

Lawley

TAX-ADVANTAGED ACCOUNTS



Comparing Tax-Advantaged Accounts

Reimbursement Accounts | *Increase Savings. Increase Benefits.*

Lawley Employee Benefits offers a variety of reimbursement accounts designed to help employers and employees maximize their healthcare spending. Whatever health plan you offer, our experts can help you enhance your employees' benefits while delivering tax-saving advantages that may increase their take-home pay and positively impact your bottom line.

Tax Savings

**Low Cost – high value
benefit enhancement**

**Easy to use/easy
to administer**

*For more details on Tax-Advantaged
Accounts, contact us at:*

lawleyinsurance.com

1.844.4LAWLEY

(HSA)

Health Savings Account

- Individual tax-advantaged bank accounts can be funded by the employer, employee or both
- Must accompany a High Deductible Health Plan (HDHP)
- Employee benefits: funds are owned by employee and accumulate year-to-year
- Employer benefit: lower premium share

(HRA)

Healthcare Reimbursement Arrangement

- Customized employer funded account (benefit)
- Flexible design choices and funding limits
- Employee benefit: saves money on reimbursed medical expenses
- Employer benefit: claims paid are tax-deductible

(FSA)

Flexible Spending Account

- Employee funded on a pre-tax basis
- Can have a debit card option for convenience
- Low-cost way to enhance your employees' benefits
- Employee benefits: tax savings on approved healthcare spending and lowers taxable income
- Employer benefits: reduces FICA and federal unemployment taxes

Tax-Advantaged Comparison

	HSA	HRA	FSA
Type of account	Health Savings Account	Health Reimbursement Arrangement	Health Flexible Spending Account
Overview	A Tax-exempt or custodial account created to pay for qualified medical expenses of the employee and his/her dependent	Employer maintained account that reimburses employees for qualified medical care expenses	Cafeteria plan account authorized under IRC Section 125 that reimburses for qualified medical expenses defined under Section 213(d)
Who owns the account?	Individual/employee	Employer	Employer
Who is eligible?	Individuals and families who are covered under a high deductible health plan and no other health plan (with the exception of some permitted insurance such as workers' comp, property insurance, insurance for hospitalization, accidents, disability, dental, vision or long-term care)	Employee whose employer offers an HRA plan	Employee whose employer offers an FSA plan
Who may fund the account?	Employer or employee, can be both in the same year Employee can contribute pre-tax dollars through Section 125 plan	Employer*	Employer/employee* Typically the employee contributes pre-tax dollars through a Section 125 plan
What plans may be offered with the tax-advantaged account?	High Deductible Health Plan: <u>2024 Minimum Deductible</u> \$1,600 Individual \$3,200 Family <u>2024 Out-of-Pocket Maximum</u> \$8,050 Individual \$16,100 Family	Group health plan	Any or no health plan
Is there a limit on the amount that can be contributed per year?	For 2024: \$4,150 Individual \$8,300 Family Catch-up contributions: \$1,000 per year – age 55 by end of tax year Reduced by MSA contributions in same year	No, there is no IRS prescribed limit	2024: Not yet released 2023: \$3,050 salary reduction contribution limit
Does the uniform coverage rule apply?	No	No	Yes
Health plan requirements	Qualified high-deductible health plan, minimum deductibles and maximum out-of-pocket set by the federal government annually	Group health plan	None
Can unused funds be rolled over from year to year?	Yes	Yes, subject to COBRA	Up to \$610 per year if elected by Plan Sponsor
Rollover from other accounts	Yes, from another HSA or MSA (does not count toward annual contribution limit) Yes, from an FSA or HRA, one-time, with restrictions and conditions (does not count toward annual contribution limit)	Generally no, except from one HRA to another at the same employer	None allowed
What expenses are eligible for reimbursement?	Section 213(d) medical expenses COBRA premiums, QLTC premiums Health premiums while receiving unemployment benefits, If Medicare eligible due to age health insurance premiums except medical supplement policies	Section 213(d) medical expenses Health insurance premiums for current employees, retirees, and qualified beneficiaries, and QLTC premiums Employer can define "eligible medical expenses"	Section 213(d) medical expenses Expenses for insurance premiums are not reimbursable, Employer can define "eligible medical expenses"
Must claims submitted for reimbursement be substantiated?	No	Yes	Yes
Does the account reimburse non-medical expenses?	Yes, but taxed as income and 20% penalty (no penalty if distributed after death, disability, or eligible for Medicare)	No	No
Is interest earned on the tax-advantaged account?	Yes, accrues tax-free	Yes, paid to the employer	No

*Self-employed individuals, including partners and more than 2% shareholders in a subchapter S-Corporation **cannot** contribute.

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Limits as of July 2023.