The Advantage

DECEMBER 2025 | YOUR BENEFIT RESOURCE

FROM PAYCHECKS TO PURPOSE

Creating a culture that lasts.

The Advantage

ABC helps you gain The Advantage in our ever-evolving industry by providing the tools and knowledge necessary to drive cooperative success and innovation.

A CornerPost Publication.

ABOUT ABC:

Associated Benefits Corporation (ABC) provides administrative and consulting services for employee benefit plans to the cooperative system since 1953.

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Finding a Fresh Perspective

Headlines are surging around a record-breaking government shutdown with potential for another to come, international trade conflicts and market volatility. In a time where it feels like everything we read ignites fear or frustration, I challenge you to consider an alternative perspective. Give the benefit of the doubt. Put gratitude first.

The fall harvest season and the end of the calendar year offer natural periods of reflection, analyzing the events that played out and seeing the results. As leaders, it's common to focus on shortcomings, where we feel we could have or should have done better—expansion plans that fell through, revenue goals that fell short, the implementation of software that got delayed. But the way we choose to respond to these events is entirely up to us. It's a simple decision to refocus—to appreciate the opportunity to lead and support the members and employees of your cooperative.

This year, I'm especially grateful for the team of excellent employees at ABC, and how we all get to spend our workdays serving the cooperative system. To help others succeed is truly gratifying work, and that's the heart of the cooperative business model.

As you read through this issue of The Advantage, put on this lens of gratitude. Acknowledge how exciting it is to support your employees as they grow their families, receive quality medical care and plan for a comfortable retirement.

Even with all that is going on in our world, we have much to be grateful for, if we just pause and reflect. Have a great holiday season and all the best from your grateful ABC team.

Mike Israel

Mike Israel
CEO
ABC

Behind the Scenes of the Cash Balance Plan

Answering questions about our newest retirement offering.

WHAT IS A CASH BALANCE PLAN?

A cash balance plan is a type of "hybrid" retirement plan that combines features of both defined benefit and defined contribution plans. Benefits are expressed as an easy-to-understand account balance—similar to a 401(k) defined contribution plan—that grows each year through employer contributions and interest credits. Unlike most 401(k) plans, however, cash balance plans allow for more flexible payout options at retirement. Participants can choose a lump-sum payout that can be rolled over to an IRA or other retirement plans, or they can convert their account balance to an annuity that provides guaranteed lifetime income.

HOW PREVALENT ARE CASH BALANCE PLANS?

Today, cash balance plans represent over $1 trillion in retirement assets nationwide. Out of roughly 45,000 defined benefit plans in the U.S., nearly 6 in 10 are now cash balance plans. Tens of thousands of new cash balance plans have been adopted over the last ten years, and many employers have converted (or are in the process of converting) their existing traditional pension plans to cash balance plans. Since 2018, more than 8 out of every 10 new plans are cash balance. Among large companies (100+ participants) with new plans, a staggering 9 in 10 chose cash balance.

Cash Balance Plan

Account Today | Demographics | Plan Overview

Account Balance as of June 23, 2025
$5,913.91

Vesting as of June 23, 2025
100%

Estimated Account History | Key Assumptions

Year	Beginning Balance	Interest Credit	Cash Balance Credits	Distribution	Ending Balance
2025	$4,008.15	$239.11	$1,666.65	$0.00	$5,913.91
2024	$0.00	$8.15	$4,000.00	$0.00	$4,008.15

WHAT SORTS OF BUSINESSES ARE ADOPTING CASH BALANCE PLANS?

Cash balance plans have been adopted by organizations of all shapes and sizes, including small private business, state and local governments, highly-paid professionals like lawyers and doctors, and Fortune 100 companies. These organizations believe that cash balance plans are an integral feature of a comprehensive employee benefits program.

Benefit History

The table below shows the historical development of your benefit for the duration of your participation in the plan through 6/23/2025.

Date	Beginning Balance	Interest Credit	Cash Balance Credit	Distribution	Ending Balance
6/23/2025	$5,829.73	$84.18	$0.00	$0.00	$5,913.91
5/31/2025	$5,463.10	$33.30	$333.33	$0.00	$5,829.73
4/30/2025	$5,027.91	$101.86	$333.33	$0.00	$5,463.10
3/31/2025	$4,689.79	$4.79	$333.33	$0.00	$5,027.91
2/28/2025	$4,341.48	$14.98	$333.33	$0.00	$4,689.79
1/31/2025	$4,008.15	$0.00	$333.33	$0.00	$4,341.48
12/31/2024	$0.00	$8.15	$4,000.00	$0.00	$4,008.15

WHAT ARE THE BENEFITS OF THE CASH BALANCE PLAN TO EMPLOYEES?

