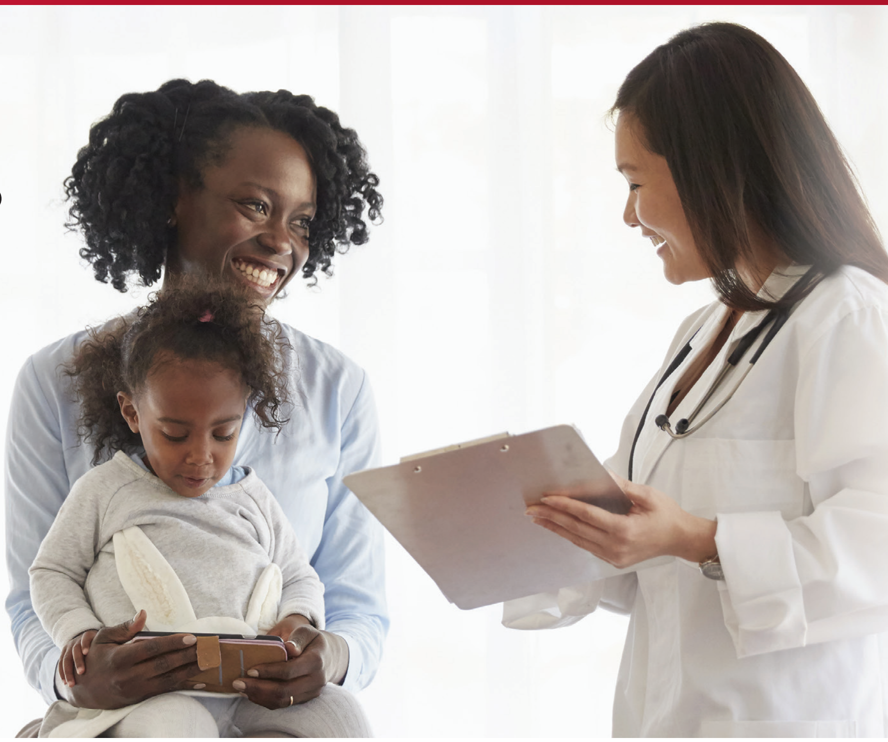
HEALTH & BENEFIT ACCOUNTS

The HSA for Life®

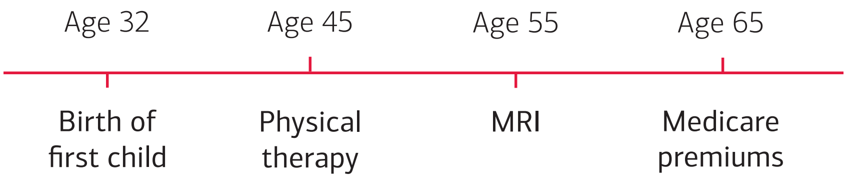


About The HSA for Life

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. 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.



3. **Never lose it.** And one of the biggest benefits of all, there are no "use-it-or-lose-it" rules. 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, 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.

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.

Set a savings goal

Studies show that a couple could need at least $296,000 to pay for health care expenses during retirement. 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

Did you know?

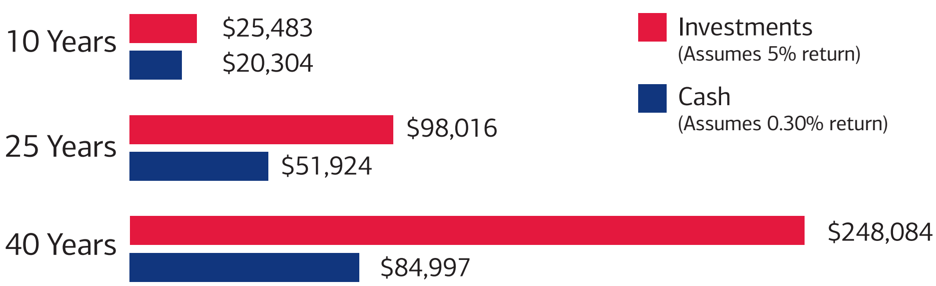
After age 65, you have the option to use the funds in your HSA to pay for non-qualified expenses. You'll just be subject to income tax on those funds.

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.

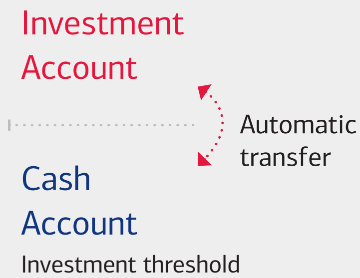
Hypothetical results are for illustrative purposes only and are not meant to represent the past or future performance of any specific investment vehicle. Investment return and principal value will fluctuate and when redeemed the investments may be worth more or less than their original cost. While you 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.

