

Comparing the HSA, Limited Purpose Healthcare FSA, and Dependent Care FSA

| | Health Savings Account (HSA) | Limited Purpose FSA (LPFSA) | Dependent Care FSA (DCFSA) |
|---|---|---|--|
| Who owns the account? | You do. You can take it with you, even if you retire or change jobs or health plans. | Your employer. | Your employer. |
| Is a certain type of healthcare plan required with this account? | Yes, a High-Deductible Health Plan (HDHP). An HSA is tied to a HDHP medical plan. | Yes, a High-Deductible Health Plan (HDHP) & a Health Savings Account (HSA). | You do not need to be enrolled in a medical plan or any other healthcare plan. |
| Who can contribute to the account? | You (through pre-tax payroll contributions or individual tax-deductible contributions), your employer, or both. | You (through pre-tax payroll contributions). | You (through pre-tax payroll contributions). |
| Is there a maximum annual contribution limit? | Yes, the IRS limit for 2026: \$4,400 for individual and \$8,750 for all other coverages. | Yes, the 2026 IRS limit for the LPFSA is \$3,400. | Yes, the 2026 IRS limit for the DCFSA is \$7,500, depending on your tax status. |
| Are catch-up contributions allowed (for those 55 and older)? | Yes. The 2026 Annual HSA Catch-up contribution is \$1,000. | No. | No. |
| Does the money in your account carry over from year to year? | Yes. | No, "Use it or Lose it." | No, "Use it or Lose it." |
| Can you invest the funds in the account? | Yes, if the account balance exceeds \$1,000. | No. | No. |
| Can the money in your account be withdrawn on a taxable basis after age 65? | Yes. | No. | No. |
| Can this account include a debit card you can use to pay for qualified medical expenses? | Yes. | Yes. | No. |
| Do you earn interest on the money in your account? | Yes, the money in your account can earn interest tax-free. | No. | No. |
| When is the money in your account available to you? | As soon as it is deposited into your account. | The full contribution amount is available on the first day of your plan year. | As soon as it is deposited into your account. |
| What are the tax advantages? | Money in your account that is used to pay for qualified healthcare expenses is tax-free. | Your contributions are tax-free and reimbursements for qualified dental & vision expenses are free of income taxes. | Your contributions are tax-free and reimbursements for qualified dependent care expenses are free of income taxes. |