Health Savings Account (HSA)

Plan Details

Contents

Overview

A Health Savings Account (HSA) is an optional, tax-advantaged savings vehicle available to individuals covered under a qualified high deductible health plan (HDHP). An HSA allows you to use pre-tax dollars to pay for out-of-pocket healthcare expenses including medical, prescription, dental, vision and other health expenses you would normally have to pay for with post-tax money. If you enroll in BMO's High Deductible Health Plan, you may be eligible for the HSA. The money in your HSA rolls over year over year, so you can use your funds to cover qualified expenses now or in the future. You own the HSA account, and it's yours to keep when you leave or retire from BMO.

Triple tax advantages of an HSA

Your HSA comes with a triple tax advantage:

1. **Money goes in tax-free.** The HSA contributions you make thru payroll deduction are taken on a pre-tax basis. The contribution is deposited into your HSA prior to taxes being applied to your paycheck, making your savings immediate.
2. **Money comes out tax-free.** Qualified medical expenses can be made tax-free when you use your HSA. Purchases can be made directly from your HSA account, either by using your debit card or online bill-pay. You can also pay out-of-pocket and then reimburse yourself from your HSA.
3. **Earn interest, tax-free.** The interest on HSA funds grows on a tax-free basis. And, unlike most savings accounts, interest earned on an HSA is not considered taxable income when the funds are used for qualified medical expenses.

<table>
<tr><th>Service provider</th><th>For</th><th>Contact information</th></tr>
<tr><td>BMO U.S. Benefits</td><td>Enrolling and making changes to your annual contribution</td><td>- Go to Workday, click My Benefits & Retirement app
- Select your network status (on or off the BMO network) *
- Click the Enroll in your benefits tile</td></tr>
<tr><td>Smart-Choice</td><td>- Access account balance and transaction history
- Request reimbursement or pay your provider
- Issue new debit cards and assigned PIN for yourself, family members or report a card lost/stolen
- Learn about investment opportunities
- Manage communication preferences
- View forms and documents</td><td rowspan="2">To access your HSA dashboard:
- Go to Workday, click My Benefits & Retirement app
- Select your network status (on or off the BMO network)*
- Click Reimbursement Accounts from menu bar, then select your Health Savings Account

Alight Smart-Choice Accounts
PO Box 64009
The Woodlands, TX 77387-4009

Human Resources Centre (HRC)
1-888-927-7700</td></tr>
<tr><td>WealthCare Saver</td><td>Health Savings Account custodian</td></tr>
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*Outside the BMO network should be used when accessing Workday from a personal device or computer. You will need your Workday username and password. Enter this URL in your browser: https://wd3.myworkday.com/bmo/login.htmld

Eligibility

To be eligible for BMO's HSA, you must meet the following criteria:

- be covered by BMO's qualified High Deductible Health Plan (HDHP);
- not be covered by any other non-HDHP medical coverage (including coverage by a foreign or government plan - such as TRI-CARE, a spouse or domestic partner's non-HDHP health care plan or a traditional Health Care Flexible Spending Account*);
- not be enrolled in any Medicare benefits (see Employees enrolled in Medicare section for more information);
- not be claimed as a dependent on another person's tax return.

*Please note that you are permitted to be covered by a Limited Purpose Flexible Spending Account (see Pairing with a Limited Purpose FSA section for more information).

Employees enrolled in Medicare or TRICARE

Employees enrolled in Medicare or TRICARE are not permitted by the IRS to contribute or receive contributions to an HSA. The rules governing HSAs for Medicare enrolled individuals or individuals that may soon be enrolling in Medicare are complex so we encourage you to review the "Enrolled in Medicare" section of IRS Publication 969 for more information and/or consult with a tax professional.

Eligibility for BMO's Taxable Cash Core Contribution

If you are enrolled in the High Deductible Health Plan and Medicare or TRICARE, BMO provides a core contribution in the form of taxable cash on your paycheck once per year, in lieu of an HSA contribution. We request that you earmark the money to be used for your out-of-pocket healthcare expenses. If you are covered by Medicare or TRI-CARE or will be newly enrolling in Medicare or TRI-CARE for the subsequent plan year, please notify BMO U.S. Benefits by emailing USBenefits@bmo.com.

