2025 FREQUENTLY ASKED QUESTIONS ABOUT THE HIGH DEDUCTIBLE HEALTH PLAN WITH HEALTH SAVINGS ACCOUNT OPTION

GENERAL INFORMATION

1. **What is a high deductible health plan ("HDHP")?** An HDHP is a health plan that satisfies minimum requirements regarding deductible and out-of-pocket expenses as set by the federal government (also commonly referred to as Consumer Driven Health Plans). For 2025, the federal government requires a HDHP to have minimum deductibles of $1,650 for self-only coverage, or $3,300 for double/family coverage, and maximum out-of-pocket costs of $8,300 for self-only coverage and $16,600 for double/family coverage. Asahi offers a HDHP-HSA Option. Asahi may chose a higher deductible amount under its HDHP/HSA option; please review the enrollment materials and plan documents to determine the deductible thresholds that apply under the Asahi HDHP-HSA option.

2. **What is an HSA and how does it work?** An HSA is a tax-advantage account that can be established by or for you as long as you are considered an eligible individual. You are the owner of the HSA and only you can decide how to spend the money in it. Typically, you would use the money in your HSA to pay for health care expenses until your deductible has been met under the Asahi HDHP-HSA Plan. Then the HDHP-HSA Option generally would pay for expenses in excess of the deductible, to the extent provided under the terms of the HDHP-HSA Option. Any unused funds are yours to retain and accumulate in your HSA toward your future health care expenses or retirement.

3. **Who qualifies for an HSA?** You may establish an HSA only if you are considered an eligible individual. You are considered an eligible individual only if you:

   • are covered under a HDHP (e.g. under the Asahi HDHP-HSA option) on the first day of the calendar month in which you want to establish the HSA;

   • have no other health coverage (except for what is permitted by IRS guidance (see below);

   • are not currently enrolled in Medicare, Medicaid or TRICARE;

   • have not received medical benefits through the Department of Veterans Affairs (VA) or Indian Health Service ("IHS") during the preceding three months; <u>and</u>

   • may not be claimed as a dependent on another person's tax return.

   Note that you may be eligible to enroll in the HDHP offered through the Asahi HDHP-HSA option even though you are not an eligible individual for purposes of making or receiving HSA contributions to your HSA. Please review FAQ #10 below for more information.

4. **What kind of other health coverage makes you ineligible to establish an HSA?** You generally are not eligible for an HSA if, while covered under the Asahi HDHP-HSA option, you also are covered under a health plan (whether as an individual, spouse, or dependent)

that is not an HDHP. For example, the following types of other coverage would make you ineligible to establish or receive additional contributions to an HSA:

▪ Your coverage as a dependent under your spouse's employer-sponsored non-high deductible health plan.

▪ Your coverage under any other non-high deductible health plan, whether offered through a group plan or individual policy.

▪ Your coverage under a general purpose healthcare flexible spending account ("FSA") or health care reimbursement arrangement ("HRA"). General purpose means that the FSA/HRA will reimburse you for any type of qualifying medical expenses. Also, if your spouse participates in his/her employer's general purpose FSA/HRA, such participation typically will make you ineligible for an HSA because such FSA/HRA permits your spouse to be reimbursed for medical expenses incurred by you. The only exception is if the written terms of the FSA/HRA document specifically restricts reimbursement to only (i) limited-purpose dental/vision/preventive care expenses, (ii) medical expenses incurred after you have reached the deductible expenses under the HDHP rules, or (iv) medical expenses incurred after you terminate from employment (e.g. retiree HRA). Also, in the rare case that your spouse's general purpose FSA/HRA only reimburses such spouse for his/her own medical expenses (and nobody else), then such participation by your spouse will not make you ineligible for an HSA.

▪ Your enrollment in Medicare Parts A, B and/or D. Mere eligibility for Medicare does not make you HSA ineligible, but note that in some circumstances, Medicare Part A may start automatically (e.g. if you are already receiving social security benefits and then attain age 65) or become effective retroactively to the date you applied.

▪ Generally your receipt of VA or IHS benefits in last 3 months (unless the VA benefits relate to service-connected disabilities). If you are otherwise an eligible individual who also is eligible to receive VA or IHS medical benefits, but have not actually received any during the preceding 3 months or you receive hospital care or medical services specifically related to a service connected disability, then you remain an eligible individual and can receive or make contributions to your HSA. However, you may not make or receive HSA contributions for any month if you have received VA or IHS medical benefits at any time during the previous 3 months.

