

FULL FSA, LIMITED FSA, HSA | COMPARE YOUR OPTIONS

	Full FSA	Limited FSA	HSA
“Use it or lose it” applies	Yes	Yes	No
Contribution amount is locked in for the plan year	Yes	Yes	No
Employee can change contribution throughout the year	No ¹	No ¹	Yes
Funds may be used to reimburse prescription costs	Yes	No	Yes
Funds may be used to reimburse orthodontic/dental expenses	Yes	Yes	Yes
Funds may be used to reimburse vision expenses	Yes	Yes	Yes
Maximum annual pre-tax contribution	See contribution amounts here .		
Unused balance carries over year to year	No	No	Yes
Distributions require substantiation	Yes ²	Yes ²	No ²
Employee “owns” account	No	No	Yes
Annual elected amount is available immediately, regardless of payroll deductions	Yes	Yes	No
Compatible with Traditional/Core medical plan with prescription copays	Yes	Yes	No
Compatible with qualified High Deductible Health Plan	Yes	Yes	Yes
Funded with pre-tax dollars	Yes	Yes	Yes
Employee keeps unspent balance after termination of employment	No	No	Yes
Reimbursed expense must be incurred in the plan year	Yes	Yes	No ³
Money may be used for whatever the employee wishes	No	No	Yes ⁴

¹ FSA contribution change may be allowed with a qualified family status event (e.g. marriage, birth, divorce, etc.).

² FSA requires substantiation for reimbursement. HSA requires substantiation in the event of an IRS audit.

³ You may reimburse expenses incurred in a prior year, so long as the expense was incurred **after the HSA is established**.

⁴ If you are under age 65, HSA money used for non-qualified expenses are subject to income tax + a 20% penalty. If you are over age 65, HSA money used for non-qualified expenses are subject to income tax (20% penalty does not apply).