2027 Health Savings Account and Flexible Savings Account
Open Enrollment FAQs

Open Enrollment Window October 12 – 23, 2026

This Frequently Asked Question document highlights the main features of the pre-tax accounts offered by Michaels. Full details of these benefits are contained in the legal documents governing the plans. If there are any discrepancies or conflict between the plan documents and the information presented here, the plan documents will govern. Additional pre-tax plan information is available on MIKBenfits.com.

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Pre-tax Benefits to Pay for Eligible Expenses

1. **What is a pre-tax account? Do I have to be enrolled in a Michaels medical plan to participate?**

   Pre-tax accounts allow you to set aside money from each paycheck before income taxes are calculated which you may use to pay for eligible health care expenses, while lowering your taxable earnings. Depending on your medical plan enrollment, you can contribute pre-tax dollars to a Health Savings Account (HSA) or Flexible Savings Account (FSA) to pay for qualifying medical, prescription, dental, and vision expenses. Michaels pre-tax accounts include:

   - Health Savings Account (HSA): An HSA can be used for eligible healthcare expenses. Team Members must be enrolled in the Choice HSA plan. Michaels also contributes to a Team Member's HSA account.
   - Limited Purpose FSA (LPFSA): Can be used for dental and vision expenses only. Team Members enrolled in the Choice HSA medical plan may also enroll in an LPFSA. Michaels does not contribute to the LPFSA.
   - Health Care FSA (HCFSA): Can be used for eligible healthcare expenses. Team Members can be enrolled in the BCBSTX Basic PPO or Enhanced PPO, 360 Protect Plan administered by Imagine360, Kaiser, or no medical plan. Michaels does not contribute to the HCFSA.
     - In addition to having the option to participate in a HCFSA, Michaels provides California based Team Members enrolled in the Kaiser Plan a Health Reimbursement Account (HRA) which can be used for eligible healthcare expenses. Michaels contributes $425 if enrolled as TM Only and $950 if enrolled TM+ Dep annually (prorated for new hires or newly enrolled in the Kaiser plan). Team Members cannot contribute to this account.
   - The Dependent Care Flexible Spending Account (DCFSA): Can be used for eligible child dependent and elder care expenses. Any benefit eligible team member can enroll. Michaels does not contribute to the DCFSA.

   A **Side-by-side Pre-Tax plan** grid is provided on the last page of this FAQ document for ease of comparing pre-tax plan components.

Health Savings Account (HSA)

2. **What is an HSA?**

   An Health Savings Account (HSA) is a pre-tax savings account for eligible healthcare expenses that provides a triple tax advantage that lets you keep more of your money!

   - Pre-tax Contributions: The money you put into your HSA is deducted from your paycheck before taxes.
   - Tax-Free Growth: Your savings grow over time, and any interest or investment gains are completely tax-free.
   - Tax-Free Withdrawals: You can withdraw money at any time to pay for qualified medical expenses—tax-free!

   In retirement, you may continue to use your funds tax-free for eligible expenses or take distributions from the account like a pre-tax 401(k) for non-eligible expenses after age 65 and pay the tax on the money then.

3. **How much does Michaels contribute to my HSA, and how much can I contribute to an HSA each year?**

   When enrolled for a full year, Michaels contributions equate to $500 annually when enrolled in Choice HSA medical plan Team Member Only and $1,000 when enrolled in Team Member + Dependent(s). Contributions are made each pay period therefore the annual amount is pro-rated for new hires or when first enrolling in Choice HSA.

   - In 2027, the IRS annual maximum contribution is $4,500 for individual coverage and $9,000 for family coverage.
     - The IRS maximums include any Michaels contributions.
   - Team Members 55 yrs of age or older as of Dec. 31, 2026, may make an additional “catch-up contribution” of $1,000.

4. **I’m already enrolled in my Michaels HSA account; do I have to make a 2027 election in Workday?**

   You are encouraged to review your elections to ensure the contribution amount meets your and your family’s needs, however, your current election will roll over for 2027. You may increase or decrease your contribution to your HSA at any time during the year.

5. **What expenses are eligible when using HSA funds?**

   HSA funds can be used for eligible medica, prescription, dental, vision expenses, and deductibles and coinsurance. For a comprehensive list of eligible expenses, visit https://www.healthequity.com/hsa-qme.