Coverage Level	Taxable Cash Amount
Employee Only	$500
All other tiers	$1,000

Age 65 Distributions

Once you reach age 65, you can take penalty-free distributions from your HSA for any reason. However, to be both tax-free and penalty-free the distribution must be for a qualified health care expense. Withdrawals made for other purposes will be subject to ordinary income taxes.

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Using HSA Funds

If you have an existing balance in your HSA while you are covered by Medicare, you can continue to use your available funds to pay for your eligible medical, prescription, dental and vision expenses tax and penalty-free.

If you are newly eligible or transitioning to Medicare during the plan year. The month Medicare coverage begins, change your HSA contribution to zero dollars to avoid a tax penalty. Keep in mind that after you enroll in Medicare, you may continue to withdraw money tax-free from your HSA to help pay for qualified medical expenses such as deductibles, premiums, copayments, and coinsurance.

Delay enrolling in Medicare if you want to continue contributing pre-tax to your HSA. You will also need to delay collecting Social Security retirement benefits to avoid automatic enrollment in Medicare Part A and B.

Important Note: If you delayed enrolling in Medicare at your initial eligibility date, Medicare Part A may be backdated up to 6 months prior to your actual enrollment date (but not earlier than your initial eligibility date). HSA contributions are not allowed during this backdated coverage period.

The first month of Medicare entitlement will be retroactive for individuals who delay the commencement of Medicare Part A benefits. Those individuals must **use extra care when determining the amount of your contributions.** The limit on annual HSA contributions is reduced by 1/12 for each month during the year that the HSA account holder is not HSA eligible (i.e., because of Medicare entitlement). Those reductions apply equally to months of ineligibility due to retroactive coverage. For example:

- If an individual applies in July and becomes entitled to Medicare Part A coverage retroactive to January 1 of that year, the individual will not be eligible to make any HSA contributions for the year (and if contributions were already made for that period, they will need to be timely distributed to avoid the excise tax on excess contributions).
- If an individual applies in November and Medicare Part A coverage is retroactive to May 1 of that year, contributions would be limited to 4/12 of the annual limit (assuming the individual had HDHP coverage and no other disqualifying coverage for the period from January through April). Contributions for the period of eligibility could be made after the individual's HSA eligibility ends but would have to be made no later than the due date (without extensions) of the tax return for the year in which the period of eligibility occurred.

For questions about taxes, please consult a tax professional.

Can Someone Over Age 65 Contribute to an HSA?

Yes, so long as they are not enrolled in Medicare Part A, B, C, D, or any other Medicare benefit. Consider this example: Jean is age 66 and will retire at age 68. She decided to delay receiving Social Security benefits until she retires. Because Jean is over age 65, she could apply for Medicare Part A. But she will not be entitled to Medicare unless she applies for it. She will be eligible for HSA contributions until she applies for Medicare or becomes entitled to Medicare by beginning her Social Security benefits, so long as she meets the other requirements for being an HSA-eligible individual (e.g., she has HDHP coverage and no other impermissible coverage, and she cannot be claimed as anyone else's tax dependent). If her entitlement to Medicare Part A is retroactive, Jean will lose her HSA eligibility on the retroactive entitlement date, not the date she applied, so she will need to adjust her contributions accordingly.

Enrolling and changes

When coverage begins

As a new employee or an employee who changes to benefit-eligible, you have 31 calendar days (includes your hire date or newly benefit-eligible date) to make your benefit elections. If you chose to enroll in the High Deductible Health Plan, you may be eligible to make an HSA election. Your HSA election will be effective on the first of the month based on your coverage effective date in the High Deductible Health Plan. Coverage is not automatic; you must enroll, go to **Workday**, click on the **My Benefits & Retirement** application.

Rehired employees

If you are an eligible rehired employee and want to make contributions to your HSA, you must re-enroll. However, if you are rehired within 30 days of your termination date, your benefit elections in effect on the date of your termination will automatically be reinstated without a break in coverage.

Annual enrollment

You must **re-enroll** each year through the My Benefits & Retirement app via Workday, because your previous year's election will not automatically carry forward.

