An overview of healthcare savings accounts.*

Plan feature	Flexible Spending Account (FSA)	Health Savings Account (HSA)	Retirement Healthcare Plan (RHP)
Is enrollment into a qualified High Deductible Health Plan (HDHP) required?	No	Yes	No
How can I use this account?	Use to pay for current year out-of-pocket **qualified medical expenses (QMEs)**.	Use to pay for current and future year out-of-pocket **QMEs**.	Use to pay for out-of-pocket **QMEs** in retirement.
Who can contribute?	Employer and/or employee	Employer and/or employee[1]	Mandatory employer contributions and voluntary employee contributions (if permitted)
How are contributions taxed?	Employer and employee contributions are not taxable.	Employer and employee contributions are not taxable.	Employer contributions are not taxable; employee contributions (if permitted) are after-tax.
Are earnings taxed?	Not applicable	Not taxable	Not taxable
Are distributions taxed?	Not taxable when used for qualified medical expenses.	Not taxable when used for qualified medical expenses.[2]	Not taxable
Are there any annual contribution limits?[3]	$3,200 for **2024 – 2025**	**2025** Individual: $4,300 Family: $8,550	No limits
Are catch-up contributions available?	Not applicable	$1,000 (age 55+ and not enrolled in Medicare)	Not applicable
Does the balance carry over year to year?	Yes—if permitted under the plan, 2024 to 2025 carry over limit is $640.[4]	Yes	Yes
Are account funds immediately available for employees to use?	Funds are available for use for **QMEs** on the first day of the plan year.	Yes	No, available following separation from service or during retirement, as determined by your employer.
Are rollovers available?	No	An HSA may be transferred to another HSA.[5]	No
What type of expenses can it be used for?	Any **QMEs** defined under IRC Section 213(d). Health insurance premiums excluded. Full purpose FSA cannot be used with an HSA; however, a limited-purpose FSA can be used for vision and dental with an HSA.	Any **QMEs** defined under IRC Section 213(d), some premiums for qualified long-term care insurance and COBRA, as defined under Section 223(d)(2)(C).	Most plans allow for use of any **QMEs** defined under IRC Section 213(d), including medical, dental, vision, prescription, over-the-counter and health insurance premium expenses. Some plans restrict use to only certain types of **QMEs**; check with your employer or plan documents to confirm how your funds can be used.

*Check with your employer to see which of these healthcare accounts are offered as part of their benefits program.

Want to learn more?

Schedule an appointment with your TIAA Financial Consultant at **800-732-8353**
8 a.m. to 8 p.m. (ET) Monday through Friday.

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1. Additional restrictions apply: (1) must be covered under a qualified HDHP on the first day of any month for which eligibility is claimed, (2) must not be enrolled in Medicare, (3) may not be covered under any health plan that is not a qualified HDHP, with exception of certain permitted coverage and certain health-related payment plans and, (4) cannot be claimed as a dependent on another individual's income tax return.
2. Distributions for qualified medical expenses are tax-free. Any distributions prior to age 65 and not used for qualified medical expenses are subject to ordinary income tax and a 20% excise tax. Any distributions after age 65 that are not used for qualified medical expenses are taxable at ordinary income tax rates.
3. The contribution limits may have to be prorated on a monthly basis if a person isn't considered to be HSA-eligible the entire year.
4. Employer may limit amount. Alternatively, some plans may allow up to a 2½-month grace period, during which employees can be reimbursed for qualified medical expenses with funds remaining from the prior plan year.
5. Contact your prior HSA administrator to learn if there are any account closing fees before transferring your balance to a new HSA administrator.

Interests in any retiree healthcare plan discussed herein are offered solely by the employer.

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