



Open Enrollment Tip #3:

SPENDING ACCOUNTS

Flexible Spending Account (FSA) vs. Health Savings Account (HSA)

Employees can put pre-tax dollars into FSAs and HSAs which can then be used for out-of-pocket medical, prescription, dental, and vision expenses. And while the accounts are similar, they have many differences. See the chart below for a quick comparison.

	Flexible Spending Account (medical account)	Health Savings Account
Who owns the account?	Employer	Member
Who contributes to the account?	Member	Member & Employer
2025 Contribution Limits	\$3,300	\$4,400 (single)/\$8,750 (family) + an additional \$1,000 for age 55 and older
Must be enrolled in HSA PPO?	No	Yes
Can funds rollover year to year?	No – with the exception of \$660	Yes
Are funds portable in the event of a job change?	No, funds are forfeited	Yes, the funds are yours
Can funds be invested?	No	Yes
Do funds accrue interest?	No	Yes
Do receipts or documentation need to be submitted?	Yes	No, but keep receipts in case of audit
When can I make elections?	Only during open enrollment unless you have a QLE mid-year	During open enrollment and anytime throughout the year

Additional items:

- 1) There are 3 flexible spending accounts available: medical, limited purpose & dependent care.
 - a) **Medical** can be used for medical, dental, prescription, and vision out of pocket expenses
 - b) **Limited** is used in conjunction with the HSA PPO plan and can only be used for dental and vision expenses
 - c) **Dependent Care** is for daycare expenses
- 2) Dependent care account limits are **\$7,500** and do NOT have the \$660 rollover allowance.
- 3) Employees must elect FSA contributions **EVERY** year! Election **DOES NOT** rollover. HSA contribution amount elected in 2025 will rollover into 2026 – no need to re-elect.

Visit <https://www.irs.gov/forms-pubs/about-publication-502> to see a complete list of IRS-qualified expenses.

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