

# Flexible Spending & Health Savings Accounts

When it comes to paying expenses using pretax dollars, Harvard offers the following:

- **Health Flexible Spending Account (FSA)** that lets you pay for eligible medical, dental, and vision care expenses for you and your eligible dependents
- **Limited Purpose FSA** (for those enrolled in the Harvard Health Savings Account), which covers dental and vision care expenses
- **Dependent Care FSA** that lets you pay for eligible expenses for the care of a dependent child or adult
- **Health Savings Account (HSA)** which is paired with the Harvard High Deductible Health Plan (HDHP) and can be used to pay for out-of-pocket medical, dental, and vision care expenses

## FLEXIBLE SPENDING ACCOUNT DETAILS

Contributing to a flexible spending account (FSA) helps you save money because your contributions are deducted from your pay before federal and state income taxes and FICA taxes, lowering your taxable income while helping you pay for eligible expenses.

When electing an FSA, you should estimate your expenses carefully because any money that is not used by the annual deadline will be forfeited. In most cases, you have until March 15 of the following year to incur\* expenses and until March 31 of the following year to file for reimbursement (or, if March 31 falls on a Saturday, Sunday, or holiday, the next business day).

Effective January 1, 2025, Sentinel Group administers the FSA program for Harvard. If you elect a 2025 FSA, Sentinel will provide you with a debit card to pay expenses. You can check your FSA balances, file claims, enroll in direct deposit for reimbursements, and learn more about eligible expenses on the [Sentinel Harvard Microsite](#).

Voya will continue to process reimbursements from your 2024 FSA through the runout period (March 31, 2025). You can check your FSA balances, file claims, enroll in direct deposit for reimbursements, and learn more about eligible expenses on the [Voya Financial website](#) or by going to [hr.harvard.edu](http://hr.harvard.edu) and selecting the link to Voya Financial at the bottom of any page.

## Health FSA

A Health FSA provides a way to pay for anticipated out-of-pocket health care expenses **for you and your eligible dependents** with pretax dollars you contribute. Paying for health expenses with an FSA can save you money in taxes, but you should estimate your health costs for the year carefully because the IRS requires that you forfeit any money in your account that is not spent by the deadline.\* You may contribute between \$120 and \$3,300 to a Health FSA for the 2025 calendar year, and must actively elect this benefit within 30 days of becoming eligible or during the annual benefits Open Enrollment period. If you are enrolled in the HSA you are not eligible (see Limited Purpose FSA). You also are not eligible if your spouse is enrolled in an HSA through their employer.

\* You have until March 15 of the following year to incur expenses for your Dependent Care FSA. For Health and Limited Purpose FSA, you have until your enrollment end date. If you are enrolled through December 31 you have the earliest of March 15 or your termination date to incur expenses.

## Examples of Eligible Health FSA Expenses

- Copayments, coinsurance, and deductibles
- Orthodontia and dental expenses
- Medical supplies and equipment
- Eyeglasses, lenses, contact lenses, and supplies
- Mental health and substance misuse treatments
- Over-the-counter drugs and medication
- Feminine hygiene products (i.e. tampons, liners, pads, cups, etc.)

## Limited Purpose FSA

A Limited Purpose FSA works like a Health FSA but is only available to employees who are enrolled in the Harvard HSA. Funds in the Limited Purpose FSA can be used to cover out-of-pocket dental and vision care expenses (but not medical expenses) **for you and your eligible dependents**. If you enroll in the Harvard-sponsored HSA and you want an FSA, you will need to elect a Limited Purpose FSA. You may contribute between \$120 and \$3,300 for the 2025 calendar year.

## Dependent Care FSA

If you have anticipated expenses for the care of a dependent child under age 13, or dependent adult, while you (and your spouse, if applicable) work or look for work, you may want to consider electing a Dependent Care FSA. **The Dependent Care FSA covers eligible dependent child and adult care expenses**, not health care expenses for dependents. You may contribute between \$120 and \$5,000 to your Dependent Care FSA for the 2025 calendar year, unless one of the following IRS guidelines applies to you:

- If you are married and file a separate income tax return the most you can contribute is \$2,500
- If you are married and your spouse also contributes to a dependent care FSA through their employer, the \$5,000 annual maximum is the total you and your spouse may contribute combined
- If you or your spouse earn less than \$5,000 a year, you can contribute up to the lower of the two incomes
- If your spouse has no income but is a full-time student or disabled, you can contribute up to \$3,000 per year if you have one eligible dependent and up to \$5,000 if you have two or more eligible dependents
- You may be able to change your Dependent Care FSA election during the year if you have a child who turns age 13 or you change day care providers. You have 30 days from the event date to make the change.

