

FSA, HRA and HSA comparison chart

ELIGIBILITY, FUNDING AND TAXATION

	FLEXIBLE SPENDING ARRANGEMENT (FSA)	HEALTH REIMBURSEMENT ARRANGEMENT (HRA)	HEALTH SAVINGS ACCOUNT (HSA)
What is it?	An account set up through an employer to help employees pay for covered healthcare services and eligible medical expenses.	An employer-established account that reimburses employees for covered healthcare services and eligible medical expenses.	A tax-exempt personal employee bank account established to pay for covered healthcare services and eligible medical expenses.
How do I get it?	You can sign up for a health FSA if it is offered by your employer. You do not need to sign up for a health plan.	It is usually connected to a health plan. If your employer offers this type of plan, you will get it when you sign up for the plan.	You have to sign up for a High-Deductible Health Plan (HDHP) that meets a deductible amount set by the IRS. You also have to meet other IRS guidelines to be eligible to have it.
High Deductible Health Plan (HDHP)	Not required. However, employers must offer group health plan coverage to employees eligible for the FSA.	Not required. However, HRAs for active employees must be “integrated” with a group health plan.	Required <u>2026 Annual Deductible</u> Self-only: \$1,700 Family: \$3,400 <u>2025 Annual Deductible</u> Self-only: \$1,650 Family: \$3,300
Who is eligible?	Any employee, subject to employer-designed exclusions.	Any employee, subject to employer-designed exclusions. Eligibility may or may not be tied to HDHP.	Employee/Individual covered by HDHP and no other non-HDHP coverage.

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Who owns it?	Your employer, but it's your money.	Your employer.	You do.
Who can create an account?	Employer.	Employer.	Employer or individual.
Who can contribute?	Employer, employee or both.	Employer only.	Employer, employee or both.
How is money put in?	Your employer will take money out of each paycheck, before taxes, and put it into the account.	Your employer may put all of the money into the account at the beginning of the plan year, or they may do so periodically throughout the year, e.g. each month.	You can make deposits like you do with other personal bank accounts. Your employer and family can also put money into the account. Your employer may allow you to deposit money straight from your paycheck, before the money is taxed.
Is there a limit on how much can be put in it?	The IRS sets a limit on how much is allowed each year. Your employer can decide what the annual limit will be, but it can't be more than the IRS limit. 2026: \$3,400 2025: \$3,300	No.	The IRS sets the limit each year. <u>2026 Maximum Contribution</u> Self-only: \$4,400 Family: \$8,750 <u>2025 Maximum Contribution</u> Self-only: \$4,300 Family: \$8,550
Catch-up contributions	Not allowed.	Not allowed.	Allowed — ages 55 and older until they are enrolled in Medicare at age 65 — \$1,000.
Are contributions taxed?	No federal or state income tax* or Social Security/Medicare tax.	No federal or state income tax* or Social Security/Medicare tax.	No federal or state income tax* or Social Security/Medicare tax.

*State taxes could apply in some states.

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If I don't spend it all this year, can I use it next year?	Maybe. Your employer can allow up to \$680 (in 2026, \$660 in 2025) to carry over. The carryover limit is set by the IRS. This is not required. Or your employer may allow up to a 2½-month grace period to incur additional claims. An employer may offer the carryover or grace period, but not both. Neither is required to be offered by an employer.	Yes. However, your employer can limit the amount that can carry over. This is not required.	Yes. Since you own the account, the money will stay in it until you choose to spend it. You can save and use it into retirement.
Can I cash it out at any point?	No.	No.	Yes. But if you cash it out and do not use the money for qualified medical expenses, you will have to pay taxes on it. And you may also have to pay a 20% tax penalty.
Can I keep it if I leave my employer? What happens to the money?	No. Your employer keeps the money unless you elect COBRA.	No. Your employer keeps the money unless you elect COBRA.	Yes. You own the account.
Distributions for non-medical expenses (Including cash-outs) Allowed?	Not allowed.	Not allowed.	Yes. However, if under the age of 65, subject to tax and 20% penalty.

