Account ownership	Member-owned (take your HSA with you)	Employer-owned (no portability)
Who contributes? <sup>4</sup>	Member, employer or family	Member or employer
Tax-deductible contributions	Yes – State, Federal and FICA tax deductible for employers and members	Yes – State, Federal and FICA tax deductible for employers and members
Fund availability	As contributions are made	Full funds available on day one
Contribution changes/adjustments	Anytime	Only during annual enrollment (fixed unless qualifying life event)
Tax-free spending	Yes, for qualified medical expenses <sup>2</sup>	Yes, for eligible medical expenses
Can members invest?	Yes <sup>3</sup>	No
Tax-free earnings	Yes <sup>2</sup>	No
Do funds expire?	Never	Yes
Account carryover	Yes— every year, even if you change health plans, employers, or retire	Varies by plan. Some FSAs offer grace periods or limited carryover (up to \$550)
2021 contribution limits	\$3,600 (Individual coverage) \$7,200 (Family coverage)	\$2,750 (Individual or family coverage)

Questions? We're here for you 24/7.

[866.735.8195 | HealthEquity.com/Learn](https://www.healthequity.com/learn)

<sup>1</sup>It is the member's responsibility to ensure eligibility requirements as well as if they are eligible for the expenses submitted.

<sup>2</sup>HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

<sup>3</sup>Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, review the fund's prospectus.

<sup>4</sup>Some employers offer a base contribution and/or a contribution match. Please carefully review your annual enrollment materials to find out what's available.

HealthEquity does not provide legal, tax or financial advice. Always consult a professional when making life changing decisions. Copyright © 2020 HealthEquity, Inc. All rights reserved. Plan\_Comparison\_HSA\_FSA\_Nov\_2020