▪ Coverage under TRICARE (the health care program for active duty and retired members of the uniformed services and their families).

It is your sole responsibility to determine if other coverage would cause you to lose eligibility to establish, make or receive contributions to an HSA; Asahi will not make this determination on your behalf. Please consult with your own legal or tax advisor to review these situations.

5. **Does the Asahi HDHP-HSA option have any special eligibility requirements beyond what is required by law?** Yes. You must be in a classification of employees eligible to select the Asahi HDHP-HSA option. Your enrollment materials and the Appendix C to the Welfare Benefit Plan document will identify if such HDHP-HSA option is available to you. Please see FAQ #10 below to understand the impact of coverage under the Asahi HDHP-HSA option when you are not considered an eligible individual.

6. **How does my participation in the HDHP-HSA Option affect Asahi's General Purpose Health Care Flexible Spending Account ("Asahi Health FSA")?** If you enroll in the

HDHP-HSA option for a Plan Year, you are **not** eligible to participate in the Asahi Health FSA for that Plan Year. Instead, you will be eligible to make or receive contributions to your Health Savings Account for that year.

Also note that having an unspent account balance in the Asahi Health FSA as of the last day of the Plan Year (December 31) could delay the effective date of when you would be considered an Eligible Individual for purposes of making or receiving contributions to a HSA for the new Plan Year in which you enrolled in the HDHP-HSA. For this reason, if you intend to enroll in the HDHP-HSA for the next Plan Year, you are strongly recommended to fully spend down and zero out your account balance in your Asahi Health FSA before the last day of the Plan (December 31). Specifically, this coordination issue arises out of the Grace Period feature available under the Asahi Health FSA, which allows you to incur and be reimbursed for general-purpose health care expenses until March 15 following the Plan Year in which there was an unused account balance as of December 31 in your Asahi Health FSA. As a result, the IRS will not consider you to be an Eligible Individual due to being covered under a non-HDHP (i.e. the Asahi Health FSA) for purposes of making or receiving contributions to your HSA until the first day of the month following the close of the Grace Period (i.e. you will not become an Eligible Individual until April 1). In other words, you will not be eligible to legally set up your HSA and start making or receiving contributions to it until April 1, which partial year as an Eligible Individual could impact the maximum annual contributions under your HSA for the calendar year.

7. **What other kinds of health coverage may I maintain without losing eligibility for an HSA?** You do not fail to be eligible for an HSA merely because, in addition to the Asahi HDHP-HSA option, you have coverage for any benefit provided by “permitted insurance.” Permitted insurance is insurance under which substantially all of the coverage provided relates to liabilities incurred under workers' compensation laws, tort liabilities, liabilities relating to ownership or use of property (e.g., automobile insurance), insurance for a specified disease or illness, and insurance that pays a fixed amount per day (or other period) of hospitalization. In addition to permitted insurance, you do not fail to be eligible for an HSA merely because, in addition to the Asahi HDHP-HSA option, you have coverage (whether provided through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care. Coverage under a restricted purpose dental/vision or post-deductible FSA or HRA will not cause you to lose status as an HSA eligible individual (but see Item 4 above regarding spousal FSA coverage).

CONTRIBUTIONS

8. **Who may contribute to an HSA?** Anyone may contribute to the HSA of an eligible individual. For example, as an employee who has status as an eligible individual, you, Asahi, or both may contribute to your HSA in a given tax year. Family or other individuals also may make contributions to an HSA on your behalf as long as you are an eligible individual.

9. **How much can I contribute to my HSA?** The amount you or any other person on your behalf can contribute to your HSA for a taxable year depends on the type of HDHP coverage (self v. family), your age, the date you become or cease to be an eligible individual, and spousal contributions to an HSA. In 2025, your annual HSA contribution generally may not exceed IRS limits of $4,300 for self-only coverage or $8,550 for family

coverage. This limitation applies to the aggregate of all contributions made to your HSA (or HSAs if you maintain multiple) for the taxable year, regardless of the source of contribution (e.g. employee, employer, family members). IRS limits are indexed for inflation on an annual basis. Visit www.treas.gov and click on "Health Savings Accounts" for updates.

10. **What are catch-up contributions for individuals age 55 or older?** If you are age 55 or older, the annual contribution limit to your HSA is increased by $1,000. The fact that your spouse is age 55 or more does not increase your contribution limit to your own HSA.

