

COMPARISONS BETWEEN AN HSA AND AN FSA

	Health Savings Account HSA	Flexible Spending Account FSA
Must be paired with an HSA-qualified High Deductible Health Plan (employee only ActiveCare Plan 1, all levels Plan 1HD)	Yes	No
The full election amount can be accessed rightaway	No	Yes
Money left in the account at the end of the plan year rolls over to the next plan year	Yes	No ¹
Money left in the account when an employee leaves the District goes with the employee	Yes	No
Money is deducted pre-tax	Yes	Yes
Contribution Limits	\$3,400 - employee only \$6,750 - family	\$2,600
Catch-up for employees 55 or older	\$1,000 per year	none
Money can only be used for medical, prescription, dental and vision expenses for employee & dependents	Yes ²	Yes
Debit Card can be used to pay for eligible expenses	Yes - up to amount in the account - money is not advanced	Yes - full amount elected is available on the first day of the plan year
Employee can reimburse themselves from account by bill pay feature if expense is incurred prior to account having sufficient funds to cover expense	Yes	n/a
Employees can fund account directly by check, wire, or transfer from bank account as well as payroll deductions	Yes	No
Employees eligible for Medicare can participate in the Plan	No	Yes
Employees covered by another insurance plan can participate in the Plan	No	Yes
Annual election deducted evenly throughout the plan year	Yes ³	Yes
Employer is responsible for verifying expenses are eligible	No - employee is responsible and must keep receipts in the event of an audit	Yes - but employee must keep receipts in the event of an audit
Money in the account can be invested and earn interest	Yes	No
Account Fee	None while employed by LISD \$2.50 per month after leaving LISD unless balance in account is greater than \$2,500	n/a
Money deposited into FDIC insured interest earning account	Yes	n/a
Able to invest in mutual funds?	Yes - if account balance is greater than \$2,500	n/a
Electronic statements available	Yes	n/a
Employee must file form 8889 with Federal Income Taxes	Yes	No

¹ Money left in an FSA is forfeited

² Money withdrawn before age 65 for non-medical expenses is taxed as income and subject to a 20% tax penalty. Money withdrawn at or over age 65 is taxed as income.

³ Annual Election divided by number of paychecks to determine per paycheck deduction. In no case can the monthly deduction for the HSA account exceed 1/12th of the annual limit based on coverage tier.