- Benefits are easy to understand and appreciate, as they are expressed in terms of an account balance, similar to their 401(k).
- Account balances grow daily based on the performance of the plan's assets, also similar to a 401(k) plan.
- Participants of cash balance plans administered by ABC have access to October Three's Daily Platform, where they can view their account balance in real-time, run benefit projections, and access important plan documentation.
- The combination of a cash balance plan + 401(k) gives participants flexibility during both the "accumulation phase" (i.e., the accumulation of benefits during working years) and the "decumulation phase" (i.e., retirement).
- During the accumulation phase, employees enjoy professional investment management in the cash balance plan and the ability to fine-tune their overall investment mix by adjusting their 401(k) allocations.
- At retirement, employees have the option to convert their cash balance account to a guaranteed lifetime annuity. ✓

WHAT ARE THE BENEFITS OF THE CASH BALANCE PLAN TO COOPERATIVE EMPLOYERS?

- Contributions to the plan are predictable, as they are based simply on a percentage of the eligible employees' payroll.
- Market-based cash balance plans are designed such that benefits move in lockstep with plan assets. As a result, funded status, financial statement, and cost volatility are minimized.
- Annual contributions to participant account balances scale with service, which rewards employees for long careers with the employer and improves workforce management.

since 2018, more than

8 in 10

NEW PLANS ARE CASH BALANCE PLANS

6 in 10

DEFINED BENEFIT PLANS ARE NOW CASH BALANCE PLANS

out of roughly 45,000 in the U.S.

CASH BALANCE PLANS REPRESENT OVER

$1 Trillion

in retirement assets nationwide

PAR FOR THE PLAN

Building a competitive retirement package for employees.

Employee recruitment and retention are top priorities for many cooperatives, and benefits packages are key contributors to those statistics. WTW's 2022 Global Benefits Attitudes Survey reported that nearly 60% of employees cited their employers' retirement benefits as an important reason they remain with their current employer, and 47% of employees believe a retirement plan is an important reason to join a company. Offering generous benefits is also a way to show appreciation for your employees and demonstrate your commitment to them—especially when it comes to retirement benefits. ABC offers a full scope of retirement benefits for cooperatives, giving you the ability to build a package that fits the needs of your cooperative and your employees.

ABC has been offering retirement plans since our beginning in 1953, building more than seven decades' worth of institutional knowledge about tailoring plans to best serve cooperatives and their employees. In addition, we've found the best industry partners and tools to maximize these services. Our selection of retirement plans includes something for everyone: the 401(k) Thrift Plan for Cooperatives, Contributory and Noncontributory Pension Plans and our new Market Rate Cash Balance Plan.

ABC's retirement plans offer a competitive edge to cooperatives, together or on their own. By evaluating the primary and supplemental plans, you can customize a retirement plan portfolio that fits your cooperative's vision for employee benefits. For smaller cooperatives with limited administrative capacity, the 401(k) Thrift Plan may be a cost-effective solution that is easy to manage and highly valued by employees. Established cooperatives with long-tenured teams may prefer a pension plan that reinforces loyalty and provides predictable income for retirees. Forward-looking cooperatives ready to try something new may choose the Market Rate Cash Balance Plan for a hybrid approach that appeals to all employees.

In practice, many cooperatives blend these approaches. For example, a 401(k) plan paired with a cash balance plan leverages both employee engagement and employer control. The cooperative makes meaningful contributions toward retirement, while employees continue to build personal savings. Whichever plan or combination you choose, one end result is the same: your employees feel valued and more eager to stay at your cooperative.

PENSION PLANS

Our pension plans include contributory and noncontributory options to fit the needs of your cooperative. The Contributory Pension Plan for Cooperatives allows both employees and employers to contribute, sharing the responsibility of building a secure retirement income. In contrast, the Noncontributory Pension Plan for Cooperatives is fully employer-funded, offering employees the reassurance of a defined benefit regardless of market volatility, but placing more responsibility on the cooperative. Both plans are designed to deliver predictable income, with a variety of payout options—balancing structure with flexibility.

ABC enhances the employee experience for pension plans through RetirementFocus: a real-time pension payout prediction tool. With RetirementFocus, employees can view their defined benefit information and model a variety of retirement scenarios to help them plan for a successful future. You can learn more about RetirementFocus on ***page* 12**.

60%

OF EMPLOYEES

cited their employer's retirement benefits as an important reason they remain with said employer

401(k) PLAN

ABC's 401(k) Thrift Plan for Cooperatives first began in 1986, and it has continued to evolve to fit the changing needs of cooperatives and their employees ever since. We utilize legal counsel along with trustee and investment advisors to help this plan remain an industry leader. Because we bring together nearly 100 cooperatives in the Thrift Plan for Cooperatives, our members can access the highest quality of funds at the lowest possible cost. ABC offers both Pre-Tax 401(k) and Roth 401(k) options, and we offer multiple payout options when an employee leaves the cooperative or retires.

Research from Gusto, an employee benefits and payroll platform, shows that employers can realize cost savings of over $100,000 per year in reduced turnover alone by offering 401(k) benefits. Their study also found that, on average, employees with an active plan are 32% less likely to leave during their first year on the job than employees without the benefit.

$100K

SAVINGS PER YEAR

in reduced turnover alone by offering 401(k) benefits.

MARKET RATE CASH BALANCE PLAN

Our newest plan offering is the Market Rate Cash Balance Plan, a modern retirement solution that combines regular contributions with market growth. These plans are fully employer-funded, similar to some pension plans, but with additional opportunities for growth. The Market Rate Cash Balance Plan also provides interest credits, which are tied to market performance and offers the potential for greater growth over time.

