

Grapevine Colleyville ISD

HSA vs. FSA

Frequently Asked Questions	Health Savings Account (HSA)	Medical Reimbursement Flexible Spending Account (FSA)
Description	Individual bank account in your name that allows you to save and pay for unreimbursed qualified medical, dental, and vision expenses tax-free.	Individual account through your employer's 125 Plan that allows you to pay for qualified medical, dental, and vision expenses tax-free.
What happens to my funds at the end of the year?	Funds contributed never expire and can accumulate year after year.	Funds contributed must be used by the end of the plan year or they are forfeited. 'Use it or lose it.'
Do I have to be enrolled in a medical plan?	Yes. Requires enrollment in an IRS qualified high deductible health plan (HDHP). TRS ActiveCare HD-1 qualifies.	No. You do not have to be enrolled in a medical plan to elect the FSA.
When are funds available?	Funds are available for use only as they are contributed per payroll deduction.	Funds for the entire year are available for use on September 1, then payroll deducted throughout the year.
Do I get a debit card?	Yes	Yes
What are the 2015 annual maximum amounts?	Yearly contribution maximum amount is \$3350.00 for an individual, \$6650.00 for family. Account holders aged 55 and over can contribute an additional \$1,000 as a "catch-up." If your spouse is also over 55, they must have a separate account to be eligible for the catch-up.	Yearly contribution maximum is \$2550.00 regardless of individual or family.
Who can I use the funds for?	Benefits can be used for any member of the family being claimed on the employee's tax return. Dependents to age 19 or 24 with FT student status.	Benefits are available for any member of the family being claimed on the employee's tax return. Dependents to age 19 or 24 with FT student status.

Frequently Asked Questions (cont.)	Health Savings Account (HSA)	Medical Reimbursement Flexible Spending Account (FSA)
Can I invest the funds?	Funds in the account in excess of \$2000.00 are eligible for investing in mutual funds, yielding tax free earnings.	Funds cannot be used for investment purposes.
What happens at retirement?	HSA funds can be fully withdrawn at retirement for any purpose, applicable taxes will be due.	Funds are not available for withdrawal at retirement due to the 'Use it or lose it.'
Do the funds in the account earn interest?	Funds in the account will earn interest ranging from 0.10% to 1.0% depending on the account balance.	Funds in the account do not earn interest.
What if I want to contribute more to the account than what is being payroll deducted?	A monthly payroll deduction is set up to contribute to the HSA. Employees may also send in additional contribution amounts directly to the bank as long as the total annual amount does not exceed the maximum. Contributions made outside of pre-tax payroll deductions can be taken as an above the line tax deduction when filing tax returns.	A monthly payroll deduction is set up to contribute to the FSA. No contributions outside of payroll deduction are allowed.
What happens when I leave employment?	Funds are portable, rollover year to year, and available between jobs. Funds can continue to be used for qualified expenses until the account is depleted. Further contributions can be made only if you are enrolled in a qualified HDHP.	If you have a remaining balance in your account, the funds are COBRA eligible and can be used through the end of the plan year only (August 31).

*