11. **Will Asahi make a contribution to my HSA?** Each year, Asahi will determine the amount, if any, of employer contributions, and the frequency in which it will make such contributions on your behalf to your HSA. The amount of Asahi contributions, if any, will be communicated to you in your annual enrollment materials. Please note that any such employer contributions automatically will be made to the HSA that is linked to the Asahi HDHP-HSA option under which you are covered. With such coverage under the Asahi HDHP-HSA option, Asahi will make its employer contribution to your linked HSA without regard to your status or lack of status as an eligible individual. It is your sole responsibility to determine if you are an eligible individual for purposes of receiving or making contributions to your HSA. If you are not an eligible individual when the employer contribution is made to your HSA, you may be subject to income and excise taxes. Please see the FAQs under "*Tax Considerations*" below and FAQ #51 for more information regarding your tax liability.

12. **Do my HSA contributions have to be made in equal amounts each month?** No, you can contribute in a lump sum or in any amounts of frequency you wish, subject to any deposit and balance requirements of the HSA trustee/custodian, and subject to payroll limitations for contributions made through Asahi payroll deduction.

13. **If I cease to be an eligible individual mid-year, what is my permitted contribution amount for that year**? The maximum annual contribution, plus any catch-up contributions, must be pro-rated for the year. Generally, you may contribute 1/12 of the maximum limit ($4,300 for self-only or $8,550 for family, plus $1,000 for catch-up contributions) for each month in which you were an eligible individual (i.e. covered only under a HDHP) as of the 1st day of such calendar month.

EXAMPLE: Assume you enroll in self-only coverage under the Asahi HDHP-HSA option and otherwise are an eligible individual on January 1, 2025, but terminate HDHP coverage on April 15, 2025. Although the maximum annual contribution for self-only coverage is $4,300, you are entitled to make only $1,433.33 (4 months as an eligible individual x $4,300/12) for the 2025 tax year. Please review *Tax Considerations* below for information regarding what happens if you contribute too much to your HSA.

14. **If I enrolled in an HDHP and HSA mid-year, what is my permitted contribution amount for that year?** A special "last-month rule" applies to you if you are not considered an eligible individual for an entire year but you have HDHP coverage on the first day of the last month of your tax year (December 1). Under this rule, you are considered an eligible individual for the entire year and may make or receive the maximum annual HSA contribution ($4,300 for self-only or $8,550 for family, plus $1,000 for catch-up contributions) for that tax year, regardless of when, during that year, the HSA was opened. However, penalties may apply if your status as an eligible individual does not continue for

any reason other than your death or disability for the 12-month testing period. This testing period begins with the last month of your tax year (usually December 1) and ends on the last day on the 12th calendar month following that month (December 31). If you fail to remain an eligible individual during the testing period, you will be subject to income tax and a 10% excise tax on a portion of the contributions you made to your HSA that you otherwise could not have made but for the last-month rule. Please review *Tax Considerations* below for information regarding what happens if you contribute too much to your HSA (or also review IRS Publication 969 www.irs.gov/pub/irs-pdf/p969.pdf).

15. **When can HSA contributions be made? Is there a deadline for contributions to an HSA for a taxable year?** For an established HSA, contributions for the taxable year can be made in one or more payments at any time after the year has begun and prior to the individual's deadline (without extensions) for filing the eligible individual's federal income tax return for that year. For most taxpayers, this is April 15 of the year following the year for which contributions are made. If you cease to be an eligible individual during a year, you may still contribute, until the date for filing your tax return (without extensions) for that year, to the HSA with respect to the months of the year when you were an eligible individual.

16. **How do I make contributions?** Contributions can be made through payroll deduction with Asahi, or any other method accepted by the HSA trustee/custodian (e.g. online transfers, mailing personal checks to the trustee, etc.), and subject to payroll limitations for contributions made through Asahi payroll deduction.

17. **Can I change my employee contributions to my HSA during the year?** Yes, when making your own contributions through Asahi payroll deductions, you are able to make prospective changes to the amount to be withheld from your pay for contribution to the HSA by providing written notice to Asahi. If you do not make contributions through your Asahi payroll, you are free to start, stop or modify your contributions at anytime.

18. **What happens to my HSA balance at the end of the year?** Any unspent contributions in your HSA at the end of the tax year (December 31st) will carryover to the next year and continue to accumulate earnings. There is no use it or lose it provision with HSAs. The funds in your HSA belong to you.

