

A **flexible spending account (FSA)**, also known as a **flexible spending arrangement**, is one of a number of tax-advantaged financial accounts that can be set up through a [cafeteria plan](#) of an employer in the [United States](#). An FSA allows an employee to set aside a portion of earnings to pay for qualified expenses as established in the cafeteria plan, most commonly for medical expenses but often for dependent care or other expenses. Money deducted from an employee's pay into an FSA is not subject to [payroll taxes](#), resulting in substantial payroll tax savings. One significant disadvantage to using an FSA is that funds not used by the end of the plan year are lost to the employee.^[1]

The most common type of flexible spending account, the **medical expense FSA** (also **medical FSA** or **health FSA**), is similar to a [health savings account](#) (HSA) or a [health reimbursement account](#) (HRA). However, while HSAs and HRAs are almost exclusively used as components of a [consumer driven health care](#) plan, medical FSAs are commonly offered with more traditional health plans as well. In addition, funds in a [health savings account](#) are not lost when the plan year is over, unlike funds in an FSA. Paper forms or an [FSA debit card](#), also known as a Flexcard, may be used to access the account funds.