



FSA or HSA?

Understanding the differences between accounts is key to making a smart enrollment decision.



Health Flexible Spending Accounts

A Health Flexible Spending Account, also known as a Health FSA, gives you the opportunity to avoid taxes on money you pay for out-of-pocket medical, dental and vision expenses, including prescriptions.

When you enroll in a Health FSA, you lower your taxable income and increase your take-home pay. With total federal and state rates as high as 40%, enrolling in a Health FSA can result in significant tax savings.

Need help? Penny Panda explains what an FSA is. Click [here](#).



Health Savings Accounts

A Health Savings Account (HSA) is an employee owned tax-advantaged bank account. When you enroll in an HSA, you pay for eligible medical, dental and vision expenses with tax-free dollars. Unlike an FSA, there is no “use-or-lose” stipulation with an HSA, so your funds will roll over from year to year.

ELIGIBILITY

To qualify for an HSA, you must be 18 years of age and have an HSA compatible high-deductible health plan (HDHP) and not be covered by any other prohibited health coverage, i.e., certain FSAs or HRAs.

MAXIMUM CONTRIBUTION AMOUNTS

The IRS indexes maximum contribution amounts annually. Click [here](#) to view the maximum limits for 2026. If you and your spouse are both enrolled in an HSA, you can collectively contribute up to the maximum amount, but you cannot each contribute the maximum amount.

EXAMPLE

You contribute \$3,000 into your HSA. This means your spouse can contribute a maximum of \$5,750 into his/her HSA, bringing your combined contribution to the maximum allowed per family, \$8,550.

HSA & FSA Enrollment: FAQs

1. WHAT HAPPENS IF I WANT TO ENROLL IN AN HSA BUT I ALSO HAVE FUNDS LEFT OVER IN MY FSA CARRY FORWARD ACCOUNT?

If you have a current balance in your FSA carry forward account, we recommend you spend the remaining funds before you sign up for a Health Savings Account. If you're unable to exhaust your FSA carry forward account before enrolling in an HSA, your FSA carry forward funds will be transferred to a new account called a Limited Purpose FSA.

2. WHAT IS A LIMITED PURPOSE HEALTH FSA?

A Limited Purpose Health FSA is a restricted Health FSA and the only type of FSA that employees with HSAs are eligible to have. Expenses reimbursed through a Limited Purpose Health FSA are restricted to dental, vision and preventive medical expenses that are not covered under your health plan such as:

- Artificial teeth/dentures
- Braces
- Braille - books and magazines
- Contact lenses and eyeglasses
- Dental fees
- Lasik eye surgery
- Over-the-counter medications for dental and vision.
- Preventive medical services (as outlined in your high deductible health plan)
- Seeing eye-dog and maintenance

3. I AM ELIGIBLE TO ENROLL IN AN HSA BUT MY SPOUSE IS ENROLLED IN A HEALTH FSA. CAN I STILL ENROLL IN AN HSA?

Unfortunately, no. If your spouse is currently enrolled in a Health FSA that may reimburse your medical expenses, as well as his or hers, you are not eligible to participate in an HSA. In order to enroll in an HSA, you would have to wait until your spouse is no longer an FSA participant.

See comparison chart on next page for more info!

	Health FSA	HSA
Eligibility	Completely independent from insurance; you do not need to be enrolled in a specific health plan to participate.	You must be enrolled in a qualifying high deductible health plan (HDHP).
Tax Savings - How Much?	Use pre-tax dollars and save 30% - 40% on eligible expenses, depending on your tax bracket.	Triple-tax advantaged: <ul style="list-style-type: none"> Contributions are made with pre-tax dollars Funds earn interest tax-free Withdrawals for qualified expenses are tax-free
Investment Options	No	Yes! You can invest your contributions and earn interest.
Maximum Contribution Amounts	For 2026, you can enroll in up to a maximum of \$3,400, regardless of your insurance coverage.	For 2026, you can contribute up to \$4,400 (for individual coverage) or \$8,750 (for family coverage).
Do Funds Rollover?	<p>Funds can roll over if the FSA has the carry forward provision. For 2026, unused funds, up to \$680, can roll over into the plan year. Any amount over \$680 is forfeited at the end of the plan year and does not roll over.*</p> <p><i>*The carry forward is an optional provision that must be adopted by your employer. Please check your plan details to see if your plan has the carry forward and permits the maximum carry forward amount.</i></p>	Yes; funds roll over year-to-year and never expire. Your account is completely portable, which means you can take it with you if you leave your employer.
Can You Change Your Contribution Mid Year?	Not typically, unless you experience a qualifying event such as marriage or birth of a child.	You can make changes throughout the year, up to the annual limits.

