



EMPLOYEE SERVICES

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## HCFSA/HSA Comparison Chart <sup>[1]</sup>

	<b>Health Savings Accounts (HSA)</b> <i>(Internal Revenue Code section 223)</i>	<b>Health Care Flexible Spending Accounts (HCFSA)</b> <i>( Internal Revenue Code section 125)</i>
What is the purpose of having one of these accounts?	While you can use your HSA to reimburse yourself with pre-tax dollars for <u>qualified medical, dental and vision expenses</u> <sup>[2]</sup> , the primary benefit of this account is to help you build up your account balance to pay for medical expenses in retirement. These accounts can rollover from year to year. Unneeded balances can be invested similar to a 401(k).	If you or your federal tax dependents incur medical, dental and/or vision expenses that aren't covered by your insurance, you can use this plan to reimburse yourself for those <u>costs that qualify</u> <sup>[2]</sup> using pre-tax dollars.
Is it available to university employees?	Yes; you must be enrolled in the <b>CU Health Plan-High Deductible</b> as the primary member.	Yes; participation in a medical plan through your employer is not required. You must re-enroll each Open Enrollment to participate.
May I enroll in both HSA and HCFSA?	No; you may not contribute to a health savings account and participate in a health care flexible spending account.	
Who is eligible to contribute?	Benefits-eligible employees	Benefits-eligible employees
Who administers the account?	OPTUM	ASI Flex

What are the maximum contribution amounts for the 2017 tax year?	\$3,400 individual coverage \$6,750 family coverage. Individuals age 55 or older can make additional "catch-up" contributions of \$1,000.	\$2,600
Is this a pre-tax contribution?	Yes	Yes
Can contributions be used to pay for health care premiums?	No; exceptions are: COBRA, health care premiums while receiving unemployment compensation, long-term care insurance and Medicare (premiums for Medicare supplemental plans are NOT allowed). <u>See IRS publication 969.</u> <sup>[3]</sup>	No
Can the unused contribution be rolled over?	Yes	No; all unused contributions are forfeited. However, a participant has until Sept. 15 of each year to utilize the prior benefit year's contribution. The deadline to submit claims is Nov. 15.
Can I take my contributions with me if I switch jobs?	Yes	No
Can I withdraw the funds for non-qualified health care expenses?	Yes, however the IRS will impose a 20% penalty tax. Penalty-free withdrawals are allowed once you turn age 65, or if you become disabled or die. However, distributions will be taxable as ordinary income. <u>See IRS publication 969.</u> <sup>[3]</sup>	N/A

Are there IRS rules to remember?	Yes; IRS maximums are calculated on a calendar-year basis. Consult your tax advisor if you have another HSA account.	Yes; IRS maximums are calculated on a calendar-year basis. Consult a tax advisor if you have had another FSA account in the same calendar year.
Are there any fees charged?	Typically HSA accounts have fees associated with them; however, as an eligible CU employee, the fees are paid by CU. Note: If you become ineligible or terminated, you are responsible for the fees.	No
Do the account contributions accrue interest?	Yes	No
Can a surviving spouse set up an account through CU?	Not through CU. Retirees and surviving spouses can set up a post-tax account with any financial institution as long as they are enrolled in a qualified high-deductible plan, and not enrolled in Medicare.	No
Can PERA members participate if they're within 3-5 years of retirement?	Yes; the health savings account does not affect your <u>highest average salary calculation</u> . <sup>[4]</sup>	Yes; however, participation will affect your <u>highest average savings calculation</u> . <sup>[4]</sup>
Do I have to make contributions to the account throughout the year, or can I make a lump sum contribution?	While you may make lump sum contributions, by default, your annual HSA allocations are divided and deducted equally from the paychecks you'll receive for the remainder of the plan year. However, you may make changes monthly (subject to payroll deadlines).	Your total annual allocation is divided by the number of pay periods remaining in the plan year. Lump sum contributions are not allowed.

If I have immediate eligible expenses, can I be reimbursed up to my annual allocated amount?	No; employees will be reimbursed up to the current account balance.	Yes; total plan-year contributions are available the first day of the plan year.
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**Links:**

[1] <http://www.cu.edu/employee-services/policies/hcfsahsa-comparison-chart>

[2] <https://www.irs.gov/publications/p502/>

[3] <https://www.irs.gov/uac/About-Publication-969>

[4] <https://www.copera.org/members>