Employees can tailor their retirement account strategy to their lifestyle, goals and risk tolerance. The account is portable within certain limits, giving employees flexibility if they change jobs. When retirement comes, employees can choose to roll the funds into a qualified retirement plan like an IRA or receive steady, monthly payments for life, often at a lower cost than comparable annuities.

The Market Rate Cash Balance Plan modernizes retirement planning while preserving the legacy of traditional pensions, and it's a tremendous value-add for employees, as they retain more of their paychecks while employed at your cooperative.

SUPPLEMENTAL PLANS

In addition to our full-scope retirement plans, ABC offers non-qualified retirement plans that give employers even greater flexibility to customize their benefit packages. These supplemental offerings can be what sets your cooperative apart from the rest when potential employees are considering their employment options. ABC members have the option to participate in non-qualified supplemental pension plans, recognizing wages over the IRS qualified plan limits, but still mirroring the benefit formula of the qualified pension plan. Additionally, ABC offers deferred compensation programs, which allow key employees to defer compensation into a tax-deferred account until retirement. Employers can also make discretionary contributions into key employees' accounts. All of our non-qualified retirement plans are governed by Section 409a of the Internal Revenue Code.

A Cooperative Approach to Parental Leave

Supporting families and keeping operations running smoothly.

Welcoming a child into a family is one of life's biggest milestones, and it is a sign of a new chapter at home and at work. Between navigating time off, balancing responsibilities and ensuring business continues running smoothly, maternity and paternity leaves come with a mix of challenges and excitement for cooperatives and their teams. As with any significant change, proactive planning is key to ensuring parental leaves are as stress-free as possible for all involved.

Unlike many industries, cooperatives operate with a unique mix of roles and work requirements between employees in the field and in the office. This adds a new layer of complexity in creating company-wide standards, but no matter the department, the guiding factors remain the same. Whether your employees will be gone for three weeks or three months, leading with clarity and care can help them feel supported and valued during their life-changing milestone.

PLAN TOGETHER, PLAN AHEAD

Good communication early on sets the stage for a successful leave. The most seamless transitions usually begin long before a baby arrives or an adoption is finalized. Once an employee feels comfortable sharing their news, preparation for their paternal leave should start immediately. Early conversations allow the employee, their manager and the HR team to align expectations, complete required paperwork and outline a plan that fits both the employee's needs and the cooperative's.

Many cooperatives find it helpful to use a shared planning checklist that covers everything from benefits deadlines to training schedules and final handoff meetings before leave begins. As a reminder, sometimes these life events don't always occur on the planned timeline. Proactively communicate with all necessary team members so everyone knows the plan—you never know when it might need to be put into action early.

Another essential step in preparing for maternity and paternity leave is understanding the cooperative's policy and how it interacts with the law. Every cooperative has a unique benefits package, but federal standards under the Family and Medical Leave Act guarantee eligible employees up to 12 weeks of unpaid, job-protected leave for the birth, adoption or foster placement of a child. Some states extend beyond federal requirements and offer additional family leave benefits or paid options. Even in states without expanded laws, many cooperatives choose to offer supplemental benefits for their employees, such as partial wages, flexible scheduling or extended leave options.

Beyond the paperwork, however, lies the operational challenge of keeping the cooperative running efficiently. Because cooperatives rely on many specialized roles, cross-training is an invaluable tool. When a feed mill manager, agronomy assistant or grain merchandiser goes on leave, colleagues must often be able to step in to handle highly specific tasks. Documenting key processes ahead of time ensures continuity, and it's a good way to ensure all employees are following protocol, whether an employee is on leave or not. Documented standards and processes are also a helpful tool for onboarding new employees and future training.

FINDING THE BALANCE

Once the leave has begun, employees are faced with a new challenge, for both the new parents and team members filling in the gap for their colleagues Whether taking a long weekend or an extended maternity leave, employees often feel pressured to stay connected with work. Before leave begins, managers and employees should agree on whether any communication should occur during the leave, and if so, how and under what circumstances. This decision will likely vary depending on the employee's role, and it can even change from person to person within the same job function.

When determining how much to engage with employees during their personal leaves, keep your cooperative's values and desired workplace culture in mind. Your decisions should reflect those driving principles. Ultimately, the goal should be a stress-free leave for the employee and the cooperative, and that requires clear expectations from the start.

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Managers have an especially important role to play during this time. They must balance compassion for the individual with accountability for the team, translating cooperative values into day-to-day operations. When managers understand both the logistical and emotional factors of parental leave, teams tend to handle the transitions more smoothly. Many cooperatives have found success in offering brief manager training sessions or workshops on navigating parental leaves confidently. These give supervisors the tools to manage workload coverage effectively, communicate with transparency and watch for signs of burnout among team members taking on extra work. A confident, empathetic manager can make the difference between a stressful transition and a seamless one for all employees involved.

SUPPORTING THE LONG GAME

Once employees are back from parental leave, cooperatives have an opportunity to reinforce a family-friendly culture that supports parents in the workplace. Simple gestures, such as celebrating new additions in internal newsletters or offering scheduling flexibility for childcare and school events, help create an environment where employees feel supported as they grow their families. These values are common in cooperatives, as they align closely with the cooperative principles of caring for community and prioritizing people over profits.

