Save it. Use it. Never lose it.®

HEALTH & BENEFIT ACCOUNTS

The HSA for Life®

About The HSA for Life

A Health Savings Account (HSA) is a personal savings account that works in combination with an HSA-qualified health plan to let you set aside money on a pre-tax basis to help save for health care expenses.[1] Your HSA can be used now, next year or even when you're retired.

How it works

1. **Save it.** Contribute funds into your HSA, up to the annual maximum, when enrolled in an HSA-qualified health plan.
2. **Use it.** Use funds from your HSA when you need to pay for qualified health care expenses — now or anytime in the future.

Age 32	Age 45	Age 55	Age 65
Birth of first child	Physical therapy	MRI	Medicare premiums

3. **Never lose it.** And one of the biggest benefits of all, there are no "use-it-or-lose-it" rules.[2] Any unused funds in your HSA roll over from year to year. It doesn't matter if you change jobs, change health care plans or retire, it's yours... for life!

Paying expenses with your HSA is easy

Use your debit card[3], reimburse yourself online or pay your provider directly from the member website or mobile app.

Triple tax advantage

1. Pre-tax payroll contributions reduce the taxes you'll need to pay when you file your income taxes every year.
2. Tax-free interest and investment earnings allow your money to grow faster over time.
3. Tax-free withdrawals for qualified medical expenses give you more buying power for your health care dollars.

Note: The money you save into an HSA is exempt from Federal income tax, State income taxes (in most states), and payroll contributions are exempt from FICA tax.

Set a savings goal

Studies show that a couple could need at least $296,000 to pay for health care expenses during retirement.[4] With this in mind, here are three ideas to help you set a savings goal for your HSA:

Contribute the maximum allowed by the IRS

Take full advantage of the HSA tax savings by contributing the maximum amount each year.

Save the amount of your plan deductible

HSA-eligible health plans typically have lower premiums with higher deductibles. So it's a good idea, at minimum, to save enough to be able to pay your plan deductible for the year.

Example: If your HDHP deductible is $2,100, contribute $175 per month to reach your plan deductible amount in one year.

Save enough to have $296,000 in retirement

How much do you need to start saving each month to meet your health care costs in retirement? Use the HSA calculator to help determine how much you should be saving and spending each year to help meet your health care costs in retirement at https://bofa.wealthmsi.com/hsa/.

HSA contribution limits

	2022	2023
Individual coverage	$3,650	$3,850
Family coverage	$7,300	$7,750
Catch-up contributions (Starting at age 55)	$1,000	$1,000

Potential annual tax savings

$2,298

Family contribution	$7,750
Federal tax bracket	22%
FICA	7.65%
Income tax savings	$1,705
FICA	$593
Potential tax savings	$2,298

Keep more of your hard earned money.

Note: Hypothetical tax savings are for illustrative purposes only. Please consult your tax advisor.

Did you know?

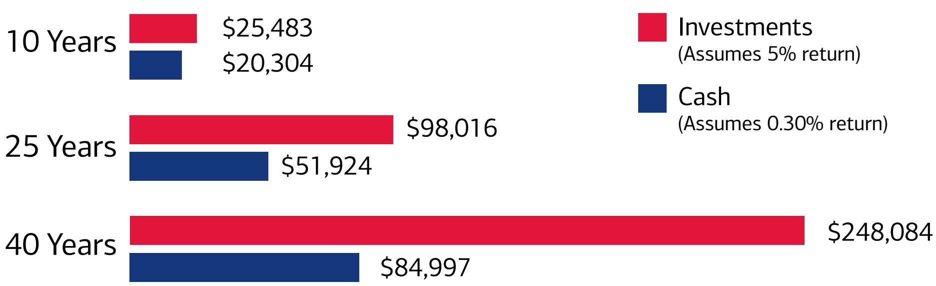
After age 65, you have the option to use the funds in your HSA to pay for non-qualified expenses. You'll just be subject to income tax on those funds.

HSA investing

Another way to maximize your HSA is to take advantage of the investment option. This feature of your HSA allows you the opportunity to invest in a wide variety of mutual funds to help your balance grow over time and save for health care expenses down the road.

Why invest your HSA?

See how choosing to save an additional $2,000 annually in your investment account can really add up!



