

# Your Consumer Accounts

## HSAs, FSAs, and HRAs at a glance

If your open enrollment paperwork mentions HSAs, FSAs, and HRAs (sometimes grouped together as your “consumer accounts”) and your eyes glaze over, you are not alone. These accounts sound similar but work very differently. This guide explains what each one is, who keeps the money, and how to avoid common mistakes.

### The Accounts You Might See at Open Enrollment

- 1 Health Savings Account (HSA):** A personal bank account for healthcare expenses. You must be enrolled in a qualified high-deductible health plan (HDHP) to contribute. Money you put in is not taxed, grows tax-free, and is not taxed when used for eligible medical expenses. Your balance stays with you forever, including after you leave your job or retire.
- 2 Health Flexible Spending Account (Health FSA):** A pre-tax account you fund through payroll to pay for eligible medical expenses such as copays, prescriptions, and many over-the-counter items. By default, money you do not use by the end of the plan year is forfeited, but some plans allow a limited carryover or a short grace period.
- 3 Limited Purpose FSA (LPFSA):** A special Health FSA for employees who contribute to an HSA. It works like a Health FSA but can only be used for eligible dental, vision, and preventive care expenses (and in some plans, medical expenses after you've met your deductible).
- 4 Dependent Care FSA:** A separate account for eligible childcare or adult-care expenses that allow you (and your spouse, if applicable) to work. This is not the same as a Health FSA, and it does not pay for medical expenses. It has its own annual limit.
- 5 Health Reimbursement Arrangement (HRA):** An account your employer funds (you do not contribute) to reimburse you for eligible expenses. The rules around what is eligible, what carries over, and what happens when you leave depend on the specific HRA design your employer offers.

## At-A-Glance Comparison

Question	HSA	Health FSA	Limited-Purpose FSA	Dependent Care FSA	HRA
Who funds it?	You and/or your employer	You (employer can also contribute)	You (employer can also contribute)	You	Your employer only
HDHP required?	Yes	No	Yes	No	No
Compatible with an HSA?	N/A	No	Yes	Yes	Depends on plan design
Funds roll over year to year?	Yes, indefinitely	Sometimes (plan may allow limited carryover or grace period)	Sometimes (plan may allow limited carryover or grace period)	Generally no	Depends on plan design
Goes with you if you leave?	Yes	No	No	No	No
Can I change my contribution mid-year?	Yes, generally at least monthly	Only with a qualifying life event	Only with a qualifying life event	Only with a qualifying life event	No employee contributions

*This chart is general and simplified. Your specific plan may differ; refer to your plan documents for details.*

## Five Questions Employees Ask Most Often

### “Can I have both an HSA and a general, health FSA?”

Usually no, not at the same time. A general-purpose Health FSA disqualifies you from contributing to an HSA, even if it is your spouse’s FSA. A Limited-Purpose FSA (for dental, vision, and preventive care, and in some plans post-deductible medical expenses) is allowed alongside an HSA, but only if your employer offers one. A Dependent Care FSA does not affect HSA eligibility. If you are enrolling in an HSA for the first time, check whether you (or your spouse) are currently in a general-purpose Health FSA, including any year-end carryover or grace period, because that coverage can delay when you can start contributing to your HSA.

### “What happens to my HSA if I leave my job?”

Your HSA is yours. It goes with you, just like a 401(k). You can keep using the money for eligible expenses indefinitely. New contributions require you to remain enrolled in a qualified HDHP and otherwise HSA-eligible.

### “What happens to my Health FSA money at year-end?”

By default, unused money is forfeited. Some employers permit **either** a carryover of a limited amount into the next year **or** a grace period of up to 2½ months to incur new expenses. Plans cannot offer both a carryover and a grace period at the same time.

### “What if I sign up for Medicare?”

You can keep using existing HSA dollars for eligible expenses, but you cannot make new HSA contributions once you are enrolled in any part of Medicare (including Part A). If you are nearing 65 and want to keep contributing to your HSA, talk to your benefits team before enrolling.



## “Can I change my election or contributions mid-year?”

HSA contributions can generally be started, stopped, or changed at least monthly. Health FSA and Dependent Care FSA elections are locked in for the plan year unless you have a qualifying life event such as marriage, divorce, birth or adoption, or certain job changes.

## Three Common Mistakes to Avoid



### Assuming all three accounts are “use it or lose it”

HSAs roll over indefinitely. Health FSAs may or may not, depending on plan design. HRA rules vary by employer.



### Enrolling in a general-purpose Health FSA when you also want to contribute to an HSA

Enrolling in a general-purpose health FSA disqualifies you (and in some cases your spouse) from making HSA contributions for the year.

**Choose a limited Purpose FSA** to get the FSA tax benefit for dental, vision, and sometimes, post-deductible medical expenses.



### Not saving your receipts

The IRS requires HSA account holders to keep records showing distributions were used for eligible medical expenses. This is sometimes called the “shoebox rule.” Save receipts long term, especially if you let your HSA balance grow.

## Where to Get Help

For questions about your specific plan, contact your HR team. For tax questions, consult a qualified tax professional.

### Helpful IRS publications:

[IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans](#)

[IRS Publication 502, Medical and Dental Expenses](#)

[IRS Publication 503, Child and Dependent Care Expenses](#)

*This guide provides general information for employees and is not legal or tax advice. Rules, limits, and plan features change over time and vary by employer. Always refer to your specific plan documents and consult a qualified professional regarding your individual situation.*