You might also consider providing similar support to employees pursuing growth in other forms. This could include offering funding for employees pursuing continuing education or paid leave for volunteering in the community. Another option is providing caregiver leave for seriously ill family members, elder care or military leaves, along with bereavement leave. The 2025 NFP U.S. Leave Management and HR Trend Report states that the number of employers offering bereavement leave to their employees has increased to nearly 90%. Benefits like these help build an inclusive culture that provides an extra level of care to all employees, regardless of family status.

At the end of the day, parental leave is an opportunity to show support for your employees and demonstrate organizational strength. When employees know they can step away and return to a team that's prepared and supportive, they come back more engaged, loyal and ready to contribute. Of the organizations surveyed by NFP, around 60% believe their leave benefits are influential in retaining talent, adding to the importance of these policies.

Cooperatives have always thrived on the strength of their people. Planning well for maternity and paternity leaves is another way to demonstrate that commitment, ensuring that the values that define the cooperative model—community, shared responsibility and mutual support–remain at the heart of how the work gets done. In practice, this means early planning, clear expectations, structured coverage and a culture that values both productivity and people. In spirit, it's simply the cooperative way: working together so that no one has to carry the weight alone. The same teamwork that fuels cooperative success in the field, at the elevator and in the office can ensure smooth transitions during life's biggest milestones. ✓

Harvest Reflections

During harvest, farmers see the numbers that determine the success of the year. Similarly, as we reach the end of the calendar year, we have an opportunity to assess our cooperatives' accomplishments of the year. Use this time to reflect on the positives and re-align on the negatives.

Lance Schoening

Director of Policy at Principal Financial Group

Principal[SM]

ABOUT OUR EXPERT:

Lance Schoening is Director of Policy at Principal®, a global financial services company specializing in retirement plan solutions. Based in Des Moines, Iowa, he analyzes retirement legislation and regulations while leading advocacy efforts with industry organizations. He joined Principal in 1994, holds a degree from Wartburg College, and earned the Retirement Plans Associate designation.

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New Roth Catch-Up Rules for 2026

What plan sponsors need to know.

As retirement plan regulations continue to evolve, plan sponsors face new compliance requirements that will significantly impact how high-earning participants make catch-up contributions. The IRS and Treasury Department have released final regulations for SECURE 2.0 Act Roth catch-up contribution requirements, with most plans needing to comply by 2026.

EFFECTIVE DATES AND EXCEPTIONS

The new rules take effect for taxable years beginning after December 31, 2025. Most plans can rely on reasonable, good faith interpretation through the end of 2026.

WHO'S AFFECTED?

The rules impact participants age 50 or older who earned more than $145,000 (indexed) in FICA wages from their plan sponsor in the prior calendar year (referred to as High-Income Earners). Sole proprietors and others without FICA wages are exempt.

KEY PROVISIONS

Wage Aggregation: Employers aren't required to aggregate wages among affiliates when determining an individual's FICA wages for the prior year.

Deemed Roth Elections: Plans can automatically treat catch-up contributions as Roth for affected employees, provided participants can opt out. This streamlines administration and provides access to IRS-approved correction methods.

Super Catch-Up Contributions: Starting in 2025, employees aged 60-63 can contribute beyond standard catch-up limits. Beginning in 2026, these enhanced contributions must be Roth for high-income earners.

NEXT STEPS

Because all plans already include Roth contributions, you can begin sharing the updated educational materials with participants.

To help make this change run smoothly, here are additional action items that you can take:

- Coordinate with payroll providers to determine how to track and submit Roth catch-up contributions for high-income earners.
- Principal now has a high-earner indicator online for Associated Benefits Corporation. Starting November 1, they'll receive Tasks on their To Do List to remind them to report this information and populate the indicator.
- In the event that an error occurs, the standard method of correction at Principal will be to perform an in-plan Roth conversion, assuming your plan document has "deemed Roth election" language. You will need to opt out of this correction policy if your plan does not have this language. Familiarize yourself with the $250 de minimis exception for small errors. This provision allows plan sponsors to avoid correcting errors when pre-tax catch-up contributions that should have been designated as Roth are less than $250.

Taking proactive steps now will help ensure your plan remains compliant and your high-earning participants understand how these changes affect their retirement savings strategy. ✓

Plan Today. Retire Confidently Tomorrow.

Empowering your workforce.

Retirement can be overwhelming to plan, even when there's a pension in place. Many employees don't understand how their benefits can impact their retirement, making it tough for cooperative leaders to guide them. Nobody wants to give advice that leads someone to make a poor financial decision or misunderstand their options.

That's why ABC offers an online tool called RetirementFocus.com to help employees make sense of their pension benefits and overall retirement picture and understand how choices today can shape their retirement. For cooperatives, it's a simple way to strengthen an employee's confidence about their future, without requiring HR to act as a financial advisor.

