



# CAFETERIA PLAN

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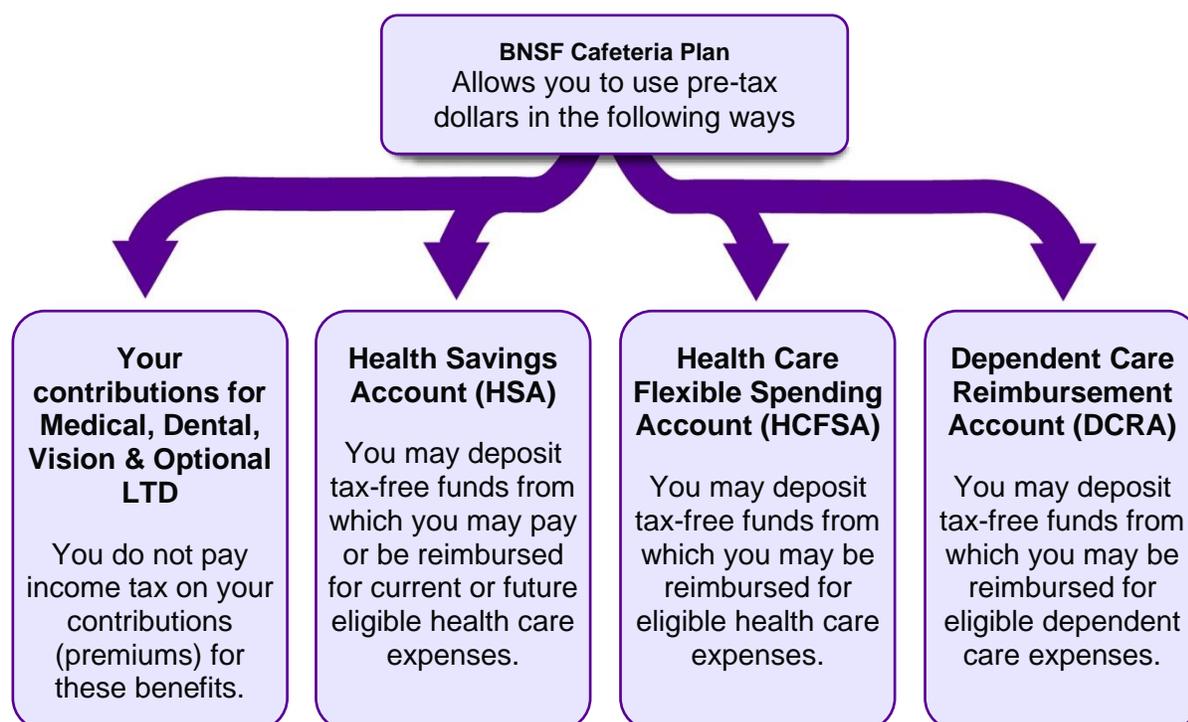
# CAFETERIA PLAN

## INCLUDING PRE-TAX CONTRIBUTIONS TO ACCOUNTS

### The Big Picture

#### *An Overview of the Cafeteria Plan and Accounts*

Effective Jan. 1, 2021



### CAFETERIA PLAN HELPS MAXIMIZE THE BUYING POWER OF YOUR BENEFIT DOLLARS

Woven through all BNSF benefit programs are dual goals of using limited resources efficiently and maximizing the *personal value* that employees can derive from those resources. The BNSF Cafeteria Plan enables participants in the BNSF Group Benefits Plan to enjoy tax advantages allowed under the U.S. Tax Code.

When you choose medical, dental, vision care and/or optional LTD Insurance coverages

through the BNSF Group Benefits Plan, the contributions you make toward the costs of coverage are reductions of your pre-tax pay under the Cafeteria Plan. As a result of voluntarily reducing your taxable pay, your income taxes also are reduced, which lowers your bottom-line cost for certain BNSF-sponsored employee benefit programs. You are not required to pay income tax on these contributions.

Through the Cafeteria Plan, you may elect to make pre-tax contributions to the Health Care Flexible Spending Account (HCFSA), Dependent Care Reimbursement Account (DCRA) and Health Savings Account (HSA). Through these accounts, you may use tax-free money to pay for or reimburse yourself for eligible health care expenses (HCFSA and HSA) or dependent care expenses (DCRA).

