



August 2017

Changes to your Caterpillar retiree healthcare benefits eligibility

In March 2017, Caterpillar and the United Auto Workers (UAW) ratified a new six-year Central Labor Agreement. Employees covered by the new agreement will be eligible, starting Jan. 1, 2018, for the same healthcare benefit plans that management and executive employees and retirees participate in today, pursuant to the terms of those plans. We wanted to extend this same opportunity to those who retired under the 2005 or later agreements between Caterpillar and the UAW.

Effective Jan. 1, 2018, Caterpillar will provide you and your eligible spouse* (or your eligible surviving spouse after your death) with the same healthcare benefit plan that management and executive retirees age 65 and older participate in today, **unless you opt out of the change**. As an eligible retiree (or surviving spouse), you need to understand the change so you can make the decision that is right for you. The change is explained below in the "To Know" section.

To Know.

- **If you're currently enrolled in Caterpillar-sponsored group health coverage**
If you're currently enrolled in Caterpillar-sponsored group health coverage, effective Jan. 1, 2018, you will be automatically enrolled in the same healthcare benefit plan as Caterpillar management and executive retirees, which is administered by OneExchange. Note that you will have to enroll in a plan option through OneExchange to have access to your benefit dollars under the health reimbursement arrangement. Your covered spouse (or your covered surviving spouse after your death) who is age 65 or older will also be automatically enrolled in this healthcare benefit plan..
- **If you're not currently enrolled in Caterpillar-sponsored group health coverage**
If you're not currently enrolled in Caterpillar-sponsored group health coverage because you previously declined it, you will become eligible for the same healthcare benefit plan as Caterpillar management and executive retirees, which is administered by OneExchange, unless you opt out. Your eligible spouse (or eligible surviving spouse after your death) who is age 65 or older will also be eligible for this healthcare benefit plan.

To Do.

1. Carefully review the enclosed brochure, which explains the healthcare benefit plan for management and executive retirees over age 64.
2. Attend an informational meeting (schedule enclosed).
3. After the informational meeting, if you decide you want to participate in the same healthcare benefit plan as Caterpillar management and executive retirees, **no further action is necessary.**
4. **If you do NOT want to participate in the same healthcare benefit plan as Caterpillar management and executive retirees, you must contact Caterpillar's UAW 2018 Healthcare hotline at 309-675-1700 by Oct. 6, 2017 to begin the opt out process.**

* For purposes of this notice, the term "spouse" also includes a same-sex domestic partner who is your dependent under the Internal Revenue Code.

What is the health reimbursement arrangement?

Rather than being limited to the current healthcare coverage offered by the Caterpillar-sponsored group health plan that is secondary to Medicare, you (and your eligible spouse or eligible surviving spouse) will have access to a number of individual health insurance offerings that work with Medicare, such as Medicare Advantage and Medicare Supplement plans.

To help you pay for this new coverage, Caterpillar will place benefit dollars in a tax-advantaged account called a health reimbursement arrangement (HRA). The amount allocated to your HRA account for 2018 will be \$3,000 for you and \$3,000 for your eligible spouse or your surviving spouse after your death. In other words, you could receive \$6,000 from Caterpillar to pay for your healthcare and the healthcare of your eligible spouse.

You will be able to use these dollars to pay the premiums for individual insurance coverage and for other qualifying medical expenses. Any unused dollars will remain in the account to be used in the future. This means you will have more choice and more control over your retiree healthcare benefits.

Caterpillar has chosen OneExchange to provide enrollment services for retirees age 65 and older. As professionals in the Medicare market, OneExchange's licensed advisors help retirees and their spouses enroll in individual coverage to fit their budget and their unique medical, dental, vision and prescription drug needs. OneExchange also administers the health reimbursement arrangement.

If you opt out

If you opt out of the change, your Caterpillar healthcare coverage will continue in accordance with the terms of the Caterpillar-sponsored group health plan for which you're currently eligible. Keep in mind if you're currently enrolled in a Caterpillar-sponsored group health plan, the terms of the plan contain a formula for calculation of the monthly premiums for retirees age 65 and older and, as a result, premiums under that group plan are subject to variation based on the year-over-year claims experience of the plan.

Questions?

This notice and the enclosed information are intended to provide you with what you need to make an informed decision that is right for you.

If you have questions, call Caterpillar's UAW 2018 Healthcare hotline at **309-675-1700** and leave a message with your name, phone number and a brief description of your question. A Caterpillar benefits team member will return your call within three business days.