19. **Can I contribute funds from my Individual Retirement Arrangement (IRA) to my HSA?** During your lifetime, you are allowed a one-time contribution from one of your IRA(s) to one of your HSA(s). The contribution must be made in a direct trustee-to-trustee transfer. The IRA transfer will not be included in income or subject to additional tax due to early withdrawal. The transfer is limited to the maximum HSA contribution for the year and the amount contributed is not allowed as a deduction. Penalties may apply if HDHP coverage does not continue for 12 months.

20. **Are rollover contributions from Archer MSAs and other HSAs permitted?** Yes. Rollover contributions from Archer MSAs and other HSAs are permitted. Qualifying rollover contributions must be made in cash via trustee to trustee transfers and are not subject to annual contribution limits.

21. **Does tax filing status, joint vs. separate, affect my contribution?** Tax filing status does not affect the amount of your maximum annual contribution, but see the next section regarding contribution limits when both spouses are HSA eligible individuals.

RULES FOR FAMILY MEMBERS

22. **If both spouses have coverage under separate HDHPs, how is the annual contribution limit determined?** In a situation where each spouse has self-only or family coverage under separate HDHPs, the combined contribution for each spouse to their own HSA cannot exceed the family coverage limit (i.e. $8,550). The spouses must agree how the combined limit will be divided between them. This is true even if one spouse has family coverage HDHP that does not cover the other spouse.

EXAMPLE: You elect self-only coverage under the Asahi HDHP-HSA option. Your spouse enrolls in family coverage for herself and your children under her employer's HDHP, and neither of you have other non-HDHP coverage. You can split the combined annual limit of $8,550 equally (i.e. each contribute $4,275) or divide it any other way you choose as long as you do not exceed $8,550 together.

23. **Same facts as 19, but what happens if both spouses are ages 55 or older?** Each spouse is entitled to make the additional $1,000 catch-up contribution to his/her own HSA, but neither spouse can make his/her spouse's catch-up contribution to his/her own HSA.

EXAMPLE: You and your spouse each are age 55 or older and are eligible individuals with self-only coverage through your employers' HDHPs. You and your spouse can split the combined annual family limit of $8,550, and both of you individually may make a $1,000 catch-up contribution to your own HSA, for a total combined contribution of $10,550. If you decide to make this maximum contribution of $10,550 to your HSAs, at least $1,000 must go into each of your HSAs (e.g. you could decide to make $9,550 to your HSA and your spouse make the remaining $1,000 (as your spouse's catch-up contribution) to her/his own HSA).

24. **If I elect family coverage under the Asahi HDHP-HSA option for myself and spouse, and my spouse also is covered by Medicare or other non-HDHP coverage, can I still contribute to my HSA?** Yes, other non-HDHP coverage by your spouse or dependent children does not affect your status as an eligible individual or your contribution limit of $8,550 for family coverage as long as you are not covered by any other non-HDHP.

25. **If I elect family coverage under the Asahi HDHP-HSA option for myself and my spouse, and my spouse is considered an eligible individual, but I am not because I have Medicare or other non-HDHP coverage, can my spouse establish an HSA?** Yes, your spouse, as an eligible individual with family coverage under the Asahi HDHP-HSA option, may establish an HSA and contribute up to the family limit of $8,550. You cannot establish an HSA for yourself because of your other non-HDHP coverage. Asahi, in its sole discretion, may set up a payroll system to permit you to direct a portion of your pay, after-tax, to be remitted to your spouse's HSA.

26. **If I elect family coverage under the Asahi HDHP-HSA option for myself and my adult-child, and neither of us have coverage under any other non-HDHP, Medicare or similar coverage, can we both establish an HSA?** Under these facts, you clearly are an eligible individual who can establish an HSA and make or receive annual contributions

up to $8,550. If your adult-child can be claimed as your dependent on your federal income tax return, then such adult-child would not qualify as an eligible individual and thus may not establish his/her own HSA. If you are not able to claim such adult-child as a dependent on your federal tax return, then the adult-child may be considered an eligible individual and establish his or her own HSA. However, the IRS has not issued formal guidance on this issue and we recommend you and your child seek your own tax or legal advice regarding eligibility and maximum amount of contribution.

