



Dear Colleagues,

Welcome to 2027 Open Enrollment: **Monday, November 2 through Friday, November 13, at 9 p.m., EST.** Open Enrollment is your once-a-year opportunity to review your current health care coverage elections and decide if they are still the best choices.

At Watts, we remain committed to providing benefits and investing in programs that support the health and financial well-being of you and your family.

Like employers across the country, Watts continues to experience significant increases in medical and prescription drug costs. As these costs continue to rise (nationally between 12% – 13%, the highest in 15 years), we are working to balance affordability for employees with the long-term sustainability of a valuable benefits program with a range of choices. We recognize that rising costs affect everyone and that benefits play an essential role in helping you manage your health care expenses. While some employee costs will increase next year, Watts will continue to fund the majority of benefit costs.

What's New for 2027

Medical Contributions

For 2027, employee medical plan (tobacco-free) contributions will increase between \$2 and \$39 per month — depending on your medical plan and coverage level — which is much less than the national average. While we understand that any increase impacts household budgets, these adjustments represent a small portion of the overall cost increase Watts has experienced over the last year. Watts will continue to fund the significant majority of medical plan expenses, helping ensure employees and their families have access to quality health care at a cost that remains competitive and affordable.

Because medical contributions are deducted on a pre-tax basis, the impact on your take-home pay may be less than the contribution increase shown in your enrollment materials.

The spousal surcharge is increasing to \$100 a month. This only applies if you're covering a spouse who has access to health care coverage elsewhere, such as through an employer.

Increased Company Health Savings Account (HSA) Contributions

Watts is **doubling its annual HSA contribution** for employees enrolled in an HSA medical plan:

- **Employee-only coverage:** Increasing from **\$200 to \$400**
- **Family coverage:** Increasing from **\$400 to \$800**



If you are enrolled in an HSA plan, these additional company contributions will more than offset the increase to your monthly payroll contributions for coverage and can help you pay for eligible, current health care expenses or build savings for future medical needs. If you're currently not enrolled in a Watts HSA, you might consider giving the HSA plans a second look.

The contributions for all other coverages and plans remain the same as last year.

Other Medical Plan Changes

In addition to the changes outlined on the prior page, the following changes will take effect on January 1, 2027:

PPO Plan

The deductible is increasing to \$1,250 for Employee-only coverage and \$2,500 for 2-Person/Family coverage.

HSA Plans

Some in-network out-of-pocket limits are increasing:

Plan	Coverage Level	Out-of-Pocket Limit Effective 1/1/27
HSA Basic	Employee-only	\$7,000
	2-Person/Family	\$14,000
HSA Plus	Employee-only	\$6,000 (unchanged from last year)
	2-Person/Family	\$12,000

The way you pay for prescription drugs when you're enrolled in an HSA plan is changing to 20% coinsurance — for both retail and mail order — once you reach your HSA plan deductible. After you reach the out-of-pocket limit, you will have 100% prescription coverage.

All Medical Plans

Watts is partnering with **Lantern**, a specialty care platform that provides personalized support and connects you to board-certified surgeons for better outcomes, lower costs and faster access. Call Lantern first when you're having a planned surgery. Working with Lantern is required for certain procedures to receive in-network coverage. See the enclosed *2027 Benefits Overview* for more information.

Updated IRS Contribution Limits

Contribution limits are increasing for the Health Care Flexible Spending Account and HSA. This might be a good time to increase your contribution level for these tax-advantaged accounts. See the *2027 Benefits Overview* for details.



Protect Your Health with Preventive Care

Our benefits strategy continues to focus on improving your **healthspan**, the number of years you live in good health. One of the most important steps you can take is to **schedule and complete your annual physical**. Preventive care can help identify potential health concerns early and provide an opportunity to discuss your personal health goals with your health care provider.

We encourage you to become familiar with the health and well-being resources available through Watts. Making informed choices, taking advantage of preventive care, and selecting the right resource for your needs can help you receive effective care while keeping your costs in check.



Schedule Your Annual Physical

If you haven't had your annual physical yet this year, there's still time! Remember that most preventive care and screenings are covered at 100%. Short on time? Find out how to get an annual physical through Catapult Health in the privacy of your home. Visit **tapintowattsbenefits.com > My Wellness > Catapult Health** for more information.

Get Ready to Enroll

REVIEW

- ☒ Read the enclosed *2027 Benefits Overview*
- ☒ Watch the 2027 Open Enrollment video on **tapintowattsbenefits.com**
- ☒ Download the Workday mobile app to your mobile device
- ☒ Confirm your personal, dependent and beneficiary information; be sure all of your dependents have Social Security numbers

CHOOSE

- ☒ Consider health and/or family changes over the last year
- ☒ Are you enrolled in an HSA plan? If not, **consider giving the HSA a second look**. Visit **tapintowattsbenefits.com** for more information about each of your options

ENROLL

- ☒ Check your Workday inbox for your Open Enrollment task to get started
- ☒ Enroll on the mobile Workday app or by going to: **tapintowattsbenefits.com > New for 2027 > Enroll in Benefits Now**
- ☒ Complete and submit your elections in Workday by **Friday, Nov. 13, 2026, at 9 p.m. EST**
- ☒ Look for new medical ID cards in January

If You Don't Enroll

If you don't submit your enrollment elections by **November 13, 2026**, you will have the same benefits with the same dependents you have now, but at 2027 rates. The only exceptions are the Flexible Spending Accounts, which require re-enrollment each year.

We appreciate the important role you play in Watts' success. We're committed to providing you with clear information and helpful resources so you can make informed choices during Open Enrollment and be empowered to take an active role in managing your and your family's health. Thank you for taking the time to review these changes and the coverage available.



Steve Spratt

VP, Total Rewards and HRIS

