



Health Savings Account (HSA) Plan Details



alight

**Smart-Choice
Accounts®**



Quick Facts

Vendor	Alight Smart-Choice Accounts PO Box 64009 The Woodlands, TX 77387-4009
Custodian	WealthCare Saver
Support	Human Resources Center (HRC) at 1-888-927-7700
Governance	The Health Savings Account (HSA) plan is governed by Publication 502: Medical and Dental Expenses and Publication 969: Health Savings Accounts and Other Tax-Favored Health Plans of the IRS Tax Code, which allows employees to pay for qualified medical, dental and vision expenses with pre-tax dollars.

Overview

A Health Savings Account (HSA) is a **tax-advantaged savings account** available to individuals enrolled in a **qualified High Deductible Health Plan (HDHP)**. It allows you to use **pre-tax dollars** to pay for eligible out-of-pocket healthcare expenses, including medical, prescription drugs, dental, and vision.

If you enroll in BMO's HDHP, you may be eligible to open an HSA. You own the account, and it's yours to keep when you leave or retire from BMO, and unused funds roll over year to year.

Your HSA offers three key tax benefits:

1. **Tax-Free Contributions** - Contributions made through payroll are deducted pre-tax, reducing your taxable income.
2. **Tax-Free Withdrawals** - Funds used for qualified healthcare expenses are withdrawn tax-free. You can pay directly with your HSA debit card, use online bill-pay, or reimburse yourself.
3. **Tax-Free Growth** - Interest earned on your HSA balance grows tax-free and is not considered taxable income when used for qualified expenses.

What's covered

You can use your tax-free HSA dollars for a wide variety of qualified medical, dental, vision, and prescription drug expenses only after your account was established. Here is a list of commonly eligible items:

- **Medical:** Deductibles, copays, and coinsurance related to exams, x-rays, lab services, hospital stays, prescription expenses, physical therapy, psychiatric care, treatment for alcohol and drug addiction, chiropractor, and acupuncture.
- **Dental and vision:** Deductibles, copays, coinsurance, related to dental and vision

exams, x-rays, orthodontia, cleanings, procedures, extractions, surgeries, prescription eye glasses, corrective lenses, corrective eye surgeries.

- **Medical equipment, aids and miscellaneous expenses:** Hearing aids, braces, orthopedic shoes, crutches, wheelchairs, breast pumps and supplies, renovations for handicap accessibility, over-the-counter medicines, menstrual care products, and wigs (for medical purposes).

For a complete list of eligible expenses, see IRS [Publication 502: Medical and Dental Expenses](#).

HSA-specific eligibility

In addition to being eligible for BMO's U.S. Benefits Program, to participate in BMO's Health Savings Account (HSA), you must:

- Be enrolled in BMO's High Deductible Health Plan (HDHP).
- Have no other non-HDHP medical coverage (e.g., TRICARE, traditional Health Care FSA, spouse's non-HDHP plan).
- Not be enrolled in Medicare.
- Not be claimed as a dependent on someone else's tax return.

Please note you can participate in a Limited Purpose Flexible Spending Account (LPFSA) for dental and vision expenses without affecting HSA eligibility.

Medicare and HSA Eligibility

- You cannot contribute to an HSA once you are enrolled in Medicare (Part A and/or Part B).
- You can still use existing HSA funds to pay for qualified medical expenses, including Medicare premiums, deductibles, copayments, and coinsurance.
- If Medicare coverage is retroactive (which can happen if you delay enrollment), you must stop HSA contributions for the months covered retroactively to avoid penalties.
- You may still contribute to an HSA before Medicare coverage begins, even if you're over age 65, as long as you have deferred your enrollment in Social Security and you're not enrolled in any part of Medicare (Part A, B, C or D).
- For additional information on how Medicare and Health Savings Accounts are related, please view our [Approaching Medicare & Health Savings Account Guide](#).
- Medicare and HSA rules are complex so it is best to consult with your Tax Advisor if you become Medicare eligible while you are an active employee.

TRICARE and HSA Eligibility

- Individuals covered by TRICARE are not eligible to contribute to an HSA, because TRICARE is not a high deductible health plan (HDHP).

Contributions to your HSA

BMO Contributions to your HSA

To give you a head start on saving for your healthcare expenses, BMO provides an upfront, lump-sum Core Contribution to your HSA and it's not contingent on whether you choose to contribute to the HSA yourself. The amount is based on your HDHP coverage level, **\$500 for Employee only** coverage and **\$1,000 for Family** coverage levels.

To receive the BMO Core contribution (if eligible), simply answer "Yes" to the HSA eligibility question during your benefits enrollment in Workday.

