

HSA, FSA & HRA: What's the difference?

The following is a comparison chart, which reflects the criteria and tax benefits for HSA, FSA and HRA:

	HSA	FSA	HRA
Who qualifies as a participant?	All	All except self-employed	All except self-employed
Who "owns" it?	Employee	Employee	Employer
Summary Plan Description required?	Yes	Yes	Yes
Who funds it?	Employer, Employee or both	Typically Employee, but can be both	Employer
How is it funded?	S is deposited directly into the account	A specified amount of pretax wages designated by employee is deposited directly into an account	Employer reimburses employee when presented with a valid receipt
Does interest accrue?	Interest can be accrued tax free	Interest not accrued	Interest not accrued nor addressed in IRS regulation
Employee tax savings?	Contributions are tax-free	Contributions are tax-free	Claim reimbursements are tax-free
Employer tax savings?	Business expense plus 7.65% of employee contribution	Business expense plus 7.65% of employee contribution	Business expense deduction for payments
Account pre-funded by employer required?	No	Yes	No
Roll unused dollars to next year?	Yes	No	Yes
Reimburse uncovered medical expenses?	Yes	Yes	Yes
Claims substantiation?	Only upon audit	Yes	Yes
Insurance premiums paid from account?	Yes	No	Yes
Pay for long term care premiums?	Yes	No	Yes
Banking type?	IRA type account	Employer assets	Employer assets
Convert account to taxable income?	Yes	No	No
Account retained by employee upon termination?	Yes	No	No; however, terminated employees may be covered