27. **If you switch from family coverage to self-only coverage under the Asahi HDHP-HSA option, do you cease to be an eligible individual during the period of self-only coverage merely because the HDHP, for purpose of satisfying the self-only deductible, takes into account expenses incurred while you had family coverage?** No, the HDHP may use any reasonable method to allocate the covered expenses incurred during the period of family coverage for purposes of satisfying the deductible for self-only coverage without causing you to lose status as an eligible individual. For example, the HDHP may allocate to the self-only deductible only the expenses incurred by you during family coverage. Alternatively, the HDHP may allocate the expenses incurred during family coverage on a per-capita basis according to the number of persons covered by the family HDHP. If the family deductible was satisfied before the change to self-only coverage, the HDHP can choose to treat you as satisfying the self-only deductible for the year. In all cases, the HDHP must allocate expenses under these circumstances on a reasonable and consistent basis, each expense may be allocated to only one individual and plan year must be 12 months.

    If you are switching mid-year from self-only to family coverage under the Asahi HDHP-HSA option, all deductible expenses incurred by you during your self-only coverage may be applied to your family deductible. Please contact the administrator of the HDHP for more information on how the HDHP has decided to allocate such expenses.

28. **If you switch from family coverage to self-only coverage under the Asahi HDHP-HSA option, does this impact the maximum annual contribution amount that you can make for your tax year?** Yes, you are required to pro rate the limit to account for a partial year of family coverage and partial year of self-only coverage.

EXAMPLE: Assume you are considered an Eligible Individual for the entire 2025 calendar year under the Asahi HDHP-HSA option, but you have a change from family coverage to self-only coverage effective July 1, 2025. In other words, you are an Eligible Individual with family coverage for 6 months and self-only coverage for 6 months during the calendar year. The maximum contribution you are able to make to your HSA for your 2025 tax year would be $5,800. This is calculated by taking the maximum annual contribution limit for family coverage of $8,550 multiplied by 6 months then divided by 12 months (i.e. $4,275), plus the maximum annual contribution limit for self-only coverage of $4,300 multiplied by 6 months divided by 12 (i.e. $2,150 (i.e. $4,275 + $2,150 = $6,425).

29. **What happens if I already made the maximum annual contribution for family coverage of $8,550 for the 2025 tax year before I switch to self-only coverage?** You will have an excess contribution to your HSA for your tax year. In the example above, the excess contribution would equal $2,125 ($8,550 – $6,425). To avoid excise taxes, you would need to request from the HSA custodian that a distribution of the excess contribution

plus earnings be made to you before April 15, 2026. Please review the section below titled "*TAX CONSIDERATIONS"* for more detail.

30. **If you switch from self-only coverage to family coverage under the Asahi HDHP-HSA option, does this impact the maximum annual contribution amount that you can make for your tax year?** Similar to FAQ #27 above, your maximum annual contribution limit generally would be pro-rated to account for a partial year of self-only and family coverage. However, there is a special "last month" rule that may apply if the change from self-only to family coverage becomes effective on or before the last month of your tax year (which for most taxpayers is December). Under this special rule, you could make the maximum annual contribution for family coverage of $8,550 for the 2025 tax year, but you would need to remain an eligible individual with family coverage until the last day of your next tax year (e.g. through December 31, 2025).

EXAMPLE: Assume you have self-only coverage under the Asahi HDHP-HSA option on January 1 2025, and then change to family coverage effective December 1, 2025. You could make the full contribution of $8,550 to your HSA for the 2025 tax year as long as you continue with family coverage under the HDHP until December 31, 2025. If you cease to have family coverage before that date, then you would need to pro-rate your 2025 HSA contribution to account for a partial year of self-only and family coverage. Any contribution to the HSA over this amount would be subject to income tax as well as a 10% excise tax. However, the amount is not treated as an excess contribution and, thus, it should not be distributed to you unless you are requesting a qualified distribution for reimbursement of medical expenses or you are requesting a non-qualified distribution for non-medical reasons, which would be subject to the 20% excise tax. Please see the section titled "*TAX CONSIDERATIONS"* below for more detail.

DISTRIBUTIONS

31. **How can I spend the money in my HSA?** You can use the money in your HSA at any time and for any purpose you choose, **but** you may be subject to income taxes and excises taxes for non-qualified distributions (see the section below titled "Tax Considerations").

