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Comparing Trinity HSAs and FSAs

	HSA	Health Care FSA
What does it stand for?	Health Savings Account	Health Care Flexible Spending Account
Who owns it?	Account holder/Employee	Employer
Who contributes to the account?	Both you and Trinity. Trinity makes an annual contribution to your account. If you choose to contribute, Trinity will also match your money up to a certain amount.	Only you contribute. Choose the amount to be deducted from each paycheck, before taxes, and deposited into your FSA
What type of corresponding health plan is allowed?	Eligibility to contribute requires opening and maintaining a qualifying high-deductible health plan (HDHP). Enrollment in Trinity's Basic or Enhanced Plan will qualify you to contribute to the HSA.	A full purpose health care FSA is compatible with any type of health plan coverage.
Can unused amounts carry over?	Yes. The individual owns the account and any contributions made to it, and balances rollover each year. Employees who terminate before December 31, without submitting qualified expenses will not receive the company contribution.	Yes. Any remaining balance between \$20 and \$640 will rollover in mid-April and will then be available for the current plan year. Any remaining balance below \$20, or in excess of \$640 will be forfeited.
Is the account portable between employers?	Yes. The individual owns the account.	No. FSAs cannot be rolled over to a new employer.
How is it funded?	Contributions are made through pre-tax salary deductions, and are deposited into your HSA after each pay period along with the company match. The company's annual contribution is available to you when the account is opened or on January 1.	Contributions are made through pre-tax salary deductions, and are deposited into your FSA account after each pay period.

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	HSA	Health care FSA
Can I change my contribution amount?	Yes. You can change your contribution amount at any time during the year without a Qualifying Life Event (QLF).	No. You cannot change your contribution amount until the next Annual Enrollment period, unless you have a Qualifying Life Event (QLF).
Is there a "catch-up" contribution provision for older workers?	Account holders ages 55 and older may contribute an additional $1,000 to the account per year until they are enrolled in Medicare.	No
Can the account be funded with pre-tax salary deduction?	Yes	Yes
Is investing allowed?	Yes, once your balance exceeds $1,000.	Yes
What are the tax benefits for account holder?	Contributions are tax deductible, interest earnings and capital gains on investments are income tax-free. Withdrawals for qualified medical expenses are tax-free, although state taxes may apply.	Account holder contributions are exempt from federal and FICA tax as well as most state and local tax . Reimbursements are tax-free.
What health care expenses can be paid from the account?	Qualified medical, prescription, dental, and vision expenses, (e.g., deductible, copays, coinsurance), as defined under section 213(d) of the IRC except for health insurance premiums, with specific exceptions	Qualified medical, prescription, dental, and vision expenses, (e.g., deductible, copays, coinsurance), as defined under section 213(d) of the IRC except for health insurance premiums.
Can COBRA premiums be reimbursed from the account?	Yes. Distributions to pay premiums for COBRA are tax-free.	No. A health care FSA may not reimburse participants for premiums paid for health insurance. This includes premiums paid for health coverage under a plan maintained by the employer or the account holder's spouse or dependent.
Is the account subject to COBRA continuation?	No. An HSA is not a health benefit plan subject to continuation.	COBRA rights apply.

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	HSA	Health care FSA
Can funds be used for non-health care expenses for those under age 65?	Non-health care distributions must be included in gross income and are subjected to a 20% penalty tax. An exception to the 20% penalty applies to distributions for non-qualified expenses for those individuals who are disabled or deceased.*	No. A health care FSA can only be used for qualified health care expenses.
Can funds be used for non-health care expenses for those over age 65?	Yes. Non-health care distributions must be included in gross income but are not subject to the additional 20% tax penalty.*	No. The health care portion of an FSA can only be used for qualified health care expenses.
Must a health care expense be incurred during the plan year the contribution is made?	No. Expenses are qualified for reimbursement once an HSA is established.	Yes. You will need to submit reimbursement requests for eligible expenses incurred during the prior plan year by March 31.
Is the annual amount of the contribution available on the first day of coverage?	Only the amount currently available in the HSA may be used to pay or reimburse qualified expenses.	Yes. The total amount elected by the account holder for the plan year must be available on the first day, regardless of the amount contributed.
Is third-party substantiation of expenses required?	No. If audited by the IRS, the account holder shows that HSA funds were used only for qualified medical expenses.	Yes. Each request for reimbursement must be substantiated before it can be reimbursed.
Can the account be integrated with other accounts?	Yes. An HSA can be combined with a limited purpose health care FSA (LPFSA) for use with qualified dental and vision expenses.	A health care FSA is compatible with a health reimbursement account (HRA), but only a limited purpose health care FSA can be integrated with an HSA.
Does interest accrue?	Yes. Interest does accrue in the Trinity HSA.	No. Interest does not accrue.
Does the "use it" or "lose it" rule apply?	No. The funds in the account roll over every year and are yours - even if you retire or leave Trinity.	Yes. A balance less than $20 or in excess of $640 will be forfeited. Any remaining balance between $20 and $640 will rollover in mid-April and be available to use for current plan year expenses.

*HSA funds used for non-qualifed medical expenses are taxed and subject to a 20% penalty if the HSA holder is less than 65 years of age. After age 65, HSA funds for non-qualifed medical expenses are taxed (but not penalized).

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