

HSA/FSA - FORM FROM ADMINISTRATOR RECORDING DISTRIBUTION

Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) are both tax-advantaged accounts that help individuals pay for qualified medical expenses. They allow you to set aside money before it's taxed, which can lead to significant savings on healthcare costs.

Key Differences:

- Ownership:
 - HSA: Owned by the individual, so funds roll over year after year and remain accessible even if you change employers.
 - FSA: Employer-sponsored plans. Generally, any funds not spent by the end of the year (or grace period, if offered) are forfeited.
- Eligibility:
 - HSA: Requires enrollment in a High Deductible Health Plan (HDHP).
 - FSA: Offered through employers.
- Rollover:
 - HSA: Funds roll over year to year.
 - FSA: Generally "use-it-or-lose-it" with the potential for a limited carryover or grace period, depending on the employer's plan.
- Contribution Flexibility:
 - HSA: Contribution amounts can be changed at any time during the year.
 - FSA: Contributions are set at the beginning of the plan year and can only be changed in cases of a qualifying event.
- Investment Options:
 - HSA: Can be invested, allowing for potential long-term growth of funds.
 - FSA: Funds are typically not invested.
- Withdrawal for non-medical expenses after 65:
 - HSA: Can be used for any expense after age 65, though ordinary income taxes apply to non-medical withdrawals.
 - FSA: Primarily for qualified medical expenses.
- Contribution Limits (2025):
 - HSA: \$4,300 for individuals, \$8,550 for families.

- FSA: \$3,300.

Similarities:

- Tax Benefits: Both offer pre-tax contributions and tax-free withdrawals for qualified medical expenses.
- Can be used for qualified medical expenses: Both cover a wide range of eligible expenses like deductibles, copayments, and prescriptions.

In essence, HSAs offer more flexibility and long-term savings potential, while FSAs provide immediate access to pre-tax funds for managing current healthcare costs.

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