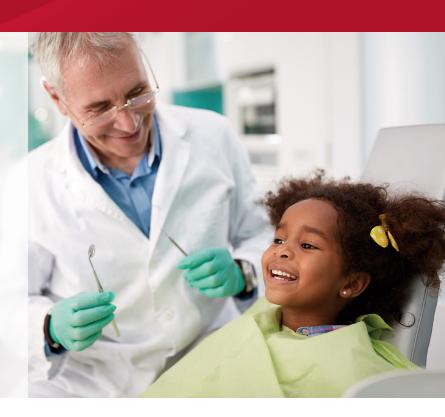


HEALTH & BENEFIT ACCOUNTS

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 carry over 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.



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

Use the HSA calculator for help in setting your savings goal. bofa.ssnc.cloud/hsa

Understanding both accounts

HSA LPFSA 2025 Individual coverage: \$3,200 contribution \$4,400 Note: Not all plans are the limits Family coverage: same. Check with your plan provider to confirm your \$8,750 LPFSA contribution limit. Catch-up contribution: \$1.000 (for those age 55 and over) When As you make Your full contribution are funds contributions, those amount is available available? funds become on the first day of available for use. coverage in your plan year. Do the No. Unspent funds Yes. The "use-it-orfunds carry over year after lose-it" rule means expire? year. The account is that the funds in your yours to keep, and you LPFSA must be spent never lose it1 — even during the year, or if you change jobs or you lose them (some stop working. plans allow for a grace period or limited carryover period).2

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 medical 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 \$1,749 in taxes and be able to carry over \$3,400 from his HSA at the end of the year.

HSA balance rollover	\$3,400
Total annual expenses	\$2,500
Dental work (LPFSA)	\$1,500
Qualified medical expenses (HSA)	\$1,000
Potential tax savings	\$1,749
FICA tax rate (7.65%)	\$451
Federal tax rate (22%)	\$1,298
Total contributions	\$5,900
LPFSA contribution	\$1,500
HSA contribution	\$4,400

Hypothetical results are for illustrative purposes only.



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¹ "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.

² 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.

³ Data connection required. Wireless carrier fees may apply. Mobile app not available on all devices.

⁴ App StoresM is a service mark of Apple Inc. Google Play™ store is a registered trademark of Google LLC.