

HSA and FSA Frequently Asked Questions (FAQs)

1. What is a Health Savings Account (HSA) and how does it work?

A Health Savings Account (HSA) is a personal investment account that you own. You can use it to save money, federal income-tax-free, to pay for qualified medical expenses. When you have medical expenses, including those that may apply to your deductible, you can choose to pay for them using the money in your HSA. Or, you can save the money for a future need – even into retirement.

With the HSA account, funds must be present in the account to be available for use.

2. What is Flexible Spending Account (FSA) and how does it work?

A Flexible Spending Account (FSA) allows you to have a set amount taken from your pay before taxes, which lowers your income tax. The money is put into an account you use to reimburse yourself for eligible expenses.

Transformco offers two kinds of FSAs:

- The Health Care FSA is used to pay for most out-of-pocket medical, vision, and dental care expenses for you and your eligible dependents. With Health Care FSA, the full amount of the FSA contribution election is available at the time of enrollment.
- The Dependent Care FSA is for eligible day care expenses for a dependent child under the age of 13, or elder care for a dependent adult, while you work. Please note the Highly Compensated Employees (HCE) as defined by the IRS are not eligible to participate in Dependent Care FSA.

You can enroll in one type of FSA or both. You contribute tax-free dollars to your FSA(s) through payroll deductions.

3. What is the difference between a Health Savings Account (HSA) and a Flexible Spending Account (FSA)?

HSA or Healthcare FSA: What's Right for You?		
	HSA	HEALTHCARE FSA
What can I cover?	Eligible medical, dental and vision expenses	Eligible medical, dental and vision expenses. If you also have an HSA, medical co-payments are not eligible under the limited purpose FSA – only dental and vision co-payments are eligible before deductible is met
Do I need to be enrolled in a particular medical option to participate?	Yes, in the Basic Medical Plan coverage level	No
Can I contribute to my account before taxes?	Yes, through payroll deductions	Yes, through payroll deductions
Do unused dollars roll over from year to year?	Yes	Yes, up to \$660
Does the money in the account earn interest?	Yes	No
Can I use the account to pay for vision or dental expenses?	Yes	Yes
How are the accounts funded?	Balance grows as paycheck deductions are made	Balance is available in full at the start of the plan year. Paycheck deductions still made throughout the year.

4. How much can I contribute to my HSA?

\$4,400 for an individual and \$8,750 for a family in 2026. Those who are 55+ can make an additional \$1,000 “catch-up” contribution.

In addition, Transformco will match \$250, \$550, or \$750 for an individual and \$1000 or \$1500 for family contributions as long as you contribute a minimum of \$250 for an individual and \$1000 for a family.

5. What happens to my HSA after I turn 65?

If you are enrolled in any part of Medicare after turning 65, you will not be eligible to contribute to an HSA account. This is because contributing to an HSA requires participation in a qualified high-deductible health plan, which Medicare does not qualify for. If you defer enrollment in any Medicare plan, and continue to be covered under our HDHP, you can continue to contribute.

Once you are no longer eligible to contribute, the balance in your account remains with you and can be used to pay for qualified expenses.

6. Can I make changes to my HSA contribution throughout the year?

Yes, you can change your regular contribution amounts to your HSA at any time throughout the year.

7. What happens to my HSA if I leave the company?

When your employment with Transformco ends, your HSA account remains active and can be used to pay for qualified expenses. You will also have the option to transfer your account to another qualified HSA plan.

8. How much can I contribute to my Health Care FSA?

\$3,400 for 2026.

Unused contributions up to \$680 can be rolled over for use in 2027. This referred to as Carryover. Unused contributions over \$680 are forfeited.

9. How much can I contribute to my Dependent Care FSA?

\$7,500 for 2026. Unused contributions are forfeited

10. What is a run-out period for filing FSA claims?

The run-out period is the additional time that plan allows for filing claims for a calendar year. Transformco's plans offer a run-out period that ends on March 31 of the following year, which allows you to file claims for the prior year through that date. For example, you will have until 3/31/2026 to file claims for qualified expenses incurred in 2025. At the close of the run-out period, the available carryover balance will be calculated and unused funds above the carryover amount are forfeited.

11. What happens to my FSA accounts if I leave the company?

- Health Care FSA – you will have the opportunity to enroll in COBRA HCFSA. This will continue your participation in the plan until the end of the calendar year and allow you to submit claims for the remainder of the year. If you do not enroll in COBRA, claims may be submitted for eligible expenses incurred prior to your termination date. Unused contributions are forfeited.
- Dependent Care FSA – claims may be submitted for eligible expenses incurred prior to your termination date. Unused contributions are forfeited.

12. How do I use my HSA and FSA accounts?

There are a few ways to spend your funds.

- Debit cards: The easiest method to pay providers or purchase eligible items is with your **MyChoice Accounts debit card**. Cards are generally mailed to all participants a few weeks before your plan's effective date. Activate it according to the directions on the card and use it to purchase eligible items or pay for eligible services.
- Out-of-pocket (reimbursable expenses): You can also pay for eligible items with your own money and submit a claim for reimbursement online or via the MyChoice Mobile App.
- Directly through MyChoice Accounts: You can pay a provider, such as a doctor or lab, directly through your account online or via the mobile app. Once you request the payment, the administrator will submit the payment to that provider on your behalf.

13. What is a Limited Purpose Health Care FSA?

If you are enrolled in both the HSA and the Health Care FSA, then your Health Care FSA is considered Limited Purpose. A Limited Purpose FSA cannot be used to pay for qualified Medical expenses until you have met the required deductible for your Medical plan. Once you have met your Medical Plan deductible, you will be able to use your Limited Purpose FSA to cover qualified Medical expenses.

14. How do I determine if an expense is eligible for reimbursement from my HSA?

You can find a list of HSA eligible expenses by accessing the Benefits Portal at www.88sears.com, Health Benefits Center. Under Benefits Information, select Health Savings Account. Scroll down and click on See what's Eligible. You can also click on <https://www.businessolver.com/mychoice-accounts/participants/hsa-eligible-expense/> to go directly to the page.

15. How do I determine if an expense is eligible for reimbursement from my Health Care FSA?

You can find a list of FSA eligible expenses by accessing the Benefits Portal at www.88sears.com, Health Benefits Center. Under Benefits Information, select Flexible Spending Account. Scroll down and click on What can I spend FSA Funds on. You can also click on <https://www.businessolver.com/mychoice-accounts/participants/fsa-hra-eligible-expense/> to go directly to the page.

16. How do I determine if an expense is eligible for reimbursement from my Dependent Care FSA?

You can find a list of FSA eligible expenses by accessing the Benefits Portal at www.88sears.com, Health Benefits Center. Under Benefits Information, select Dependent Care FSA. Scroll down and click on Eligible Expenses.