

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 personal savings account that works in combination with a high-deductible health plan (HDHP) to let you set aside pre-tax money for health care expenses and helps you keep more money in your pocket.

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.

## 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 carryover year after year. Then, fund your LPFSA for this year's 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.

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Use the [HSA calculator](https://bofa.ssnc.cloud/hsa) for help in setting your savings goal.  
[bofa.ssnc.cloud/hsa](https://bofa.ssnc.cloud/hsa)

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Investment products:

Are Not FDIC Insured

Are Not Bank Guaranteed

May Lose Value

## Understanding both accounts

	HSA	LPFSA
<b>2024 contribution limits</b>	Individual coverage: \$4,150 Family coverage: \$8,300 Catch-up contribution: \$1,000 (for those age 55 and over)	\$3,200 <i>Note: Not all plans are the same. Check with your plan provider to confirm your LPFSA contribution limit.</i>
<b>When are funds available?</b>	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.
<b>Do the funds expire?</b>	No. Unspent funds carryover year after year. The account is yours to keep and you never lose it <sup>1</sup> — 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). <sup>2</sup>

## How Chris is using his accounts

During open enrollment Chris plans his health care expenses for the upcoming year. Although he generally only spends \$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 allows him to potentially save \$1,675 in taxes and be able to carryover \$3,150 from his HSA at the end of the year.

HSA contribution	\$4,150
LPFSA contribution	\$1,500
<b>Total contributions</b>	<b>\$5,650</b>
Federal tax rate (22%)	\$1,243
FICA tax rate (7.65%)	\$432
<b>Potential tax savings</b>	<b>\$1,675</b>
Qualified health care expenses (HSA)	\$1,000
Dental work (LPFSA)	\$1,500
<b>Total annual expenses</b>	<b>\$2,500</b>
<b>HSA balance rollover</b>	<b>\$3,150</b>

*Hypothetical results are for illustrative purposes only.*



### Visit our Learn Center

Find tools and resources to help you manage your health care spending.  
[healthaccounts.bankofamerica.com](https://healthaccounts.bankofamerica.com)



### Download the app

Get the “MyHealth BofA” app<sup>3</sup> directly from the App Store<sup>SM</sup> or Google Play.<sup>TM4</sup>



### We're here to help

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

<sup>1</sup> “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.

<sup>2</sup> Health FSA plans may be amended to permit a maximum of \$640 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.

<sup>3</sup> Data connection required. Wireless carrier fees may apply. Mobile app is available on most devices.

<sup>4</sup> App Store<sup>SM</sup> is a service mark of Apple Inc. Google Play<sup>TM</sup> store is a registered 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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