

HEALTH & BENEFIT ACCOUNTS

Smarter together
The tax-advantaged way
to pay for health, dental
and vision expenses.



About HSAs
and LPFSAs

A Health Savings Account (HSA) is a tax-advantaged¹ personal savings account that works with an HSA-qualified health plan. It allows you to contribute funds on a pre-tax basis to save for current and future medical expenses.

A Limited Purpose Flexible Spending Account (LPFSA) is an employer-sponsored reimbursement account that allows you to set aside pre-tax money to pay for qualified dental and vision expenses.

Is an HSA/LPFSA combo right for me?

Yes, if you plan to maximize your HSA contributions to save for future health care needs, the LPFSA provides you with another tax-advantaged option to pay for dental and vision expenses.

How an HSA and LPFSA work together

When using both accounts, it's a good strategy to contribute up to the annual limit to your HSA because any unused funds roll over year after year. Then, fund your LPFSA for dental and vision expenses as those funds generally need to be spent within the calendar year.

HSA

Maximize contributions and manage spending to grow your account over time.

LPFSA

Use your LPFSA to pay for vision and dental expenses this year.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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Understanding both accounts

	HSA	LPFSA
2021 contribution limits	Individual coverage: \$3,600 Family coverage: \$7,200 Catch-up contribution: \$1,000 (for those age 55 and over)	\$2,750 <i>Note:</i> Not all plans are the same. Check with your plan provider to confirm your LPFSA contribution limit.
When are funds available?	As you make contributions, those funds become available for use.	Your full contribution amount is available on the first day of coverage in your plan year.
Do the funds expire?	No. Unspent funds roll over year after year. The account is yours to keep and you never lose it ² — even if you change jobs or stop working.	Yes. The use-it-or-lose-it rule means that the funds in your LPFSA must be spent during the year or you lose them (some plans allow for a grace period or limited carryover period). ³

How much should I contribute to each account?

Health Savings Account

- If you can, contribute the maximum allowed by the IRS to take full advantage of the tax savings and build your health care savings.
- Save enough to pay your plan deductible. For example, if your HDHP or HSA eligible coverage plan deductible is \$2,100, contribute \$175 per month to reach your plan deductible amount in one year.
- Use the HSA calculator for help in setting your savings goal.
<https://bofa.wealthmsi.com/hsa/>

Limited Purpose Flexible Spending Account

Determine how much you think you'll need for dental and vision expenses for the year. LPFSA funds are subject to the "use-it-or-lose-it" rule meaning unused funds do not roll over. This could include:

- Dental care, orthodontia, eyeglasses, contact lenses and laser eye surgery
- Copayments, coinsurance and deductibles for dental and vision
- Prescribed dental and vision products

Note: LPFSA funds do not cover cosmetic dental surgery.

Tips to help you use this benefit



Save your receipts

As this is a tax-advantaged plan, the IRS requires you to provide proof that an expense is qualified. You may receive a notification instructing you to submit receipts for a claim.



Use the Receipt Organizer

Quickly upload an electronic copy of any health care receipt using the MyHealth mobile app. You can easily access your receipts any time you need to provide documentation to verify an expense.



How Chris is using his accounts

During open enrollment Chris plans his health care expenses for the upcoming year. Although he'll only need about \$1,000 for qualified health care expenses, he'll still maximize his HSA contribution to build his savings for future expenses. He's also going to need \$1,500 to pay for dental work, so he'll contribute to his LPFSA to cover that expense. This strategy will allow him to save \$1,020 in taxes and be able to roll over \$2,600 from his HSA.

HSA contribution	\$3,600
LPFSA contribution	\$1,500
Total contributions	\$5,100
Tax rate	20%
Tax savings	\$1,020
Qualified health care expenses (HSA)	\$1,000
Dental work (LPFSA)	\$1,500
Annual expenses	\$2,500
HSA balance rollover	\$2,600




Hypothetical results are for illustrative purposes only.

Tips for investing your HSA balance

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.

Three ways to pay with your HSA/LPFSA

-  Pay with your Bank of America Health Benefit Spending Account Visa® debit card⁴ at the time of purchase, or when your provider sends a bill.
-  Pay a provider directly from the member website or the MyHealth mobile app.
-  Pay out-of-pocket and then reimburse yourself on the member website or the MyHealth mobile app.



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 app⁵ directly from the App StoreSM 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 Health FSA plans may be amended to permit a maximum of \$500 of unused amounts remaining at the end of a plan year to be carried forward to the subsequent plan year OR they may allow for a 2½ month grace period. Employers who so choose may only offer one of the available options: either the carry forward OR the 2½ month grace period. It is not permissible to have both provisions in the plan for a given year. Employers may also choose to offer neither option, so you should check with your employer if you have any questions.

⁴ This Health Account Visa 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.

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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