

Selecting Your Health Savings Account Contribution Method

Comparing HSAs, HRAs and FSAs

	Health Savings Account (HSA) Member owned	Health Reimbursement Arrangement (HRA) Employer owned	Flexible Spending Account (FSA) Employer owned
Who "owns" the account?	Member	Employer	Employer
Account overview	Member-owned bank account that allows members to pay for IRS-qualified, out-of-pocket medical expenses	Employer-funded, tax-advantaged arrangement which reimburses employees for IRS-qualified, out-of-pocket medical expenses.	Tax-advantaged account established through an employer to pay for IRS-qualified, out-of-pocket medical expenses.
Who can contribute to the account?	Member, Employer, Third Party (i.e., spouse, parent, etc.)	Employer only	Employee, Employer
How are funds accessed?	Distributions for IRS-qualified medical expenses are not taxable.* <ul style="list-style-type: none"> • Debit Card** • Request for distribution (paper) • Online bill-pay 	Limited to IRS-qualified medical expenses per plan design. <ul style="list-style-type: none"> • Debit Card** • "Claim" - Request for reimbursement or bill-pay 	Limited to IRS-qualified medical expenses per plan design. <ul style="list-style-type: none"> • Debit Card** • "Claim" - Request for reimbursement or bill-pay
Substantiation of expenses	Member	Third Party (required for payment unless auto-substantiated)	Third Party (required for payment unless auto-substantiated)
Must have health plan?	Yes, qualified High-Deductible Health Plan (HDHP) whether through employer or not.	Yes, an HRA must be integrated unless limited to specific purpose benefits such as vision and dental.	Yes, other group health plan coverage, not limited to excepted benefits, must be made available, but enrollment not required.

*HSA distributions for purposes other than qualified medical 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) Member owned	Health Reimbursement Arrangement (HRA) Employer owned	Flexible Spending Account (FSA) Employer owned
Other health plans allowed?	Only certain permissible coverage such as dental or limited purpose plan(s).***	Yes	Yes
Tax benefits?	Deposits, earnings and distributions for IRS-qualified medical expenses are tax-free.	Employer contributions and claim reimbursements are tax-free.	Contributions and claim reimbursements are tax-free.
Can unused dollars rollover?	Yes. Funds always belong to the member.	If allowed per employer plan rules.	If allowed 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 do not typically retain access to an HRA unless they elect COBRA continuation coverage.	When an employee terminates, they do not remain eligible for an FSA, though limited COBRA rights may be available.
Can account be used for retirement income?	Yes. After age 65, funds can be withdrawn for any reason without penalty, but will be taxed as income if not used for IRS-qualified medical expenses.	No	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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