



FSA

**flexible
spending
account**

Total health



CATERPILLAR®

What is an FSA?

A Flexible Spending Account (FSA) is an employee benefit that allows you to set aside money, on a pre-tax basis, for certain kinds of common medical or daycare expenses. With an FSA, you can reduce your taxes while paying for services you would have to pay for anyway.



Three Types of FSAs

1 General Purpose Health Care FSA

A General Purpose Health Care FSA is used to pay for medical, prescription, vision, hearing and dental expenses not covered by health plans for **you, your spouse and your eligible dependents**.

A General Purpose Health Care FSA can be used to cover out-of-pocket expenses for deductibles, co-insurance, copays and cost share. You can't have a General Purpose Health Care FSA if you want to open and contribute to a Health Savings Account. Instead, you can have a Limited Purpose Health Care FSA.

2 Limited Purpose Health Care FSA

This type of FSA is only available to employees who are enrolled in a consumer-directed health plan (CDHP) option. A Limited Purpose Health Care FSA can only be used to pay for **eligible dental and vision expenses**. It can be paired with a health savings account.

3 Dependent Care FSA

A Dependent Care FSA can be used to pay for expenses for the following eligible dependents while you are working, looking for work or in school full time:

- Dependent children under age 13
- Dependent (qualifying child or relative) or spouse physically or mentally incapable of caring for himself or herself and who has the same principal place of residence as the taxpayer for more than one-half of the year

A Dependent Care FSA cannot be used to pay for health care expenses for dependents.

Tax Benefits

An FSA lets you set money aside for eligible expenses before payroll deducts taxes from your paycheck. This means the amount of income your taxes are based on will be lower, so your tax liability will also be lower.

How It Can Work for You

| Sample: | Without FSA | With FSA |
|--|------------------|------------------|
| Annual earnings | \$40,000 | \$40,000 |
| FSA annual election: health care + dependent care | NA | \$3,200 |
| "Income" | \$40,000 | \$36,800 |
| Exemptions & standard deductions | -\$15,200 | -\$15,200 |
| Taxable income | \$24,800 | \$21,600 |
| Estimated federal & FICA taxes | \$6,780 | \$6,055 |
| After-tax income | \$33,220 | \$30,745 |
| Post-tax expenses for health care + dependent care | \$3,200 | NA |
| Spendable income | \$30,020 | \$30,745 |
| Total saved | | \$725 |

This is an example only. Tax savings can be from 20% to 50% of every dollar you contribute to an FSA, depending on your overall taxable income.

How Does an FSA Work?

Decide on your annual election amount. You can elect payroll deductions of:



GENERAL PURPOSE HEALTH CARE FSA
\$75 to \$2,750 annually per employee



LIMITED PURPOSE HEALTH CARE FSA
\$75 to \$2,750 annually per employee



DEPENDENT CARE FSA
\$75 to \$5,000 annually per household

- The FSA is a use-it-or-lose-it program, so you must plan for predictable expenses. You must use the money deposited in your account for expenses incurred during the same calendar year. A maximum of \$550 may be rolled over to the following calendar year (as long as you re-enroll in the Health Care FSA or Limited Purpose Health Care FSA and elect to contribute at least \$75). You may use it for health care expenses incurred in that year and it will not count against the \$2,750 annual limit. Any money not used will be forfeited. There is no roll over of funds for the Dependent Care FSA.
- The amount elected will be deducted equally from your paychecks.
- Check your confirmation statement after you enroll and also check your first pay stub to make sure your deductions are correct.
- Important: Your General Purpose Health Care FSA or Limited Purpose Health Care FSA must be kept separate from your Dependent Care FSA. You cannot combine them or use them interchangeably.

General Purpose Health Care FSA

- There are three ways to spend your General Purpose Health Care FSA funds:
 1. **Debit card.** Pay using your FSA debit card.
 2. **Claim form.** Pay out of pocket and submit a claim form to UnitedHealthcare for reimbursement.
 3. **Automatic.** Some medical, dental and prescription drug claims will automatically roll to your FSA for payment. You can disable this if you want to use the FSA debit card instead — contact UnitedHealthcare for info.
- If you have a reimbursement claim of less than \$25, UnitedHealthcare will hold it until your reimbursement balance reaches \$25 or more.
- Total General Purpose Health Care FSA funds are available immediately. For example, if you have elected \$2,750 for the year and after one month have only contributed \$225 of that amount and have LASIK eye surgery for \$4,000, you will be reimbursed up to your limit of \$2,750.



