

Contributing to a Tax-Sheltered Account

HSA vs. FSA

If your health coverage choice is	You can enroll in the following accounts	Use the accounts to pay for the following	Additional considerations
SAU Medical Plan	Health Savings Account (HSA)	<p>IRS qualified medical, dental, and vision expenses that are not covered by the High Deductible (HSA) Plan.</p> <p>You only have access to funds as you have deposited them into the account, much like a regular checking account.</p> <p>You can also use HSA money for COBRA, Medicare and certain Long Term Care premiums.</p> <p>After age 65, HSA money can be used for any expense, but is taxable if not used for IRS qualified expenses.</p>	<p>Money rolls over each year.</p> <p>Maximum contribution amount is \$3500 single/ \$7000 two person or family coverage.</p> <p>If you are enrolled in other non-HDHP coverage, eligible for Medicare, Medicaid, Tricare or have received veterans benefits in the past three months, you cannot contribute to an HSA.</p> <p>Only expenses incurred by you or <u>your IRS tax dependents</u> are eligible for reimbursement, so expenses for dependent children over age 23 may not be allowable unless they are claimed as a dependent on your tax return.</p>
	Limited Purpose Flexible Spending Account (Limited Purpose FSA)	<p>IRS qualified dental and vision expenses (for yourself and your dependents) that are not covered by an insurance plan.</p> <p>You have access to your full election amount as of January 1, even if you have not contributed the money yet.</p>	<p>A limited purpose FSA is subject to the use it or lose it rule each plan year.</p> <p>Maximum contribution amount is \$2650.</p> <p>By contributing to a limited purpose FSA, you are able to use more of your HSA money for medical expenses.</p> <p>Expenses incurred by you, your spouse, and your dependent children until the end of the calendar</p>
OR	<p><u>If you choose <i>not to contribute to an HSA</i>, or are ineligible to contribute to an HSA:</u></p> <p>Medical Flexible Spending Account (FSA)</p>	<p>Qualified medical, dental, and vision expenses (for yourself and your dependents) that are not covered by an insurance plan.</p> <p>You have access to your full election amount as of January 1, even if you have not contributed the money yet.</p>	<p>“Use it or lose it rule” applies each plan year.</p> <p>Maximum contribution amount is \$2650.</p> <p>Expenses incurred by you, your spouse, and your dependent children until the end of the calendar year in which they reach age 26.</p> <p>If you are eligible for Medicare, received veterans or Indian Health services in the past three months, or enrolled with other non-High Deductible coverage (such as through a spouse’s plan) you</p>
Waiving coverage	Medical Flexible Spending Account (FSA)	<p>IRS qualified medical, dental, and vision expenses (for yourself and your dependents) that are not covered by an insurance plan.</p> <p>You have access to your full election amount as of January 1, even if you have not contributed the money yet.</p>	<p>“Use it or lose it rule” applies each plan year.</p> <p>Maximum contribution amount is \$2650.</p> <p>Expenses incurred by you, your spouse, and your dependent children until the end of the calendar year in which they reach age 26.</p>

Although the information contained here is presented in good faith and believed to be correct, it is general in nature and is not intended as tax advice. It may not be applicable to or suitable for the individuals' specific circumstances or needs and may require consideration of other matters. Please consult with your tax professional. This publication cannot be used by any taxpayer to avoid tax penalties.

How they compare:

Plan Features	Dependent Care FSA	Health Care FSA	Limited Purpose FSA	Health Savings Account
Eligibility	Does not require a health plan election	Employees who are not enrolled in the SAU medical plan (or other high deductible health plan) or those that elect the medical plan but choose not to contribute to the HSA	Employees who elect the SAU medical plan, contribute to the HSA, and would like to set aside more pre-tax dollars	Participants in the SAU medical plan or similar coverage elsewhere
Eligible Expenses —Visit www.irs.gov for a complete list of FSA and HSA Eligible Expenses <ul style="list-style-type: none"> IRS Publication 503 for eligible dependent care expenses IRS Publication 502 for eligible health care expenses. 	Eligible dependent care expenses, such as day care for your child, elderly parent or disabled spouses. Does not cover dependent medical expenses	<ul style="list-style-type: none"> Most medical care and services Vision care Dental care (non-cosmetic) Orthodontia Prescription Drugs Over-the-counter drugs with a doctor's 	<ul style="list-style-type: none"> Vision care Dental care (non-cosmetic) 	<ul style="list-style-type: none"> Most medical care and services Vision care Dental care (non-cosmetic) Orthodontia Prescription Drugs Over-the-counter drugs with a doctor's
Maximum Annual Employee Contributions	\$5,000 (or \$2,500 if married filing separately)	\$2,650	\$2,650	\$3,500 Individual \$7,000 Family
Annual Catch-Up Contributions —Available to people over age 55	N/A	N/A	N/A	\$1,000
Tax Savings	<ul style="list-style-type: none"> Contributions are pre-tax Qualified withdrawals are tax-free 	<ul style="list-style-type: none"> Contributions are pre-tax Qualified withdrawals are tax-free 	<ul style="list-style-type: none"> Contributions are pre-tax Qualified withdrawals are tax-free 	<ul style="list-style-type: none"> Contributions are pre-tax Interest and other investment income is tax-free Qualified withdrawals are tax-free
Investment Income	N/A	N/A	N/A	Your balance earns interest
Rollover or Forfeit	Use it or lose it; You will forfeit any amount in your FSA that is not applied to pay expenses submitted by March 31st following the end of the Plan Year in which the election was effective.	Use it or lose it; You will forfeit any amount in your FSA that is not applied to pay expenses submitted by March 31st following the end of the Plan Year in which the election was effective.	Use it or lose it; You will forfeit any amount in your FSA that is not applied to pay expenses submitted by March 31st following the end of the Plan Year in which the election was effective.	Unused money rolls over from year to year to cover future health care expenses.
Portability	If you leave the company, you can use the account for eligible expenses until the end of the plan year.	If you leave the company, or transfer to ineligible status, eligible expenses incurred prior to your last day must be submitted within 30 days unless you elect Health Care FSA COBRA coverage.	If you leave the company, or transfer to ineligible status, eligible expenses incurred prior to your last day must be submitted within 30 days unless you elect Health Care FSA COBRA coverage.	Your account balance is yours; if you leave the company for any reason, your account goes with you.