Many workers are behind when it comes to retirement preparation. According to the Employee Benefit Research Institute's 2024 Retirement Confidence Survey, only 21% of workers feel "very confident" they'll have enough money to live comfortably in retirement, and only 28% of retirees feel the same way. While most employees with pension plans know they're valuable, many don't understand how those plans fit into the bigger picture of their retirement income.

CLOSING THE GAP

Retirement Focus is made to close the gap in retirement preparedness. Employees can log in and see their pension information in real time. They can check what their benefit might look like at different retirement ages, estimate monthly income and run "what-if" scenarios to see how small changes today could affect their payout later.

The platform also demonstrates different pension payout options, including:

- **Life Only:** only covers the employee for their lifetime
- **Life–Guaranteed:** 5, 10 or 15 years; only covers the employee; spouse or beneficiaries receive remaining amount
- **Joint & Survivor:** covers the employee, as well as the spouse, for their lifetimes; 10 years guaranteed
- **Years Only:** 5, 10 or 15 years; spouse or beneficiaries receive remaining amount

By exploring their options with Retirement Focus, employees can see how today's choices shape tomorrow's retirement.

THE EMPLOYER ADVANTAGE

Retirement Focus helps reinforce your commitment to securing a successful future for your employees by allowing them to see models of that future in real time. When employees understand what they have, they're more likely to value it, stick around and stay engaged. Retirement Focus also helps HR teams by handling questions about monthly estimates and retirement timing.

Cooperatives get the most out of Retirement Focus by introducing it as part of a bigger benefits education effort, whether through meetings, onboarding sessions or reminders during open enrollment. Consistency matters: the more employees log in and review their information and are reminded of the benefits building for them, the more engaged they'll be.

When employees can see a clear picture of their financial future, they make better choices, worry less and develop stronger trust in their employer. Retirement Focus makes that possible, giving cooperatives a simple way to support staff beyond their working years. ✓

PLAN SMARTER WITH RETIREMENTFOCUS

MEET JACK

Age: 35

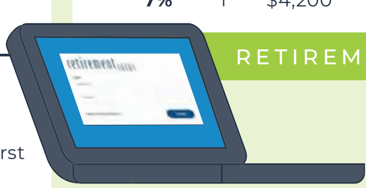
Salary: $60,000/year

Current Contribution: 5% ($3,000/year)

Employer Match: 3% ($1,800/year)

Pension at 67: $3,800/month

Joint & Survivor 50% option: spouse receives $1,900/month if Jack passes first



EXAMPLE OF PLANNING AHEAD

Small changes now can have a big impact at retirement.

CONTRIBUTION	ANNUAL AMOUNT	PROJECTED BENEFIT AT 67	SPOUSE BENEFIT
5%	$3,000	$3,800	$1,900
7%	$4,200	$4,750	$2,275

RETIREMENTFOCUS.COM

FROM PAYCHECKS TO PURPOSE

Creating a culture that lasts.

Craig Mommer

Workplace culture: it's one of those leadership talking points that can feel intangible and sometimes cliché. What does it mean? What are the tactics? How do you impact it? Cooperatives want a culture where employees are not just showing up for a paycheck and benefits, but because they want to be there and make a positive impact, for the cooperative and its members.

Creating a positive workplace culture is not just a buzzword you can mention once and think you'll have engaged employees as an outcome. Employees can tell when leadership is being genuine, and they respond best when they understand the importance of what you're asking and see you leading by example. Changing workplace culture takes strategic thought, follow-through and sincerity.

The importance of a solid workplace culture goes without saying, but you may not realize how much it impacts your bottom line. A positive workplace culture where employees feel valued creates engaged, loyal employees, and the data proves it:

- Engaged employees have 21% less turnover for normally high-turnover organizations[1]
- Engaged employees have 18% higher productivity[2]
- Replacing an employee costs anywhere from 50% to 200% of their annual salary[3]

In the cooperative space, where seasonal demands may require long days for many weeks at a time, creating a strong workplace culture is more than a nice thing to have; it's a necessity. Craig Mommer, EVP of Human Resources at Heartland Co-op, says workplace culture and employee engagement are not negotiable pursuits.

For years, Heartland Co-op has recognized the need to find a way to bring internal cohesion to the growing cooperative. Over the years, through several mergers and acquisitions, Heartland Co-op found itself with a workforce spread across more than 80 locations, each attempting to find its own individual identity and culture. Their goal was to bring together the locations through a unified culture, which became ONE Heartland.

"We wanted everyone to be on the same page and understand we can't work together if we keep ourselves in silos," Mommer explains. "It's no longer the old days, where you were an agronomy employee or a feed employee. You are now a Heartland Co-op employee."

THE IMPACT OF ONE HEARTLAND

While the journey toward full employee engagement is still in process, the impact of ONE Heartland is already evident. Mommer shares, "I can go out to a location and I can hear somebody mention ONE Heartland. As in, 'You're not acting in a ONE Heartland way,' which means you're not being a team player."

The culture shift with ONE Heartland has also led to a more collaborative environment where employees recognize the importance of working together toward common goals. While Mommer acknowledges that the work is ongoing and, "it's not at the level where we want it to be, but I hate to think where we might be if we weren't doing anything."

