

HSA vs. FSA

HSA

Think of an HSA like a 401(k) for healthcare. An HSA can be used to pay for healthcare costs today and for years to come.

FSA

An employer-provided spending account. Yearly pre-tax funds set aside for eligible healthcare expenses.

ELIGIBILITY



Must be enrolled in an HSA-eligible High-Deductible Health Plan.

Available only for employees. Not self-employed individuals. Employer health plan enrollment is not required.

OWNERSHIP



Owned by the account holder

Owned by the employer

CONTRIBUTION SELECTION



Change your contribution amount anytime during the year.

Set annually. Can only change after a Qualifying Life Event.

FUNDED BY



Anyone can fund an HSA (employers included)

Employer and/or employee-funded

2021 CONTRIBUTION LIMIT



Individual: \$3,600
Family: \$7,200
Age 55+ catch up: \$1,000

\$2,750

TAX ADVANTAGES



Triple Tax Advantages: Tax-free contributions, distributions, and growth.

Contributions and withdrawals for qualified medical expenses are tax-free.

COVERED EXPENSES



IRS-qualified medical, vision, and dental expenses. For the account owner and tax-dependents.

IRS-qualified medical, vision, and dental expenses. For the account owner and tax-dependents.

FUNDS AVAILABILITY



As funds are deposited

On the first day of the plan year

PORTABILITY



HSAs are owned by the account holder. Funds are yours for life and never expire.

Forfeited if you change or lose your job. The employer keeps the remaining balance.

ROLLOVER OR GRACE PERIOD



HSA funds rollover year-to-year and never expire.

If allowed by the employer. Rollover of \$550 to next year or 2.5 months grace period to spend.

INVESTMENT CAPABILITY



Yes - Interest and earnings grow tax-free

No investment option