

# **FINANCIAL WELL-BEING**

**YOUR 401(K) AND HSA  
WORKING TOGETHER FOR  
LONG-TERM FINANCIAL  
SECURITY**

**Honeywell**





# Agenda



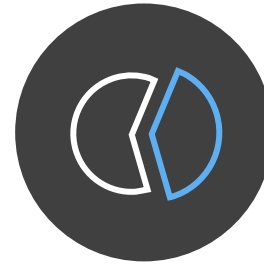
Savings Guidelines



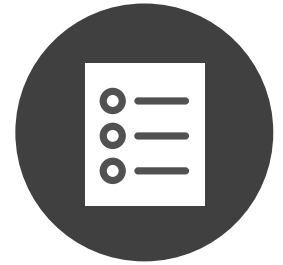
Five Important  
Factors for  
Retirement Savings



Honeywell 401(k)  
Plan Investment  
Options



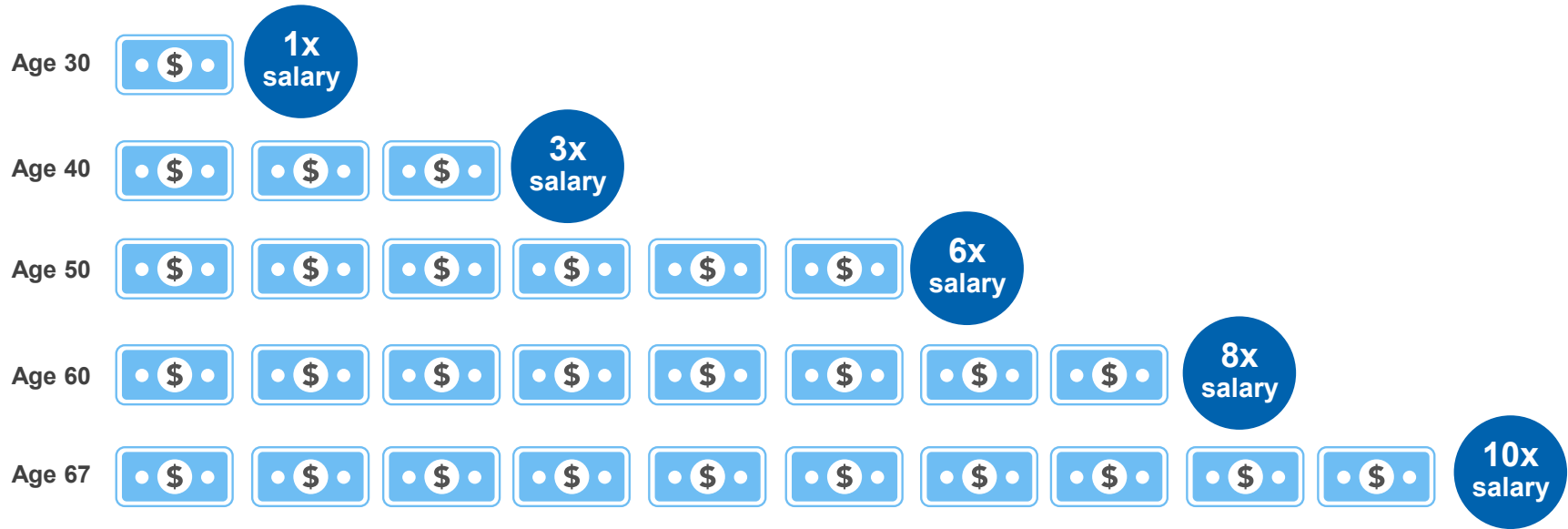
Maximize the  
Benefits of Your  
HSA



Q&A



# 10X Rule



Fidelity has developed a series of salary multipliers in order to provide participants with one measure of how their current retirement savings might be compared to potential income needs in retirement. The salary multiplier suggested is based solely on your current age. In developing the series of salary multipliers corresponding to age, Fidelity assumed age-based asset allocations consistent with the equity glide path of a typical target date retirement fund, a 15% savings rate, a 1.5% constant real wage growth, a retirement age of 67 and a planning age through 93. The replacement annual income target is defined as 45% of pre-retirement annual income and assumes no pension income. This target is based on Consumer Expenditure Survey (BLS), Statistics of Income Tax Stat, IRS tax brackets and Social Security Benefit Calculators. Fidelity developed the salary multipliers through multiple market simulations based on historical market data, assuming poor market conditions to support a 90% confidence level of success.

\*\*Please refer to the final slide for additional 10 X disclosure.



# CONTRIBUTION DETAILS

## Employee Contributions



You may contribute from 1% to 30%\* of base pay through payroll deductions in any combination of pre-tax, Roth, or After-Tax contributions, subject to IRS Limits.

## Employer Matching Contributions (company match)



You may be eligible for company match if you are in a participating unit and meet applicable criteria.