Expense Examples for General Purpose Health Care FSAs*

| | | |
|---|--|---|
| Acupuncture | Doctor fees | Osteopathic services |
| Alcohol and drug dependency inpatient treatment | Eyeglasses, including examination fees | Pregnancy test kit |
| Ambulance usage | Feminine hygiene products | Psychiatric care |
| Artificial limbs | Guide dogs | Smoking-cessation programs |
| Birth control pills | Hearing aids and batteries | Sterilization fees |
| Braille books and magazines | Learning disability (learning fees) | Substance abuse treatment |
| Chiropractic services | Legal fees to authorize treatment for mental illness | Transportation necessary to receive medical treatment |
| Contact lenses | Nursing home expense | Vasectomy |
| Crutches | Nursing services | Vision-correction surgery |
| Dental care | | Wheelchairs |

*Please refer to IRS Publication 502 for a complete list of covered and non-covered items at [irs.gov](https://www.irs.gov).

Limited Purpose Health Care FSA



- A Limited Purpose Health Care FSA is only available to employees who are enrolled in a CDHP option.
- A Limited Purpose Health Care FSA can only be used to pay for eligible vision and dental expenses.
- There are three ways to spend your Limited Purpose Health Care FSA funds:
 1. **Debit card.** Pay using your FSA debit card.
 2. **Claim form.** Pay out of pocket and submit a claim form to UnitedHealthcare for reimbursement.
 3. **Automatic.** Some claims may automatically roll to your FSA for payment. You can disable this if you want to use the FSA debit card instead — contact UnitedHealthcare for information.
- If you have a reimbursement claim of less than \$25, UnitedHealthcare will hold it until your reimbursement balance reaches \$25 or more.

- Total Limited Purpose Health Care FSA funds are available immediately. For example, if you have elected \$2,750 for the year and after one month have only contributed \$225 of that amount and have LASIK eye surgery for \$4,000, you will be reimbursed up to your limit of \$2,750.

Expense Examples for Limited Purpose Health Care FSAs*

| | |
|-----------------|------------------------|
| Contact lenses | LASIK eye surgery |
| Dental caps | Mouth guards |
| Dental fillings | Orthodontia/Braces |
| Dental X-rays | Solutions and supplies |
| Eyeglasses | |

* Please refer to IRS Publication 502 for a complete list of covered and non-covered dental and vision items at [irs.gov](https://www.irs.gov).

Dependent Care FSA



- There are two ways to spend your Dependent Care FSA funds:
 1. **Debit card.** Pay using your FSA debit card. You must have enough funds in your account to cover the expense.
 2. **Claim form.** Pay out of pocket and submit a claim form to UnitedHealthcare for reimbursement.
- If you have a reimbursement claim of less than \$25, UnitedHealthcare will hold it until your reimbursement balance reaches \$25 or more.
- No matter how you pay, you will not be reimbursed until you have enough contributed funds in your account to cover the reimbursement. For example, if you have contributed \$200 to your Dependent Care FSA and you have a daycare bill for \$300, you will only be reimbursed \$200. The remaining \$100 balance will be reimbursed once you contribute sufficient funds to your account. You won't need to resubmit the reimbursement claim for the remaining balance.

- Occasionally, certain employees' maximum annual contribution election amounts may be reduced to comply with Section 129 of the Internal Revenue Code regarding highly compensated employees. If you and your spouse both have the opportunity to enroll in a Dependent Care FSA, it is generally better for both of you to enroll and split the election amount to potentially avoid this contribution reduction.