6. **If I don’t spend all my pre-tax dollars contributed during the year, will they roll over to the next year?**

   Yes, your unused HSA funds remain in your HSA account until you use them.

7. **If I leave Michaels, what will happen to my unused HSA funds?**

   If you leave Michaels, your funds belong to you, and you may maintain your HSA account. We encourage you to speak with your financial advisor about investment guidance.

Flexible Spending Accounts (FSAs)

Health Care Flexible Spending Account (HCFSA)

8. What is an HCFSA?

The HCFSA is an account you can use to pay for eligible medical, prescription, dental, vision expenses, as well as copays, deductibles and coinsurance. For a list of eligible expenses, visit FSA Eligible Expenses | HealthEquity®

9. Who can enroll in a HCFSA?

Team Members enrolled in a Michaels BCBSTX Basic PPO Plan or Enhanced PPO Plan, 360 Protect Plan administered by Imagine360, Kaiser, or if you are not enrolled in a Michaels medical plan.

10. Do I have to enroll for my 2027 pre-tax account, or will my 2026 elections roll over?

Your prior-year HCFSA elections do **not** carry over. If you are enrolled in an FSA, you must make your pre-tax election during this open enrollment period. This enrollment period is your only annual opportunity to make this election unless you experience a qualifying life event that allows you to make changes to your FSA account.

11. What happens if I do not enroll in my HCFSA for 2027?

If you do not enroll into your FSA before the open enrollment period closes on October 23, 2026, your FSA elections will default to a 'Waive' status and you will not contribute to an FSA account in 2027.

12. Why should I consider enrolling in a HCFSA?

The money you contribute to an FSA is deducted from your paycheck before federal, state, and payroll taxes are calculated. This lowers your taxable income, which in turn reduces the amount you pay in taxes. In essence, you're paying for healthcare expenses with pre-tax dollars, saving you a significant percentage on those costs!

13. What is the 2027 IRS maximum that I contribute annually to an HCFSA?

The IRS has not yet released the official 2027 Health Care Flexible Spending Account (HCFSA) contribution limits. Currently, the 2026 limit is $3,400. If you contribute the 2026 maximum limit(s), you will be given the opportunity to increase your contribution.

14. Does Michaels contribute to my HCFSA?

No, Michaels does not contribute to HCFSA accounts.

15. Do I have to use all my HCFSAs funds by the end of the year?

Any unused HCFSA 2026 funds up to $680 will automatically roll over to 2027 without affecting your 2027 contribution limits. Any amount over $680 must be used for eligible expenses incurred no later than Dec. 31, 2026. You will have until March 15, 2027, to submit eligible expenses that you incurred in 2026 for reimbursement. Unused dollars under $25 or above $680 will be forfeited.

16. If I leave Michaels, what happens to my unused HCFSA dollars?

If you leave Michaels, you may submit for reimbursement any expenses incurred prior to your separation date. Any unused funds are forfeited unless you continue coverage under COBRA on a post-tax basis.

Limited Purpose Flexible Spending Account (HCFSA)

17. What is a Limited Purpose FSA (LPFSA)?

In addition to an HSA, when enrolled in the Choice HSA medical plan you can contribute to LPFSA. LPFSAs can be used for qualifying dental and vision expenses only.

18. What is the benefit of contributing to an LPFSA and an HSA?

By contributing to both an HSA and LPFSA, you can take advantage of two different pre-tax contribution limits. By using your LPFSA to pay for routine dental and vision expenses, you can avoid tapping into your HSA for these expenses allowing your HSA savings continue to grow. You can then use your HSA for larger, unexpected medical expenses, or save it for healthcare costs in retirement.

19. What is the 2027 IRS maximum that I contribute annually to an LPFSA?

The IRS has not yet released the official 2027 Limited Purpose Flexible Spending Account (LPFSA) contribution limits. Currently, the 2026 limit is $3,400. If you contribute the 2026 maximum limit(s), you will be given the opportunity to increase your contribution.

All other functions of an LPFSA work like an HCFSA.

Dependent Care Flexible Spending Account (DCFSA)

20. What are the benefits of contributing to a DCFSA?

A DCFSA is a pre-tax account available to U.S.-based benefit eligible team members regardless of being enrolled in a medical plan.