Note to employees on Medicare or TRICARE: If you are enrolled in BMO's HDHP and are also covered by Medicare or TRICARE, you are not eligible to make or receive HSA contributions. Instead, BMO will provide your Core contribution in the form of taxable cash, paid once per year through your paycheck. This contribution is intended to help offset your out-of-pocket healthcare expenses.

Action Required to receive your Taxable Cash Core contribution: If you are currently enrolled in, or plan to enroll in, Medicare or TRICARE for the upcoming plan year, please notify the BMO U.S. Benefits team by emailing: USBenefits@bmo.com.

IRS Annual Limits

The IRS sets limits for how much you can contribute to your HSA annually based on your HDHP coverage level. BMO uses the maximum limit determined by the IRS each year. The IRS permits employees that are age 55 or older to contribute an extra \$1,000 catch-up contribution.

The following types of contributions count toward the annual IRS limit:

- Your own contributions.
- Employer contributions (e.g., BMO's Core contribution).
- Contributions to any other HSA accounts you or your dependents own (e.g., former employment).

Important considerations

- If you've contributed to another HSA earlier in the year (e.g., through a previous employer), you must **subtract those amounts** from your BMO HSA election to avoid exceeding the IRS limit. Exceeding the limit can result in tax penalties unless corrected.

- You can make **after-tax contributions** directly to your BMO HSA outside of payroll that may qualify for an above-the-line deduction on your tax return. You are still subject to the IRS annual contributions.

This option is not recommended during the plan year, unless necessary (if there are too few pay periods left in the year to reach your desired annual contributions through pre-tax payroll deductions alone). This option may be helpful if you want to make an additional prior year contribution (and did not reach the IRS Limit in that year) before the tax filing deadline. You should consult with your Tax Advisor prior to making after-tax contributions to your HSA.

- If your spouse/domestic partner or child (in Employee + Children coverage) is ineligible for an HSA and you have no other eligible dependents, you must limit your contribution to the employee-only HSA maximum. If you also receive an employer contribution from BMO, subtract that amount from the employee-only limit. However, if at least one of your covered dependents is HSA-eligible, you don't need to self-limit. You can still use your HSA to pay for eligible expenses for ineligible dependents—contribution limits are the only restriction.
- The IRS Last-Month rule: If you are HSA-eligible on December 1, you are considered eligible for the entire calendar year. This means you can contribute up to the full IRS annual limit for that year, regardless of when your HDHP coverage began. However, you must remain HSA-eligible through the entire following calendar year (i.e., until December 31 of the next year). If you lose eligibility before then (except due to death or disability), the IRS will treat the excess contributions as taxable income and impose a 10% penalty on those contributions.
- Only you, the employee, can make a catch-up contribution to your BMO HSA if you're age 55 or older and eligible. Your spouse/domestic partner cannot contribute to your HSA, even if they are 55 or older and covered under your HDHP.

Rolling over funds from another HSA

You can roll over funds from another qualified HSA into your BMO HSA at any time. This can be a helpful way to consolidate your HSA funds in one place for easier management.

- Rollover contributions do not count toward your annual IRS contribution limit.
- Be sure to follow the proper rollover process with your current HSA provider to avoid tax implications.

Enrolling in the HSA

When you enroll in the HSA, you'll make an Annual Election for the total amount you want to contribute for the year. That amount is then divided evenly across the number of pay periods you'll be contributing for the year.

- If you're contributing for the full year, your election is divided by 24 pay periods (deductions occur only on the 1st and 2nd paychecks of each month).
- If you enroll mid-year, your annual election is divided by the remaining pay periods in the year (again, deductions only occur on the 1st and 2nd paychecks of each month).
- If you miss any paychecks during the year, your remaining deductions will be automatically recalculated to help ensure you still reach your annual election amount.

To enroll as a hire/newly eligible:

If you're a new hire or you've recently become benefits-eligible, you have **31 calendar days** (includes the event date) to make your benefit elections. If you enroll in BMO's HDHP, you may also be eligible to open and contribute to BMO's HSA. Your HSA election will take effect on the first of the month following 30 days from your hire/newly eligible date based on your HDHP coverage effective date.

1. Go to [Workday](#), click **My Benefits & Retirement** app
2. Select your network status (on or off BMO network)
3. Click the **Enroll in your benefits** tile
4. Follow the prompts to navigate through the benefits election process

Note: If you are rehired at BMO within 30 days of your termination date, your benefit elections in place at the time of your termination will be automatically reinstated without a break in coverage. Your bi-weekly HSA deduction may be recalculated if you missed any paychecks during your break in service.

To enroll or make changes during a Qualifying Life Event:

If you experience a mid-year life event (like marriage, birth/adoption, or a change in coverage), you have 31 calendar days (including the date of the event) to update your benefit elections. If you enroll in BMO's HDHP as part of that change, you may also be eligible to open and contribute to BMO's HSA.