Visit our Learn Center

Find tools and resources to help you manage your health care spending.
healthaccounts.bankofamerica.com

Download the mobile app

Get the "MyHealth BofA" mobile app[5] directly from the App Store[SM] or Google Play[TM6]

We're here to help

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

[1] About Tax Benefits: 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 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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Please consult your tax or legal advisor regarding specific use of health savings accounts. Investments can lose money. Neither Bank of America nor any of its affiliates provide legal, tax, or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

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HSA frequently asked questions

If you want to understand more about HSAs, here are answers to some of the most frequently asked questions:

What is a Health Savings Account?
A Health Savings Account (HSA) is a great way to save money for out-of-pocket medical expenses like doctor visits, dental and vision care and prescriptions. It offers tax advantages that allow you to keep more of your hard-earned money, plus you can use it now or save it to cover health care costs in the future.

Am I eligible for an HSA?
You are eligible for an HSA on your own or through your employer, as long as you participate in a qualified high-deductible health plan (HDHP). You're not eligible for an HSA if you are:

- Covered by another health insurance plan, such as a spouse's plan, that is not a qualified HDHP
- Claimed as a dependent on another person's tax return
- Enrolled in Medicare benefits (if you are enrolled in Medicare and already have an HSA, you can continue to use the money in your account, but you cannot make new contributions to the account or open a new HSA)

How can contributing to an HSA help me reduce my health care costs?
An HSA can be used to pay for your qualified health care expenses on a tax-advantaged basis, helping to reduce your total health care cost. Your unused HSA funds roll over from year to year, so you can also pay for your future qualified health care expenses on a tax-free basis. Because any contributions you make from your paycheck are made before tax is applied, your contributions also save you money by reducing your taxable income.

Who is eligible to be covered by my HSA account?
Although the IRS stipulates that the HSA is an individual account, you can use it for either yourself or your family. Once you set up your individual account, you can use it to help pay for qualified medical expenses for you, your spouse and any dependent children included on your income tax returns.

How much can I put in?
The federal government establishes contribution limits each year. See the current contribution limits. If you are 55 or older you are eligible for a catch up contribution

How much should I put in my HSA?
How much you should put in your HSA is an individual decision based on your personal financial situation. Consider putting in an amount that helps you not only meet your out-of-pocket

expenses in the short term but also enables you to set aside money to invest for the long term.

How do I contribute to an HSA?
Here are three ways you can put money into your HSA:

- Payroll deduction
- Electronic transfer (from your checking or savings account using the member website)
- Mail a check. Just download and complete the HSA Contributions Form located on the member website under the Tools and Support tab.

How do I use an HSA to pay for qualified medical expenses?
You can pay with your debit card, send a check to your provider from the member website or pay the expense out of pocket and reimburse yourself using the member website

What expenses are covered?
HSAs, Health FSAs and HRAs cover many expenses that qualify as “medical care” by Internal Revenue Code Section 213(d). Generally, these are expenses incurred to diagnose, cure, treat, mitigate or prevent a disease, or for treatments affecting any structure or function of the body. This list is not exhaustive. Please refer to IRS Publication 502 for a complete list of qualified expenses.

Can I use money from my HSA to pay for medical, dental, or vision plan premiums (payroll deduction costs)?
No. Premiums for medical, dental, and vision care are not considered qualified medical expenses.

Can I use money from my HSA to pay for Medicare or other insurance premiums (payroll deduction costs)?
If you’re enrolled in Medicare and are age 65 or older, you can use your HSA funds to pay for Medicare premiums and out-of-pocket expenses. You are also allowed to use your HSA funds to pay premiums for long-term care insurance, COBRA continuation coverage costs, and any health plan coverage you pay for while receiving unemployment compensation.

Should I invest the funds in my HSA?
An HSA is a tax-advantaged way to help you pay for qualified health care expenses now and in the future. When saving for future expenses, consider investing the funds in your HSA to give your account potential for tax free growth over time.

You can set up automatic investments at any time. You set the investment threshold for your account, which is the balance you want to maintain in your cash account to pay for current expenses. Then, once your account reaches the investment transfer amount funds will automatically transfer between your cash and investments to maintain that balance.

Can my HSA earn interest?
Yes, funds in your HSA earn interest, and interest earnings are tax-free.

Can I still open an HSA for the prior calendar year?
You can open and fund an HSA for the prior calendar year until you file your income taxes or until the tax deadline (generally April 15) – whichever comes first.