The DCFSA allows you to pay for dependent care with pre-tax dollars for eligible children under the age of 13, a spouse or other dependent who is physically or mentally incapable of self-care and lives with you for more than half the year. The purpose of the DCFSA is to enable you and your spouse to work, look for work, or attend school.

- Save 10% with Michaels KinderCare Discount! There are perks to being a Michaels Team Member, including savings on childcare at KinderCare® Learning Centers and Champions® programs.

21. What is the IRS annual maximum contribution amounts for DCFSA?

The IRS DCFSA 2027 limit remains unchanged from 2026; it is up to $7,500 ($3,750 if married and filing separately).

22. Do I have to use all my DCFSAs funds or lose them at the end of the year?

Yes. DCFSA funds are subject to a 'use-it-or-lose-it' rule and cannot be carried over to the next plan year. You will have until March 15, 2027, to submit eligible expenses for reimbursement that incurred in 2026. Any unused dollars will be forfeited.

23. Can I make changes to my DCFSA contribution amounts during the year?

No, you must actively make your DCFSA 2027 elections during this enrollment period. This is your one annual opportunity to do so unless you experience a qualifying life event that allows you to make changes to your FSA.

24. What happens to my DCFSA account if I leave Michaels?

You may submit DCFSA eligible expenses incurred up to your available balance before your separation date from Michaels.

HealthEquity: Micheals HSA/FSA Account Administrator

25. Who is HealthEquity?

HealthEquity is Michaels' administrator of our HSA and FSA accounts. You can visit HealthEquity at HealthEquity.com to learn more about pre-tax accounts. To call HealthEquity, please call the telephone number assigned to the pre-tax account type.

- For HSA inquiries: 866-346-5800
- For FSA inquiries: 877-924-3967

26. Will HealthEquity send me a debit card when I enroll in a pre-tax account?

Yes*, if this is your first time enrolling in a Michaels pre-tax spending account, you'll receive your debit card(s) from HealthEquity before Jan. 1, 2027. *DCFSA accounts will not receive a debit card and eligible expenses will need to be submitted manually for reimbursement.

Payment methods and funds availability vary based on account type:

	HSA	HCFSA & LPFSA	DCFSA
Payment Method	HSA Debit Card or request reimbursement for eligible expenses	FSA Debit Card or submit eligible expenses for reimbursement	Submit eligible expenses for reimbursement
Funds Availability	As pre-tax contributions are made	Front-loaded at beginning of plan year	As pre-tax contributions are made

Keep your receipts! When you use your funds from your HCFSA, LPFSA, or DCFSA, you may be required to submit documentation, like an itemized receipt, to verify your claim. With an HSA, you should maintain records of your eligible expenses paid through your HSA in the event the IRS requires documentation.

27. How will HealthEquity know where to send my debit card?

When you enroll, Michaels provides HealthEquity with your Workday profile address on file. Please review your Workday profile and update the information as needed. HealthEquity will then send your card to your current address on file.

28. I would like to learn more about the HSA FSA, where can I find additional information?

Log into MIKBenefits at Spend & Save - Michaels Benefits for program details or our FSA & HSA Enrollment – page on Michaels Benefits.

HealthEquity Helpful Resources:

- HSA - Health Savings Account | HealthEquity website.
- Flexible Spending Account (FSA) Guide | HealthEquity® website.
- Limited Purpose FSA (LPFSA) Guide | HealthEquity® website.
- Dependent Care Flexible Spend Account (DCFSA) | HealthEquity website.

General Enrollment Questions

29. When can I enroll in my 2027 pre-tax payroll contributions?

You can make your pre-tax contribution elections in Workday beginning Monday, October 12 through by Friday, Oct. 23, 2026, at 11:59 p.m. CT. Contributions you elect during this enrollment will apply to the 12-month period from Jan. 1 to Dec. 31, 2027.

30. If I'm on a leave of absence (LOA), how do I complete my enrollment?

There is a task on how to enroll in your inbox on Workday. If a job aid is helpful, please go to MIKBenefits.com > Life & Family > Time Away From Work > Job Aid: How to Access Workday While on Leave. You can also call Team Member Services for assistance at 1-855-432-MIKE (6453).