You are automatically enrolled in the BNSF Cafeteria Plan when you enroll in any of the included benefit programs, such as the Medical,

Dental or Vision Programs. However, you must actively elect to enroll to make pre-tax contributions to the HCFSA and DCRA each year during the annual enrollment process. You may not change your HCFSA or DCRA elections during the year unless you have a [qualifying family status event](#).

In addition, you must actively elect to enroll to make pre-tax contributions to the HSA,<sup>1</sup> but, unlike the HCFSA and DCRA, your election automatically rolls over each year unless you change it. Also, unlike the HCFSA and DCRA, you may change your HSA contribution election at any time by calling the BNSF Benefits Center at 833-277-8051 or go to the BNSF Benefits Center website at [digital.alight.com/BNSF](https://digital.alight.com/BNSF).

### Getting a Dollar's Worth of Bang from Every Buck

What does the Cafeteria Plan do for you? Think of it this way:

- ▶ If your federal income tax rate is 25% (income taxes, Railroad Retirement and Medicare), you must earn about \$1.33 to have \$1.00 of *after-tax* earnings left that you can use to pay expenses such as out-of-pocket health care costs and day care bills.
- ▶ The Cafeteria Plan allows you to use untaxed dollars. That way, each \$1.33 of *pre-tax* pay buys \$1.33 of benefits and eligible services.

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<sup>1</sup> If you are enrolled in a government-sponsored health plan such as TRICARE or VA, enrolled in Medicare or Medicaid, or receiving payments under the BNSF Long Term Disability Insurance Program, by law you cannot contribute to an HSA. In these cases, BNSF provides a Health Reimbursement Account (HRA) to participants. You cannot contribute to an HRA.

## HOW THE CAFETERIA PLAN AND ACCOUNTS WORK IN BRIEF

### Tax Savings and Convenience

The BNSF Cafeteria Plan allows you to reduce your taxable pay by the amount of your contributions for certain BNSF benefits, and to pay for or reimburse yourself for certain health care and dependent care expenses. As a result, you pay for these benefits with tax-free dollars.

In addition, the Flexible Spending Accounts make your annual budgeting easier by giving you the convenience of regular payroll deductions to pay for predictable health care and dependent care expenses. The Health Care Flexible Spending Account (**HCFSA**) even allows you to use your total annual contribution amount before your account has been fully funded with deductions.

Finally, while the Health Savings Account (HSA) is your own bank account rather than a BNSF benefit program, the Cafeteria Plan gives you the convenience of making contributions to your HSA via pre-tax payroll deductions.

### What's Covered?

#### *Health Care Flexible Spending Account (HCFSA)*

There are two versions of this account, but you will qualify for only one, based on your Medical Program coverage:

- ▶ *Limited Purpose HCFSA* is available if you are enrolled in the BNSF Medical Program with a [Health Savings Account \(HSA\)](#).
- ▶ *General Purpose HCFSA* is available only to the small percentage of employees whose BNSF Medical Program coverage includes a [Health Reimbursement Account \(HRA\)](#), due to IRS [dual coverage rules](#), and those who choose not to enroll in the Medical Program.

#### *Limited Purpose Account Reimburses Only Dental and Vision Expenses*

Only dental and vision care expenses are eligible for reimbursement under the *Limited Purpose HCFSA*, including:

**Defined terms:** For the meaning of terms in [blue](#), click to see the Defined Terms section.

**Links:** Click on [blue italic](#) items to link directly the section or chapter indicated.



**Previous view:** Return to your previous page by right clicking and selecting the "previous view" option. To add the handy "previous view" button to your toolbar, open your Adobe Reader tools and select Page Navigation, then Previous View.

- ▶ [Deductibles](#), [coinsurance](#) and [copays](#); and
- ▶ Out-of-pocket expenses that are not paid by another plan, such as expenses for orthodontia and dentures, and eye examinations, eyeglasses and contact lenses.

The *General Purpose HCFSA* reimburses the same dental and vision care expenses that are eligible under the *Limited Purpose HCFSA* plus eligible medical and prescription drug expenses, including:

- ▶ Medical [deductibles](#), [coinsurance](#) and [copays](#), and other out-of-pocket expenses for medical care and prescription drugs that are not paid by another plan;
- ▶ Over-the-counter medications that are used for the diagnosis, cure, treatment or prevention of disease or illness; and
- ▶ Hearing care, including testing and hearing aids.
- ▶ Menstrual care products.

See the [Eligible Expenses](#) section of this SPD for a list of eligible expenses. IRS Publication 502, available at [irs.gov](#), provides further details.

