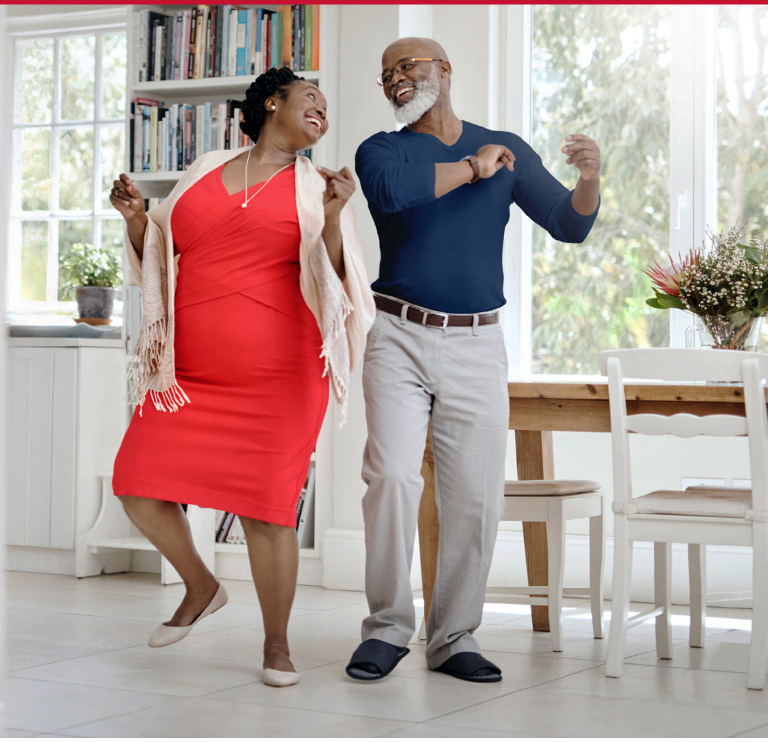
HEALTH & BENEFIT ACCOUNTS

Better together

Contributing to your Health Savings Account (HSA) and 401(k) can help your savings go further in retirement



Make the most of your savings

Because withdrawals from your HSA for qualified medical expenses are tax-free[1] and withdrawals from your traditional 401(k) are taxable, plan for health care expenses in your HSA, so you can preserve your 401(k) for lifestyle and other expenses.

Two is better than one to support your health care needs in retirement

Some estimates suggest that a couple may need $351,000[2] for out-of-pocket health care expenses in retirement. That's why a strategy of saving in two tax-advantaged[3] accounts, an HSA and a 401(k) account, could make a real difference to your overall financial wellness.

How to use each account

HSA	401(k)
Tax-free withdrawals	Taxable withdrawals
Pay for qualified medical expenses	Preserve to support desired retirement lifestyle

Triple tax advantage[3]

1. Pre-tax contributions reduce your payroll taxes.
2. Tax-advantaged earnings offer potential for your money to grow over time.
3. Tax-free withdrawals for qualified medical expenses.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value

More buying power in retirement

Andrew and Grace could need $351,000 to pay for health care expenses in retirement.[2] Saving in an HSA could enable them to cover that exact amount from their HSA, as eligible expenses paid from their account are tax-free. If they were to take that money out of their 401(k), they would be required to pay taxes on those withdrawals. This chart shows how much more they would have to pay.[*]

* *Example is for illustrative purposes only. Assumes a 20% total tax rate in retirement. $438,750 401(k) withdrawal x 20% tax rate = $351,000. Consult with your tax or financial advisor to understand the impact of federal, state and local taxes specific to your situation.*

Added benefits of an HSA

Save it. Use it. Never Lose it.®[4]

You can use your HSA funds for the current year's expenses, or you can save them to use sometime in the future — including when you're retired.

Invest for the future

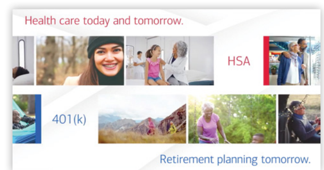
Take advantage of the investment feature of your HSA, which provides the potential for you to build your balance so that you're prepared for health care expenses in the future.[5]

Withdraw funds after age 65

You can withdraw HSA funds for non-health care expenses (they would be subject to an additional 20% tax if taken before age 65).

Better Together video

Watch this video to learn more about how an HSA and 401(k) can work together.



Visit our Learn Center

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

Download the app

Get the "MyHealth BofA" app[6] directly from the App Store® or Google Play.™[7]

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] You can take tax-free distributions for qualified medical expenses for you, your spouse and any dependents at any time, including after age 65. The Internal Revenue Service publishes a list of qualified expenses in Publication 502, Medical and Dental Expenses available at irs.gov.

[2] Employee Benefits Research Institute, Issue Brief, no. 599, January 18, 2024. A 65-year-old couple, both with median drug expenses needs $351,000 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 2023. A 65-year-old man needs $184,000 or a 65-year-old woman would need $217,000 to have a 90% chance of having enough money to cover health care expenses (excluding long-term care) in retirement.

[3] Potential Tax Advantages: You can receive federal income 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, unless an exception applies. Any interest or earnings on the assets in the account are federal income tax-free. You may be able to claim a tax deduction for contributions you, or someone other than your employer, make to your HSA directly (not through payroll deductions). In addition, HSA contributions may reduce your state income taxes in certain states. 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.

[4] "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.

[5] See the Investments section of the member website for minimum balance requirements to begin investing.

[6] Data connection required. Wireless carrier fees may apply. Mobile app not available on all devices.

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

Bank of America, N.A., Member FDIC.

Mutual Fund investment offerings for the Bank of America HSA are made available by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a registered broker-dealer, registered investment adviser, Member SIPC, and a wholly owned subsidiary of Bank of America Corporation ("BofA Corp."). Investments in mutual funds are held in an omnibus account at MLPF&S in the name of Bank of America, N.A., for the benefit of all HSA account owners. Recommendations as to HSA investment menu options are provided to Bank of America, N.A. by the Chief Investment Office ("CIO"), Global Wealth & Investment Management ("GWIM"), a division of BofA Corp. The CIO, which provides investment strategies, due diligence, portfolio construction guidance and wealth management solutions for GWIM clients, is part of the Investment Solutions Group (ISG) of GWIM.