## Vesting / Employee Contributions



You are always 100% vested in your own contributions.

## Vesting / Employer Matching Contributions (company match)

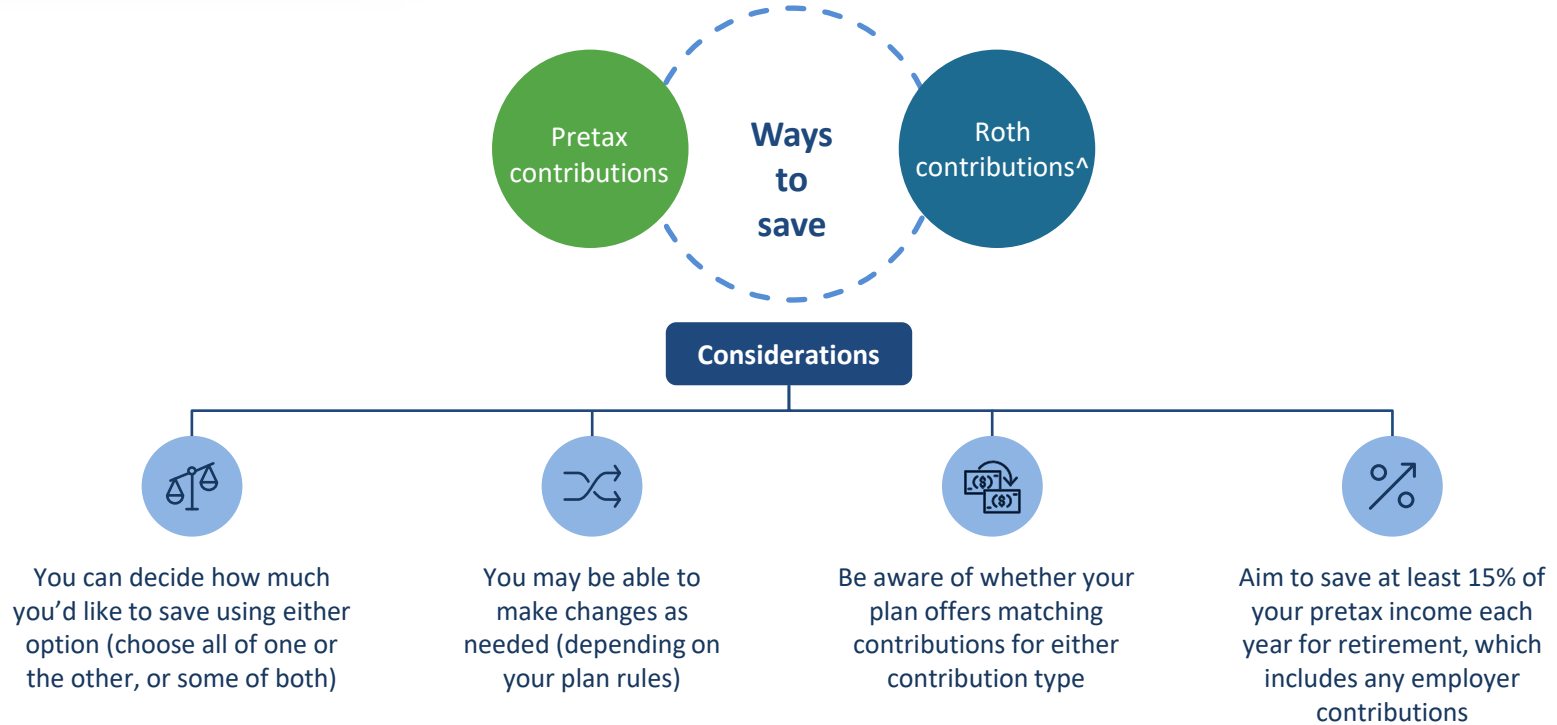


You become 100% vested in any match in your Company Contribution Account (if any) upon completion of three Years of Vesting Service.

\*Certain highly compensated employees (earned at least \$150,000 for 2023) are subject to a lower plan contribution limit equal to 8% or 15% of eligible pay, which may be less than the maximum amount permitted under the annual IRS contribution limit (\$23,000 in 2024).

This document makes reference to the terms of certain employee benefit plans provided by Honeywell International Inc. and its affiliates ("plans"). Nothing in this document creates a right to be covered under such plans. In the event of any conflict between the plans and this document or any oral or written statement made by a supervisor, human resources or other representative, the applicable legal plan document will govern. Honeywell reserves the right to amend, modify or terminate the plans at any time.

# Tax-advantaged ways to save



<sup>^</sup>A distribution from a Roth workplace savings plan is federal tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death. State taxes may apply.