**Note:** If you have a Dependent Care FSA and use the [back-up care benefit](#) in the same year, you may be subject to [imputed income](#).

## Examples of Eligible Dependent Care FSA Expenses

- Care provided to child under age 13
- Care provided for your spouse or dependent of any age who normally spends at least eight hours in your home each day and cannot care for themselves because of a disability
- Payment (including related taxes) for someone who provides care in your home
- Payment to an eligible day care facility, including a senior center
- Payment to a summer day camp (some specialty camps may be excluded) and for after-school care

## Paying For Eligible Expenses with your FSA

When you enroll in an FSA, you will receive a debit card for easy, convenient payment at participating providers or merchants. You may be required to submit supporting documentation therefore you must save your receipts. If you have more than one type of FSA, you will receive one debit card that can be used for all accounts. If the expense meets the basic eligibility requirements, the provider is paid directly. Sentinel Group will review the purchase and may require you to submit receipts.

- With the Health or Limited Purpose FSA, you can spend up to the full amount of your annual election as soon as your account has been set up. Expenses must be incurred on or after your enrollment date.
- With the Dependent Care FSA, you can only spend up to the amount in your account at the time you request reimbursement. Expenses must be incurred on or after your enrollment date.

If a provider does not accept a debit card, you should pay for the expenses and submit receipts for reimbursement to Sentinel Group by the deadline. Claim forms and instructions are available on the [Sentinel Harvard microsite](#).

## HEALTH SAVINGS ACCOUNT DETAILS

If you are a faculty or nonunion staff member enrolled in Harvard's High Deductible Health Plan (HDHP) and meet other eligibility requirements, you may contribute to a Health Savings Account (HSA).

### HSA Overview

With an HSA, you can make tax-free contributions via payroll deductions (up to federal limits described below). Harvard will also make a tax-free contribution to your HSA of \$500 for individual coverage or \$1,000 if you are enrolled in one of the family coverages (including employee + spouse/domestic partner and employee + children).

The HSA can be used to pay out-of-pocket medical (including over-the-counter medications), dental, and vision expenses today and even in retirement. That is because HSA funds remain in your account and roll over from year to year.

2025 HSA MAXIMUM CONTRIBUTIONS		
COVERAGE LEVEL	HSA CONTRIBUTION	HSA CONTRIBUTION FOR AGE 55+
<b>Individual</b>	\$4,300: Includes \$3,800 employee contribution + \$500 Harvard contribution	\$5,300: Includes \$4,800 employee contribution + \$500 Harvard contribution
<b>Family</b>	\$8,550: Includes \$7,550 employee contribution + \$1,000 Harvard contribution	\$9,550: Includes \$8,550 employee contribution + \$1,000 Harvard contribution

## HSA Details

You are not required to make your own contributions, but you must elect HSA coverage to receive the tax-free contribution from Harvard.

You will get a debit card from Sentinel Group to use when paying for eligible health expenses. You can also save the funds in your HSA for future expenses.

You are not taxed on HSA funds you spend on eligible expenses. The money in your HSA rolls over from year to year, and because the HSA is fully owned by you, the money remains yours when you leave the University. After Retirement, HSA funds can even be used to pay medical premiums with tax-free dollars.

Once the balance in your HSA exceeds \$1,000, you can allocate funds to other investment options in \$100 increments. Sentinel Group offers a choice of select investment options providing a wide range of investment strategies.

**Please note:** Eligible retirees under age 65 may enroll in the HDHP but they are not eligible for Harvard's HSA.

## MORE INFORMATION

For more information about FSAs, take a look at the [Flexible Spending Accounts 101 tutorial](#).