#### *Using Your HCFSA Is Easy*

You receive a debit card that is pre-loaded with the annual HCFSA contribution amount that you elect. When you have eligible expenses, you simply present the debit card, and the bill is paid

directly from your [HCFSA](#) until your annually elected contribution amount has been fully used. You also may choose to pay out of pocket and claim reimbursement for the expense at a later time, but no later than March 31 following the calendar year in which you incurred the expense.

Note that you may use your debit card only for expenses that you incur during the same calendar year that you are making contributions to your account. If you receive bills after Dec. 31 of the year in which the expenses were incurred, you must pay out of pocket and file a claim with the [Claims Administrator](#). You have until March 31 to request reimbursement of expenses incurred in the previous calendar year.

**Important** – Take care with planning your annual contribution amount. Under IRS rules, HCFSA dollars are intended to be used for expenses during the calendar year in which you make contributions. If unused funds remain in your account at year end, you may qualify to roll over a limited amount. Otherwise, you forfeit any unused contributions. In addition, if your employment with BNSF ends, you will forfeit any HCFSA balance that is not used to pay eligible expenses incurred up to your termination date, unless you choose to continue coverage under [COBRA](#). See the [HCFSAs Contributions and Rollovers](#) section and [HCFSAs Forfeiture](#) section later in this SPD chapter.

#### **Dependent Care Reimbursement Account (DCRA)**

Some of the dependent care expenses eligible for reimbursement include:

- ▶ Child care centers.
- ▶ Family day care providers.
- ▶ Babysitters.
- ▶ Most day camps (except for overnight camps).
- ▶ Caregivers for a disabled dependent or spouse who lives with you.
- ▶ Household services, including domestic care for the dependent, services of a domestic maid, cook, nurse or live-in, provided that a

primary portion of these expenses are for the care of an eligible dependent.

Note that you will need the caregiver's Social Security number or Tax Identification Number when you request reimbursement.

A list of expenses covered under the [DCRA](#) is included later in this chapter. IRS Publication 503, available at [irs.gov](http://irs.gov), provides further details.

#### **You File Claims for DCRA Reimbursement As You Go**

You pay out of pocket and submit claims for reimbursement from your [DCRA](#). Unlike the [HCFSAs](#), funds from your DCRA are available only as eligible expenses are incurred and contributions are credited to your account each pay period. You are reimbursed by check or direct deposit for your claims, up to your current account balance. Any portion of a claim that exceeds available funds will be reimbursed to you automatically as more tax-free contributions flow into the account each pay period. You have until March 31 to request reimbursement of eligible expenses incurred in the previous calendar year.

**Important** – Take care with planning your annual contribution amount. Under IRS rules, if DCRA dollars remain unspent by Dec. 31, you will forfeit the unclaimed balance. In addition, if your employment with BNSF ends, you will forfeit any DCRA balance that is not used to pay eligible expenses incurred up to your termination date. See the [DCRAs Contributions](#) section and [DCRAs Forfeitures](#) sections.

#### **Health Savings Account (HSA)**

Examples of eligible expenses include:

- ▶ Out-of-pocket expenses for Medical, Dental or Vision Care Program [deductibles](#), [coinsurance](#) and [copays](#) – including those for prescription drugs – that are not paid by another plan.
- ▶ Over-the-counter medications that are used for the diagnosis, cure, treatment or prevention of disease or illness.
- ▶ Hearing care, including testing and hearing aids.
- ▶ Menstrual care products.

It is your responsibility to be aware of which expenses qualify as eligible; see the [Eligible Expenses](#) section of this SPD for a list of eligible expenses. IRS publications 502 and 969, available at [irs.gov](http://irs.gov), provide further details.

### ***Using Your HSA Is Easy***

You receive a debit card for the account. When you have eligible expenses, you simply present the debit card, and the bill is paid directly from your [HSA](#) up to the amount in the account at that time. You may also decide to pay for your expenses with other personal funds and reimburse yourself from your HSA later.

### **Filing Benefit Claims and Appeals**

BNSF has delegated claims responsibility to the [Claims Administrator](#). The Cafeteria Plan's

Claims Administrator has rules for filing claims, such as time limits and the information required. It also includes a process for you to appeal benefit claims decisions. The Claims Administrator is responsible for benefit claims administration, and all appeals of benefit claims decisions must be made directly to the Claims Administrator without involvement of BNSF.