## 5 important factors for retirement savings



Health care costs



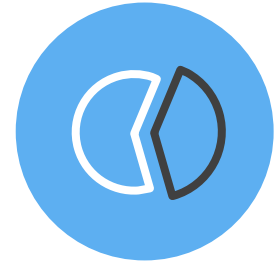
Longer lifespans



Effects of Inflation



Day-to-day expenses



Long-term planning

SAVINGS



Health care costs

Single retiring

**\$546**

Per month

Couple retiring

**\$1,092**

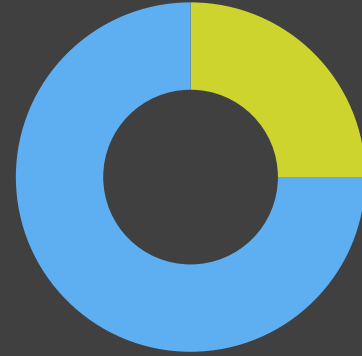
Per month

Estimate based on a single person retiring in 2023, 65-years-old, and based on an opposite gender couple retiring in 2023, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, original Medicare. The calculation takes into account Medicare Part B base premiums and cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

SAVINGS



Longer lifespans



25% chance that at least one partner  
in each couple will live to age

99

Society of Actuaries Annuity 2000 Mortality Table, updated to 2015 with Schedule G Adjustments. Figure assumes opposite sex couple with both persons in good health.



## SAVINGS



Effects of  
inflation

In 25 years

**\$50,000**

becomes:

**\$26,500**

at 2.5% inflation

**\$20,000**

at 4.0% inflation

SAVINGS



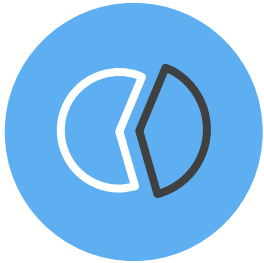
Day-to-day expenses



4-5%

Recommended top annual withdrawal  
rate on your retirement savings

SAVINGS

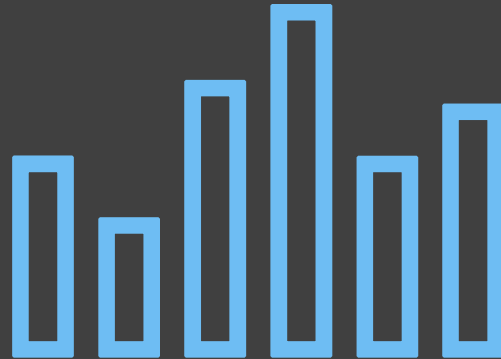


Long-term planning

Plan for

30

years in retirement

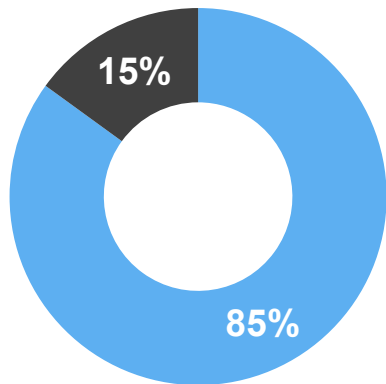




# Invest for the long term

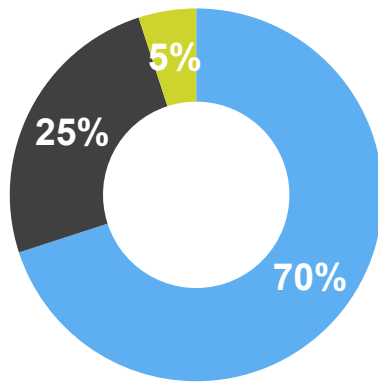
## Aggressive

Retiring in 13+ years



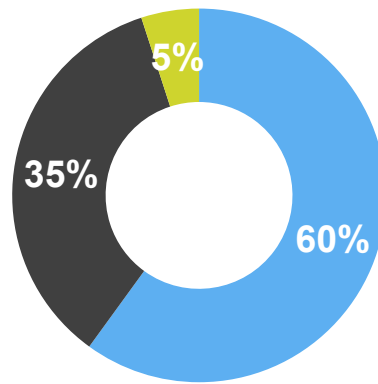
## Growth

Retiring in 9-12 years



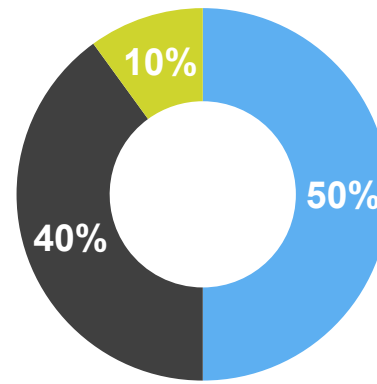
## Growth with Income

Retiring in 1-8 years



## Balanced

Retired 0-5 years



Stocks



Bonds



Short-term investments

For illustrative purposes only.

