HSA & FSA QUICK REFERENCE GUIDE

WHAT QUALIFIES • WHAT DOESN'T • CONTRIBUTION LIMITS • BEST PRACTICES

At Infinity, we believe our clients deserve clarity, confidence, and proactive guidance in every part of their financial picture—including health-related tax savings.

Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) are powerful tools that help reduce taxable income while providing tax-advantaged dollars for medical expenses. This guide outlines the key differences and helps you understand what qualifies, what doesn't, and how to use these accounts strategically.

★ HSA VS. FSA – AT A GLANCE

	HSA	FSA
Who is eligible?	Must be enrolled in a High-Deductible Health Plan (HDHP)	Available with most employer health plans
Contribution limits (2025)	$4,300 individual / $8,550 family	Typically around $3,200 (employer-specific)
Catch-up (55+)	+$1,000	N/A
Does it roll over?	YES – indefinitely	Typically NO (use-it-or-lose-it)*
Owned by employee?	Yes	Employer-owned
Investment options?	Yes (tax-free growth)	No
Triple tax advantage?	Yes	No

*Some employers allow a small rollover (approx. $640) or offer a short grace period—this varies by plan.

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★ WHAT COUNTS AS AN ELIGIBLE MEDICAL EXPENSE?

Both HSAs and FSAs can be used for qualified medical expenses defined under IRS Publication 502. Below are the most common categories:

Medical Care

✓ Doctor visits
✓ Specialists
✓ Surgery & hospital services
✓ Labs, X-rays, diagnostic testing
✓ Chiropractic care

Medications

✓ Prescription medications
✓ Insulin
✓ Certain OTC medications without a prescription

Dental & Vision

✓ Dental cleanings, fillings, and treatment
✓ Orthodontics
✓ Eye exams, glasses, contacts
✓ LASIK

Mental Health

✓ Therapy
✓ Psychiatric care
✓ Substance abuse treatment

Medical Equipment

✓ Crutches, wheelchairs
✓ Blood pressure monitors
✓ CPAP machines
✓ Breast pumps

Menstrual Care & Family Planning

✓ Pads, tampons, menstrual cups
✓ Pregnancy tests
✓ Fertility test kits
✓ Contraceptives

★ EXPENSES THAT DO NOT QUALIFY

✗ Cosmetic procedures (Botox for cosmetic purposes, fillers, elective cosmetic surgery)
✗ Teeth whitening
✗ Gym memberships (unless medically documented)
✗ Vitamins or supplements not prescribed for a diagnosed condition
✗ Fashion eyewear
✗ Massage without a doctor's letter of medical necessity

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★ 2025 CONTRIBUTION LIMITS

HSA Contribution Limits

- Individual: $4,300
- Family: $8,550
- Age 55+: Additional $1,000 catch-up contribution

FSA Contribution Limits

- Healthcare FSA: Typically ~$3,200 (employer-specific)
- Dependent Care FSA: $5,000 per household

★ HSA ADVANTAGES (The Triple Tax Benefit)

HSAs are one of the most tax-efficient savings vehicles available:

1. Tax-deductible contributions
2. Tax-free growth when invested
3. Tax-free withdrawals for qualified medical expenses

Additional Benefits:

✓ Funds never expire
✓ Portable—your HSA follows you when you change jobs
✓ Can function as a supplemental retirement medical account
✓ Investment growth can significantly increase long-term value

★ FSA KEY POINTS

✓ Contributions reduce taxable income
✓ Must be used within the plan year
✓ Some plans offer:
• Rollover option (small amount), OR
• Grace period to use remaining funds
✓ Not portable—FSAs stay with the employer

FSAs are ideal for predictable annual medical expenses.

★ DOCUMENTS TO UPLOAD TO YOUR TAX PORTAL

To ensure accurate tax reporting, please provide:

✓ Form 5498-HSA (HSA contributions)
✓ Form 1099-SA (HSA distributions)
✓ FSA year-end summaries
✓ Employer contribution summaries (if applicable)
✓ Receipts if verifying specific expenses

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⭐ INFINITY RECOMMENDATIONS

We believe our clients deserve proactive tax strategy and clear guidance. Here's how to get the most from these accounts:

For HSA Participants

- Maximize contributions when possible
- Save receipts for potential future withdrawals
- Consider investing once your balance meets custodian minimums
- Use HSA funds strategically for retirement-age medical expenses
- Treat your HSA like a long-term tax-advantaged asset

For FSA Participants

- Estimate your annual expenses carefully
- Monitor your remaining balance monthly
- Use funds before the plan year ends
- Understand whether you have a rollover or grace period

⭐ WHEN TO CONSULT YOUR INFINITY TEAM

Reach out to us if you:

✓ Are deciding between HSA vs. FSA

✓ Expect major medical expenses this year

✓ Need a tax projection including contributions

✓ Want to understand eligible vs. non-eligible expenses

✓ Are considering investing your HSA funds

✓ Have questions about receipts, reimbursements, or distributions

Our team is here to provide clarity, confidence, and a strategy-first approach to your financial wellbeing.