How do I manage and monitor the funds in my HSA?
Access to your HSA is available anytime through the Member Website or MyHealth app, so you can:

- View your HSA account activity including deposits, transactions, and payment history.
- Make contributions (separate from payroll contributions) to your HSA.
- Complete an HSA transaction to pay a provider directly from your HSA or reimburse yourself for any qualified expenses you pay out-of-pocket.
- Manage your investment account - you can check the balance, see a summary of your fund performance, update your cash threshold, make changes to your portfolio and more.
- Request an HSA Visa debit card for yourself or any dependent on your account, age 18 or older. You can order up to nine additional cards.

What are the account fees with an HSA?
The standard monthly account fee is $2.50. If your account is offered by your Employer this fee may not apply to you.

Can I use my HSA to pay for expenses incurred before I opened my account?
No, you can only use the money in your HSA to pay for qualified medical expenses incurred after you open it.

If I have multiple HSAs, can I consolidate them?
If you have a Health Savings Account at another institution, it's easy to transfer or roll over the money to a Bank of America HSA. By consolidating your HSA money, you will benefit from the convenience of having all your money in a single account. Only one rollover is permitted every 12 months. Note: rollover and transfer contributions do not count towards the maximum annual contribution amount.

When will I receive HSA tax forms?
Tax information is always available on the member website. Go to the Statements & Notifications tab and choose HSA Tax Documents.

Bank of America mails two tax forms to account holders who had account activity in the previous tax year (contributions or withdrawals):

- Form 1099-SA is sent by February. It is sent to those who withdrew money from their HSA during the previous tax year.
- Form 5498-SA is sent by the end of May. It is sent to those who put money into their HSA during the previous tax year.

Can I make multiple and/or lump-sum contributions to my account?
Yes, as long as your annual contributions (combined with those of your employer) do not exceed the IRS-defined limits.

How do I access funds from my HSA?
Once you enroll in a Bank of America HSA, you will receive a Visa® debit card to access the funds in your account. Present your card at the doctor's office, pharmacy or other merchant or service provider to pay for qualified health care expenses. Your card makes it easier for you

to manage your health care expenses, which means you have less claims paperwork and fewer billing hassles.

What happens if I don't have enough funds in my HSA at the time I receive medical care or need to purchase eligible medical items?
If you don't have enough funds in your HSA to pay for a qualified medical expense, pay for the product or service out- of-pocket. Once additional funds have accumulated in your account, such as after a paycheck contribution, you can request reimbursement from your HSA by entering an online claim on the Bank of America portal or through the mobile app. In fact, you can request reimbursement for an expense you paid for out-of-pocket even years later, so long as your HSA was open at the time of the expense and you have a receipt establishing the expense as eligible.

What happens if I don't use all the money in the HSA by the end of the year?
The money just rolls over for use in future years, while continuing to earn interest.

What if I leave my employer? What happens to the money in my HSA?
The money stays with you. It's your money for the rest of your life. You can continue to use the account to pay for qualified health care expenses. However, the law states that you can only make new contributions to the account if you are enrolled in an HSA-eligible health plan.

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Qualified health care expenses

Pay for a wide range of eligible expenses using your accounts

Health Savings Accounts (HSAs), Health Flexible Spending Accounts (FSAs) and Health Reimbursement Arrangements (HRAs) are all tax-advantaged, so the IRS defines the types of expenses that you can pay for with these accounts. Generally, qualified expenses include doctor visits, medications, medical equipment, and dental and vision care for you, your spouse and any eligible tax dependents.

Examples of qualified medical expenses

Medical

Acid controllers
Acupuncture
Alcoholism treatment
Allergy and sinus medicine
Ambulance
Anti-diarrheals
Anti-itch and insect bite
Baby rash ointments/creams
Birth control
Body scans
Braille books and magazines
Breast pumps and lactation supplies
Chiropractor
Co-insurance (medical, dental or vision)
Copayments
Cough, cold and flu remedies
Crutches, cane or wheelchair
Deductibles
Diabetic supplies, insulin
Diagnostic services
Drug addiction treatment
Fertility enhancements
Guide dogs or other service animals
Hearing aids and batteries
Hemorrhoidal preps
Hospital services
Laboratory fees
Lamaze classes
Laxatives
Learning disability treatments
Mastectomy-related special bras
Medical equipment and repairs
Medical monitoring and testing devices
Medical supplies
Menstrual care products
Motion sickness
Nursing services
Office visits
Over-the-counter medication/drugs
Oxygen
Pain relievers (for example, aspirin)
Physical exams
Physical therapy
Pregnancy tests
Prescription drugs
Prosthesis
Psychiatric care
Reconstructive surgery following mastectomy
Respiratory treatments
Sleep aids and sedatives
Smoking cessation (programs/drugs)
Speech therapy
Surgery
Transportation, parking and related travel expenses (essential to receive medical care; subject to IRS limits)
Vaccinations
Vasectomy
Weight loss program and/or drugs (if prescribed by a physician to treat a specific medical condition)
X-ray fees

Continued on next page.