As a possible starting point for either your retirement or nonretirement goals, the target asset mix (TAM) is based on a measure of your time horizon. The measure of time horizon and the available default TAMs will vary by goal type. Time horizon for retirement goal type is defined as the difference between Current Year and Retirement (Goal Start) Year. Please note that this time horizon-based default TAM is just a starting point for you to begin consideration of the appropriate asset allocation. For a more in-depth look, be sure to take your risk tolerance, financial situation, and time horizon into consideration before choosing an allocation. Target Date Funds are an asset mix of stocks, bonds and other investments that automatically becomes more conservative as the fund approaches its target retirement date and beyond. Principal invested is not guaranteed.

**PRESERVE**



# Experience complimentary support

**Fidelity's one-on-one consultations help you answer questions like:**



How do I create a plan to prepare for retirement?

How can I feel more confident about my investment choices?

Are all my savings goals on track?

What if I change jobs or have changes with my family?

Scan the QR code to register for a one-on-one consultation at a time that works for you



Or visit

<https://netbenefits.fidelity.com/retirementconsultation>

**NEXT STEPS**



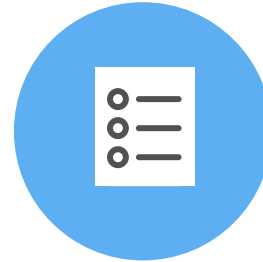
# Take your next step



**Take the Financial  
Wellness Assessment**



**Download the  
NetBenefits® app**



**Visit the  
Learn Hub**



## Investing involves risk, including risk of loss.


\*\* Fidelity has developed a series of salary multipliers in order to provide participants with one measure of how their current retirement savings might be compared to potential income needs in retirement. The salary multiplier suggested is based solely on your current age. In developing the series of salary multipliers corresponding to age, Fidelity assumed age-based asset allocations consistent with the equity glide path of a typical target date retirement fund, a 15% savings rate, a 1.5% constant real wage growth, a retirement age of 67 and a planning age through 93. The replacement annual income target is defined as 45% of pre-retirement annual income and assumes no pension income. This target is based on Consumer Expenditure Survey (BLS), Statistics of Income Tax Stat, IRS tax brackets and Social Security Benefit Calculators. Fidelity developed the salary multipliers through multiple market simulations based on historical market data, assuming poor market conditions to support a 90% confidence level of success. These simulations take into account the volatility that a typical target date asset allocation might experience under different market conditions. Volatility of the stocks, bonds and short-term asset classes is based on the historical annual data from 1926 through the most recent year-end data available from Ibbotson Associates, Inc. Stocks (domestic and foreign) are represented by Ibbotson Associates SBBI S&P 500 Total Return Index, bonds are represented by Ibbotson Associates SBBI U.S. Intermediate Term Government Bonds Total Return Index, and short term are represented by Ibbotson Associates SBBI 30-day U.S. Treasury Bills Total Return Index, respectively. It is not possible to invest directly in an index. All indices include reinvestment of dividends and interest income. All calculations are purely hypothetical and a suggested salary multiplier is not a guarantee of future results; it does not reflect the return of any particular investment or take into consideration the composition of a participant's particular account. The salary multiplier is intended only to be one source of information that may help you assess your retirement income needs. Remember, past performance is no guarantee of future results. Performance returns for actual investments will generally be reduced by fees or expenses not reflected in these hypothetical calculations. Returns also will generally be reduced by taxes.

The PDF of today's presentation available for download should not be circulated any further and this content is only current for the next 30 days.

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A woman with dark, curly hair is sitting at a desk, looking at a laptop screen. She is wearing a red top with a white floral pattern. A small, light-colored dog is sitting on the desk in front of her. The background is a bright window with a view of greenery outside.

# Maximize the benefits of your HSA

Health Savings Account (HSA) from Bank of America



This material should be regarded as general information on health care considerations and is not intended to provide specific health care advice. If you have questions regarding your particular situation, please contact your legal or tax advisor.

**Bank of America, Merrill, their affiliates, and advisors do not provide legal, tax, or accounting advice. Clients should consult their legal and/or tax advisors before making any financial decisions.**

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**Potential Tax Benefits:** You can receive federal income 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, unless an exception applies. Any interest or earnings on the assets in the account are federal income tax-free. You may be able to claim a tax deduction for contributions you, or someone other than your employer, make to your HSA directly (not through payroll deductions). In addition, HSA contributions may reduce your state income taxes in certain states. Certain limits may apply to employees who are considered highly compensated key employees. Bank of America and Merrill Lynch recommend you contact qualified tax or legal counsel before establishing an HSA.

