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.

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.
Maximizing The HSA for Life®

Retire well
Studies show that a healthy couple could need at least $265,000 to pay for health care expenses in their retirement.¹
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 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 Withdrawal 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 $356,000 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 auto-inflation drug expenses for retirement after 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.

Mutual fund investment services for the Bank of America HSA are provided by Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPS”), a registered broker-dealer. Member SIPC and a wholly owned subsidiary of Bank of America Corp. (“BofA Corp”). Investments in mutual funds are held in an omnibus account at MLPS in the name of Bank of America, N.A. (“BANA”), for the benefit of all HSA account owners. Investment advisory services for the HSA are provided to BANA by Devenir Investment Advisers, LLC, a registered investment adviser. Devenir is not an affiliate of BofA Corp.

Investments in mutual funds:

**ARE NOT FDIC INSURED** | **ARE NOT BANK ISSUED OR GUARANTEED** | **MAY LOSE VALUE**
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Certain associates are registered representatives with MLPS and may assist you with investment products and services.

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