

■ Side-by-Side Comparison

	HSA <i>Health Savings Account</i>	FSA <i>Flexible Savings Account</i>	HRA <i>Health Reimbursement Arrangements</i>	SDA <i>Self Directed Accounts</i>	MERP <i>Medical Expense Reimbursement Plan</i>
Who "owns" it?	Individual/Employee.	Individual/Employee.	Employer.	Individual/Employee.	Employer.
Who funds it?	Employer or employee or self-employed individual.	Typically funded by employee.	Employer only (self-employed precluded).	Employer/Employee thru premium payments.	Employer only (self-employed precluded).
How is it funded?	Money is deposited directly into the account.	A set amount of pre-tax wages designated by the employee is deposited directly into the account.	Employer reimburses employee when presented with a valid receipt.	Premium payments fund the account.	Employer reimburses employee when presented with a valid receipt.
Is it a personal account?	Yes.	Yes.	It is an "arrangement", not an "account."	Yes.	It is an "arrangement", not an "account."
What type of corresponding health plan is allowed?	Only high deductible plan meeting IRS guidelines.	Any type of health plan arrangement.	Any type of health plan arrangement.	Usually a high deductible plan designed by the carrier.	Any type of health plan arrangement.
Does it accrue interest?	Interest can be accrued tax free in qualified HSAs.	Interest not accrued.	Interest not accrued or addressed in IRS regulations.	Interest not accrued.	Interest not accrued. Usually a "pay as you go" plan.
Is it portable?	Roll-over is allowed- individual owns HSA, takes it when leaving employment.	Unused funds must be spent by year's end (or termination of employment before year's end), otherwise individual loses money.	HRAs cannot be rolled over to a new employer. An employer is under no obligation to continue the arrangement after employee departure, however an employer may choose to continue reimbursing a former employee's expenses from the HRA.	Roll-over to next plan year usually allowed. Only accessible while covered under the plan.	No. This is funded from employer's general account for active at work employees.
Can funds be used for non-medical expenses?	Funds used for non-medical expenses are taxed as income and incur a 10% penalty. After age 65 there is no penalty.	No, health portion of FSA only used for expenses defined under 213(d) of IRC.	No, only expenses defined under 213(d) of IRC.	No, only expenses specified in the carrier's policy.	No, only expenses defined under 213(d) of IRC.
What is the tax treatment?	Qualified HSAs are tax free as long as funds are spent on medical care defined under 213(d).	Contributions to FSA are tax free and so reduce annual taxable income.	Reimbursements to employee are tax-free as long as they are used on qualified health purchases.	Reimbursements to employee are tax-free for services stated in the policy.	Reimbursements to employee are tax-free as long as they are used on qualified health purchases.