The [Plan Administrator](#) is responsible only for claims relating to Group Benefits Plan administration, such as eligibility and rights under the benefit programs.

### ***HSA Is Separate from Cafeteria Plan***

The HSA is your own bank account rather than a BNSF benefit program. The Cafeteria Plan simply enables the convenience of making contributions to your HSA via pre-tax payroll deductions. It is included here primarily to help you compare the similarities and differences between the multiple tax-advantaged accounts.

For additional information about using the HSA, including building up tax-free funds to use for future health care expenses, see the [Health Care Benefits Overview](#) chapter of this Summary Plan Description.

**PRE-TAX ACCOUNTS IN BRIEF**

	Health Savings Account (HSA)	Health Care Flexible Spending Accounts (HCFSAs)		Dependent Care Reimbursement Account (DCRA)
		Limited Purpose	General Purpose	
<b>Available to</b>	Employees whose BNSF Medical Program coverage includes an <a href="#">HSA</a> .	Employees whose BNSF Medical Program coverage includes an <a href="#">HSA</a> .	<ul style="list-style-type: none"> <li>Only employees whose BNSF Medical Program coverage includes an <a href="#">HRA</a>, or</li> <li><a href="#">Eligible employees</a> who do not enroll in the BNSF Medical Program.</li> </ul>	Any <a href="#">eligible employee</a> .
<b>How to Participate</b>	You choose whether to make pre-tax contributions when you first enroll in BNSF Medical Program coverage. You may change your contributions at any time.	Each year, you choose whether to participate in the one type of HCFSAs available to you and the amount of pre-tax dollars from your pay to contribute.		Each year, you choose whether to participate and the amount of pre-tax dollars from your pay to contribute.
<b>How You May Use the Account</b>	Use to help pay your share of eligible health care expenses that are not reimbursed by another plan.	<ul style="list-style-type: none"> <li>Use to help pay your share of eligible dental and vision care expenses that are not reimbursed by another plan.</li> <li>Cannot use to pay medical or prescription drug expenses for yourself or any dependent, including any expenses that count toward the BNSF Medical Program <a href="#">deductible</a>, <a href="#">coinsurance</a> or <a href="#">copays</a>.</li> </ul>	Use to help pay your share of eligible health care expenses that are not reimbursed by another plan.	Use to pay eligible day care expenses for qualifying dependents incurred so that you and your spouse, if you are married, can work and/or attend school as a full-time student.

	Health Savings Account (HSA)	Health Care Flexible Spending Accounts (HCFSAs)		Dependent Care Reimbursement Account (DCRA)
		Limited Purpose	General Purpose	
<b>Whose Expenses Can Be Paid</b>	<p>Eligible expenses for:</p> <ul style="list-style-type: none"> <li>You and your spouse.</li> <li>Your child who qualifies as your tax dependent, which generally means the child is under age 19, or if a full-time student, not yet 24 at the end of the tax year.</li> <li>Anyone who qualifies as your dependent for income tax purposes even if the person is not eligible for BNSF medical, dental or vision care coverage (such as a parent who lives with you).</li> </ul>	<p>Eligible expenses for:</p> <ul style="list-style-type: none"> <li>You and your spouse.</li> <li>Children (natural, adopted, stepchildren, foster) under age 26 regardless of the child's student, marital, residency or financial-dependency status.</li> <li>Anyone who qualifies as your dependent for income tax purposes even if the person is not eligible for BNSF medical, dental or vision care coverage (such as a parent who lives with you).</li> </ul>		<p>Qualifying dependents, including:</p> <ul style="list-style-type: none"> <li>Children under age 13,</li> <li>Disabled dependents of any age, and</li> <li>Elderly dependents who live with you.</li> </ul> <p>Qualifying dependents must be your dependents for federal income tax purposes, but they need not be covered by any other BNSF benefits.</p>
<b>Account Lifespan and Forfeiture</b>	<p>The <a href="#">HSA</a> is your own bank account and remains your property even if you leave BNSF or stop contributing to it.</p>	<p>Under IRS rules, HCFSAs dollars are intended to be spent in the same calendar year you contribute them. Except for rolled over amounts as noted below, any HCFSAs dollars remaining unspent from your account on Dec. 31 are forfeited.</p> <ul style="list-style-type: none"> <li>Remaining balances between \$25 and \$550 will automatically roll over. You will forfeit any unclaimed balance less than \$25 or any portion exceeding \$550.</li> <li>Dollars can roll over only one time. For example, contributions you made in 2021 can roll over only to 2022. Any 2021 dollars remaining at the end of 2022 will be forfeited.</li> </ul> <p>You have until March 31 to claim reimbursement of eligible expenses incurred in the previous calendar year. At that point, you will forfeit any balance that remains unclaimed for eligible expenses.</p>		<p>Under IRS rules, any DCRA dollars remaining unspent from your account on Dec. 31 are forfeited. DCRA dollars do not roll over into the new calendar year.</p> <p>You have until March 31 to claim reimbursement of eligible expenses incurred in the previous calendar year. At that point, you will forfeit any balance that remains unclaimed for eligible expenses.</p>