If you're newly enrolling in the HDHP, your HSA election will take effect based on your HDHP coverage effective date. If you're changing an existing HSA election, the change will take effect as of the date of the life event.

1. Go to [Workday](#), click **My Benefits & Retirement** app
2. Select your network status (on or off BMO network)
3. Click the **Change your Coverage** tab
4. Choose the applicable life event, enter the date of the event and follow the prompts to navigate through the benefits election process

As a result of your life event if you change your HDHP coverage level from employee only to family coverage level, you'll receive a one-time adjustment to true-up your employer core contribution; however, if your coverage level changes from a family level to employee only, no adjustment will be made to the employer contributions already provided.

To make mid-year HSA changes:

Unlike most other benefits, you can start, change or end your HSA contributions at any point during the year - as long as you're enrolled in the HDHP.

1. Go to [Workday](#), click **My Benefits & Retirement** app
2. Select your network status (on or off BMO network)
3. Click the **Enroll in your benefits** tile
4. Follow the prompts to navigate through the benefits election process

Your changes will typically take effect within 1-2 payroll cycles.

Note: Once deducted from your pay and deposited to your HSA, contributions cannot be refunded. This means you cannot reduce your annual election below the amount you've already contributed for the year. If you need to adjust your election during the year, you can still increase it or stop future contributions.

Establishing your HSA

When you make your first HSA election in Workday, your information is securely sent to Smart-Choice, BMO's HSA administrator, to open your account.

What to Expect:

- In accordance with the USA PATRIOT Act, federal law requires all financial institutions to verify your identity when opening a new account.
- This process typically happens behind the scenes when your enrollment data is sent to Smart-Choice, but if any information is missing, incorrect or outdated, Smart-Choice may contact you to request additional documentation.
- If your account is flagged during the **Customer Identification Program (CIP) process**, Smart-Choice will conduct a further review before completing your enrollment.
- Smart-Choice offers secure options for submitting any required documents. If you have questions or need assistance, please contact the Human Resources Centre at 1-888-927-7700.

Important: If Smart-Choice is unable to verify your identity and you do not provide the requested documentation within 90 days, your HSA application will be closed. Any deducted, undeposited employee contributions will be returned and you will forfeit BMO's Core Contribution. Tax reporting may apply for the period the account was open.

To avoid these issues, please respond promptly to any outreach from Smart-Choice and submit the requested documentation as soon as possible.

After your HSA is opened, you'll receive a Smart-Choice welcome letter with your debit card and key account details.

Managing your account

To access your HSA:

1. Go to [Workday](#), click **My Benefits & Retirement** app
2. Select your network status (on or off BMO network)
3. Click **Reimbursement Account** at the top of the page
4. Click **Health Savings Account**

From the HSA dashboard you can:

- Access your account balance and transaction history
- Request reimbursement or pay your provider
- Learn about your investment opportunities
- Manage communications preferences
- Initiate a Rollover
- View form and documents
- Report a card lost/stolen
- Request additional cards for your spouse and/or eligible dependent(s)
- View assigned PIN for yourself or family members

The Smart-Choice card has a pre-assigned PIN that cannot be changed. To view this log into the Smart-Choice portal, navigate to the debit cards page, and select the Smart-Choice card for which you need to locate the PIN. Once selected, the card information will expand, and employees will see the four-digit PIN listed on the right side of the information card. Note, the PIN will be displayed once the card is in an active status. You can activate the card directly on the Smart-Choice portal, through the mobile app, or upon the first use with an eligible expense.

Options to use your HSA Funds for eligible expenses:

You have several options for using your HSA funds through Smart-Choice:

- **Use your Smart-Choice debit card*** at pharmacies or medical, dental, and vision providers.
- **Pay out of pocket** and request reimbursement from your HSA to your personal bank account.
- **Pay a provider directly** through the Smart-Choice portal.

* When enrolled in both an LPFSA and HSA, the stacked Smart-Choice card automatically uses your LPFSA balance first for dental and vision expenses to preserve your HSA funds; once the LPFSA is exhausted, those expenses shift to your HSA, while medical expenses always draw from the HSA.

To submit a claim:

1. Go to [Workday](#), click **My Benefits & Retirement** app
2. Select your network status (on or off BMO network)

3. Click **Reimbursement Account** at the top of the page
4. Click **Health Savings Account**
5. Select **Add Expense** from the menu.
6. Enter the required details to process your payment or reimbursement.

Note: You are not required to submit receipts to substantiate your expenses, but you should keep them for tax purposes. You can only be reimbursed for qualified expenses incurred after your HSA is established.

Details about your HSA

HSA Deposit Account: Your Smart-Choice HSA is an interest-bearing deposit account with an optional investment feature.