Heartland is measuring its success by watching how its employees align with the cooperative's core values and how they are working as a team. Over the summer, Heartland awarded a ONE Heartland Employee of the Year for the first time. This gave employees a chance to consider what it really meant to live out the ONE Heartland philosophy. Employees were able to nominate team members for the award, whether someone they worked next to every day or across locations—anyone they believed to be a strong example of living out ONE Heartland.

"I'm not a big advocate of awards," admits Mommer. "But the process of how it was done and the engagement across the board we had was phenomenal. I'm looking forward to it next year."

The cooperative is also measuring the success of ONE Heartland by the company's performance and the retention rate of its employees. "I think the definition of success is measured on company performance, number one," Mommer states. "And what's our retention rate at the end of the year? Where's it trending? Is it trending down or is it trending up? Or is it steady?"

CHALLENGES IN EMPLOYEE ENGAGEMENT

Despite the strides made in the cooperative's culture, challenges remain. One significant hurdle is the agriculture industry's demanding work-life balance, especially during peak seasons like harvest. Mommer points out that eight out of ten exit interviews cite work-life balance as a concern.

"You get a lot of hiring in the months of August through October because of that," Mommer explains. This cyclical pattern emphasizes the need for sustainable solutions that address both the demands of the job and the well-being of employees.

> *It's not at the level where we want it to be, but I hate to think where we might be if we weren't doing anything.*

Leadership also plays a pivotal role in shaping and maintaining workplace culture. Mommer advises fellow leaders to remain engaged and proactive, especially during challenging times.

"You have to be involved," he says. "You've got to be really building that team environment, doing things that are going to build a great team. If you're not encouraging your team to be engaged with what is happening in the cooperative, whether that's a sales initiative or participating in a team-building activity, you're basically telling your employees, 'this doesn't matter to us.' In the end, that, mentally, is what creates a lack of engagement. Statistically, the more employees are engaged with their organization, the deeper the loyalty, the higher the retention."

This proactive and purposeful approach ensures that the culture remains strong, even during the most demanding seasons.

The significance of ONE Heartland lies in its ability to foster a unified, engaged workforce that works together toward shared objectives. Mommer likens it to a sports team where every member is committed to the collective success of the team and other members working alongside you.

"When everybody's rowing the boat in the same direction, things are going to be a lot smoother," he notes. "You need everybody rowing in the same direction."

As Heartland Co-op continues its journey with ONE Heartland, the focus remains on building a culture that attracts, retains, and engages employees. By fostering an environment of respect, collaboration and shared purpose, Heartland Co-op is navigating the challenges of the agriculture industry and ensuring the well-being and satisfaction of its workforce, all while being mindful of impacts on its membership.

Creating a positive workplace culture where employees are more than just workers, where they are engaged, valued and aligned with the cooperative's mission, is not just a leadership talking point. It is a purposeful and strategic plan to ensure the success and sustainability in today's competitive workforce. ✓

Sources:

1. "15 Employee Engagement Statistics That Matter in 2025." The Grossman Group

2. "What Is the Average Cost of Training a New Employee?" eduMe

3. "Calculating The Cost Of Employee Turnover." G&A Partners Resources

ONE HEARTLAND

This August, Heartland Co-op held its first ONE Heartland Employee Award. Three individuals were selected out of the dozens nominated across all locations by their peers.

Making the Most of Your Health Dollars

Understanding HSAs and FSAs.

Life keeps getting more expensive, and healthcare is no exception. Even the most comprehensive insurance coverage doesn't cover everything, and between deductibles, co-pays and prescription costs, managing medical expenses can feel like a full-time job itself. But two tools can make a real difference in managing those expenses: Health Savings Accounts and Flexible Spending Accounts.

Both are designed to help employees save money on out-of-pocket healthcare expenses using pre-tax dollars. The Consumer Financial Protection Bureau reported 36 million HSAs in 2023, holding over $116 million in collective assets—an increase of more than 500% from the decade before. However, many employees misunderstand how they work or don't use them to their full potential. As the popularity of HSAs and FSAs continues to grow, it's essential for employers to fully understand the accounts and help employees maximize the benefits. By understanding the ins and outs of HSAs and FSAs and educating your employees, you can help them save money and make the most of their health dollars, while receiving financial advantages as a cooperative as well.

THE BASICS OF HSAS AND FSAS

A Health Savings Account, or HSA, is a personal savings account specifically for health-related expenses. It is available only to employees enrolled in a high-deductible health plan, where employees pay higher deductibles in order to have lower monthly premiums. This concept is designed to give employees more control over how their healthcare dollars are spent. An HSA allows employees to contribute money from their paycheck before taxes are taken out. The funds can then be used to pay for qualified medical expenses such as doctor visits, prescriptions, dental care, vision exams and even some over-the-counter items. The money in an HSA rolls over year-to-year, and it even stays with the employee if they leave the cooperative or retire.