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What can I pay for with it?	You can pay for hundreds of eligible medical expenses, which are determined by the IRS and your employer. This can include services covered by a health plan. It can also be used for dental, vision and many other health care services and supplies that are listed under Section 213(d) of the Internal Revenue Code.	You can pay for hundreds of eligible medical expenses, which are determined by the IRS and your employer. Your employer may only allow the HRA to pay for services covered by your health plan. Some employers may also let you use it to pay for dental, vision and other healthcare services and supplies that are listed under Section 213(d) of the Internal Revenue Code.	You can pay for hundreds of qualified medical expenses, which are determined by the IRS. This can include services covered by a health plan. You can also use it to pay for dental, vision and many other healthcare services and supplies that are listed under Section 213(d) of the Internal Revenue Code.
Can I pay health insurance premiums with it?	No.	Traditional HRAs do not cover health insurance premiums. There are other types of HRAs, such as ICHRAs and retiree plans, that can cover premiums.	Yes, ONLY if collecting unemployment benefits or on COBRA.
Whose eligible medical expenses can I use it on?	A medical expense must be incurred by the employee, the employee's spouse, an employee's child who has not attained age 27 as of the end of the employee's taxable year, or the employee's tax dependent for health coverage purposes. Funds may not be used for a domestic partner who fails to satisfy the conditions for being a Code §105(b) tax dependent.	An HRA can provide tax-free benefits to participants enrolled in the employer plan. Including the employee, the employee's spouse, an employee's child who has not attained the age of 27 by the end of the tax year, or the employee's tax dependent for health coverage purposes. A domestic partner who fails to satisfy the conditions for being a Code §105(b) tax dependent may not have their expenses reimbursed tax-free from the employee's HRA.	Only the medical expenses of the employee, spouse or Code §105(b) tax dependents can be reimbursed under an employee's HSA. An employee's domestic partner or adult child who is not the employee's tax dependent may have his or her own HSA, but a domestic partner or adult child's medical expenses cannot be paid under the employee's HSA.

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Can I have any other accounts with it?	Yes. You can have an HRA or a Dependent Care FSA. You can use a Dependent Care FSA to pay for eligible day care and elder care services.	Yes. You can have a health FSA and Dependent Care FSA. Under limited circumstances you can have an HSA.	Yes. You can have a Limited Purpose FSA, which can only be used for eligible dental and vision services, a Dependent Care FSA or a Post-Deductible HRA.
Reimbursement order**	FSAs are last resort and cannot reimburse expenses that have been reimbursed elsewhere.	Claims are submitted to the HRA first, and the FSA reimburses any amounts not reimbursed by the HRA.	Should not have HRA and FSA that cover same expenses as the HDHP.
COBRA continuation	Yes, COBRA rights apply. Check with your employer for details.	Yes, COBRA rights apply. Check with your employer for details.	COBRA does not apply to the account. But COBRA rights apply to the High-Deductible Health Plan offered by your employer. Check with your employer for details.
Subject to ERISA requirements?	Yes.	Yes.	HDHP portion – Yes, if employer-sponsored. Savings/investment portion – No, unless it's an ERISA plan which is not typical.
ERISA Form 5500	Applies. Exception for small (< 100 participants) unfunded plans.	Applies. Exception for small (< 100 participants) unfunded plans.	Does not apply unless it is an ERISA plan, which is not typical.
Discrimination testing required?	Yes – subject to IRC Section 125 and Section 105(h).	Employer contributions must not discriminate in favor of highly compensated individuals, as provided by IRC Section 105(h).	If employer contributions are done through a Section 125, the employer must comply with nondiscrimination requirements of the 125 plan. If not done through a Section 125 plan, comparability testing applies.
HIPAA privacy applicable?	Yes.	Yes.	Does not apply unless it is an ERISA plan, which is not typical.

**Employer can draft HRA and FSA plan documents so that HRA reimburses only after FSA amounts are exhausted.



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*STATISTICS ACCURATE AS OF SEPTEMBER 30, 2025.

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