

# FINANCIAL ACCOUNT OPTIONS

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)	Flexible Spending Account (FSA)	Lifestyle Spending Account (LSA)
Who is eligible for this account?	An individual who is covered by a qualified high-deductible plan, as defined by the Internal Revenue Service (IRS).	An employee who meets the eligibility criteria established by the employer offering the HRA.  (Not available to partners in a partnership or shareholders who own more than 2 percent stock in a Sub S corporation or LLC.)	An employee whose employer offers a plan with an FSA.  (Not available to partners in a partnership or shareholders who own more than 2 percent stock in a Sub S corporation or LLC.)	The employer defines eligibility rules. If none is specified, all employees are eligible.
Which health plans are eligible?	An HSA must be paired with an HSA-qualified health plan that includes the required minimum deductibles and maximum out-of-pocket costs set yearly by the IRS.	HRAs are generally paired with high-deductible health plans when offered through Blue Cross Blue Shield of Massachusetts; however, employers have considerable flexibility in plan design.	FSAs can be offered with any medical plan and can also be offered to employees who don't sign up for health coverage. When offered with an HSA, there are limits on the types of FSAs available.	LSAs can be offered with any medical plan and can also be offered to employees who don't sign up for health coverage.
Who can contribute to the account?	Employee and/or employer	Employer	Employee and, in some cases, employer	Employer
What is the tax treatment of contributions?	Employer contributions are tax deductible and not subject to employment taxes. Employee contributions are tax deductible.  Employers must include the value of contributions to HSAs on the employee's Form W-2.	Employer contributions are tax deductible and generally not subject to employment taxes.	Employer contributions are tax deductible and not subject to employment taxes. Employee contributions are tax deductible.  Employers must include the value of salary-reduction contributions to FSAs on the employee's Form W-2.	Employer contributions are considered taxable. Reimbursements are subject to withholding and payroll taxes as part of the employee's income.

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<b>Who owns the account?</b>	Employee	Employer	Employer	Employer
<b>What are the maximum contribution limits?</b>	The IRS sets yearly contribution limits at the individual and family levels. Participants who are 55 or older can contribute an additional \$1,000 annually.	The employer sets contribution limits.	The employer sets contribution limits up to the IRS maximum. If the employer contributes funds to the FSA, the employer's contributions don't count toward the IRS maximum.	The employer does not have a contribution limit.
<b>What can the money be used for?</b>	Employees may use the HSA to reimburse qualified medical expenses such as deductibles, copayments, and prescription or non-prescription medications, as defined by the Internal Revenue Code, Section 213(d). The additional tax on distributions from an HSA that aren't used for qualified medical expenses is 20 percent.	The employer determines which qualified medical expenses may be reimbursed.	Employees may use the FSA to reimburse qualified medical expenses such as deductibles, copayments, and prescription or non-prescription medications, as defined by the Internal Revenue Code, Section 213(d).	The employer determines eligible expenses, usually in the categories of physical, financial, and mental well-being. LSA funds shouldn't be used toward medical expenses.
<b>Can the money be invested?</b>	Yes	No	No	No
<b>Do funds roll over from year to year?</b>	Yes	Funds may carry forward, subject to restrictions and limits set by the employer.	Employers may allow for a carryover into the following plan year, or for a grace period after the end of the plan year during which expenses may incur. These details are set by the employer. The IRS sets yearly maximum carryover amounts.	No
<b>Are the funds portable?</b>	Yes, funds belong to the participant.	No, the employer sets the rules for post-employment access to the account.	No, the employer sets the rules for post-employment access to the account.	No

### Questions?

To learn more about financial accounts, talk to your account executive.