Examples of qualified medical expenses *(continued)*

Dental

Braces Dentures	Exams Extractions	Fillings Teeth cleaning	X-rays

Vision

Contact lenses	Examinations and glasses	Laser eye surgery	Reading glasses (over-the-counter)

Important tips

- If you have a Limited Purpose Flexible Spending Account (LPFSA), remember that it can only be used to pay vision and dental expenses.
- If you have an HRA, check your plan details for specifics on qualified expenses.

Eligible Expense Scanner

Our barcode scanner takes the guesswork out of what items the IRS considers qualified expenses. Just open the MyHealth mobile app[1], select "Eligible Expense Scanner" from the menu, then simply scan the item barcode to find out if it can be paid for using your health account.

For additional information

View IRS Publication 502 for a complete list of qualified expenses, and be sure to check for subsequent legislative updates.

https://www.irs.gov/forms-pubs/about-publication-502

Visit our Learn Center

Find tools and resources to help you manage your health care spending.
healthaccounts.bankofamerica.com

Download the mobile app

Get the "MyHealth BofA" mobile app directly from the App Store[SM] or Google Play[TM2]

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

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Please refer to your employer's plan description to confirm the qualified expense list available to you. Certain expenses may be subject to stricter scrutiny by the Internal Revenue Service (IRS). In this case, you may have to provide the IRS with substantiation or documentation from a physician that the service or treatment was necessary to treat a specific medical condition and/or that the expense would not have been incurred but for the medical condition.

Neither Bank of America nor any of its affiliates provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

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FAQ: HSA in retirement and Medicare

If you want to understand more about HSA in retirement and Medicare, here are answers to some of the most frequently asked questions:

What are the tax advantages of using a Health Savings Account (HSA)?
Your HSA comes with what we call a triple tax advantage. Contributions, interest, any investment gains, and withdrawals for qualified health care expenses are all federal tax-free.

What health care expenses can I pay for using my HSA?
The following are examples of health care expenses that you can pay for on a tax-free basis using your HSA:

- Premiums for Medicare Parts B, D and Medicare Part C
- Medicare deductibles, co-pays and co-insurance
- Dental and vision expenses
- Hearing aids
- Insulin and diabetic supplies
- Long-term care insurance premiums (eligible amount will vary by age)
- Over-the-counter medical equipment and supplies
- Over-the-counter medicine

Can my HSA be used for anything other than qualified health care expenses?
One benefit of the HSA is that after you turn age 65, you can withdraw money from your HSA for any reason without incurring a tax penalty. You are, however, subject to normal income tax on any non-qualified withdrawals. But if you remove money from your HSA before age 65, you are subject to a tax penalty as well as normal income taxes. If you're worried about contributing too much to your HSA because you think you may need the money to pay for other expenses in retirement, you can always access what you saved in your HSA.

Is there a limit to how much I can contribute to an HSA? If so, what is the maximum contribution per year?
Because an HSA is a tax advantaged account, the government establishes annual limits for contributions. The contribution limit is inclusive of any employer contributions/matches, your payroll contributions and any personal contributions you make to the account each plan year.

How does the HSA catch-up contribution work?
You are eligible to make a catch-up contribution of up to $1,000 beginning in the year that you turn 55. There are three ways to make your catch-up contribution:

- Increase your payroll deduction.
- Make a contribution to your account on the member website.

- Mail a contribution form with a check.
- You can make a contribution to your current year's HSA up until Tax Day of the upcoming year.

Is it a good idea to pay for medical expenses out of pocket now, and save my HSA to help pay for health care expenses after I retire?
If you can, consider paying for out-of-pocket expenses now, while you're working, and preserve your HSA for use during retirement when your income may be lower. If you cannot afford to pay for all costs out of pocket, you may want to consider setting a threshold for what you will pay out of pocket vs. using your HSA. For example, you may decide to pay any expense less than $50 out of your monthly budget and then choose to use your HSA for qualified health care expenses greater than $50. Keep receipts for any expenses that you pay for out of pocket and you can submit them for reimbursement at any point in the future.