	Health Savings Account (HSA)	Health Care Flexible Spending Accounts (HCFSAs)		Dependent Care Reimbursement Account (DCRA)
		Limited Purpose	General Purpose	
		However, if your employment with BNSF ends, you will forfeit any HCFSAs balance that is not used to pay eligible expenses incurred up to your termination date, unless you choose to continue coverage under COBRA.		However, if your employment with BNSF ends, you will forfeit any DCRA balance that is not used to pay eligible expenses incurred up to your termination date.

## IMPORTANT RULES AND ADMINISTRATIVE INFORMATION

### When Coverage Begins

Coverage under the Cafeteria Plan begins at different times, based on various factors, including the timing of your request and the individuals to be covered. Refer to the chapter of this SPD titled [Who Is Eligible and How to Enroll](#) for specific information.

### Leaves of Absence

Those who take a leave of absence under the Family and Medical Leave Act (FMLA) may be able to continue Plan coverage for a period of time, if any required cost is paid. For details, see [Continuation of Coverage During Leaves](#) in the chapter of this SPD titled [When Coverage Ends](#).

### When Coverage Ends

Coverage under the Cafeteria Plan, including FSAs, usually ends when your employment with BNSF ends. However, if you lose coverage because of any qualifying event under [COBRA](#), you may choose to continue participating in the

[HCFSA](#) for the remainder of that calendar year by paying the full monthly contribution amount on an after-tax basis. Please see the [When Coverage Ends](#) chapter of this SPD for more information.

The [HSA](#) is your own bank account and remains your property even if you leave BNSF or otherwise no longer qualify to contribute to your HSA via the Cafeteria Plan.

### General and Administrative Information

This SPD contains detailed information, including your privacy rights, which may assist you in using the Plan. Refer to the [General Information About Your Rights to Benefits](#) and [Administrative Information](#) chapters for details.

### Your ERISA Rights

A federal law, ERISA, gives you important rights under the Plan. Those rights are described in the [Your Rights Under ERISA](#) chapter of this SPD.

## Plan Details

### The Cafeteria Plan and Accounts

## CAFETERIA PLAN

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**Money-Saving Way to Pay for Certain Expenses** The BNSF Cafeteria Plan takes advantage of an important employee benefit provision under Internal Revenue Code Section 125 and allows you to save money by electing to purchase certain BNSF benefit program coverage with your pre-tax pay. The Plan also allows you to set aside pre-tax pay into the Health Savings Account (HSA), the Health Care Flexible Spending Account (HCFSA) and the Dependent Care Reimbursement Account (DCRA), and you can then use the dollars in the account(s) to pay directly for, or reimburse yourself for, eligible expenses. You do not owe federal income taxes on pre-tax money paid from an FSA, DCRA or HSA for expenses that the IRS considers to be includible or qualified in IRS publications 502 and 969 (health care) and Publication 503 (dependent care).

**Included Benefit Programs**

Benefit programs included under the Cafeteria Plan are:

- ▶ Medical Program.
- ▶ Dental Program.
- ▶ Vision Care Program.
- ▶ Long Term Disability Insurance Program. (BNSF pays the full cost of Basic LTD, and employees pay the additional cost of Optional LTD with pre-tax pay under the Cafeteria Plan.)

You may also make contributions using pre-tax pay to the:

- ▶ Health Care Flexible Spending Account ([HCFSA](#)).
- ▶ Dependent Care Reimbursement Account ([DCRA](#)).
- ▶ Health Savings Account ([HSA](#)).