Mid-year enrollments or changes

Unlike most of the other benefits plans, you are allowed to newly enroll or make changes to your HSA election at any time during the year (if you are concurrently enrolled in the High Deductible Health Plan). To make changes to your HSA election throughout the year, enroll through the My Benefits & Retirement app via Workday.

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Please note: If you enroll in the High Deductible Health Plan mid-year, there may be tax considerations you will want to factor in when deciding what you should contribute to your HSA for the year. Refer to the "Last-month rule" section of IRS Publication 969 or consult with your tax advisor for more information.

Paid and unpaid leave of absence

If you are on a leave of absence your Plan coverage will continue during both the paid and unpaid portion of your leave.

If your leave of absence is paid, your HSA election will continue to be deducted from your bi-weekly pay. If your leave of absence is unpaid, your HSA deduction cannot be withheld from your bi-weekly pay. However, when you return from leave, your deductions will be recalculated based on your annual election and the remaining pay cycles for the year. This will also apply if you transition between paid and unpaid leave during the course of your entire leave of absence.

Account information and communications

After your initial HSA is opened, you can expect the following communications:

- A letter from Smart-Choice containing your Smart-Choice debit card, and important HSA information. If required, Smart-Choice may also request documentation to complete your enrollment (see Customer Identification Program (CIP) verification).
- A quarterly account statement is available on the Smart-Choice platform detailing your account activity. If you are not opted into electronic statements, your statement will be mailed to you.
- An IRS Form 1099-SA and IRS 5498-SA, either by mail or electronically (based upon your elected delivery preference).

  IRS Form 1099-SA is provided for each HSA distribution type you made in the tax year. You will receive a separate 1099-SA for each type of distribution made during the tax year. The five distribution types are: normal, excess contribution removal, death, disability, and prohibited transaction. This information is used to complete IRS Form 8889. This form will be sent by January 31 for the previous calendar year if you had distributions during the tax year.

  IRS Form 5498-SA provides you with all the contributions made to your Health Savings Account in the tax year. You have until April 15 to make contributions for the prior tax year. This information is used to complete IRS Form 8889. This form will be sent by May 31 for the previous calendar year.

Customer Identification Program (CIP) verification

Smart-Choice is required by law, under Section 326 of the USA Patriot Act, to verify the identity of anyone requesting an HSA. Usually this happens behind the scenes without issue, but occasionally outdated or missing information will cause Smart-Choice to reach out for more information. If you are flagged during the CIP process, Smart-Choice performs additional background review before releasing the enrollment.

Smart-Choice may close out the account if you are unable to supply the proper forms of identification being requested. All remaining funds will be returned, and tax reporting may be conducted for the period the account was open.

Maintaining the confidentially of personal information and ensuring a high level of privacy is of the utmost importance. Smart-Choice has various options available for sending the requested documents. If you have any follow up questions, please contact the Human Resources Centre at 1-888-927-7700.

Contributions to an HSA

Annual limits

The IRS sets annual limits on the amount that can be contributed to an HSA. The amount that can be contributed is based on the coverage level of your qualified HDHP coverage (i.e., employee only coverage or any coverage level other than employee only). **The annual limits apply to all contributions to your account whether they were made by you or BMO. The annual limits also apply across all HSA's you or your dependents may own and have contributed to during the calendar year.** If you previously contributed to another HSA during the year, you would need to account for those contributions when considering what you should elect for your BMO HSA annual contribution.

Coverage Level	Employer Core Contribution	Maximum Employee Contribution	2025 IRS Total Limit
Employee Only	$500	Age < 55: $3,800 Age > 55: $4,800	**Employee Only:** $4,300 **All other coverage levels:** $8,550 **Additional contribution for age 55 or older:** $1,000
Family	$1,000	Age < 55: $7,550 Age > 55: $8,550	

If you enroll in the High Deductible Health Plan mid-year, there may be tax considerations, you will want to factor in when deciding what you should contribute to your HSA for the year. Refer to the "Last-month rule" section of IRS Publication 969 or consult with a tax advisor for more information.