Is it better to contribute to both my 401(k) account and HSA, instead of putting all of my retirement money in a 401(k)?
Knowing that Medicare will only pay approximately 68%* of your health care costs in retirement, it may be a good idea to set aside money in your HSA for your retirement years. When you take money out of your HSA to pay for qualified medical expenses, you do not pay taxes on the withdrawal—and you will need to pay taxes on any withdrawal from your traditional 401(k) account. That said, it may be a good idea to consult with a financial advisor to see what amount may work best for your situation.

* Medpac, July 2020 Data Book: Health Care Spending and the Medicare Program. Total spending on health care services for noninstitutionalized fee-for-service Medicare beneficiaries.

If I retire early at age 62, can I still contribute pre-tax dollars to my HSA until I turn 65?
When retiring early you can continue contributing to an HSA as long as you meet the requirements:

- You are not yet enrolled in Medicare.
- You're covered on a high-deductible health plan.
- You're not someone's tax dependent.

I'd like to keep contributing to my HSA as long as I'm working. If I continue working and have health insurance through my employer, do I have to sign up for Medicare Part A or Part B?
No. You can delay Medicare by contacting their office prior to turning 65. If you have creditable coverage through your employer's health care plan or your spouse's employer's health care plan, you qualify for a special enrollment period and are not subject to penalties for not enrolling at age 65. You can continue to contribute to your HSA as long as you are not enrolled in any part of Medicare, including A, B or D. If you are deferring Medicare, you may want to start working with Medicare three-to-six months before turning 65. Collecting Social Security will trigger enrollment in Medicare Part A and B if you are age 65 or older. You may opt out of Part B, but not Part A, which would make you ineligible to contribute to an HSA.
It may be a good idea to visit with your financial advisor about the pros and cons of deferring Medicare to continue contributing to your HSA for future health care costs.

If I sign up for Part A to avoid penalty and retain my high-deductible health plan, can I continue to contribute to my HSA to retirement?

No. Once you begin any Medicare coverage you become ineligible to contribute to an HSA.

Once I enroll in Medicare, can I continue to use my HSA?
Once you begin any Medicare coverage, you can no longer contribute to your account. However, you can continue to use your HSA funds to pay for qualified medical expenses on a tax-free basis.

What are the HSA contribution considerations in the year that I plan to start Medicare?
That depends whether you begin Medicare when you turn 65, or if you work beyond your full retirement age and defer Medicare enrollment.

If you enroll in Medicare when you turn age 65, you simply need to prorate your annual HSA contribution for the months you were covered on your high-deductible health care plan. For example, if you retire June 30—you worked six months of the year and are eligible to contribute 50% of the annual limit.

If you work beyond age 65 and defer Medicare, however, you will need to stop contributing to your HSA six months prior to receiving Social Security. Once you begin drawing Social Security after your full retirement age, you are required to have Medicare coverage and can no longer contribute to an HSA. If you file for Social Security six months or more past full retirement age, you can get up to six months in back benefits, and therefore would need to stop contributing to your HSA six months prior to your Medicare start date. You would need to prorate any annual contributions to factor this in. For example, if you retire September 30, you could only contribute 1/12 of the maximum contribution limit to your HSA for each of the months between January – March as you would receive retroactive Social Security benefits and Medicare for April – September.

My spouse is younger than I am. Can my spouse open and contribute to an HSA after I start Medicare so we can save more dollars for future health care costs?
Your spouse can contribute to an HSA as long as your spouse:

- Has elected an HSA-qualified health plan for the current coverage year.
- Is not covered by another health plan.
- Does not receive any military health care benefits.
- May not be claimed as a tax dependent on another person's tax return.
- Is not enrolled in Medicare.

Can I use my HSA to pay for Medicare premiums for myself or my spouse?
Premiums for Medicare Parts B, D and Medicare Part C are eligible expenses once the account holder reaches ages 65. You can also reimburse all of your spouse's eligible expenses, including Medicare deductibles and coinsurance. Medigap premiums, however, are not a qualified HSA expense.

If my spouse is on Medicare but still covered by my high-deductible health plan at work, can I still contribute to my HSA?
Yes. Because you are the individual account owner and not on Medicare, you can still contribute to your HSA. In fact, you can contribute up to the annual IRS limit for family coverage, plus any

catch-up contribution if eligible.

