



## FSAs, HRAs, and HSAs: A Winning Game Plan

As we gear up for arguably the busiest quarter of the year, are you ready to take your clients' benefits strategy to the next level? Imagine the world of employee benefits is like a high-stakes college football game, and you're the head coach with a chance to lead your team to victory. FSAs, HRAs, and HSAs are your star players on the field, poised to help your clients make significant gains. Mastering these accounts is akin to having a winning playbook—essential for driving success and outmaneuvering the competition.

Just as in college football, where every play can change the game, leveraging these tax-advantaged accounts can revolutionize your clients' benefits packages and set them apart from the pack. Let's explore how these accounts can become your MVPs and ensure you're ready to guide your clients through a winning season.

### SETTING UP THE PLAY: UNDERSTANDING THE BASICS

Before diving into game plans, it's crucial to understand your key players on the benefits field. Think of Flexible Spending Accounts (FSAs) as your versatile running backs, always ready to adapt and maneuver through various plays. FSAs allow employees to set aside pre-tax dollars for different expenses, much like a running back navigating different strategies:

- **Healthcare FSA:** This account covers medical expenses not paid by insurance, such as copayments and prescriptions.
- **Dependent Care FSA:** It assists with dependent care services, including childcare and eldercare.
- **Limited Purpose FSA:** Specifically designated for dental and vision expenses.

Health Reimbursement Accounts (HRAs) are your dependable offensive line, funded entirely by the employer to cover out-of-pocket medical expenses. Just as the offensive line's role is crucial in protecting the quarterback and setting up plays, HRAs are managed by the employer, who decides how these funds are used and whether they roll over from year to year.



HSAs offer tax-free contributions, withdrawals and investment growth, making them a powerful tool for managing current and future healthcare costs.

Health Savings Accounts (HSAs) are game-changers in the benefits field. Owned by the employee and linked to high-deductible health plans (HDHPs), HSAs are like the star quarterback. They offer tax-free contributions, withdrawals, and investment growth, making them a powerful tool for managing current and future healthcare costs.

As of 2024, California and New Jersey impose state taxes on Health Savings Accounts (HSAs), unlike the federal government, which provides tax advantages for contributions, growth, and withdrawals used for qualified medical expenses. In these states, HSA contributions are subject to state income tax, and any earnings, including interest and investment gains, are also taxable at the state level.

## CONTRIBUTIONS AND HOW TO BOOST ENGAGEMENT

Contributions can be compared to game-changing plays that shift momentum. HRAs are funded entirely by the employer, but since employees don't contribute, there might be less engagement; any unused funds can roll over from year to year or be forfeited back to the employer at the end of each plan year.

A 2023 Employee Benefit Research Institute (EBR) survey found that 64% of employees would contribute more to an HSA if their employer matched contributions.



FSAs and HSAs, however, can involve contributions from both employers and employees, adding excitement and strategic depth. FSAs encourage employees to plan their spending carefully due to their "use it or lose it" rule. HSAs offer even more versatility, with the opportunity to roll over and invest funds, providing long-term benefits that can serve as a dual-purpose tool for managing expenses and planning for the future.

To really "up your game," consider offering an HSA with employer-matched contributions. A 2023 Employee Benefit Research Institute (EBRI) survey found that 64% of employees would contribute more to an HSA if their employer matched contributions. This approach not only boosts engagement but also significantly enhances the overall value of the benefits package, giving your clients a strategic edge.

## HIGH DEDUCTIBLE HEALTH PLANS: THE GATEWAY TO HSAS

HSAs are like the playbook's secret weapon, available exclusively to employees who are enrolled in HSA-compatible high deductible health plans (HDHPs). Understanding HSA eligibility and which plans are compatible is crucial for your clients. To be eligible to contribute to an HSA, the individual must be enrolled in an HSA Compatible health plan, not enrolled in a Health FSA unless it is Limited Purpose, cannot be claimed as a dependent on someone else's tax return, and cannot be enrolled in Medicare. A clear understanding of these details helps ensure that both you and your clients are prepared to make the most of HSAs as part of their overall benefits strategy.

By integrating FSAs, HRAs, and HSAs into your clients' benefits playbook, you're not just enhancing their offerings—you're setting them up for a game-winning season.



## MAKING THE IMPACT: POSITIONING YOUR CLIENTS FOR SUCCESS

In a competitive job market, offering innovative benefits is like having the home-field advantage. According to a 2024 study by Mercer, 72% of employees view their benefits package as a major factor in job satisfaction, with healthcare benefits being a key component<sup>1</sup>.

By guiding your clients in integrating FSAs, HRAs, and HSAs into their benefits strategy, you're not just enhancing their offerings—you're helping them build a winning team. These accounts provide employees with options to manage healthcare costs, improve financial wellness, and plan for the future, making your clients' businesses more appealing to top talent.

## BOTTOM LINE

Ready to execute a winning play? As we head into the final quarter, it's the perfect moment to elevate your clients' benefits strategy. Picture BenefitMall as your go-to assistant coach, providing the guidance and support you need to lead your team to victory. By integrating FSAs, HRAs, and HSAs into your clients' benefits playbook, you're not just enhancing their offerings—you're setting them up for a game-winning season. Reach out to your BenefitMall team today. We're here to help you master the playbook, strategize effectively, and ensure your clients' benefits packages are a true standout. Together, let's score big and make a lasting impact this season.

This article is designed to spark conversation rather than serve as a comprehensive guide. For in-depth information on these accounts, refer to IRS Publication 969.

## CONTRIBUTOR

- Patti Riemer is the Sales Executive for BenefitMall's Value Added Products Division

## END NOTES

1. [Mercer Health and Benefit Strategies for 2024](https://www.mercer.com/en-us/insights/total-rewards/employee-benefits-strategy/2024-benefit-strategies-report/) <https://www.mercer.com/en-us/insights/total-rewards/employee-benefits-strategy/2024-benefit-strategies-report/>