Save it. Use it. Never lose it.®

Maximizing The HSA for Life®

Bank of America

An HSA is a smart choice now, and in the future

To make the most of your Health Savings Account (HSA), it's important to have a good understanding of all the advantages that come with your account.

The triple-tax advantage[1]

When you take advantage of the triple-tax benefits of an HSA, your savings can add up through:

IRS

1. Pre-tax contributions

Money contributed to your HSA is exempt from federal and state income tax (in most states), and earns interest.

2. Potential for tax-free interest and investment earnings

Any investment earnings in your HSA grow tax-free, including dividends, interest and capital growth.

3. Tax-free payments for qualified medical expenses

Use your HSA to pay for qualified health care expenses tax-free, including some that aren't typically covered by insurance or Medicare.

Invest in your future

Another way to maximize your HSA is to take advantage of the investment option. This feature of your HSA gives you the opportunity to grow your funds with an Investment Account that can help you save for future health care expenses.

Once your balance reaches $1,000, you're eligible to invest any portion of your HSA balance above this level into select mutual funds.

Add a strong element to your retirement strategy

After age 65, you have the option to make distributions from your HSA for non-eligible health care expenses.[2] Having the HSA for tax-free medical expenses in retirement, with the added flexibility of knowing you have access to the funds for non-qualified expenses, can help with your retirement planning strategy.

Tax savings over 20 years

Annual HSA contributions	$3,000
Annual expenses from HSA	$500
Tax bracket	28%
Investment earnings	5.5%
Number of years to project	20

Balance end of year 20: $87,170

Tax savings end of year 20: $28,550

This illustrates a net contribution of $2,500 per year. Over 20 years this adds up to $50,000. This example is for illustrative purposes and does not represent an actual investment.

HSA contribution limits

	2017	2018
Single coverage	$3,400	$3,450
Family coverage	$6,750	$6,900
Catch-up contribution*	$1,000	$1,000

**If you are 55 or over during the calendar year, you may also make a "catch-up contribution" of an additional $1,000 each year over the annual contribution limit. This allows people nearing retirement age to maximize their tax savings, while increasing savings for their long-term health care.*

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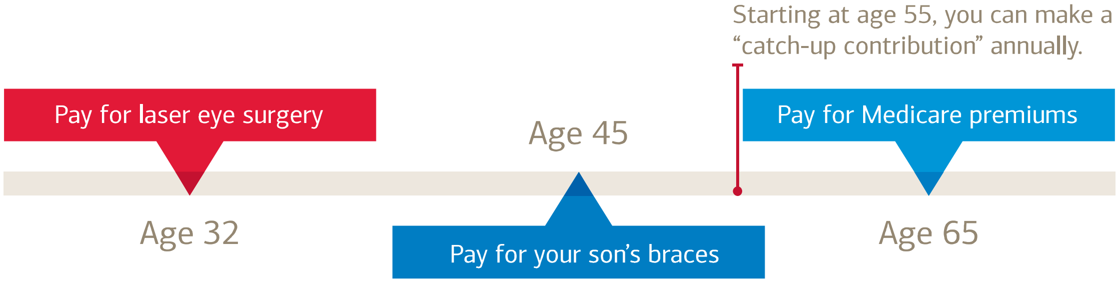
Retire well

Studies show that a healthy couple could need at least $265,000 to pay for health care expenses in their retirement.[3] Making informed decisions around health and money can help you prepare for the future. If you're thinking Medicare will cover all of your expenses, think again. But, an HSA can cover any gaps like helping you pay for Medicare premiums and qualified health care expenses not typically covered – including vision and dental expenses.



How an HSA can work with other retirement accounts

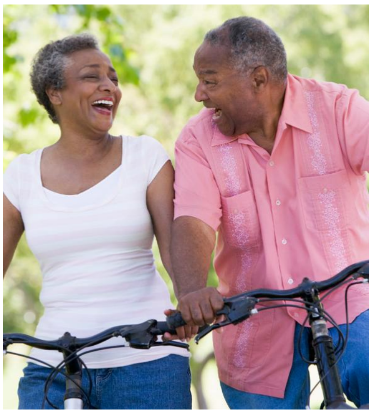
1 If your employer matches your 401(k) contributions, maximize up to their match amount

2 Then, it's a good idea to fund your HSA to the annual maximum contribution limits

3 Any remaining funds can then be added to your 401(k) up to the maximum annual limit

Make the most of your spending power

When paying for health care costs in retirement, the HSA is a smart way to go. The money you contribute is not only tax deductible with tax-free growth, but can also be used to pay for health care expenses tax-free. The example below illustrates the tax benefits of using an HSA compared to a 401(k) for health care expenses in retirement:



Bill and Shirley expect to have more than $20,000 in medical expenses this year including Medicare costs, hearing aids and a possible shoulder surgery. If they use their HSA, the money is tax-free. However, if they withdraw funds from their 401(k), they will need to withdraw a larger amount to net $20,000.

HSA option: $20,000

Bill and Shirley withdraw $20,000 tax-free.

401(k) option: $24,000

Bill and Shirley withdraw $24,000 at an assumed income tax rate of 17% to achieve a net amount of $20,000.

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 Withdrawals for non-qualified health care expenses are subject to income tax. 3 Sources: Employee Benefits Research Institute, January 2017. A 65-year-old couple, both with median drug expenses would need $265,000 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 2016. A 65-year-old man would need $127,000 or a 65-year-old woman would need $143,000 to have a 90% chance of having enough money to cover health care expenses (excluding long-term care) in retirement.