If I'm still working and have coverage with my employer, how do I decide whether it's best to start Medicare when I turn 65 or wait until I retire?
Every situation is different, so we recommend researching this decision. You may want to consider the follow resources:

- Speak with your financial advisor.
- The Medicare.gov website
- State Health Insurance Assistance Programs (SHIP)

Can I name a beneficiary to my HSA account? If not, what happens to the HSA upon my death?
Yes, by naming a beneficiary for your account, you decide who will receive the money. As you consider who to designate as your beneficiary, be aware of the following tax considerations:

- Your spouse: Your HSA transfers to your spouse along with all its tax benefits, meaning your spouse can continue to take tax-free withdrawals from the account to pay for health care expenses.
- Someone other than your spouse: They receive the balance of your account, which is taxable the year you pass away.
- Your estate: The balance of your account is transferred to your estate to be included in your final tax return.
- No beneficiary: The balance of your account transfers to your estate to be included in your final tax return.

Can my HSA pay for burial expenses?
The IRS does not include burial expense as a qualified expense. If, however, you have any final medical bills, your HSA can be used to pay for any qualified expenses after your passing.

Is it possible to transfer money from my 401(k) to my HSA?
You cannot transfer money from a 401(k), 403(b), SEP, SIMPLE or other qualified retirement plan to an HSA. You can, however, make a one-time contribution from a Traditional IRA or Roth IRA. The one-time transaction must be a direct transfer (from the IRA trustee to the HSA trustee) or a rollover (a withdrawal from your IRA deposited into your HSA within 60 days). Please note: The transfer counts toward your annual contribution limit from all sources (i.e., employer contribution, employee contribution, individual contribution).

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Discover the potential of investing with your HSA

Tax-free earning potential

A Health Savings Account earns interest like any traditional savings account, but money sitting in a cash account could be working harder for your future. With the option to invest a portion of your HSA balance in a range of mutual funds; you have the opportunity for federal tax-free earning potential that could help you build your account balance over time so you're prepared to cover qualified health care expenses for years to come and into retirement.

Cash Account

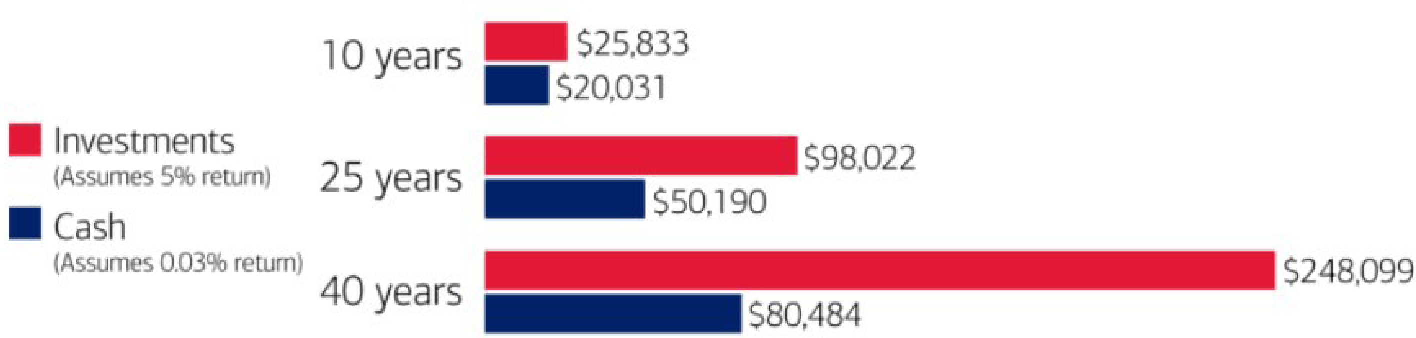
Cover your short-term health care needs.

Investment Account

Increase your tax-free earnings potential[1] to cover needs

Why invest?

Investing money each year in your HSA can help your balance grow over time so you are prepared when you need it. See how investing just $2,000 annually can really add up.



Hypothetical results are for illustrative purposes only and are not meant to represent the past or future performance of any specific investment vehicle. Each scenario assumes annual contribution of $5,000 and $3,000 in withdrawals with cash accounts earning 0.03% in interest and investment accounts a 5% rate of return. Investment return and principal value will fluctuate and when redeemed the investments may be worth more or less than original cost. Many retirees are likely to withdraw funds from their retirement savings to pay for health care expenses—but it's important to note that withdrawals from a traditional 401(k) are taxable while withdrawals from your HSA for qualified medical expenses are tax-free.