**Investing involves risk. There is always the potential of losing money when you invest in securities.**

Bank of America, N.A. makes available The HSA for Life® Health Savings Account as a custodian only. The HSA for Life is intended to qualify as a Health Savings Account (HSA) as set forth in Internal Revenue Code section 223. However, the account beneficiary establishing the HSA is solely responsible for ensuring satisfaction of eligibility requirements set forth in IRC sec 223. If an individual/employee establishes an HSA and s/he is not otherwise eligible, s/he will be subject to adverse tax consequences. In addition, an employer making contributions to the HSA of an ineligible individual may also be subject to tax consequences. We recommend that applicants and employers contact qualified tax or legal counsel before establishing an HSA.

Banking products are provided by Bank of America, N.A. and affiliated banks, Members FDIC and wholly owned subsidiaries of Bank of America Corporation.

Mutual Fund investment offerings for the Bank of America HSA are provided by Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), a registered broker-dealer, registered investment adviser, Member SIPC, and a wholly owned subsidiary of Bank of America Corporation. Investments in mutual funds are held in an omnibus account at MLPF&S in the name of Bank of America, N.A., for the benefit of all HSA account owners. Recommendations as to HSA investment menu options are provided to Bank of America, N.A. by the Chief Investment Office (“CIO”), Global Wealth & Investment Management (“GWIM”), a division of BofA Corp. The CIO, which provides investment strategies, due diligence, portfolio construction guidance and wealth management solutions for GWIM clients, is part of the Investment Solutions Group (“ISG”) of GWIM.

Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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Bank of America, N.A. Member FDIC.

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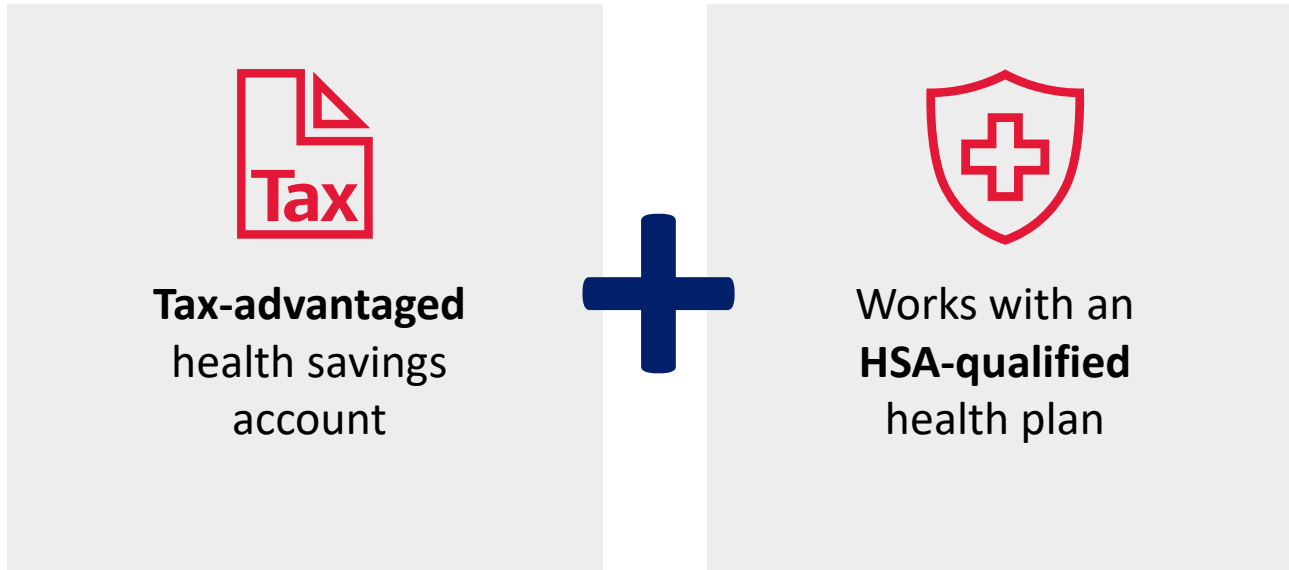
# Agenda

- > Health Savings Account (HSA) basics
- > Maximizing your HSA
- > Questions and answers



# HSA basics

## What is an HSA?



# HSA's offer flexibility to work with your needs



## Save it.

Tax-free contributions  
Investments



## Use it.

Anytime you need to,  
when you need to



## Never lose it.<sup>1</sup>

Balance rollover

<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.

## You are eligible to contribute to an HSA if you...

- ✓ Have elected an HSA-qualified health plan
- ✓ Are not covered by any other health plan
- ✓ Do not receive military health care benefits
- ✓ Are not claimed as a dependent on another person's tax return
- ✓ Are not enrolled in Medicare

Note: Cannot participate in a traditional health care FSA or HRA.