How it works

HSA contributions will be available for withdrawal only when funds are deposited. There are several ways that your HSA may be funded:

- Employer Core Contribution – Up front, lump sum amount that BMO provides to you, that is **not** contingent on your HSA participation. (If eligible, you will receive the core contribution by answering 'yes' to the HSA eligibility question during the enrollment process).
- Your Contributions – The amount you elect to have deferred from your paycheck on a pre-tax basis into your HSA (24 paychecks).
- Contributions outside of payroll – Contributions you make directly into your HSA outside of payroll on an after-tax basis (see Contributions outside of payroll).
- Rollovers – An amount you roll into your HSA from another qualified HSA.

Employer contribution

When you enroll in the High Deductible Health Plan, you will receive BMO's Employer Core Contribution. The Employer Core Contribution will be deposited to your HSA as soon as administratively possible after your account has been established.

! Employees that are covered on Medicare are not permitted by the IRS to contribute or receive contributions to an HSA (see Employees enrolled in Medicare).

Your contributions

Your HSA contributions will be automatically deducted from your paycheck pre-tax and deposited in your HSA account. When you enroll in the HSA you will choose an annual election, which will then be divided over the number of payrolls that remain in the year. **Deductions are only taken on the 1st and 2nd paycheck of each month. For months that have a 3rd paycheck, no HSA deductions will be taken.**

Catch-Up contributions

If you will reach age 55 or older by the end of the calendar year, you can make an additional $1,000 Catch-Up contribution, regardless of your High Deductible Health Plan coverage level.

! **If you are eligible to contribute to an HSA but your covered spouse/domestic partner (or dependent child if you are Employee + Children coverage) is ineligible for an HSA* and you have no other covered dependents,** you must limit your election to the employee only HSA limit. If you are also eligible for an employer contribution from BMO, you must also consider the family maximum BMO contribution and subtract that from the employee only HSA limit.

In cases where you are covering other dependents in addition to your ineligible dependent, if one or more of your dependents is eligible for the HSA, you would not be required to self-limit your contributions to the employee only limit.

**Refer to the Eligibility section for more information.*

Keep in mind, you can still use your HSA to pay for your ineligible dependent's eligible expenses. Limitations due to ineligibility are only on the contributions.

Contributions outside of payroll

You can also make post-tax HSA deposits on your own and take an above-the-line deduction on your tax return, but you are limited to the annual limits on your total contributions. You generally have until the tax filing deadline to make contributions for the prior tax year (April 15, 2025, for tax year 2024). **This option is not recommended during the plan year.**

! **Please plan any after-tax contributions carefully.** It is important to note that if you make any contributions to your account outside of payroll that cause you to go over the IRS annual limits, your payroll deductions and BMO contributions may reject. It will be necessary to take action to correct your HSA contributions by either removing after-tax contributions from your account through a distribution or by refunding your pre-tax deductions and possibly forfeiting BMO's contribution.

In most circumstances, if you are trying to fund more into your HSA during the plan year, you can achieve this by increasing your annual contribution amount. This allows you to receive the pre-tax benefit on all your contributions and your payroll deductions will automatically be recalculated over the remaining pays to allow you to achieve your new annual contribution amount. Making a direct contribution outside of payroll is typically best when you need to make a prior year contribution after that plan year has ended, or if there are not enough pays left in the plan year to achieve your desired annual contribution amount.

Rollovers

You can roll over funds from another qualified HSA into your BMO HSA. Rollover contributions do not count towards the annual limits for the year.

Administrative information about contributions

- High Deductible Health Plan mid-year tier changes **–** If you have a qualified life event during the year that changes your tier from employee only to one of the family level tiers, you will receive a one-time adjustment to true-up your Employer contribution amount. If you have a qualified life event during the year that changes your tier from one of the family level tiers to employee only, no adjustment will be made to the employer contributions that BMO has already provided.
- Once you reach age 65 and are enrolled in Medicare Parts A and/or B, your HSA will remain open for withdrawals, but the IRS does not permit you to make additional contributions to an HSA. If you are making contributions to your HSA, you should go into the system to adjust your election to what you have already contributed to date or contact the HRC for assistance. If you choose to defer your enrollment in Social Security and Medicare Parts A and B, you can continue to contribute to your HSA.
- Your spouse/domestic partner is not eligible to make a catch-up contribution to your HSA. If your spouse/domestic partner, covered under the High Deductible Health Plan, is age 55 or older and qualifies for an HSA, he/she would have to open a separate HSA to make a catch-up contribution.