32. **What is a qualified distribution?** You will receive a qualified distribution from your HSA only when you are being reimbursed for qualified medical expenses incurred by you, your legal spouse or your tax dependents. Qualified medical expenses are those that generally qualify for the medical deduction, including expenses for diagnosis, cure, mitigation, treatment, or prevention of disease. Examples of these expenses are deductible, coinsurance or copayment expenses under the Asahi HDHP-HSA option or other group health plans, dental or vision expenses, prescription drugs, insulin, over-the-counter drugs that have been prescribed by a doctor, transportation to care providers, qualified long-term care expenses, and certain health insurance premiums (see below). Such expenses are "qualified medical expenses" only if they are ineligible for insurance or any other type of coverage. For more information, visit http://www.irs.gov/pub/irs-pdf/p502.pdf and http://www.irs.gov/pub/irs-pdf/p969.pdf.

33. **Who is my legal spouse for purposes of reimbursements from my HSA?** Your legal spouse for purposes of qualified distributions from your HSA is defined by the IRS under federal tax law and generally includes your husband or wife (same or different sex or gender) to whom you are legally married as recognized by the laws of the State or jurisdiction in which the marriage was validly performed. This definition of legal spouse

only applies for purposes of determining if you are receiving a qualified distribution from your HSA; it does not apply for purposes of determining spousal eligibility and enrollment under the Asahi HDHP-HSA option.

34. **Who are my tax dependents for purposes of qualifying distributions from my HSA?** All dependents you claim on your federal income tax return. You also may treat as your tax dependent for HSA purposes any person you could have claimed as a dependent on your return except that: (i) the person filed a joint return; (ii) the person had gross income of $4,000 (as adjusted for inflation) or more, or (iii) you, or your spouse if filing jointly, could be claimed as a dependent on someone else's tax return. For this purpose, a child of parents that are divorced, separated, or living apart for the last 6 months of the calendar year is treated as the dependent of both parents whether or not the custodial parent releases the claim to the child's exemption. Note that coverage of your child under the Asahi HDHP-HSA option does not necessarily render him/her your tax dependent for purposes of qualified distributions from your HSA. For example, your adult-child may be covered under the Asahi HDHP-HSA option until age 26, but such child would be considered your tax dependent for HSA purposes only if you are claiming such child as your dependent on your federal tax return (e.g. you provide over one-half of such child's support) or you could have claimed the child except that your child filed a joint return; your child had gross income of $4,000 or more (as adjusted for inflation); or you, or your spouse if filing jointly, could be claimed as a dependent on someone else's tax return. It is your sole responsibility to determine if you are requesting a qualified distribution from your HSA and you are strongly encouraged to consult with your own tax or legal advisor. Asahi does not and will not make this determination on your behalf.

35. **Can insurance premiums be treated as qualified distributions for medical expenses?** Generally, insurance premiums cannot be treated as qualifying medical expenses, unless the premiums are for:

- Health care continuation coverage premiums (such a COBRA) for you, your spouse and/or tax dependents.
- Health care premiums for you, your spouse and/or tax dependents while receiving unemployment compensation under state or federal law.
- Medicare and other health care coverage if you were 65 or older (other than premiums for a Medicare supplemental policy, such as Medigap).
- Long-term care insurance (but the premium is limited based on age).

36. **If you have attained age 65, are Medicare Parts B and D premiums considered qualifies medical expenses?** Yes, if you are age 65, Medicare premiums for you, your spouse or tax dependents are qualified medical expenses. Enrollment under Medicare, however, will cause you to lose status as an eligible individual for purposes of making or receiving future HSA contributions.

37. **If I have not attained age 65, are the Medicare premiums for my spouse or other tax dependent's qualified medical expenses?** No, you must first attain age 65 before such Medicare expenses of your spouse/tax dependents will be treated as qualified medical expenses under the HSA.

38. **What happens if the HSA has insufficient funds for payment?** You will receive reimbursements from your HSA only to the extent funded (i.e. reimbursements will not be authorized if funds are not available).

39. **Can I use the funds in my HSA even if I am no longer considered an eligible individual enrolled in a HDHP?** Yes, you may receive reimbursements from your HSA at any time, even when you are no longer an eligible individual.

40. **Can I reimburse myself with HSA funds for qualified medical expenses incurred prior to my enrollment in an HSA?** No. Qualified medical expenses may only be reimbursed, tax-free, if the expenses are incurred after the date your HSA was established.

