

How do health and benefit accounts compare?

A summary of the main features of each type of account, and how some accounts can work together.

	Health Savings Account (HSA)	Health Flexible Spending Account (FSA)	Limited Purpose FSA (LPFSA)	Dependent Care FSA (DCFSA)	Health Reimbursement Arrangement (HRA)	Commuter Benefits	Lifestyle Spending Account (LSA)
What is the maximum contribution limit?	HSA Contribution Limits . Typically changes annually.	Based upon employer plan rules, but typically up to \$3,200 in 2024.	Based upon employer plan rules, but typically up to \$3,200 in 2024.	Based on employer plan rules and income limitations, but typically up to \$5,000.	Although there is no set limit, it's subject to anti-discrimination rules.	Typically changes annually. Current IRS contribution limit is \$315 monthly per account for each transit and/or parking account.	Based on employer plan rules, your employer will deposit funds into your LSA.
How does this account work?	A personal savings account that helps you save for out-of-pocket medical expenses when you have a qualified high-deductible health plan (HDHP).	Allows you to set aside pre-tax dollars to help pay for qualified medical expenses that occur during a 12-month period.	Like an FSA, but typically offered in combination with an HSA. Can only be used for qualified dental and vision expenses.	A reimbursement account that uses pre-tax dollars for dependent care expenses including daycare, after-school care and adult care.	An employer-funded account that helps you pay for qualified medical expenses not covered by your health plan.	Allows you to set aside pre-tax dollars from your paycheck to pay for qualified commuting expenses, such as a monthly train pass and parking at the station.	An employer-funded account that helps support your overall health and well-being. Your employer adds funds to your account and you can use that money to pay for eligible products and services related to physical, financial and emotional wellness.
Who owns the account?	You do. You can take it with you, even if you retire, change jobs or health plans.	Your employer.	Your employer.	Your employer.	Your employer.	Your employer.	Your employer.
Is a certain type of health plan required with this account?	A qualified HDHP.	No health plan required.	Typically used in combination with an HSA and HDHP.	No health plan required.	Check health plan requirements with your employer.	No health plan required.	No health plan required.
Who can contribute?	You and your employer.	You and your employer.	You and your employer.	You and your employer.	Employer only.	You and your employer.	Employer only.
When is the money in this account available for use?	Funds are available as soon as contributions are deposited into your account throughout the year.	The full contribution amount is available on the first day of coverage in your plan year.	The full contribution amount is available on the first day of coverage in your plan year.	Funds are available as soon as contributions are deposited into your account throughout the year.	Funds are available as soon as contributions are deposited into your account throughout the year.	Funds are available as soon as contributions are deposited into your account throughout the year.	Funds are available as soon as contributions are deposited into your account throughout the year.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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	Health Savings Account (HSA)	Health Flexible Spending Account (FSA)	Limited Purpose FSA (LPFSA)	Dependent Care FSA (DCFSA)	Health Reimbursement Arrangement (HRA)	Commuter Benefits	Lifestyle Spending Account (LSA)
Do unused funds in this account carryover to the next year?	Yes, unused funds carryover. Money in your HSA is yours to keep and you never lose it, even if you change jobs or stop working.	If your employer allows, up to \$610 for 2023 and \$640 for 2024.	If your employer allows, up to \$610 for 2023 and \$640 for 2024.	No, funds must be used during the plan year.	Yes, refer to your employer for specific details.	Yes, refer to your employer for specific details.	Refer to your employer for specific details.
Can funds in this account be invested/earn interest?	Yes, funds can be invested and earn interest, and with an HSA you have the potential for federal tax-free investment earnings. ¹	No.	No.	No.	No.	No.	No.
Can this account be combined with another health and benefit account?	Yes, with an LPFSA, DCFSA, Commuter account or LSA.	Yes, with a DCFSA, HRA, Commuter account or LSA.	Yes, with an HSA, DCFSA, HRA, Commuter account or LSA.	Yes, with an HSA, Health FSA, LPFSA, HRA, Commuter account or LSA.	Yes, with a Health FSA, DCFSA, Commuter account or LSA.	Yes, with an HSA, Health FSA, LPFSA, DCFSA, HRA or LSA.	Yes, with an HSA, Health FSA, LPFSA, DCFSA, HRA or Commuter account.
What are the tax advantages?¹	Offers potential tax advantages: ² 1. Pre-tax contributions. 2. Potential for tax-free interest and investment earnings. 3. Tax-free withdrawals for qualified medical expenses.	Contributions you make to your account that are used to pay for qualified medical, dental and vision expenses are tax free.	Contributions you make to your account that are used to pay for qualified dental and vision expenses are tax free.	Contributions you make to your account that are used to pay for qualified dependent care or adult care expenses are tax free.	Reimbursements for qualified health expenses are tax free.	Contributions deducted from your payroll on a pre-tax basis are not subject to income tax withholding, or payroll taxes such as Social Security and Medicare (FICA).	None.

¹ Some states do not allow pre-tax employer or employee contributions to certain health care accounts. Consult with your own attorney or tax advisor to understand the tax and legal consequences of a Health FSA and/or HRA plan account and how it could impact your particular situation.

² Potential Tax Advantages: You can receive federal income tax-free distributions from your HSA to pay or be reimbursed for qualified medical expenses you incur after you establish the HSA. If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax, unless an exception applies. Any interest or earnings on the assets in the account are federal income tax-free. You may be able to claim a tax deduction for contributions you, or someone other than your employer, make to your HSA directly (not through payroll deductions). In addition, HSA contributions may reduce your state income taxes in certain states. Certain limits may apply to employees who are considered highly compensated key employees. Bank of America [and Merrill] recommends you contact qualified tax or legal counsel before establishing an HSA.

Please consult your tax or legal advisor regarding specific use of health savings accounts. Investments can lose money. Neither Bank of America nor any of its affiliates provide legal, tax, or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

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