When HSA contributions cease

HSA contributions will automatically stop if:

- you do not complete Customer Identification Program Verification, if required (see Customer Identification Program (CIP) verification),
- your enrollment BMO's HDHP ends,
- you waive your HSA election coverage*,
- you become ineligible to participate (see Eligibility),
- your employment with the Company ends for any reason,
- you become a participant in the BMO Long Term Disability Plan.

*If you waive your HSA election, you may still be eligible to receive BMO's Employer contribution.

Qualified health care expenses

You can use your tax-free HSA dollars for a wide variety of qualified medical, dental, vision and prescription drug expenses.

Common eligible expenses

- Deductibles and coinsurance
- Acupuncture
- Hearing aids
- Dental and vision eligible expenses
- Over-the-counter medicines
- Prescription medicines
- Exams, x-ray, and laboratory services
- Menstrual care products
- Chiropractor
- Renovation for handicap households
- Physical therapy
- Wigs
- Treatment for alcohol and drug addiction
- Breast pumps and supplies
- Psychiatric care
- Medical aids such as hearings aids, braces, orthopedic shoes, crutches, and wheelchairs

! Expenses incurred before you establish your HSA aren't qualified expenses. For a complete list of eligible expenses go to, [IRS Publication 502: Medical and Dental Expenses.]

How to access your HSA funds

You can use your Smart-Choice debit card, pay with personal funds and get reimbursed from your account, or make a payment to someone else such as your provider. To submit a claim from the Smart-Choice website, select "Add Expense" from the menu icon and complete the details needed to process your payment or reimbursement. You won't need to submit receipts or other documentation, but you should keep them in case you need to verify your expenses for tax purposes. **You can only be reimbursed for qualified expenses incurred after your HSA is established.**

How the Smart-Choice card works	How to withdraw funds
Smart-Choice provides a debit card for use at pharmacies and medical, dental, and vision providers, to pay for qualified expenses from your HSA. When making a purchase, if you are offered a choice, you may select the "Credit" option to sign your receipt instead of being required to provide a PIN number. You only need your PIN if your merchant requests that you use debit. A PIN number will be automatically assigned to your card. To view your PIN, on the Smart-Choice website open the dropdown menu next to your name and select Debit Card(s). Your PIN cannot be changed.	You may not initiate transfers for amounts greater than the balance in your HSA Account. To withdraw funds and transfer directly to your personal bank account, select Pay Myself. You must have a Direct Deposit Personal Bank Account set up on the Smart-Choice portal. To withdraw funds and make a payment to your provider, select Pay the Provider. If you are paying your provider, you must include the account number you have with the provider to ensure your payment is accurately applied to your provider account. **IMPORTANT**: Payment requests are debited from your HSA on the requested withdrawal date. If a payment is being made to a provider, then the payment will be mailed and will arrive within 7-10 business days. Whenever possible, your payment may be converted from a check to an electronic form of payment accepted by your provider.

If you leave BMO

One of the many benefits of an HSA is that your account stays with you even if you change jobs. Smart-Choice Accounts and WealthCare Saver will continue to be the administrator and custodian of your HSA. You will receive a letter with details on how to access your HSA directly at www.smartchoiceaccounts.com/hsa, in addition you will receive a new Smart-Choice debit card.

Your HSA will no longer be associated with BMO and will be reassociated as a retail account **subject to the standard fees** as set forth in the fee schedule you can access online: www.wealthcaresaver.com/disclosures/smart-choice. If you were to return to BMO in the future, your HSA can be reaffiliated to BMO and the ongoing monthly fee will cease.

Pairing with a Limited Purpose Flexible Spending Account (LPFSA)

A Limited Purpose Flexible Spending Account (LPFSA) is a pre-tax benefit that works with your HSA to provide additional tax savings for eligible dental and vision care expenses.

The LPFSA offers incredible flexibility:

- LPFSA contributions are deducted pre-tax from your paycheck, which reduces your taxable income and increases your take-home pay.
- Funds in a LPFSA are available to use right away to pay for eligible expenses. This means you do not have to wait until the funds have been contributed into your account.
- You may choose to participate in the LPFSA to pay for any expected dental and vision expenses and preserve your has balance for medical expenses.