**Contributions from Pre-tax Pay**

The Cafeteria Plan allows you to set aside pre-tax pay to cover employee contributions required by any BNSF benefit program included under the Plan. When you enroll in any of the included benefit programs or accounts, you are also automatically enrolled in the Cafeteria Plan. Your enrollment authorizes BNSF to reduce your gross pay each pay period by the amount of contributions required by your covered benefit elections. By using pre-tax pay, you save on taxes because you reduce your gross taxable income.

## HEALTH CARE FLEXIBLE SPENDING ACCOUNT (HCFSAs)

### How the Account Works

One of the two types of HCFSAs is available to you, based on your Medical Program participation. You may enroll when you are first eligible (for the current calendar year) or during annual enrollment (for the next calendar year). You also may enroll if you previously declined enrollment, or you may change your enrollment if you have a [qualifying family status event](#).

If you are like most employees and participate in the BNSF Medical Program with a [Health Savings Account \(HSA\)](#), your HCFSAs is required to be a [Limited Purpose HCFSAs](#). This account reimburses only eligible dental and vision care expenses. (Your HSA is available for eligible medical, prescription drug and hearing care expenses.)

*You may use a Limited Purpose HCFSAs only to reimburse eligible dental and vision care expenses.*

If you are one of the relatively few employees who have a *General Purpose HCFSAs* available, you may use your account to pay for unreimbursed medical, dental, vision, prescription drug and hearing expenses, including [deductibles](#), [coinsurance](#) and [copays](#), as well as expenses for menstrual care products and certain over-the-counter drugs and supplies. A General Purpose HCFSAs is available only to employees whose BNSF Medical Program coverage includes a [Health Reimbursement Account \(HRA\)](#) and to eligible employees who do not participate in the BNSF Medical Program.

You may not deduct expenses reimbursed through the HCFSAs on your annual federal income tax return.

Due to IRS rules for *forfeiting unused balances*, you should carefully plan the amount you contribute to an HCFSAs, taking into consideration any automatic rollover, as summarized in [Rollovers](#) later in this HCFSAs section. (See the [Eligible Expenses](#) section in this chapter.)

If you elect to participate during the annual enrollment period or otherwise prior to the beginning of a calendar year, the total amount you elect to contribute for the calendar year, plus any rolled over amounts, is available for eligible expenses beginning on the first day of that year.

If you elect not to contribute, any account balance rolled over from the previous calendar year will remain available for reimbursement of eligible expenses incurred up to Dec. 31 of the new calendar year. Balances can be rolled over only one time.

Eligible expenses can be reimbursed only if they are incurred:

- ▶ On or after the effective date of your election to contribute (or during the calendar year in which you have an available rolled over balance);
- ▶ No later than Dec. 31 of the calendar year for which you elected to make the contributions (or of the calendar year into which a balance was rolled over) and you claim reimbursement no later than March 31 of the following calendar year; and
- ▶ Prior to your employment termination date if terminated prior to year end (unless you choose to continue coverage under [COBRA](#)).

## Contributions and Rollovers

### How Much You May Contribute

You may contribute up to the amount indicated on the BNSF Benefits Center website at [digital.alight.com/BNSF](https://digital.alight.com/BNSF) (for example, \$2,750 in 2021) of pre-tax pay into your HCFSA per calendar year, in addition to any rollover from the prior year. The minimum annual contribution is \$50. Your contribution will be deducted evenly from your paychecks throughout the year.

The Plan must pass certain IRS tests that make sure the tax advantages of the HCFSA do not disproportionately benefit higher-paid eligible employees. You will be notified if the Plan Administrator determines the IRS tests will not be met at any point during the calendar year and as a result your HCFSA contributions must be reduced.

### Rollovers

If you do not use all the dollars in your HCFSA during the calendar year, any remaining balance between \$25 and \$550 will automatically roll over into the next calendar year's account. Any remaining, unclaimed balance less than \$25 or any portion exceeding \$550 will be forfeited.

Rolled over dollars must be used within the new calendar year; otherwise any unused portion cannot be rolled over a second time and will be forfeited at the end of that year.

## Forfeiture

Under IRS rules, HCFSA dollars are intended to be used for expenses during the calendar year in which you make contributions. To avoid forfeiting money, you should take care with planning your annual contribution amount.

- ▶ On Dec. 31, if your balance from contributions made in the same calendar is less than \$25, you will forfeit the unclaimed balance. If the balance is more than \$550, you will forfeit the portion that exceeds \$550.
- ▶ Unused dollars rolled over from the previous calendar year will be forfeited.
- ▶ If your employment with BNSF ends, you will forfeit any HCFSA balance that is not used to pay eligible expenses incurred up to your termination date, unless you choose to continue coverage under [COBRA](#).