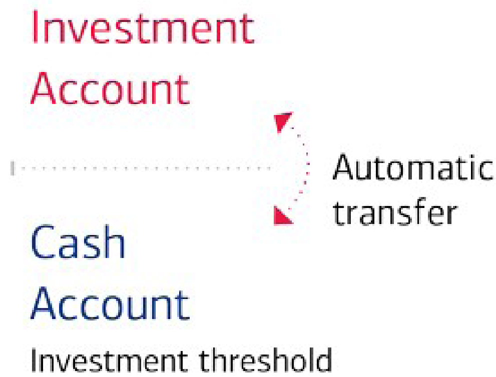
Note: When selecting investment funds for your HSA, take into consideration your overall portfolio strategy in other longer-term investments such as a 401(k) plan or IRA to ensure you are aligned with your financial goals and priorities.

Health care in retirement

Did you know a 65-year old couple could need $296,000 for health care expenses in retirement?[2] Using the investment feature of your HSA provides growth potential. Keep in mind investing involves risk including possible loss of principal value invested. In retirement you can make a tax-free withdrawal from your HSA to pay for eligible medical expenses, potentially saving you thousands of dollars in taxes.

How does the automatic investment feature work?

You establish an investment threshold[3] for your account—this is the amount you want to keep as your cash balance. Once established, your funds will automatically transfer between cash and investments to maintain that balance when contributions or withdrawals are made.



Not sure how much to set as your threshold?

Here are some suggestions to help you determine how much to set.

Choose a dollar amount you are comfortable having on hand to cover short term expenses[3]

The **annual deductible** for your health insurance plan

Estimated amount of money that you plan to **pay out of pocket** this year

1 About Tax Benefits: 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 Source: 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 2019.

3 Minimum investment balance requirements are located on the member website

HEALTH & BENEFIT ACCOUNTS

Health Savings Account midyear enrollment

About The HSA for Life

A Health Savings Account (HSA) is a personal savings and investment 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.

Enrolling in your HSA midyear

HSA contribution limits are based upon a calendar year starting January 1. However, there are some instances when you would enroll in your HSA and start contributing to your account midyear, including:

- You start a new job and enroll in a high-deductible health care plan.
- Your company's benefits renew midyear.
- You need to update your enrollment during the year based on a change in personal status, like getting married or starting Medicare.

In these cases, you will need to prorate your contributions based on the number of months you are HSA-eligible to ensure you are not exceeding the annual limit.

For 2023, you can reference this chart to find the prorated contribution that applies to your situation.

# of months	12	11	10	9	8	7	6	5	4	3	2	1
Family	$7,750	$7,104	$6,458	$5,812	$5,166	$4,520	$3,875	$3,229	$2,583	$1,937	$1,291	$645
Individual	$3,850	$3,529	$3,208	$2,887	$2,566	$2,245	$1,925	$1,604	$1,283	$962	$641	$320

Annual Maximum

Example

You start a new job on March 10 and enroll in an HSA-eligible health care plan. You become eligible to start contributing to your account on April 1, meaning that you will be making contributions only nine months of that calendar year. *Using the chart above*, you determine that you are able to contribute up to $2,887 for individual plan coverage or $5,812 for family coverage through the end of the year.

The last-month rule offers another option

If you are eligible to contribute to your HSA on the first day of the last month of your tax year (December 1), you are considered eligible for the entire year and can contribute the full amount allowed. However, there is one condition: *You need to stay enrolled in a high-deductible health care plan through the end of the following calendar year.* If you don't, you could owe income tax and an additional tax penalty on contributions in excess of the prorated amount.

Catch-up contributions

If you are 55 and older and your HSA eligibility changes during the year, you will also need to prorate your catch-up contribution.

Example

Let's say you enroll in Medicare on June 1 and are no longer eligible to contribute to your HSA. Start with the total available catch-up contribution amount ($1,000 for 2023), divide by 12 and multiply by the number of months you are eligible to contribute:

$$\left(\underbrace{\$1{,}000}_{\text{catch-up amount}} \div 12\right) \times \underbrace{5}_{\text{months eligible}} = \mathbf{\$416}$$

Changes in coverage

Changes in status, such as marriage or a birth of a child, could change your coverage from individual to family or, in the cases of divorce or death of a spouse, from family to individual. Let's look at an example to understand how this might affect your contribution limit.

Example

You have a life change event on May 1 and change your coverage from individual to family. You are eligible to contribute at the individual rate from January through April and up to the family contribution limit from May through December. *Using the chart on page 1*, you can easily calculate your prorated contribution for the year as follows:

$$\underbrace{\$1{,}283}_{\text{4 months individual}} + \underbrace{\$5{,}166}_{\text{8 months family}} = \mathbf{\$6{,}449}$$

Under the last-month rule, you could decide to contribute the family maximum of $7,750 in 2023, as long as you maintain family coverage through December 31, 2024.