Most of the benefits of an LPFSA stem from careful planning. That's because LPFSA funds carry an expiration date. They are use-it-or-lose-it accounts and unspent LPFSA funds above the carryover limit are forfeited.

2025 LPFSA Annual Maximum	Maximum Carryover from 2025 to 2026
$3,300	$660*

**You can carry-over 20% of the limit for that plan year.*

Stacked Smart-Choice card

If you enrolled in the LPFSA and the HSA, dental and vision expenses will be deducted first from your LPFSA balance and medical expenses will be deducted from your HSA balance.

This stacked feature allows the LPFSA balance to pay first for any dental and vision expenses to preserve your HSA balance. Once the LPFSA balance is depleted, dental and vision expenses are automatically deducted from your HSA balance.

Post-Deductible Medical Expenses

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Prior to your medical deductible being met, your LPFSA is limited to vision and dental expenses. Once your medical deductible is met, these limitations are lifted and all eligible medical, dental, prescription, vision and 213(d) expenses can be covered by the funds in your LPFSA.

If you wish to use the funds to pay for post-deductible medical expenses, you must call the HRC at 1-888-927-7700 and follow the prompts to speak to a Smart-Choice representative to validate that your annual deductible has been met.

About your HSA

HSA Base Account

The Smart-Choice HSA Base Account is an interest-bearing deposit account with an optional investment feature. This FDIC-insured account is maintained in your name at Smart-Choice. All contributions to the HSA will be initially credited to the Base Account, and all distributions from the HSA will be withdrawn from the Base Account. Funds in this account are owned entirely by you, the account holder, and not subject to use-it-or-lose-it rules.

Smart-Choice Investment Platform

The HSA Base Account will pay interest monthly according to Smart-Choice balance-based interest rate tiers. Contributions you make to your Smart-Choice HSA give you the freedom to make your own decisions on how you pay for current healthcare expenses and save for future ones. Once you reach a $1,000.00 balance in your HSA Deposit Account, you will have the opportunity to invest additional funds.

The Smart-Choice HSA investment account features a broad range of competitive investment options as well as access to powerful tools and resources to help you plan for your future and make informed decisions when determining an HSA asset allocation that meets your life circumstances and HSA investment objectives.

Fees

As an active employee, you will not pay any on-going maintenance fees for your HSA. A flat monthly fee of $2.50 will be applied to accounts that hold an investment balance. The fee allows for unlimited trades. The fee will be deducted from your base balance. If you leave BMO, your HSA is converted to a customer account at Smart-Choice and maintenance fees will apply.

Portability

Portability is one reason many people view the HSA as a long-term savings vehicle. Rather than use up each year's HSA contributions on current expenses, you can pay those expenses with other money (including your Limited Purpose Flexible Spending Account, subject to certain restrictions) and let your HSA grow for the future. At year-end, any money left in your HSA rolls over to the next year automatically.

Your HSA is yours to keep, even if you change plans, jobs or retire. You have the option to rollover your HSA balance to another qualified HSA if you choose to. HSA funds are non-forfeitable.

IMPORTANT INFORMATION

- There is no ATM access with this plan.
- You are responsible for withdrawing funds for qualified expenses and maintaining receipts per the IRS guidelines, or you will be subject to income taxes and a 20% penalty.
- You are solely responsible for keeping receipts and records of reimbursements for tax purposes.

A final note

An HSA is not an employer-sponsored employee benefit plan. It is an individual trust or custodial account that you open with an HSA trustee/custodian to be used primarily for reimbursement of eligible health expenses as set forth in Code 223. The Company's role is limited to allowing you to contribute to your HSA on a pre-tax basis through the Company's payroll. The Company has no authority or control over the funds deposited in your HSA. Neither your HSA nor the HSA component of the Company's Plan that allows you to contribute to your HSA on a pre-tax basis is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

BMO U.S. Benefits (www.bmousbenefits.com) provides highlights of the Company's benefit Plans. While every effort was made to ensure its accuracy, it does not provide every plan detail, limit, or exclusion. The Plan documents, which govern these Plans, provide full details. The Company reserves the right to modify, amend, replace, or discontinue any benefit or Plan at any time for any reason. If there are any discrepancies between this document and the legal plan documents, the plan documents shall rule.