

# Health Account Options

## Comparing HSAs and FSAs

	Health Savings Account (HSA)	Flexible Spending Account (FSA)
Who "owns" the account?	Member	Employer
Account overview	Member-owned bank account that allows members to pay for IRS-qualified, out-of-pocket healthcare expenses.	Tax-advantaged account established through an employer to pay for IRS-qualified, out-of-pocket healthcare expenses.
Who can contribute to the account?	Member, employer, third party (i.e., spouse, parent, etc.)	Employee, employer
How are funds accessed?	Distributions for IRS-qualified healthcare expenses are not taxable.* <ul style="list-style-type: none"> <li>• Benefits Card**</li> <li>• Request for distribution (paper)</li> <li>• Online Bill Pay</li> </ul>	Limited to IRS-qualified healthcare expenses per plan design. <ul style="list-style-type: none"> <li>• Benefits Card**</li> <li>• "Claim" - Request for reimbursement or bill-pay</li> </ul>
Substantiation of expenses	Member (not required for payment)	Third party (required for payment unless auto-substantiated)
Must have a health plan?	Yes, qualified high-deductible health plan (HDHP) whether through employer or not.	Yes, other group health plan coverage, not limited to excepted benefits, must be made available to employees.

\*HSA distributions for purposes other than qualified healthcare expenses defined in IRC § 213(d) may be subject to income and penalty taxes.

\*\*HSA debit card restricted to IRC § 213(d).

	Health Savings Account (HSA)	Flexible Spending Account (FSA)
Other health plans allowed?	Only certain permissible coverage such as dental or limited purpose plan(s).***	Yes
Tax benefits?	Deposits, earnings and distributions for IRS-qualified healthcare expenses are tax-free.	Contributions and claim reimbursements are tax-free.
Can unused dollars rollover?	Yes. Funds always belong to the member.	If enabled per employer plan, with either grace period or rollover up to the IRS limit.
Access to funds after termination?	Yes. When a member terminates or retires, they continue to maintain ownership of their HSA.	When an employee terminates, they don't remain eligible for an FSA, though limited COBRA rights may be available.
Can the account be used for retirement income?	Yes. After age 65, funds can be distributed for any reason without penalty, but will be taxed as income if not used for qualified healthcare expenses.	No

\*\*\*Dental, vision, accident, disability, long-term care, workers' compensation, specified disease or illness, fixed dollar hospitalization and certain deductible plans.



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