

Frequently Asked Questions

Comparing the HSA, HRA, Health FSA, Limited Purpose FSA and Dependent Care FSA

	HSA	HRA	Health FSA	LPFSA	DCFSA
Who owns the account?	You do. You can take it with you, even if you retire, change jobs or health plans.	Your employer	Your employer	Your employer	Your employer
Is a certain type of health plan required with this account?	Yes, a High Deductible Health Plan (HDHP).	No	No	No	No
Who can contribute to the account?	You (through pre-tax payroll contributions or individual tax-deductible contributions), your employer or both.	Employer only	You (via payroll deduction), your employer or both.	You (via payroll deduction), your employer or both.	You (via payroll deduction), your employer or both.
Is there a maximum annual contribution limit?	For 2014: \$3,300 (Individuals) \$6,550 (Families)	Yes. Your employer can contribute as much as they choose to your account (subject to antidiscrimination rules).	Yes. This is based on employer plan rules, but typically up to \$2,500.	Yes. This is based on employer plan rules, but typically up to \$2,500.	Yes. This is based on employer plan rules, but typically up to \$5,000.
Are catch-up contributions allowed (for those 55 years and older)?	Yes. \$1,000 annual limit (2014)	N/A	N/A	N/A	N/A
Does the money in your account carry over from year to year?	Yes	Yes, if your employer chooses to do so.	Yes, if your employer chooses to do so. ¹	No. "Use it or Lose it"	No. "Use it or Lose it"
Can you invest the funds in the account?	Yes, if the account balance exceeds \$1,000.	N/A	N/A	N/A	N/A
Can the money in your account be withdrawn on a taxable basis after age 65?	Yes	No	No	No	No
Does this account include a debit card you can use to pay for qualified medical expenses?	Yes	Determined by your employer.	Yes (does not include Dependent Care FSA Accounts).	Yes	No
Do you earn interest on the money in your account?	Yes, the money in your account can earn interest tax-free.	No	No	No	No
When is the money in your account available to you?	As soon as it is deposited into your account.	Your employer can choose to make the full amount available to you on the first day of the plan or prorate the contributions throughout the year.	The full contribution amount is available on the first day of your plan year.	The full contribution amount is available on the first day of your plan year.	As soon as it is deposited into your account.
What are the tax advantages?	Money in your account that is used to pay for qualified health care expenses is tax-free.	Money in your account is not treated as taxable income when you use it to pay for qualified health care expenses.	Your contributions are tax-free and reimbursements are free of income taxes.	Your contributions are tax-free and reimbursements are free of income taxes.	Your contributions are tax-free and reimbursements are free of income taxes.

¹On October 31, 2013, the IRS modified the "Use-or-Lose" rule for Health Flexible Spending Arrangements (Health FSAs) effective for plan years beginning on or after December 28, 2012. Health FSA plans may now be amended to permit a maximum of \$500 of unused amounts remaining at the end of a plan year in a Health FSA may be carried forward to the subsequent plan year and used for qualified healthcare expenses incurred in subsequent years. Any amounts remaining in the plan from the previous year that exceed the \$500 maximum (or a smaller amount as per the plan document) are forfeited. This is a voluntary provision; employers do not have to offer the carry forward option or the grace period as part of their plan. Employers who so choose, may only offer one of the available options: either the carry forward OR the 2 ½ month grace period. It is not permissible to have both provisions in the plan for a given year. Note: The carry forward option and guidance from the IRS applies only to Health FSAs, it does not apply to dependent care FSAs.

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