Visit our Learn Center

Find tools and resources to help you manage your health care spending.
healthaccounts.bankofamerica.com

Download the mobile app

Get the "MyHealth BofA" mobile app[2] directly from the App Store or Google Play[3]

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] About Tax Benefits: 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] Data connection required. Wireless carrier fees may apply. Mobile app is available on most devices.

[3] Apple, the Apple logo, and the App Store are trademarks of Apple Inc., registered in the U.S. and other countries. Google Play is a trademark of Google LLC.

Please consult your tax or legal advisor regarding specific use of health savings accounts. Investments can lose money. Neither Bank of America nor any of its affiliates provide legal, tax, or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

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Designate a beneficiary – what happens to your HSA when you pass away?

First, let's talk about what a beneficiary is. It's the person or legal entity who will receive your HSA funds when you pass away. Designating a beneficiary is important to ensure that the funds in your HSA will easily transfer to your loved ones when you're gone. You can choose one beneficiary or, choose multiple and assign percentages to each. Plus, you can change your beneficiary at any time.

What happens to your HSA when you pass away all depends on your choice of beneficiary:

Your spouse

If your spouse is the only designated beneficiary, your HSA will be transferred to your spouse and they will own the account. Your spouse will receive all the benefits of account ownership and can make tax-free withdrawals to pay for qualified health care expenses. They may use the HSA with any type of health care plan, but if they have an HSA-eligible health insurance plan they can also make contributions to this HSA.

Someone other than a spouse

You may also name your children or other non-spouse individuals as a beneficiary. For someone other than a spouse the tax benefits of account ownership do not transfer. The balance of the account will be distributed to your beneficiary and becomes taxable to them in the year you pass away.

Your estate

You can name your estate as beneficiary. The assets will be transferred to your estate and treated as taxable income on your final tax return.

It's a good idea to consult with a tax professional if you have any questions about the tax consequences for a beneficiary designation.

What happens if you don't designate a beneficiary?

If you are married and a spouse notifies Bank of America of the passing of an account holder, we will treat the spouse as the designated beneficiary and the HSA will transfer to the spouse along with all the tax benefits.

If you are single, the balance of your account transfers to your estate to be included in your final tax return.

What your beneficiary needs to know

- In the event of your death, your beneficiary will need to complete and return the HSA Beneficiary Account Distribution Form before the funds in your HSA can be transferred to them. They can find this form on the member website or they can call the Customer Care Center to have one sent to them.
- Your beneficiary has up to one year to use the funds in your HSA to pay for any qualified medical expenses you incurred on a tax-free basis, but also have to be able to provide proof these expenses were not previously paid from your HSA.

Haven't designated a beneficiary yet?

On the member website (https://myhealth.bankofamerica.com/), go to Accounts > "Profile Summary" > "Add Beneficiary."

Is a health savings account a good idea in your 20s and 30s?

Advantage to saving early in an HSA

One good reason to contribute to an HSA when you are young is **the power of time**. When you start saving at an early age, you have the opportunity to let your money compound tax-free for thirty to forty years. *That's powerful stuff!*

Power of time + Triple tax advantage[1] = **Your HSA advantage**

Time is on your side
Save while you're young, when you're healthy and your health care costs are lower.
Even if you can't afford much now, you can still contribute a small amount into an HSA.

30 year HSA projection

If you have a net savings of $1,000 annually, that's your total contributions minus your total expenditures, you could build up a balance of $79,058 by the time you retire.

This hypothetical illustration assumes a net contribution (total annual contributions minus total annual expenditures) of $1.000 each year for 30 years at a 6% rate of return with contributions made at the end of each year. Consider your time horizon and income tax brackets, both current and anticipated, when making any decision, as these may further impact the results of the comparison. Hypothetical results are for illustrative purposes only and are not meant to represent the past or future performance of any specific investment vehicle or account. If you make pre-tax contributions to an HSA, taxes are due upon withdrawal if assets are not used for qualified medical expenses and may incur an additional 20% federal tax unless an exception applies. For amounts invested in mutual funds: Investment return and principal value will fluctuate and when redeemed may be worth more or less than their original cost.

triple tax advantage[1]

1 Pre-tax contributions

2 Tax-free interest and investment earnings

3 Tax-free payments for qualified medical expenses

It's yours for life
You can take it with you if you cange jobs.

Invest funds

Tax-free growth potential

[1]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. Bank of America recommends you contact qualified tax or legal counsel before establishing a HSA.