# Annual HSA contribution limits<sup>1</sup>

	2024	2025
Individual coverage	\$4,150	\$4,300
Family coverage	\$8,300	\$8,550
Catch-up contribution for those who are age 55 or older	\$1,000	\$1,000



<sup>1</sup> The annual contribution limit applies to all sources including pre-tax, after-tax and employer contributions.

# Potential triple tax advantage

## Tax-free contributions

An annual contribution of \$5,000 could **save you \$1,000 in taxes**

(assumes a 20% total federal tax rate)

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## Tax-free interest/investment earnings potential

Your balance, whether held as cash or invested in mutual funds, has the potential to **grow federally tax-free** to help pay for health care costs in the future

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## Tax-free withdrawals for qualified medical expenses<sup>1</sup>

Not having to pay taxes on a \$2,000 withdrawal means you can put all **\$2,000 toward health care**

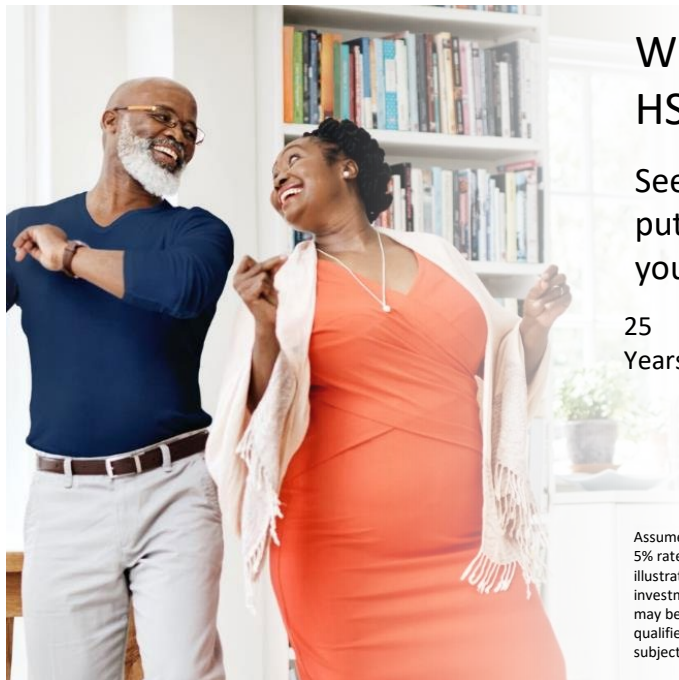
<sup>1</sup> “Qualified medical expenses” are expenses for medical care (as defined by Internal Revenue Code Section 213(d)) not covered by insurance or other sources. Qualified medical expenses do not include the cost of insurance premiums other than those for long-term care insurance, COBRA (Consolidated Omnibus Budget Reconciliation Act) health care continuation coverage, Medicare and other health care coverage if you were 65 or older (other than premiums for a Medicare supplemental policy such as Medigap) and coverage for individuals receiving unemployment compensation.

About Potential Triple Tax Advantages: You can receive federal 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 federal income tax and may be subject to an additional 20% tax, unless an exception applies. Any interest or earnings on the assets in the account are federal tax free. You may be able to claim a federal tax deduction for contributions you, or someone other than your employer, make to your HSA directly (not through payroll deductions). State tax consequences for HSAs may vary. Bank of America recommends you contact qualified tax or legal counsel before establishing an HSA.



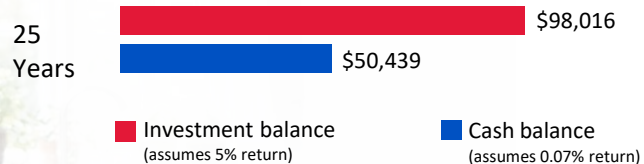
# Maximizing your HSA

# HSA investment feature



## Why consider investing in your HSA

See the potential growth opportunity when putting an incremental \$2,000 each year in your investment account.



Assumes annual net contributions of \$2,000 (contributions - withdrawals = net contributions), 5% rate of return on Investments and 0.07% interest rate on cash account. Hypothetical results are for illustrative purposes only and are not meant to represent the past or future performance of any specific investment vehicle. Investment return and principal value will fluctuate and when redeemed the investments may be worth more or less than their original cost. While you can use your HSA to pay or be reimbursed for qualified medical expenses, if you receive distributions for other reasons, the amount you withdraw will be subject to federal income tax and may be subject to an additional 20% federal tax, unless an exception applies.

## Two choices for investing

1. Automatic transfer
2. Manual transfer



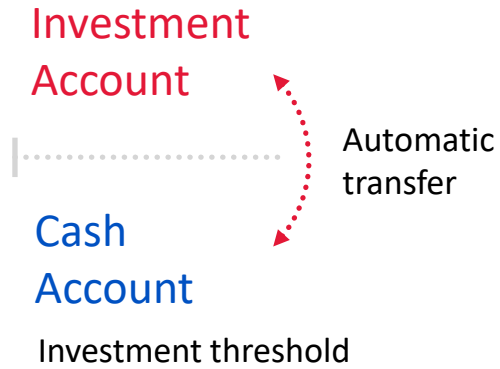
# Setting up your investment profile

## Investment threshold<sup>1</sup>

Set the dollar amount you want to maintain in your cash account to pay for current expenses.

