

# MEDICAL SPENDING ACCOUNT OPTIONS

	Health Savings Account (HSA) <i>HSA Bank</i>	Flexible Spending Account (FSA) <i>P&amp;A Group</i>
Can unused dollars rollover?	Yes. Funds always belong to the member.	Yes. Up to \$570 of unused 2022 funds can rollover into 2023
Account Overview	Member-owned bank account that allows members to pay for IRS-qualified, out-of-pocket medical expenses.	Tax-advantaged account established through an employer to pay for IRS-qualified, out-of-pocket medical expenses.
Who can contribute to account?	Member, Employer, Third Party (i.e., spouse, parent, etc.)	Employee, Employer
Will Moravian College contribute to account?	Yes	No
How much can be contributed to the account in 2022?	Individual = \$3,850 Family = \$7,750 55+ Catch-up = \$1,000	2023 limit = \$3,050
How are funds accessed?	Distributions for IRS-qualified medical expenses are not taxable.* Debit Card** Request for distribution (paper) Online bill-pay	Limited to IRS-qualified medical expenses per plan design Debit Card** "Claim" - Request for reimbursement or bill-pay
When can the funds be accessed?	When the funds have been deducted from the employee's paycheck. However, member can file for reimbursement later in the year. The 2023 employer contribution can be accessed ~1/5/23.	The annual contribution elected is accessible 1/1/23 and the annual contribution is deducted from your paycheck in equal installments on a semi-monthly basis.
Funds can be used on?	IRS-qualified medical expenses including vision and dental.	
Substantiation of expenses	Member (not required for payment*)	Third Party: Wage Works (required for payment unless auto-substantiated)
Must have health plan?	Yes, a QHDHP, whether through employer or not	Yes, health insurance coverage is required, but cannot be a QHDHP.
Tax Benefits?	Deposits, earnings, and distributions for IRS-qualified medical expenses are tax-free	Contributions and claim reimbursements are tax-free
Can funds be invested?	Yes, with at least \$1,000 in the account.	No.
Access to funds after termination?	Yes. When a member terminates or retires, they continue to maintain ownership of their HSA.	When an employee terminates, they do not remain eligible for an FSA, though limited COBRA rights may be available.
Can account be used for retirement income?	Yes. After age 65, funds can be withdrawn without penalty, but will be taxed as income if not used for IRS-qualified medical expenses.	No

This chart is intended to provide general information, but it is only a summary of the rules that apply and does not constitute legal or tax advice.

\* HSA distributions for purposes other than IRS-qualified medical expenses defined in IRC § 213(d) may be subject to income and penalty taxes.

\*\* HSA debit card restricted to IRC § 213(d).

\*\*\* Dental, vision, accident, disability, long-term care, workers' compensation, specified disease or illness, fixed dollar hospitalization, certain deductible plans.

Chart Source: HSAbank.com