THE BOARD OF PENSIONS
OF THE PRESBYTERIAN CHURCH (U.S.A.)

HSA vs. FSA: What's the difference?

Health savings accounts (HSAs) and healthcare flexible spending accounts (FSAs) may be used to pay for the same types of expenses, with some exceptions. For example, HSA funds may be used to pay for medical continuation coverage or Medicare premiums; healthcare FSA funds cannot be used for these expenses. There are also other important differences between these accounts.

Health savings account (HSA)	**Healthcare flexible spending account (FSA)**
Both employees and employers may make contributions to an HSA. Funds are available for use as they are deposited into the account.	An FSA is typically funded by the employee. The entire annual election amount is available for use as of the employee's effective date or at the start of the plan year.
Any funds remaining in the HSA roll over from year to year so the account can grow over time. There are no limits to the amount that can roll over each year.	With an FSA, you risk losing unused funds at the end of the year. While some healthcare FSAs include a rollover feature for a limited amount of unused funds ($500 in the case of the FSA offered through the Board), many do not.
An HSA earns interest and offers opportunities for investing when the balance reaches a certain threshold.	Funds in an FSA do not earn interest and cannot be invested.
The employee owns the HSA so it's fully portable, which means the employee takes the full balance with him/her at retirement or when changing jobs.	The FSA is not portable; the employee's participation stops when employment ends.