HSAs or FSAs? What is the Difference?

Health care accounts are not all created equal. That's why you need an experienced, trusted adviser to help you understand health care accounts. You'll then make an informed decision about the type of health plan and corresponding health account that is right for you. HealthEquity is here to help you understand about the complex, and sometimes confusing, health care accounts and their acronyms.

Use the chart below to help compare two of the more common types of account and what they offer.

	Health Savings Account (HSA) *Note: Can only elect if in the ABC insurance medical plan, and cannot have both HSA and FSA Medical plan	**Flexible Spending Account (FSA) (Medical Expenses)** *Note: No insurance restrictions on election (can be Choices, ABC or no insurance), but cannot elect in addition to a HSA plan
Account definitions.	A tax-advantaged account used to pay for qualified medical expenses of the account holder, spouse, and/or dependents.	An employer-established, tax-advantaged account funded by the employee to pay for qualified medical expenses with pre-tax dollars.
Who can open the account?	The employee or employer as long as the employee is enrolled in an HSA-eligible health plan.	The employer.
Who can contribute?	Employers, employee/account holder, or any third party.	The employee.
Who owns the account?	The employee/account holder.	The employee, but all account balances revert back to the employer at the end of the plan year.
Is there an annual contribution limit?	**In 2017, the annual contribution limits is $3,400 for individuals and $6,750 for families. Only the amount deducted out of each pay is available at that time.**	**In 2017, the annual contribution limit is $2500. The amount elected is "front loaded", which means the entire amount is available to use at the beginning of the plan year.**
Do unused funds carry over to the next year?	Yes.	No.
Can you take the account funds with you if you change jobs, change health plans, or retire?	Yes.	No.
Can you use the account for retirement income?	Yes, after age 65, you can withdraw funds for any reason with no penalty. Although, if not used for qualified medical expenses, withdrawals will be taxed as income.	No.
Is the account tax advantaged?	Yes, account holders contribute tax-free, any interest or investment gains are tax-free, and when used for qualified expense, you withdrawals are always tax free.	Yes, employees contributions are made through pre-tax payroll deductions.
Can the account earn interest?	Yes, and after the account balance reaches a minimum balance requirement (typically $2,000), you can invest in HealthEquity's investment funds and any gains are also tax-free.	No.
Can the account reduce the out-of-pocket health care expenses of the account holder?	Yes.	Yes.