2026 Annual Enrollment Newsletter

Navigating Rising Healthcare Costs Together

We know healthcare is personal — and it's something everyone depends on. Like many employers, we're seeing healthcare costs continue to rise across the country, and we want to be transparent about how this affects our benefit plans for 2026.

Amidst the backdrop of rising healthcare costs, we are making strategic decisions to ensure the company will continue to provide financial support for our medical plans. Our commitment to our associates' health and well-being remains paramount as we navigate these industry challenges.

To mitigate the impact of rising healthcare costs, we have implemented a multi-faceted and strategic approach. This includes:

- Prioritizing preventive care and access to supplemental medical plans, which improve associate health and control costs long-term.
- Leveraging data and analytics to optimize our health plan designs for both cost-effectiveness and high-quality care.
- Enhancing access to convenient, supplemental medical plans, lower-cost services like telehealth and virtual primary care, empowering associates to make informed healthcare decisions.

Our goal remains the same: to provide quality, affordable coverage that supports you and your family while keeping our plans sustainable for the long term. This year, we'll continue to offer High-Deductible Health Plans (HDHPs) with Health Savings Accounts (HSAs) plans that give you more flexibility and control over your healthcare spending and savings. The Health Savings Account (HSA) remains eligible for the employer's matching contribution.

Because of rising medical costs, **the company contribution adjustment will specifically impact the U.S. BCBSIL medical plans** in 2026. While this change allows us to better manage expenses, it also ensures we can continue offering a strong range of coverage options and valuable wellness programs for all associates.

For Hawaii associates: effective January 1, 2026, our Hawaii medical offering will fully transition to **Kaiser Permanente**, replacing prior options with **two new Kaiser Permanente plans**. This full replacement brings **a decrease in overall medical plan costs** while introducing competitive pricing and updated plan designs that maintain quality coverage and access to care across the islands.

We're also pleased to report that renewals for our other U.S. and Island plans **— including Kaiser Permanente, Netcare, and Triple-S plans** — reflect reasonable and stable cost increases for 2026. The renewals demonstrate our continued focus on managing healthcare expenses responsibly while maintaining strong partnerships with our regional carriers to ensure consistent, high-quality coverage across all locations.

As you explore your options during Annual Enrollment, take a few moments to review the updated plan information, compare your choices, and find the coverage that best fits your needs. You'll find all the details, helpful tools, and enrollment resources at www.88sears.com.

Thank you for staying engaged and informed — and for everything you do every day to help make our company stronger. Together, we'll continue making thoughtful choices that support our health and our future.

-Your Transformco Benefits Team

Annual Enrollment Period: November 5, 2025 – November 19, 2025

This is the annual opportunity for associates to make changes to their benefits and to add or drop eligible dependents from coverage. Changes made at annual enrollment are effective January 1, 2026.
During this enrollment period you must enroll in medical, dental, vision, and a Flexible Spending Account (FSA) or Health Savings Account (HSA), or otherwise your coverage will not carry over to 2026. Plans will terminate on December 31, 2025.

If you do not take action during the enrollment window November 5 – 19, you will not have an opportunity to elect benefits until the next Annual Enrollment period unless you have a qualifying life event. You will continue to access all your benefits through www.88sears.com, which allows you to reach the Benefit Center for both your Health Benefits and 401(k) Savings Plan.

Get Informed

Virtual AE Presentations	
10/29 AE Presentation	7am - 7:30am CST: Dial In 1-878-787-7709 Conference ID: 553 824 513# Join the meeting now
	6:30pm - 7pm CST: Dial In 1-878-787-7709 Conference ID: 789 929 39# Join the meeting now
10/30 AE Presentation	11:30am – 12pm CST: Dial In 1-878-787-7709 Conference ID: 160 379 7# Join the meeting now
	6:30pm - 7pm CST: Dial In 1-878-787-7709 Conference ID: 202 479 92# Join the meeting now

**Recordings of live Presentations will be posted to the Transformco Benefits eGuide

Questions? Check-out Weekly Benefit Office Hours	
Every Wednesday	7 – 7:30am CT – Dial in +1 878-787-7709,,348991699# Phone Conference ID: 348 991 699# Join the meeting now

Optional Vendor Presentations	
10/22 Everyday Marketplace	2pm – 2:45pm CST: Dial In 1-878-787-7709 Conference ID: 688 135 649# Join the meeting now
11/4 Allstate Whole Life and Long Term Care	11am – 11:45am CST: Dial in 1-878-787-7709 Conference ID: 316 509 633# Join the meeting now
11/6 BCBSIL – Medical Plans	noon – 1:00pm CST: Dial in 1-878-787-7709 Conference ID: 487 662 318# Join the meeting now
11/7 Teladoc – Virtual Primary Care (BCBS Basic & Enhanced)	noon – 12:45pm CST: Dial in 1-878-787-7709 Conference ID: 713 169 060# Join the meeting now
11/12 New York Life – Balance Wellbeing	12 -1pm CST: Zoom Meeting