Expense Examples for Dependent Care FSAs*

| | |
|--|--|
| Adult daycare facilities | FICA and other taxes you pay on behalf of a daycare provider |
| After-school programs | Licensed nursery schools |
| Babysitters inside or outside the home while you are at work** | Preschool tuition |
| Day camps for dependent children under age 13 | Qualified child care centers |

*See IRS Publication 503 for a complete list.

**As long as the individual is not your child under age 19 or anyone you or your spouse can claim as a dependent for federal income tax purposes.

When to Enroll

FSA's are available to eligible active employees. You must enroll in an FSA during annual enrollment or within 31 days of a qualified change in status, such as a birth or change in marital status. Refer to your Summary Plan Description for additional information on FSA's. You will only be permitted to enroll in or change your elections in the FSA's if you experience a qualified change in status prior to November 1 of each plan year. If the qualified change in status occurs after October 31, you must wait until the next annual enrollment period to make any changes.

How to Enroll

For easier and faster enrollment, choose online enrollment.

1. Log on to [CatBenefitsCenter.com](https://www.catbenefitscenter.com) or use single sign-on through Cat@work.
2. If you don't have internet access, you may also enroll over the phone by calling the Caterpillar Benefits Center at **1-877-228-4010**.

Employees eligible for a CDHP option with a health savings account:

What happens to my current General Purpose Health Care FSA if I select a CDHP with HSA?

If you select a CDHP option, you can roll over up to \$550 from your current General Purpose Health Care FSA into a Limited Purpose Health Care FSA, as long as you enroll in the Limited Purpose Health Care FSA and elect to contribute at least \$75 for 2021. These rollover funds become available at the end of March 2021, and you can use the funds in the Limited Purpose Health Care FSA on eligible dental and vision expenses only. Any additional funds over \$550 remaining in your Health Care FSA will be forfeited.

IMPORTANT RULES



- You must use the money deposited in your account for expenses incurred during the same calendar year.
 - Expenses are incurred when services are rendered, not when they are billed or paid.
- The three FSA's must be treated separately.
 - You cannot transfer funds between your Dependent Care FSA and your General Purpose Health Care FSA or Limited Purpose Health Care FSA.
 - You cannot use the accounts interchangeably.
 - Withdrawals can only be made for qualified expenses.
- If you use an FSA for an expense, you cannot take a tax deduction or claim a tax credit for the same expense.
- Once you have elected an amount for the year, you cannot change your contributions unless you experience a qualified change in status.
 - A change in contributions must be consistent with the qualifying status change.
 - An increase in FSA contributions can only be used for expenses incurred on or after the qualifying status change.
 - The Caterpillar Benefits Center must be notified within 31 days of the change.

What Happens After I Enroll?

- You will receive a confirmation statement showing your FSA elections if you enroll via phone. If you enroll online, make sure you have a preferred email address in your profile so you can receive a detailed confirmation statement. If you don't have an email address on file or if you're unsure, you should print your FSA elections once completed in case you do not receive a confirmation statement.
- Your FSA deductions will start on January 1, 2021, if you enroll during annual enrollment.
- If you newly enroll in one or more FSAs, UnitedHealthcare will mail you an FSA debit card. If you re-enroll, you may continue to use your existing cards until they expire. See details at benefits.cat.com.
- Use your FSA for eligible expenses by submitting claims online at myuhc.com[®], mailing claim forms with receipts to UnitedHealthcare or by paying with your FSA debit card.
- Consider setting up direct deposit to your personal checking or savings account through myuhc.com.
- Text **CAT** to **313131** and you'll be sent a link to a digital wallet card you can download onto your computer or mobile device for easy access to your benefits information.

Learn More



benefits.cat.com
myuhc.com

irs.gov – IRS Publications 502 and 503

Flexible Spending Account Section in your
Summary Plan Description

Claim forms for FSAs can be found at
benefits.cat.com.



Address for submitting FSA claims:

UnitedHealthcare
Attn: Flexible Spending Unit
P.O. Box 981506
El Paso, TX 79998-1506
Fax number: 1-915-231-1709



Questions about FSAs:

Call UnitedHealthcare toll-free at **1-866-228-4215**.

Enrollment and eligibility questions:

Call the Caterpillar Benefits Center at **1-877-228-4010**.



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