

FSA vs. HRA vs. HSA

| <i>What does it mean?</i> | <i>Flexible Spending Account</i> | <i>Health Reimbursement Arrangement</i> | <i>Health Savings Account</i> |
|--|---|--|---|
| <i>Who "owns" it?</i> | Employee | Employer | Employee |
| <i>Who funds it?</i> | Employee | <i>Employer Only</i> | Employer and/or Employee |
| <i>How is it funded?</i> | Pre-determined amount set aside pre-tax in an account the employee is reimbursed. | Employer reimburses employee when presented with valid receipt. | Pre-determined amount set aside pre-tax in an account then a receipt is submitted the employee is reimbursed by a legally qualified administrator. |
| <i>Are there insurance requirements?</i> | None. Employee does not even need to participate in employer's health plan. | None | High Deductible Plan: Deductible Minimums \$1,000 Single/\$2000 Family Max. OOP not to exceed \$5,000 Single/\$10,000 Family |
| <i>Is it a personal account?</i> | Yes. Non-interest bearing. | It is an arrangement no an account | Yes and earns tax free interest. |
| <i>What is the max contribution?</i> | \$5,000 per year. Employer May Choose a lesser amount | \$1,000single/\$2000 family maximum reimbursement first year with additional amounts able to roll over to pay for following years expenses. | 100% of deductible not to exceed \$2,600 for a single and \$5,150 for family |
| <i>Does the unused money carry over?</i> | No - "use it or lose it" | This at employers discretion | YES |
| <i>Is it portable?</i> | Unused funds must be spent by years end (or by termination of employment before years end) otherwise individual loses the money. | No, the money belongs to the employer | Yes, it is a personal account the money belongs to the employee |
| <i>What are the tax benefits?</i> | Contributions to FSA are tax free and so reduce annual taxable income. | The employer may deduct all qualified reimbursements business expenses. The employee does not have to claim the reimbursement as income so that money is given to them tax free. | The employer may deduct all qualified employer contributions as business expenses. The employee money is deposited in an account pre-tax through section 125 plan and can be withdrawn with no tax penalty to pay for qualified expenses. |
| <i>Can funds be used for non-medical expenses?</i> | No, health portion of FSA only used for expenses defined under 213(D) of IRC | No, only expenses defined under 213 (d) of IRC. | No, only expenses defined under 213 (d) of IRC. If money withdrawn for non qualified expenses it will be applied to gross income amount and will incur a 10% penalty, except for those over 65, deceased or disabled. |
| <i>Dependant care expenses eligible?</i> | Yes, employee can select a separate amount of money to pay for dependant care. | No | No |