What's New and Changing

- **Updated 2026 Annual Enrollment Benefit eGuide:** Available beginning October 20, 2025 by visiting, **TransformcoBenefitsGuide.com**.
- **New:** MetLife Connected Benefit integration is available for those enrolled in company medical with BCBSIL and Supplemental Medical Plans. Once you have a medical claim, MetLife will determine if you are eligible for a benefit and start the claim process. *Watch for* ***the Authorization Email*** *from MetLife in January 2026!*
- **New:** Hawaii Medical Plans will transition to Kaiser Permanente exclusively effective January 1, 2026.
- New: Long-term Disability (LTD) No Evidence of Insurability (EOI) required for late entrants during AE 2026 – one-time opportunity only.
- New: Balance Wellbeing with New York Life – new program offering financial education and wellness resources. Explore helpful articles, videos, tools and solutions and gain the tips and insights to make infirmed financial decisions. Information on how to sign up for Balance Wellbeing can be found in the Benefits eGuide under the Lifestyle tab - TransformcoBenefitsGuide.com.
- **Increases to Spending Account Limits:**
  - Health Savings Account (HSA) Plan Contribution Limits – Individual $4,400 and Family $8,750.
  - Flex Spending Accounts (FSA) Contribution Limits - $3,400 and carryover amounts $680, Dependent Care (DCFSA) - $7,500.
- **Increases to 401(k) Savings Plan Contributions Limits:** –2026 increases pending IRS announcement.
- **New:** Transform 401(k) Savings Plan, Roth Catch-up Contributions, beginning January 1, 2026, "catch-up" contributions made by high-income earners, age 50+ earning more than the IRS mandated limit, must be made as Roth, with after-tax dollars.

Reminders

- **Reminder:** Review the plan design for all your elections annually, plans may be adjusted, the changes can include enhancements or reductions in plan design to control costs.
  Note: HMSA will no longer be a carrier option in 2026; Hawaii associates will have 2 plan options with Kaiser Permanente for 2026.
- **Reminder:** Health Savings Account (HSA) Employer Matching Contributions - Individual $250, $500, $750 and Family $1,000, $1500.
  Note: The matching contribution requires associate participation of the minimum dollar amount (Individual $250, $500 or $750, and Family $1,000 or $1500) and are deposited to active associate's accounts on a quarterly basis.
- **Reminder:** Blue Distinction Centers (BDC) – Specialty Care services include Bariatric, Knee and Hip replacement, Transplant surgeries, support services and more.
- **Reminder:** Total Health Management Program with Teladoc – BCBSIL participants have access to chronic condition management.
- **Reminder:** Part-time associates averaging 20 hours/week can enroll in all voluntary benefits (excluding medical, disability and spending accounts).
- **Reminder**: Employee Assistance Program (EAP) has support for you and your family.
  Login using the Username and Access Code below:
  Visit **- Select Get Started**
  Username: Transform **Access code:** 8004244732
- **Reminder:** Visit resources within the Lifestyle Benefits Category in the Benefits eGuide.
  - Balance Wellbeing, Tuition Assistance, Sears Protect Home Warranty and other programs in the Benefits eGuide.
  - Everyday Marketplace – Explore new Benefits for everyday needs with discounts
    - Purchasing Power tenure requirement decreases from 24 months to 12 months

Reminders continued

- Monthly Benefit Resource Highlights – explore themed topics and more

- **Reminder**: **Leave of Absence** - Your benefits will remain active and will be paid for by one of the following methods:
  - ✓ Payroll Deductions taken via Paid Time Off (PTO) earnings
  - ✓ Payroll Deductions taken via Short-term Disability earnings
  - ✓ Direct Bill Invoices

  Note: Suspending benefits while on leave of absence requires contacting the Transformco Benefits Center at 1.888.887.3277 and choose option #1 for health plan assistance.

Annual Enrollment Dates and Deadlines

- November 5, 2025: Annual Enrollment begins, allowing associates to enroll in, re-enroll in, or update their plans. The earliest that coverage can begin is January 1, 2026.
- November 19, 2025: This is the deadline for associates to enroll in or make changes to plan coverage set to begin on January 1, 2026.
- January 1, 2026: Coverage begins for all those who enrolled by November 19, 2025.

Special Enrollment Eligibility and Information

Associates who experience certain life events (known as Qualifying Life Events) may be able to obtain or make changes to coverage at a later date. In order to be eligible associates must experience a qualifying life event, such as:

- Changes in marital status (divorce, marriage, or widowed)
- Birth of a child
- Aging out of eligibility for coverage under a parents plan (attaining age 26)
- + more

Where and How to Enroll in Benefits

Associates will be directed to navigate to **www.88sears.com** and then select Health Benefits Center. Here associates will find the following resources:

- Find important plan details and general benefits information
- Use the enhanced Ask Sofia feature and view informational videos
- Compare plans with the online calculator
- Enroll/make changes to your benefits

An electronic step-by-step enrollment guide will be provided prior to November 1. **Please remember** - This is an **active enrollment process**, meaning associates must log into **Benefitsolver** to confirm or change their elections.

Questions about Annual Enrollment for your 2026 Health Benefits

Ask Sofia, your virtual health benefits assistant, available 24/7 from the Transformco 2026 Annual Enrollment portal and the MyChoice Mobile App. Learn more about your 2026 health benefits by visiting the Transformco 2026 Annual Enrollment portal from www.88Sears.com or call the Transformco Benefits Center at 888-887-3277, select your language preference, and then select Opt. 1. Call hours are 7:00a.m. – 7:00 p.m. Central time, Monday – Friday.