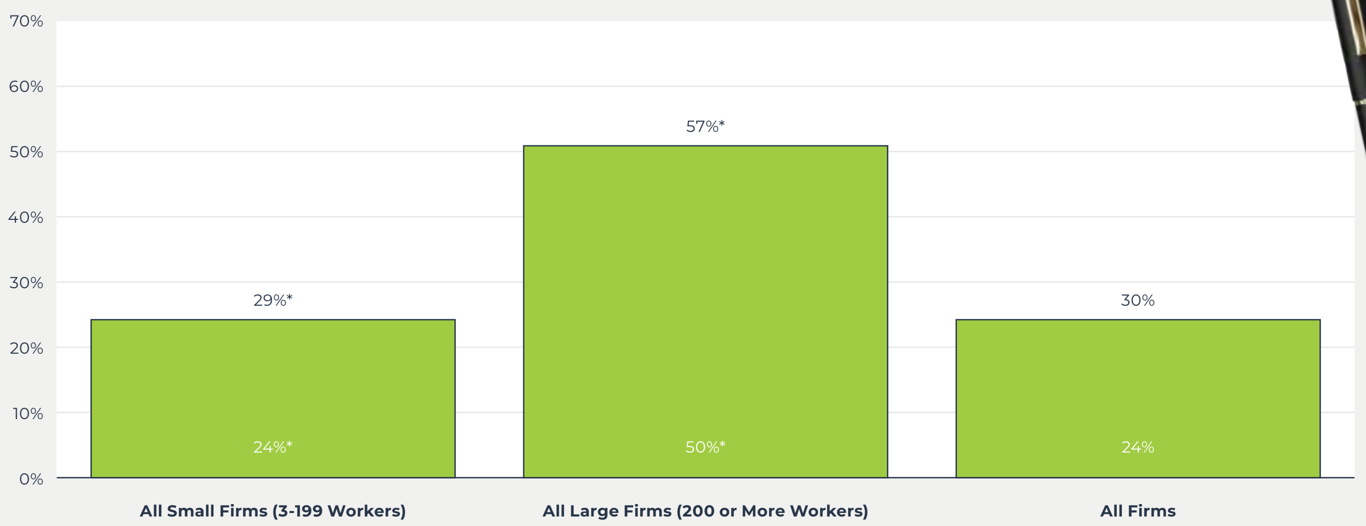
Alternatively, a Flexible Spending Account, or FSA, is also a pre-tax account, but it is owned by the employer. FSAs can be used for a wide range of medical expenses, just like an HSA. The key difference is that FSA funds typically must be used within the plan year. Some employers choose to offer a small rollover, but the rollover amount is limited by IRS regulations.

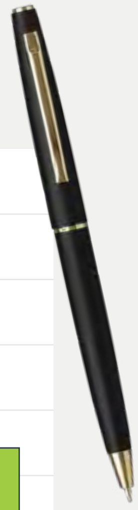
Both HSAs and FSAs cover many everyday health expenses, including standard medical visits and prescriptions, but they also extend to categories employees may not think of. HSAs and FSAs can be used to pay for dental and orthodontic care, vision care, physical therapy and chiropractic care, and they can even cover items such as hearing aids and batteries, first aid supplies and some over-the-counter medications. These accounts can also be used to cover qualified medical expenses for spouses and dependents, even if they aren't on the employee's health plan.

MUTUAL BENEFITS

Offering health savings accounts and/or flexible spending accounts has benefits for both the employee and the employer. Contributing to an HSA or FSA can lower employees' taxable income, effectively giving them more take-home pay. Employers also save on taxes with HSAs and FSAs. The IRS does not consider HSA or FSA contributions wages; therefore, no federal income tax, social security tax or medicare taxes are owed on the contributions. Once the funds have been contributed, if they are in an HSA, they have the opportunity to grow through investment options, similar to a 401(k). Interest and investment earnings accumulate tax-free, and withdrawals for qualified health expenses are also tax-free. This adds up to a "triple tax advantage:" tax-free contributions, tax-free growth and tax-free withdrawals.

AMONG FIRMS OFFERING HEALTH BENEFITS, PERCENTAGE THAT OFFER AN HSA-QUALIFIED HDHP, BY FIRM SIZE, 2023





*Estimate is statistically different between All Small Firms and All Large Firms estimate (p < .05).

Among all firms that offer health benefits, 2.8% offer both an HDHP/HRA and an HSA-Qualified HDHP. Adding the percentage of firms offering HDHP/HRA and HSA-Qualified HDHPs may not sum to the percentage of firms offering HDHP/SOs because some firms offer both. Values may not sum to totals due to rounding.

Source: KFF Employer Health Benefits Survey, 2023

Employers are seeing the benefits of offering HSAs, and it shows in the rise in offering high-deductible health plans paired with HSAs. In 2023, KFF reported that 24% of firms offering health benefits included an HSA-qualified HDHP in their benefits options, compared to 17% in 2013. For firms employing 200 or more workers, the percentage more than doubled, with 50% of those firms offering an HSA-qualified HDHP.

Beyond financial advantages, providing this additional benefit can help improve employee satisfaction and retention, contributing to a positive workplace culture. Contributing to an HSA or FSA for an employee shows you are invested in them and helps provide support in managing constantly rising expenses. Having an HSA or FSA can feel like a safety net for employees, especially in the event of costly medical emergencies. Even if employees don't spend their HSA funds right away, the balance rolls over and can become a powerful savings vehicle for future healthcare costs, even into retirement. According to the 2025 Fidelity Retiree Healthcare Cost Estimate, a 65-year-old individual may need $172,500 in after-tax savings to cover healthcare expenses in retirement.

