# Tax Advantaged Plans (HSA & FSA)

Do you know the benefits of a health savings account (HSA) vs. a flexible spending account (FSA)? Check out the comparison table below to see which one is best for you.

**Claims Administrator:** HealthEquity | **HSA Website:** healthequity.com | **Phone:** 1-866-346-5800
**Claims Administrator:** HealthEquity | **FSA Website:** healthequity.com | **Phone:** 1-877-924-3967

## Tax-advantaged plans

| | HEALTH SAVINGS ACCOUNT (HSA) | FLEXIBLE SPENDING ACCOUNT (FSA) |
|---|---|---|
| | *If you're enrolled in the CDHP, you can use an HSA to pay medical and prescription costs tax free while investing in your retirement.*[1] | *If you're in Health1 or Health2, you can use a Health Care FSA to pay medical costs tax free. In any of the plan options, use a Dependent Care FSA to pay for child or elder care.*[1] |
| **Tax Advantages** | HSAs are "**triple tax-advantaged**" plans:<br>• Contributions are **tax deductible** and reduce your taxable income.<br>• Withdrawals for eligible medical expenses are **tax free**. [1]<br>• Earnings and interest invested in mutual funds **grow tax free**. | Contributions are **tax deductible** and reduce your taxable income.<br><br>Withdrawals for eligible medical expenses are **tax free.** [1] |
| **Company Contributions** | **ERIE makes a yearly tax-free** contribution to your account. | **ERIE does not contribute.** |
| **Rollover Growth** | **Your unused balance rolls over** each year and continues to grow. | FSAs are "use it or lose it."<br><br>**The unused balance does not roll over** each year. |
| **Portable** | You keep the money forever.<br><br>Your HSA **stays with you** if you leave ERIE, retire or change insurance. | An FSA **does not go with you** if you leave ERIE or retire. |
| **Investment Opportunity** | **Invest your savings** in a mutual fund to grow tax-free interest and supplement your other retirement plans. Use your HSA to pay medical expenses now and in retirement, tax free. | Because the account does not roll over or move with you, **you can't invest FSA funds** for the future. |

## Tax Advantaged Comparison

| | HSA[2] | HEALTH CARE FSA | DEPENDENT CARE FSA |
|---|---|---|---|
| **Available with these plan options:** | CDHP | Health2<br>Health1 | CDHP<br>Health2<br>Health1 |
| **What you can contribute each year:[3]** | Employee only: Up to $4,400<br>Other coverage levels: Up to $8,750<br>Over 55: Additional $1,000 | Up to $3,400 (pre-tax)<br>Access the entire amount you elected right away. | Up to $7,500 (pre-tax)[4]<br>Access funds as they accumulate. |
| **What ERIE contributes each year:** | Employee only: $750<br>Other coverage levels: $1,500<br>HSA seed money pro-rated based on hire date. | $0 | $0 |
| **Can be used for:** | Eligible out-of-pocket expenses under the health, dental or vision care plans. | Eligible out-of-pocket expenses under the health, dental or vision care plans. Includes over-the-counter medicines and menstrual care products. | Eligible dependent daycare expenses. |
| **If you don't use it by the end of the plan year:** | Your unused balance rolls over and continues to grow. | Your remaining balance is forfeited. | Your remaining balance is forfeited. |
| **If you leave ERIE or retire:** | The account goes with you. Keep your HSA funds even if you change employers or health plans. | Your remaining balance is forfeited. | Your remaining balance is forfeited. |
| **Investment options:** | Once your account reaches $1,000, invest in mutual funds to grow your savings. Use it for medical expenses tax-free before or after retirement. | None | None |

1. *To participate, you must elect an HSA or FSA account during Open Enrollment, at time of hire, or when you have a qualified life event. See HSA and FSA coverage and contribution details in the charts above. ↩
2. The HSA is NOT a part of the Health Protection Plan. The individual participant, not ERIE, owns his/her HSA. ↩
3. The HSA limits are maximums and depend on various factors. Consult a tax advisor or IRS Publication 969, "Health Savings Accounts and Other Tax-Favored Health Plans," for more information. ↩
4. Highly compensated Employees (defined by the IRS as having earned income, which includes base compensation not withstanding any pretax deductions, bonuses, and any other taxable employee compensation, above $160,000 per year) may contribute up to $2,500. This lower limit is necessary so ERIE's plan can comply with applicable IRS requirements. ↩