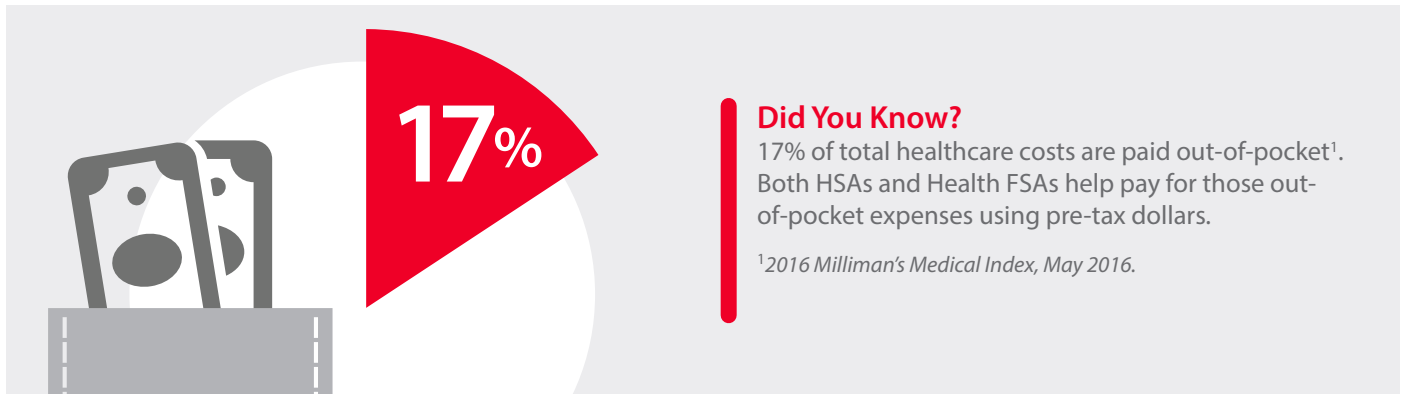


Differences in HSAs and Health FSAs

Health Savings Accounts (HSAs) and Health Flexible Spending Accounts (Health FSAs) are common types of reimbursement accounts offered by American Fidelity Assurance Company. These accounts allow you to set aside money for medical expenses, while reducing your overall tax burden.

However, there are significant differences between an HSA and a Health FSA. With an HSA, you own the account and can take it with you wherever you go, with funds that you can't lose. Also — unlike a Health FSA — your funds are available in your account as contributions are made, instead of from the beginning of the plan year.



HSA

Health FSA

Eligibility Requirements

Must have a qualified HDHP and no other disqualified health plan.

No Health FSA specific eligibility requirements.

Availability of Funds

Funds are available as contributions are made.

The full election amount is available up front at the beginning of the plan year.

Changing Contribution Amounts

May change at any point during the year subject to plan provisions.

May be adjusted at open enrollment or with a qualifying change in employment or family status.

Rollover

Always! Any unused balance rolls over in to the next plan year.

With a few exceptions, Health FSAs are "use or lose" and you forfeit any unused balance at the end of the plan year.

Connection to Employer

It's your account. You can take it with you wherever you go.

In most cases, you'll lose your Health FSA with a change in employment.

Effect on Taxes

Contributions may be taken out of your paycheck pre-tax. Growth and distributions for qualified expenses are tax free.

Contributions are taken out of your paycheck pre-tax. Distributions are tax free for qualified expenses.