## Automatic transfer

Once your account reaches the threshold that you set, funds automatically transfer between cash and investments.



<sup>1</sup> See the Investments section of the member website for minimum balance requirements to begin investing.

Note: Investment BUY transfers are purchased based on the investment elections you establish. Investment SELL transfers are sold from each mutual fund balance on a pro-rata basis.

## Setting your threshold

### **Suggestions for determining how much to set:**



Set the amount based on your annual deductible for your health insurance plan.



Choose a dollar amount to cover your out-of-pocket expenses this year.

# More than 20 mutual fund choices

Home      Accounts      Tools & Support      Message Center 7

## Investments / Manage Investments

### Update Elections

Changes you make on this page will update your current elections only. When new money moves into your investment account, your new selections will control how it is invested.

FUND NAME	TICKER	BALANCE	CURRENT %	NEW %
+ ABC STABLE VALUE FUND	ABC	\$22.74	20 %	<input type="text"/> %
+ DEF BOND FUND	DEF	\$18.15	20 %	<input type="text"/> %
+ GHI BOND FUND	GHI	\$19.84	20 %	<input type="text"/> %
+ JKL EQUITY FUND	JKL	\$17.87	20 %	<input type="text"/> %

Investing involves risk. There is always the potential of losing money when you invest in securities. Please consult with your independent attorney, tax advisor and financial advisor for final recommendations before changing or implementing any financial strategy.

# Managing your investments and education tools

The screenshot displays the 'Investments / HSA Summary' page. At the top, there are navigation tabs for Home, Accounts, Tools & Support, and Message Center. The main content area includes:

- Total Available Balance:** \$4,768.88
- YTD Earnings:** \$43.56
- YTD Performance:** 2.09%
- Investment Balance:** \$3,718.88 (as of 07/13/2021)
- Cash Balance:** \$1,050.00
- Portfolio Breakdown:** A table showing fund holdings and a pie chart.
- Recent Account Activity:** A table of transactions.

Callouts point to the following features:

- View account balance and performance (Total Available Balance)
- Update investment threshold for automatic investments (Investment Auto Transfer)
- Change investments (Change Investments button)
- View investment menu (View all available funds)
- View your portfolio (Portfolio Breakdown)
- Rebalance your account (Auto Rebalance)
- Learn more about the investment feature (Investment Education Materials)
- View recent account activity (Recent Account Activity)
- Make one-time manual investment transfers (Buy/Sell Investments)

For illustrative purposes only.

# Buying power in retirement for qualified health care expenses

401(k)		HSA	
Taxable withdrawals		Tax-free withdrawals	
\$370,000	Withdrawal	\$296,000	
– 74,000	Taxes	– 0	
<hr/>		<hr/>	
\$296,000	Qualified health care expenses in retirement	\$296,000	

Example for illustrative purposes only. Assumes the need to withdraw \$296,000 for health care expenses during your retirement years at a 20% effective tax rate. Consult with your tax or financial advisor to understand the impact of federal, state and local taxes specific to your situation. All tax calculations herein are merely estimates and should not be relied upon for detailed tax planning purposes.