MAXIMIZING SAVINGS

HSAs and FSAs have proven to have remarkable benefits, but they often are not used to their full potential. Here are some common mistakes employees make when handling these accounts.

- **Not contributing enough:** Some employees enroll in an HSA but only contribute a small amount, or nothing at all. Even contributing $50 or $100 per month can add up quickly, especially when the contributions are pre-tax.
- **Misunderstanding eligibility:** Only individuals with a qualified high-deductible health plan are eligible for an HSA. Those on traditional PPO or co-pay plans cannot contribute. However, they can still use an FSA if you offer one. Be sure to include this information in open enrollment materials for your employees.
- **Leaving money on the table:** If you have an FSA, funds typically expire at the end of the plan year. Failing to plan ahead can mean forfeiting funds if there is money left in the account at year-end. Encourage employees to review their annual expenses and adjust contributions accordingly to have just the right amount available in their account.
- **Double dipping:** Expenses paid with an HSA or FSA cannot be claimed as tax deductions, and employees can be penalized by the IRS for doing so. Employees should keep all receipts and maintain detailed records in case they are ever asked to verify a claim.
- **Not investing HSA funds:** Many people treat their HSA as a checking account rather than a long-term asset. Once the balance exceeds a certain threshold, often around $1,000 to $2,000, employees can typically invest it in mutual funds or ETFs. Leaving large sums uninvested means missing out on years of tax-free growth.

Making the most of HSAs and FSAs isn't just about avoiding mistakes—it's also about taking advantage of opportunities. Employees who understand the strategic potential of these accounts can use them for much more than routine expenses, resulting in greater value from their contributions. For example, an HSA can function as a safety net for unexpected health costs. Because the balance never expires, employees can reimburse themselves years later for qualified expenses, as long as they keep the receipts. In the meantime, making smart investments with HSA funds can allow for exponential tax-free growth. Additionally, if employees have access to both an HSA and an FSA through their employer or their spouse, making strategic decisions about how to use each account can help maximize that long-term growth. For instance, employees may want to use the FSA for predictable annual expenses like vision or dental care, since the funds expire, and save the HSA for unexpected expenses in the future.

Overall, HSAs and FSAs can provide benefits for both the employee and the employer. The rewards start today and extend well into retirement, but there are important factors to keep in mind to make the most of the benefits. With these tips, your employees will be well-equipped to maximize the potential of their HSA and FSA contributions. ✓

HSA vs FSA

FEATURE	HSA (HEALTH SAVINGS ACCOUNT)	FSA (FLEXIBLE SPENDING ACCOUNT)
Who Can Use It	Only employees enrolled in a high-deductible health plan	Any employee, regardless of plan type
Ownership	Employees own the account—it's theirs for life	Employer owns the account
Funds Rollover	Funds carry over from year to year	Funds typically expire at the end of the plan year, unless the employer chooses otherwise
Contribution Limits (2025)	$4,300 individual / $8,550 family (+$1,000 catch-up if 55+)	$3,200 per employee
Employer Contributions	Often offered as part of employee benefits package	Some employers may contribute
Eligible Expenses	Doctor visits, dental, vision, prescriptions, many over-the-counter items and medications	Doctor visits, dental, vision, prescriptions, many over-the-counter items and medications
Investment Options	Participants can invest funds like a 401(k) once the balance threshold is met	No investment options
Portability	Follows the employee if they change jobs or retire	Stays with the employer
Tax Advantages	Triple tax benefit: contributions, growth and withdrawals are tax-free for qualified expenses	Contributions are pre-tax and withdrawals are tax-free for qualified expenses

How we support **Employers**

Smarter Designs.
Lower Risk.
More Value.

We help employers modernize retirement programs to deliver stronger outcomes for employees—and better performance for the business.

Whether you're an HR leader focused on talent and benefits or a finance executive managing pension risk, we bring fresh solutions that reduce complexity, cut costs, and align with your goals.

For HR, Total Rewards & Benefit Leaders

Create a retirement benefit everyone values. We help HR teams build retirement programs that attract talent, align with your total rewards strategy, and drive long-term workforce value.

- **Market-Based Cash Balance Plans**

  Pension-style income meets 401(k)-style flexibility. Dramatically reduce risk while boosting perceived value and retention.

- **Tax-Efficient Executive Retirement Plans**

  Support top leaders with high-impact, tax-smart retirement strategies—without overloading your balance sheet.

- **Transparent Pension Administration**

  Simplify DB plan management with modern technology, excellent participant service, and proactive oversight.

- **Actuarial & Compliance Governance**

  Ensure plan health, sustainability, and audit-readiness with expert actuarial insights and regulatory support.

- **Workforce Strategy Alignment**

  We audit your retirement programs to uncover gaps and opportunities tied to recruiting, retention, and engagement.

- **Legislative & Industry Insights**

  Stay ahead of the curve with updates on regulation, design trends, and market movement.

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