Accounts for Tax Savings

When you enroll in an HSA Medical Option or HRA Medical Option, you will be eligible for an account you can use to pay your out-of-pocket health care expenses. You can also choose to set up a Health Care Flexible Spending Account (HCFSA) if you enroll in the HRA Medical Option.

HOW THE HSA, HRA, AND HCFSA WORK

HSA or HRA Medical Option	Oncor makes automatic contributions to your account each year based on your coverage level – plus you can earn additional medical option incentive funding if you complete certain wellness activities. The employer contribution is prorated based on the number of eligible full months remaining in the year upon enrollment. See information in the **2023 Benefits Guide** about HSA funding for those 65 and older.
HCFSA	If you are enrolled in the HRA Medical Option or waive medical coverage, you can participate in the HCFSA. An HCFSA allows you to set aside pre-tax money for eligible health care expenses for you and your dependents. HCFSAs are subject to "use it or lose it" IRS rules so you need to budget carefully. If you are also in an HRA, your HCFSA funds will pay medical, prescription drug, dental, and vision expenses first until your HCFSA funds are depleted. Then, you may use available HRA funds for these expenses, if available. **If you are enrolled in the HSA Medical Option, you may not participate in an HCFSA.**

KEY DIFFERENCES BETWEEN THE HSA AND HRA

HSA	You can participate in one of the HSA Medical Options if you are not covered by any medical plan other than a High Deductible Health Plan (for example, if you are covered by your spouse's medical plan or Medicare). You have a triple tax advantage with an HSA: – Contributions are tax-free. – Earnings accumulate tax-free. – Payments and withdrawals for qualified health care expenses are exempt from federal income tax and state tax (in most states). You can choose how you want to invest from a range of investments offered through Fidelity. Your account balance rolls over from year to year, and is yours to keep even if you no longer participate in an Oncor-sponsored plan, leave the company, or retire.
HRA	Per IRS regulations, you cannot contribute to an HRA. As long as you continue enrollment in an Oncor-sponsored plan, your account balance rolls from year to year. The account balance does not earn interest.