Investment scenarios assume a monthly contribution of $416.67 and monthly withdrawals of $250.00 for a net savings of $166.67 per month with a 5% rate of return for 25 years. Cash scenario assumes a monthly contribution of $416.67 and monthly withdrawals of $250.00 for a net savings of $166.67 per month with an interest rate of 0.03% for 25 years.

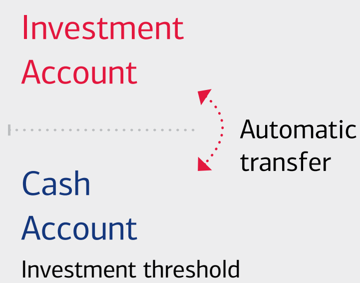
Hypothetical results are for illustrative purposes only and are not meant to represent the past or future performance of any specific investment vehicle. Investment return and principal value will fluctuate and when redeemed the investments may be worth more or less than their original cost. While you can use your HSA to pay or be reimbursed for qualified medical expenses, if you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% federal tax.

Keep in mind that investing involves risk including the possible loss of principal value invested.

Two ways to invest

Recurring automatic transfer

With this option you will establish an investment threshold* for your account — this is the amount you want to keep in your Cash Account. Then, whenever you contribute to or withdraw from the Cash Account, money will automatically be transferred between your Cash and Investment Accounts to maintain the cash threshold that you have selected.



One-time manual transfer

Once your Cash Account exceeds the minimum balance required for investing*, you can use this option to make transactions between your Cash and Investment Accounts whenever you want. This option is ideal for those who want more control over their investment transactions.

*View the investment section of the member website to find the minimum required balance for investing.

Retire strong

It's important to understand how your HSA can help you stretch your income in retirement. For example, let's consider Bill and Cathy, who are now retired. During their working years, they maximized both their 401(k) and HSA to help grow their retirement savings. Because they know that withdrawals from their HSA are tax-free if used for health care expenses, they use the money they saved in their account to pay for their qualified medical expenses. If they were to use funds from their 401(k) to pay, they would have to take out $25,000 to net the same amount after tax.

HSA Tax-free withdrawals		401(k) Taxable withdrawals
$20,000	**Withdrawal**	$25,000
– 0	**Taxes**	– 5,000
$20,000	**Qualified health care expenses in retirement**	$20,000

Example is for illustrative purposes only. Assumes a 20% total tax rate in retirement: $25,000 x 80% = $20,000. Consult with your tax or financial advisor to understand the impact federal, state and local taxes specific to your situation.

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healthaccounts.bankofamerica.com

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Get the "MyHealth BofA" mobile app[5] directly from the App Store℠ or Google Play™[6]

Download on the App Store | GET IT ON Google Play

We're here to help

If you have questions, please call the number on the back of your debit card.

[1] Potential Tax Advantages: You can receive tax-free distributions from your HSA to pay or be reimbursed for qualified medical expenses you incur after you establish the HSA. If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax. Any interest or earnings on the assets in the account are tax-free. You may be able to claim a tax deduction for contributions you, or someone other than your employer, make to your HSA. Certain limits may apply to employees who are considered highly compensated key employees. Bank of America recommends you contact qualified tax or legal counsel before establishing an HSA.

[2] "Never lose it" refers to account portability and annual rollover of accumulated assets; it does not imply you cannot lose money. The investment portion of the HSA account is not FDIC insured, not bank guaranteed and may lose value.

[3] This HSA debit card program is issued by Bank of America, N.A. Visa is a registered trademark of Visa International Service Association, and is used by the issuer pursuant to license from Visa U.S.A. Inc.

[4] Employee Benefits Research Institute, Issue Brief, no. 549, January 20, 2022. A 65-year-old couple, both with median drug expenses needs $296,000 to have a 90% chance of having enough money to cover health care expenses (excluding long-term care) in retirement. Savings needed for Medigap Premiums, Medicare Part B Premiums, Medicare Part D Premiums and Out-of-Pocket Drug Expenses for Retirement at age 65 in 2021. A 65-year-old man needs $142,000 or a 65-year-old woman would need $159,000 to have a 90% chance of having enough money to cover health care expenses (excluding long-term care) in retirement.

[5] Data connection required. Wireless carrier fees may apply. Mobile app is available on most devices.

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