# Strategies to help build your HSA balance



## Maximize your HSA contributions

### **2024 contribution limits**

Single coverage: \$4,150

Family coverage: \$8,300

Catch-up contribution:  
\$1,000



## Consider HSA investments

Potential for tax-free growth on any earnings

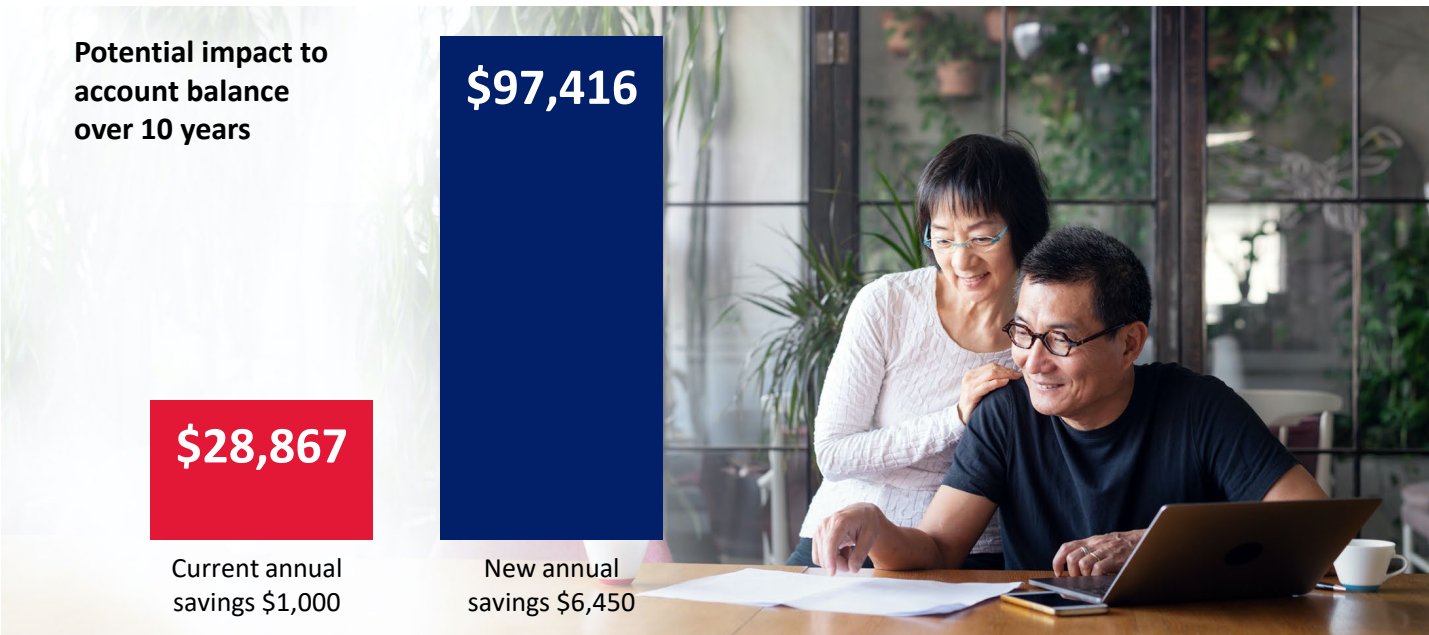


## Reduce spending from your HSA

Consider paying for a portion of health care expenses out-of-pocket if you can to build your balance for the future

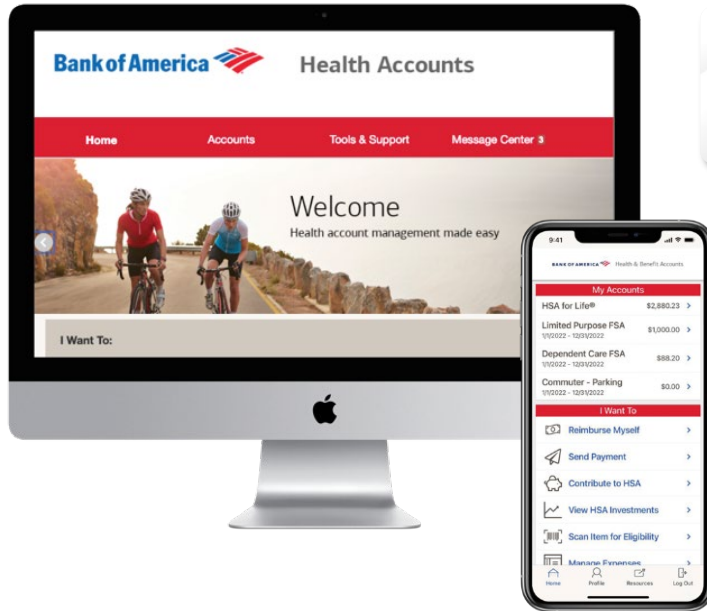
Investing involves risk, including the possible loss of the principal value invested.

## How these strategies could work for Chris and Sue



This hypothetical illustration assumes a \$10,000 beginning balance, a 5% rate of return over 10 years for both scenarios. In the first scenario they continue to save \$1,000 per year with a \$4,000 contribution and \$3,000 in spending. In the second scenario the annual contribution is increased to \$8,750, with spending decreased to \$2,300 from HSA for a net savings of \$6,450. Consider your time horizon and income tax brackets, both current and anticipated, when making any decision, as these may further impact the results of the comparison. Hypothetical results are for illustrative purposes only and are not meant to represent the past or future performance of any specific investment vehicle or account. If you make pre-tax contributions to an HSA, taxes are due upon withdrawal if assets are not used for qualified medical expenses and may incur an additional 20% federal tax unless an exception applies. For amounts invested in mutual funds: Investment return and principal value will fluctuate and when redeemed may be worth more or less than their original cost.

# Easy account management



## Things you can do:

- View balances
- Make transactions
- Order debit cards
- Upload and store receipts
- Manage investments and more

## Next steps



Email  
address



Tax forms



Designate a  
beneficiary



Move an  
existing HSA

Want to learn more about your HSA?

Scan this QR code  
to visit the Learn Center  
for more information.



# Questions & Answers