41. **May I authorize someone else to withdraw funds from my HSA?** Yes, you typically may authorize a representative (e.g. your spouse) to withdraw funds from your HSA, but all withdrawals will remain subject to the same tax rules explained herein, with you as the accountholder. You must follow the procedures established by the HSA trustee/custodian to designate such a representative.

TAX CONSIDERATIONS

42. **What are the general tax benefits of an HSA?** An HSA provides you triple tax savings by allowing:

    • tax deductions or exclusions from gross income when you or Asahi contribute to your HSA;

    • tax-free earnings through interest and investments; and

    • tax-free withdrawals for qualified medical expenses.

43. **Are there special tax benefits for my payroll deductions or Asahi contributions to my HSA?** You generally may make pre-tax contributions to the account linked to the Asahi HDHP-HSA option through Asahi's Cafeteria Plan. Also, if Asahi, in its sole discretion makes employer contributions to your HSA, such contribution will not be included in your taxable income. Before such contributions can be made to your selected HSA trustee/custodian, you must complete any required forms requested by Asahi regarding the identity and routing information for such HSA trustee/custodian.

    Any contributions you elect to make to another person's HSA (e.g. your spouse's HSA) are initially considered taxable compensation. You and your spouse generally can claim as an above-the-line adjustment to federal income, any after-tax contributions you made or any other person made to your HSA.

44. **Is tax reporting required for an HSA?** Yes. IRS form 8889 must be completed with your tax return each year to report total deposits and withdrawals from your account. You do not have to itemize to complete this form. Asahi will include on your W-2 in Box 12 all of your pre-tax contributions as well as Asahi contributions to your HSA. You also should receive a Form 5498-SA from the HSA trustee showing the amount contributed to your HSA during the year. You are required to report HSA contributions and qualified and non-

qualified distributions on IRS Form 8889 along with your federal tax return (Form 1040) each year.

45. **How are distributions from an HSA taxed?** Distributions from an HSA used exclusively to pay for qualified medical expenses incurred by you, your legal spouse, or tax dependents are tax exempt and not included in gross income. In general, amounts retained in an HSA can be used for qualified medical expenses and will be excludable from gross income even if the individual is not currently eligible to make contributions to the HSA.

46. **What if I use my HSA to pay for something other than a qualified medical expense?** Any amount of a distribution not used exclusively to pay for qualified medical expenses of you, your legal spouse or tax dependents is includable in your gross income. Such distributions are subject to an additional 20% excise tax on the amount includable, except in the case of distributions made after your death, disability, or attaining age 65.

47. **What happens when HSA contributions exceed the maximum amount that can be deducted or excluded from gross income in a taxable year?** You will have excess contributions if the contributions to your HSA for the year are greater than the maximum annual limits discussed earlier (which could include amounts in the HSA when you are not an eligible individual). Excess contributions by you or made on your behalf are not deductible on your federal tax return. Any employer contributions by Asahi which result in excess contributions also are not excludible from your gross income. Asahi will not monitor the amount of contributions to your HSA and thus Asahi will not automatically include excess contributions in Box 1 of your W-2. Consequently, it is your sole responsibility to report the excess as "other income" on your tax return.

48. **What are the excise taxes on excess contributions?** In addition to taxable income, if excess contributions are not withdrawn in a timely manner, an annually assessed excise tax of 6% is imposed on any excess contributions. See IRS Form 5329, Additional Taxes on Qualified Plans (including IRAs) and other Tax-Favored Accounts, to figure out the amount of the excise tax. You may withdraw some or all of the excess contributions and not pay the excise tax on the amount withdrawn if you meet the following conditions:

▪ You withdraw the excess contributions by the due date, including extensions, of your federal tax for the year the contributions were made; and

▪ You withdraw any income earned on the withdrawn contributions and include earnings in "other income" on your federal tax return for the year you withdraw the contributions and earnings.

You are solely responsible for determining the amount of contributions that may be made or received under your HSA each taxable year, ensuring you do not exceed IRS limits and/or timely requesting a withdraw of such excess contributions from your HSA. Please consult with your own tax or legal advisor.

49. **Am I subject to an excise tax if I fail to remain an eligible individual during a testing period?** If you take advantage of making a full contribution to your HSA under the last-month rule explained in FAQ #13 above, but you fail to remain an eligible individual during the testing period, the amount you have to include in your taxable income is not considered an excess contribution.