- Funds in the deposit account are FDIC-insured up to the legal limit.
- Interest is compounded monthly and credited at the end of each month.
- Interest is calculated using the daily balance method.
- You can view current annual percentage yield (APY) rates by logging into your account.

HSA Investment Account: Once your HSA balance reaches \$1,001, you become eligible to invest your funds.

- Similar to a 401(k), you can choose from a variety of mutual funds.
- You must maintain a minimum balance of \$1,000 in your HSA deposit account to invest.
- You can view balances, transactions, and portfolio holdings, place trades, and transfer funds between your HSA and investment account directly through the portal.

To explore investment options:

- Visit the Fund Performance Dashboard to view historical performance, fund categories, and expense ratios.
- Access fund prospectuses, fact sheets, and Morningstar® pages via the Resource Links in the dashboard.

Fees: As an active BMO employee, you will not pay ongoing maintenance fees for your HSA. A \$2.50 monthly fee applies to accounts with an investment balance, which covers unlimited trades and is deducted from your base HSA balance. If you leave BMO, your HSA becomes a retail account and standard maintenance fees will apply.

Portability: Your HSA is yours to keep, even if you change health plans or leave BMO.

Balance carry forward: Any unused funds roll over year to year and are non-forfeitable. You may also roll over your balance to another qualified HSA provider if you choose. Many

people use HSAs as a long-term savings vehicle by paying current expenses out of pocket (or using a LPFSA, if applicable) and allowing their HSA to grow over time.

Communications and tax forms: You will receive quarterly statements and annual tax forms from Smart-Choice for your HSA.

- Quarterly account statements will be available via the Smart-Choice platform or by mail if you're not enrolled in electronic delivery.
- IRS Form 1099-SA, sent by January 31 each year, reports each type of HSA distribution made during the tax year.
- IRS Form 5498-SA, sent by May 31 each year, summarizes all contributions made to your HSA during the tax year.
- Both forms are used to complete IRS Form 8889.

Important information

- ATM access is not available with your Smart-Choice card.
- You are responsible for:
 - Ensuring funds are only used for qualified medical expenses.
 - Keeping receipts and documentation for tax purposes.
 - Understanding that non-qualified withdrawals are subject to income tax and a 20% penalty.
- If you make a transfer into another HSA account and your balance is zero, your Smart-choice account will automatically close after 180 days in inactivity if your balance remains zero. You will receive notification once the account is closed and per the policy, as account closed due to a zero balance for an extended period (180 days) cannot be reopened.

If you leave BMO: What happens to your HSA

One of the key advantages of a Health Savings Account (HSA) is that it's yours to keep, even if you leave BMO.

- Your HSA will remain active and continue to be administered by Smart-Choice Accounts and WealthCare Saver.
- You'll receive a letter with instructions on how to access your account.
- A new Smart-Choice debit card will be issued for continued access to your funds.
- Once you leave BMO, your HSA will be reclassified as a retail account and will no longer be affiliated with BMO.
- As a retail account, it will be subject to standard fees outlined in the fee schedule available at www.wealthcaresaver.com/disclosures/smart-choice
- If you return to BMO in the future, your HSA can be reaffiliated with BMO, and the monthly account maintenance fee will be waived once again.

When HSA Contributions cease

Your HSA employee contributions will automatically stop if:

- you do not complete Customer Identification Program Verification, if required.
- your enrollment BMO's HDHP ends.
- you experience a change in status that make you ineligible for BMO's Benefits Program.
- your employment with the Company ends for any reason.
- you become a participant in BMO Long Term Disability.

You will need to stop your HSA employee contributions if:

- You no longer wish to contribute to your HSA.
- You become ineligible to contribute to an HSA due to enrollment in Medicare.
- You will exceed the IRS Annual Limit due to contributions you made to other HSAs during the plan year.

A final note

Important Information About Your Health Savings Account (HSA)

An HSA is not an employer-sponsored benefit plan. It is an individual trust or custodial account that you open with an HSA trustee or custodian, intended primarily for the reimbursement of eligible healthcare expenses, as defined under Internal Revenue Code Section 223.

BMO's Role: BMO's involvement is limited to enabling you to make pre-tax contributions to your HSA through payroll deductions. BMO does not manage, control, or have access to the funds in your HSA. Your HSA, and the payroll mechanism that allows you to contribute to it, is not subject to the Employee Retirement Income Security Act of 1974 (ERISA).

Plan Information Disclaimer: The BMO U.S. Benefits website (www.bmousbenefits.com) provides highlights of the Company's benefit plans. While every effort is made to ensure accuracy, it does not include every detail, limit, or exclusion.

- The official plan documents govern all aspects of the plans and take precedence over any summaries.
- BMO reserves the right to **modify, amend, replace, or discontinue** any benefit or plan at any time, for any reason.