

HERITAGE BENEFITS

HSA vs FSA...What's the Difference?

The healthcare industry has been steadily moving toward High Deductible Health Plans (HDHPs) for some time, and in 2026, Heritage will align our offerings to this national trend. While we understand that any change to health coverage can be challenging, this shift is an exciting opportunity to empower you with greater control over your healthcare spending, often accompanied by lower monthly premiums and the significant tax advantages of a Health Savings Account (HSA). Employees who participate in our Hybrid 2000 plan or who do not enroll in a Heritage medical plan are able to take advantage of a Flexible Spending Account (FSA).*

FLEXIBLE SPENDING ACCOUNT (FSA)

Employees who do not enroll in the Heritage medical plan or who are on the Hybrid 2000 plan may elect a Health Care Flexible Spending Account (FSA).* This account can be used for eligible out-of-pocket expenses such as dental and vision care, prescription drugs, certain over-the-counter items, deductibles, and co-pays.

HEALTH SAVINGS ACCOUNT (HSA)

Employees who enroll in one of our HDHPs will be offered a Health Savings Account (HSA) instead of an FSA, as IRS rules do not allow participation in a general-purpose FSA alongside an HSA. HSA dollars can be used for qualified medical expenses like deductible, co-pays, prescription drugs, and vision care.

Feature	Health Savings Account (HSA)	Flexible Spending Account (FSA)
Eligibility	Must be enrolled in a High Deductible Health Plan (HDHP)	Available to employees not enrolled in HDHP or on Hybrid 2000*
Ownership	Owned by the employee	Owned by the employer
Contribution Limits (2026)	Individual: \$4,400 / Family: \$8,750 +\$1,000 catch-up (55+)	Up to \$3,400
Employer Contribution (2026)	Individual: \$250 / Family: \$500	\$0
Tax Benefits	Contributions are pre-tax , grow tax-free , and withdrawals for qualified expenses are tax-free	Contributions are pre-tax , withdrawals for qualified expenses are tax-free
Rollover	Funds are always yours to use the next plan year or to save for retirement	Often use-it-or-lose-it (limited rollover or grace period)
Investment Options	Can be invested once a minimum balance is met	No investment options
Qualified Expenses	Medical, dental, vision, prescriptions, and more	Medical, dental, vision, prescriptions, and more
Coordination with Other Plans	Cannot be used with a general-purpose FSA	Can be used if not enrolled in HDHP

*A "Limited FSA" for dental and vision needs will be available to employees who elect either of the HDHP health plans or for those who have not exhausted their current FSA balance. Speak with HR.