> **IMPORTANT!** The amount you have to include in your taxable income is not considered an excess contribution. If you withdraw any of these amounts related to the testing period failure, the amount is treated the same way as any other distribution from your HSA (e.g. subject to income tax and a 20% excise tax if the distribution is not for qualified medical expenses).

However, your failure to remain an eligible individual during the testing period will result income tax and a 10% excise tax on the portion of the contributions you made to your HSA that you otherwise could not have made but for the last-month rule (i.e. you basically need to pro-rate the annual maximum contribution for a partial year as an eligible individual – See FAQ #12 above).

MISCELLANEOUS

50. **How are HSA administration and maintenance fees withdrawn by the HSA trustee/custodian?** Pursuant to your HSA agreement with the trustee/custodian, you may be charged administration and maintenance fees which will be withdrawn by the trustee directly from your account and the trustee is required to report such fees on the Form 5498-SA at the end of each taxable year. These fees are not reported as distributions from the HSA. Fees charged are between you and the trustee; Asahi is not involved and is not paid any portion of such trustee fees.

51. **What happens to the HSA if I die?** Upon death, any balance remaining in your HSA becomes the property of the individual named in the HSA as your beneficiary of the account. If your surviving spouse is the named beneficiary of the HSA, the HSA is treated as though the surviving spouse were the accountholder, and distributions used for qualified medical expenses are not subject to income tax. If, by reason of your death, the HSA passes to a person other than your surviving spouse, the HSA ceases to be an HSA as of the date of your death, and the non-spousal beneficiary is required to include in gross income the fair market value of the HSA assets as of the date of death.

52. **Who is responsible for determining my status as an eligible individual, the maximum contribution I can make to my HSA or whether HSA distributions are used exclusively for qualified medical expenses?** As the HSA accountholder and owner, you are solely responsible for (i) determining if you are an "eligible individual" who can establish, and make or receive contributions to an HSA, (ii) determining the amount of contributions that may be made or received under your HSA each taxable year and ensuring you do not exceed IRS limits, (iii) requesting distributions and determining if they are qualifying medical or non-qualifying expenses under the HSA; and (iv) all tax consequences arising under or connection with your HSA. You will not be notified by the Trustee or Asahi if your contributions exceed the allowable contribution limit. You should maintain records of medical expenses as evidence that distributions have been made for qualifying medical expenses in case audited by the IRS. Asahi, the Plan and Asahi HDHP-HSA option, and/or the HSA Trustee **do not** make any representations or warranties regarding the federal, state, local or other tax treatment relating to your HSA and you shall have no rights against them if any tax consequences contemplated are not achieved.

53. **What is Asahi responsible for?** Asahi is the plan sponsor and the administrator of the Asahi HDHP-HSA option offered under the Plan. However, the HSA itself is not an employer-sponsored plan and it your sole property established by agreement with the HSA

trustee/custodian. Asahi shall only be responsible for confirming that you are covered under the Asahi HDHP-HSA option and your age (based on your representation) when deciding if it will make an employer contribution to your HSA.

54. **If I change employers, what happens to my HSA?** Since you are the owner of the HSA, you may continue to maintain the account if you change employers.

55. **How will HSA summaries be delivered and how frequently?** Your HSA Trustee will determine how and when periodic HSA summaries itemizing deposits and withdrawals will be made available to you. Typically, you will have access to HSA summaries on-line or you may opt to receive paper statements at an additional fee, which summaries are prepared monthly for any month in which a transaction (other than interest) is made. If no activity is made on the account, a quarterly summary is provided.

56. **Who has control over the HSA funds?** You, as the owner of the HSA, control all decisions over how the money is invested and distributed. The Trustee will follow your instructions. You generally can invest HSA funds in the same types of investments permitted for IRAs, like bank accounts, annuities, certificates of deposit, stocks, mutual funds and bonds. HSAs may <u>not</u> invest in life insurance contracts, or in collectibles (e.g. works of art, antiques, metals, gems, stamps, coins, alcoholic beverages or other tangible personal property specified in IRS guidance). Your HSA trust or custodial agreement also may restrict investments to certain types of permissible investments).

57. **Can I borrow against my HSA funds?** No, you may not borrow against your HSA or pledge the funds in it. However, as discussed above, you have discretion to request a distribution for any reason at any time.

58. **Can I roll the money in my HSA over into an IRA?** No, you cannot rollover the HSA funds into an IRA (but you could rollover HSA funds to another HSA).

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