

Spending Account Highlights

When you first become eligible as a new hire and during Annual Enrollment, you have the option to participate in Caltech's Spending Account benefit.

Your Spending Account contributions do not automatically roll over from year to year. To continue to take advantage of the tax benefits, you must make new Spending Account elections each year during Annual Enrollment.

What is a Spending Account?

A Spending Account is a benefit that lets you set aside pre-tax dollars through automatic payroll deductions throughout the year. Then, you can use the tax-free money in your account to pay for eligible expenses.

What types of Spending Accounts are available?

There are two types of Spending Accounts, each with a very specific purpose.

- The **Health Care Spending Account** is for a wide range of eligible health care expenses for yourself and your dependents (even if they are not covered in a Caltech plan).
- The **Dependent Day Care Spending Account** is for eligible dependent care expenses so you can work or so your spouse can work or be a full-time student.

The two accounts cannot be used interchangeably. For example, you cannot use your Dependent Day Care Spending Account to pay health care expenses (for yourself or for your dependents).

The next page provides additional information about eligible expenses for each Spending Account.

How can using a Spending Account save me money?

You do not pay federal, state (in most cases), local, or Social Security taxes on amounts you set aside on a pre-tax basis. As a result, your take-home pay may be higher than if you pay for eligible expenses with after-tax money or if you claim a child care credit on your income tax return. Be sure to consult your tax advisor to better understand the implications for your tax situation.

How much can I contribute to a Spending Account?

You can contribute up to \$5,000 annually to each account. However, for the Dependent Day Care Spending Account, special IRS rules apply if you are married. Reimbursement is limited to the lesser of your earned income, your spouse's earned income, or a maximum of \$5,000. For a married person who files a separate income tax return, the maximum is \$2,500.

Use It or Lose It!

You will forfeit any unused amounts left in your Spending Account, according to IRS rules. Therefore, it is important that you carefully estimate your expenses and choose Spending Account contributions accordingly.

The IRS has strict rules for Spending Accounts

- You can use your Spending Account only for certain eligible expenses as defined by the IRS. Some expenses are specifically excluded. Please see the following page for details.
- You can use your Spending Account contributions to reimburse eligible expenses you incur as a plan participant during the plan year in which you are enrolled.
- By law, you lose any unclaimed money left in your account at the end of the plan year.
- Outside of Annual Enrollment, you cannot change your contribution amount unless you request a change within 31 days of the date you experience a qualifying event (such as marriage, divorce or the birth/adoption of a child).

Eligible Spending Account Expenses

Following are examples of the types of expenses that are eligible — and ineligible — for each type of Spending Account. Please refer to the IRS publications mentioned below for additional information.

Health Care Spending Account For a longer list of eligible health care expenses, please refer to IRS Publication 502 at www.irs.gov .	Dependent Day Care Spending Account For a longer list of eligible dependent care expenses, please refer to IRS Publication 503 at www.irs.gov .
Eligible Expenses	Eligible Expenses
Eligible health care expenses include amounts you pay out-of-pocket for: <ul style="list-style-type: none"> • Medical, prescription drug and dental out-of-pocket costs including: <ul style="list-style-type: none"> — Deductibles — Coinsurance — Copays — Expenses above reasonable and customary limits — Expenses above plan maximums • Vision care expenses including eyeglasses, contact lenses and LASIK surgery • Certain over-the-counter medications • Insulin and related supplies 	Eligible dependent care expenses include amounts you pay so you can work (or so your spouse can work or be a full-time student). <ul style="list-style-type: none"> • An eligible Dependent Day Care Spending Account dependent can be: <ul style="list-style-type: none"> — Your child under age 13, or — A dependent of any age who is mentally or physically incapable of self-care and dependent upon you. • Eligible expenses include your costs for: <ul style="list-style-type: none"> — Licensed adult or child day care centers — Summer day camp — Before- and after-school programs
Examples of Ineligible Expenses	Examples of Ineligible Expenses
<ul style="list-style-type: none"> • Cosmetic surgery • Fitness or health club dues • Funeral expenses • Insurance premiums • Medical concierge services 	<ul style="list-style-type: none"> • Day care for children age 13 and over • Kindergarten or school tuition for a child age 5 or older • Overnight summer camp • Recreational classes, sports or tutorials • Health care expenses

Spending Account Reimbursement

Automatic Reimbursement for Certain Health Care Expenses

UniAccount, our spending account administrator, reimburses certain Anthem Blue Cross eligible health care expenses automatically — without claim forms. For example:

- Anthem Blue Cross PPO: most out-of-pocket medical expenses, including PPO office visit copays, deductibles, coinsurance payments, and prescription drug copays.
- Anthem Blue Cross HMO: prescription drug copays.

If you do not want automatic reimbursement, call UniAccount at (888) 209-7976 after January 1 to waive this option. (If you have already chosen to waive automatic reimbursement, your waiver will continue.)

Direct Deposit

After you enroll in a Spending Account, you'll receive information about how you can choose to have your reimbursements directly deposited into your bank account.

Reimbursement for Other Expenses

For expenses not automatically reimbursed, the reimbursement process is simple:

1. Complete a Reimbursement Request form (available at hr.caltech.edu/HRForms/Spending_Acct_Claim.pdf).
2. Attach copies of all bills/receipts.
3. Submit the form and bills/receipts directly to UniAccount (at the address or fax number provided on the form).

The claims filing deadline is March 31 for services incurred in the prior calendar year.