31. I see my 2027 FSA/HSA Open Enrollment task, but it says it is "On Hold". What do I do?

If your FSA HSA Open Enrollment task is "On Hold," there is likely another benefit task that is pending that will need to either be completed or canceled before you can proceed with your FSA HSA Open Enrollment elections. Once you update that task, you should be able to enroll.

32. I am having trouble with my Workday enrollment and need additional help, who can I reach out to?

If you need help, you can reach out to Michaels Team Member Services by calling 1-855-432-MIKE (6453), option 2. You can also submit a ticket in Knowledge Zone for a Benefits Inquiry: https://michaels.freshservice.com/a/catalog/request-items, click on Human Resources> Benefits Inquiry.

33. If I was just hired and made my elections during my New Hire window, will I have to make elections for the FSA HSA Open Enrollment?

If your benefits are effective prior to January 1, 2027, and you opted into the FSA, your new hire elections will only be in place for the remainder of 2026.

Therefore, if you wish to continue your FSA for 2027, your New Hire event will need to be completed, and you will also need to enroll in the 2027 FSA HSA Open Enrollment.

If you enrolled into an HSA during your new hire enrollment, your election will roll over to 2027, therefore no action on your part is needed unless you want to change your elected amount. With an HSA, you can make changes at any time during the year, and the newly elected amount will begin within 2-3 pay periods.

34. If I want to change medical plans so that I can enroll in a specific pre-tax account, can I do that during this Open Enrollment period?

No, this Open Enrollment period is for pre-tax plan contribution elections only. Your next opportunity to change your medical plan will be during Michaels Annual Open Enrollment that occurs typically each May, unless you experience a qualifying life event that allows you to make changes to your pre-tax account.

Pre-Tax Account Side-By-Side Comparison

Michaels provides various pre-tax spending accounts that help you reduce your taxable income, allowing you to keep more of your hard-earned money. You can use pre-tax funds to pay for eligible medical, dental, vision, or dependent care (child or adult), effectively getting more value out of each dollar you spend.

Account Type & Eligibility	Account Type	Eligible Expenses	Annual Maximum Contributions
Health Savings Account Enrolled in Choice HSA medical plan	• Pre-tax dollars you contribute from each paycheck. • Michales contributes each pay period. • You may invest your savings. • If you leave Michaels, you keep your account with any funds.	• Qualifying medical, dental, vision and RX expenses.	• 2027 IRS Maximums: up to $4,500 (TM Only) or $9,000 (TM + 1 Dep). • Michaels contributes: $500 if enrolled in TM Only and $1,000 for TM+ Dep annually, prorated for new hires or newly enrolled in the Choice HSA. • IRS limits include Michaels contributions. • If you are aged 55+ you can contribute an extra $1,000.
Limited Purpose FSA Enrolled in Choice HSA medical plan	• Pre-tax dollars you contribute from each paycheck.	• Qualifying dental and vision expenses only.	• The IRS has not yet released the official 2027 Purpose Flexible Spending Account contribution limits. Currently, the 2026 limit is $3,400. • Up to $680 of unused 2026 funds will be automatically rolled over into 2027 without restricting your 2027 contribution.
Health Care FSA Enrolled in PPO, Kaiser, or no medical plan	• Pre-tax dollars you contribute from each paycheck.	• Qualifying medical, dental, vision and RX expenses.	• The IRS has not yet released the official 2027 Purpose Flexible Spending Account contribution limits. Currently, the 2026 limit is $3,400. • Up to $680 of unused 2026 funds will be automatically rolled over into 2027 without restricting your 2027 contribution.
Dependent Care FSA No medical plan enrollment required.	• Pre-tax dollars you contribute from each paycheck.	• Qualifying child or adult dependent day care expenses.	• A maximum of up to $7,500 ($3,750 if married and filing separately).
Health Reimbursement Account Enrolled in Kaiser (CA TMs Only)	• Michales contributes tax-free dollars. • You receive full contribution at the start of the new plan year or prorated if newly enrolled in Kaiser during the year. • You may not contribute to this account.	• Qualifying medical, dental, vision and RX expenses.	• Michaels contributes: $425 if enrolled TM Only and $950 if enrolled TM+ Dep annually.