Plan Comparison Chart

A Comparison of HSA and FSAs

To help you understand the differences between HSAs and FSAs, take a look at the comparison chart below.

NOTE: This publication is for informational purposes only. The IRS releases limits and maximums throughout each year. Therefore, be sure to check IRS.gov for updates by the IRS after the date of this publication.

	Health Savings Account (HSA)	Flexible Spending Account (FSA)
What is it?	An HSA is a savings account that is used in combination with a high-deductible health plan (HDHP) that lets you set aside pre-tax funds. You can use your HSA funds to cover qualified medical expenses.	An FSA is an account your employer establishes that allows you to set aside pre-tax funds aside to pay for eligible medical, dental, vision or daycare expenses.
Am I eligible?	You must be enrolled in a HDHP in order to open and contribute to an HSA. If you are covered by a non-HDHP, medical FSA, 213(d) HRA or Medicare, you are not eligible to open or contribute to an HSA.	You must be offered a group health plan by your employer, but do not need to participate in their health plan to participate in the FSA.
Who "owns" the account?	Individual/employee	Employer
Who can contribute to the account?	Employee and/or employer	Employee and/or employer
Where are funds held?	Is an employee-owned account – held at a qualified financial institution.	By employer
Pre-tax payroll deductions allowed?	Yes, up to the annual IRS limit.	Yes, up to the amount you "elect" during open enrollment.
Post-tax contributions allowed?	Yes, up to the annual IRS contribution limit.	No
Annual maximum limit on contributions	Yes[1]	Yes[2]
Entire election available for reimbursement at start of plan year	No	Yes (except Dependent Care FSAs)
Can funds roll-over from year to year?	Yes	Depends on plan design. If the plan includes a carry over, up to $680 can be rolled over from the 2026 plan year into 2027.

Can funds be invested?	Yes	No
What distributions are allowed?	Debit Card[3] Request for distribution or bill-pay Online/Paper	Debit Card "Claim" – Request for reimbursement or bill pay Online/Mobile/Paper
Documentation (substantiation) required?	Not required for payment[4]	Required for manual claims and if a debit card claim cannot be automatically approved.
Tax benefit	Contributions are tax-free, interest and investment gains are tax-free, and withdrawals are tax-free when used for qualified medical expenses.	Employer/payroll deposits and claim payments are tax-free.
Interest earning?	Interest can be accrued on a tax-deferred basis in qualified HSAs. And if the account balance reaches the minimum balance requirement, the funds can be invested in mutual funds, and those gains are also tax-free.	No
Access to funds after termination	Since the HSA is an individually owned account, and not owned by your employer, you keep your HSA and all funds regardless of where you are employed.	You will be given a pre-determined number of days after your last day of employment to submit claims. Access to your FSA may be offered through COBRA.
What expenses qualify for distribution?	Medical expenses under § 213(d) of the Internal Revenue Code including over the counter drugs are eligible medical expenses. HSAs may not be used to pay insurance premiums except for (1) COBRA, (2) qualified long-term care insurance (3) health care coverage while the individual is receiving unemployment compensation; and (4) premiums for Medicare Part A or B, Medicare HMO, and (5) after age 65, the employee's share of employer-sponsored retiree health care.	Eligible expenses are determined by the type of FSA you are enrolled in. Medical FSA covers 213(d) eligible expenses including over-the-counter medication. Limited FSAs cover dental, vision and preventative care expenses. Combination FSAs cover dental, vision and preventative care expenses until you meet your health plan deductible. Then it covers all 213(d) expenses. Dependent care FSA plans cover eligible dependent care expenses that allow you to work out of the home.

[1] IRS- imposed HSA limits for 2026: The 2026 annual HSA contribution limit for individuals with self-only HDHP coverage is $4400 and the limit for individuals with family HDHP coverage $8750. Annual catch-up contributions for those 55 and older is an additional $1000.

[2] Employee contribution limits are announced by the IRS. For 2026 the limit for an FSA cannot exceed $3,400 per IRS Rules.

[3] HSA, HRA, and FSA benefit cards are automatically restricted for use with medical, dental and vision service providers and for items purchased at retail that are identified as qualified medical expenses based on merchant category codes.

[4] HSA distributions subject to IRS audit to prove they do not exceed out-of-pocket qualified medical expenses since HSA opened.

This Plan Comparison Chart is a summary of differences between plan types, and it does not describe all of the rules and limitations that apply to these arrangements. It is not legal or tax advice. See IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, for more information on HSAs, HRAs, and FSAs.