

Health Savings Account vs. Flexible Spending Account

2027 Quick Reference Guide

Choosing between an HSA and an FSA depends on your medical plan and how you want to manage healthcare expenses. Both accounts allow you to pay for eligible healthcare expenses with pre-tax dollars, helping you save money on taxes.

At-a-Glance Comparison

Feature	Health Savings Account (HSA)	Healthcare Flexible Spending Account (FSA)
Administrator	HealthEquity	FlexSave America
Who is Eligible?	Employees enrolled in an HSA-qualified High-Deductible Health Plan (HDHP). Such as the Grand Blanc Simply Blue PPO HDHP.	Employees enrolled in the FSA plan (cannot have a traditional healthcare FSA and an HSA at the same time)
2027 Contribution Limit	\$4,500 Individual / \$9,000 Family (+\$1,000 catch-up age 55+)	\$3,400* per employee
Tax Advantages	Contributions, earnings, and qualified withdrawals are tax-free	
Account Ownership	Employee owns the account and is portable (account stays with you)	Employer-sponsored. Accounts are not portable, unused funds are generally forfeited when coverage ends
Unused Money at Year-End	Always rolls over	Up to \$680* may carry over to the next plan year
Can Funds Be Invested?	Yes, once minimum balance requirements are met	No
Access to Funds	Only deposited contributions are available	Full annual election is available on day one
Can I Change My Contribution During the Year?	Yes. You may increase, decrease, start, or stop HSA contributions at any time, subject to IRS annual limits	Generally, No. FSA elections are locked in for the plan year unless you experience a qualifying life event
Use It Now or Save for Later?	Both. HSA funds can be used for qualified healthcare expenses today or saved and invested for future healthcare costs and retirement. Unused funds remain in your account year after year	Primarily designed to pay for eligible healthcare expenses incurred during the plan year. Funds are not intended as a long-term savings vehicle
Retirement Advantage	After age 65, HSA funds can be used for qualified medical expenses, including eligible Medicare premiums. Non-medical withdrawals are allowed but subject to ordinary income tax.	No retirement savings feature

*** 2027 Healthcare FSA Update:** The IRS has not yet released the 2027 Healthcare FSA contribution limit. Grand Blanc Community Schools will review the updated IRS guidance once released and will determine whether any changes will be implemented for the 2027 plan year or deferred until 2028.

Both HSA and FSA funds can typically be used for:

- Copays
- Deductibles
- Prescription medications
- Dental expenses (including orthodontia)
- Vision expenses
- Many OTC healthcare products

Healthcare FSA Highlights

- ✓ Use pre-tax dollars for eligible medical, dental, and vision expenses
- ✓ Entire annual election is available at the beginning of the plan year
- ✓ 2027 maximum election: **\$3,400***
- ✓ Unused balances may carry over up to **\$680*** into the next plan year
- ⚠ Any amount above the \$680* carryover limit may be forfeited if not used according to plan rules.

HSA Highlights

- ✓ Triple tax advantage:
 1. Contributions are tax-free
 2. Investment earnings grow tax-free
 3. Qualified withdrawals are tax-free
 - ✓ Funds never expire
 - ✓ Account belongs to you and remains yours if you change jobs or retire
 - ✓ Can be used now or saved for future healthcare expenses
 - ✓ 2027 contribution limits:
 - Individual: **\$4,500**
 - Family: **\$9,000**
 - Age 55+: Additional **\$1,000 catch-up contribution**
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Which Account Might Be Right for You?

HSA May Be Better If You:

- ✓ Are enrolled in the HDHP (such as the Grand Blanc BCBS Simply Blue HDHP PPO)
- ✓ Want to save for future healthcare costs
- ✓ Like the ability to invest unused funds
- ✓ Want money to roll over every year

FSA May Be Better If You:

- ✓ Have predictable healthcare expenses
- ✓ Want access to your full annual election immediately
- ✓ Prefer a simple reimbursement account

Dependent Care FSA Highlights

A Dependent Care FSA is separate from a Healthcare FSA and HSA.

2027 Plan Features

- Maximum election: **\$7,500* per household** (or \$3,750 if married filing separately)
- Used for eligible dependent care expenses that allow you and your spouse to work, seek work, or attend school
- Includes a **90-day grace period** after the plan year ends to incur eligible expenses
- Includes a **90-day run-out period** to submit claims

Common Eligible Expenses

- Daycare
 - Preschool
 - Before and after-school care
 - Summer day camps
 - Adult daycare for qualifying dependents
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