You have until March 31 to claim reimbursement of eligible expenses incurred in the previous calendar year, or that you incurred up to your termination date if your employment terminates prior to year end. However, if you choose to continue participation under COBRA, you may continue to submit claims.

**Eligible Health Care Expenses** Expenses eligible for reimbursement are summarized in the following list. Keep in mind that a [Limited Purpose HCFSA](#) reimburses dental and vision care expenses only. (The [HSA](#) is available for other eligible health care expenses.)

For a more detailed list of eligible expenses (which the IRS calls includible or qualified), see IRS publications 502 and 969, available on the IRS website at [IRS.gov](http://IRS.gov).

- ▶ Medical, dental, vision or hearing care [deductibles](#), [copays](#) and [coinsurance](#).<sup>2</sup>
- ▶ Medical, dental, vision or hearing care not reimbursed through coordination of benefits with a secondary payer.<sup>2</sup>
- ▶ Vision care, including examinations, eyeglasses and contact lenses.
- ▶ Hearing care, including examinations and hearing aids.<sup>2</sup>
- ▶ Dental care, including orthodontia and dentures, but excluding cosmetic dental procedures and supplies.
- ▶ Emergency room visits.<sup>2</sup>
- ▶ Surgical procedures or treatments, such as arthroscopic or laparoscopic surgery, speech, physical or occupational therapy, or X-rays.<sup>2</sup>
- ▶ Expenses that exceed Medical or Dental Program maximums.<sup>2</sup>
- ▶ Out-of-pocket costs for prescription drugs and insulin.<sup>2</sup>
- ▶ Certain over-the-counter medications and supplies that are used for the diagnosis, cure, treatment or prevention of disease or illness.<sup>2</sup>
- ▶ Menstrual care products.<sup>2</sup>
- ▶ Outpatient mental health care.<sup>2</sup>
- ▶ Charges for psychologists, chiropractors and physical therapy for medical care.<sup>2</sup>
- ▶ Expenses for care in an institution other than a hospital, including the cost of meals and lodging, if the main reason for using the institution is the availability of medical care at the institution.<sup>2</sup>
- ▶ Tuition for a special school for physically or mentally handicapped children, if the main reason for using the school is that it has resources for relieving the handicap.<sup>2</sup>
- ▶ Tuition for a special school, such as one that teaches Braille or lip reading, that helps you or your dependent compensate for or overcome a physical handicap and prepares him or her for attendance at a regular school or for daily life.<sup>2</sup>
- ▶ Tutoring fees for handicapped children provided the teacher is qualified to work with children who have severe learning disabilities.<sup>2</sup>
- ▶ Charges for medical care included in the tuition charge of a college or private school.<sup>2</sup>
- ▶ Educational devices for the blind.

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<sup>2</sup> If you participate in the BNSF Medical Program with an HSA, expenses for medical care, prescription drugs, over-the-counter medications, menstrual care products and hearing care cannot be reimbursed from the HCFSA.

- ▶ Charges for Braille reading material to the extent it is more expensive than non-Braille literature.
- ▶ Guide dogs for the blind or deaf, including training charges.<sup>2</sup>
- ▶ Installation and repairs of special telephone and television equipment for the deaf.<sup>2</sup>
- ▶ Installation and operating costs of special equipment in a car used by a physically handicapped person.<sup>2</sup>
- ▶ Tobacco cessation.<sup>2</sup>
- ▶ Weight loss programs prescribed by a physician to treat a medical condition.<sup>2</sup>
- ▶ Treatment of obesity.<sup>2</sup>
- ▶ Durable medical equipment, including wheelchairs, crutches and inclinators.<sup>2</sup>
- ▶ Artificial limbs.<sup>2</sup>
- ▶ Fluoride treatment of your home's water if treatment is recommended by a dentist.
- ▶ Transportation costs directly related to and primarily for receiving medical care, including parking and mileage. Mileage is reimbursed at the current IRS mileage rate for medical expenses.
- ▶ Lasik surgery.
- ▶ Other expenses that are considered allowable expenses for medical care under Internal Revenue Code Section 213(d), or as published by the Internal Revenue Service.<sup>2</sup>

### **Excluded Health Care Expenses**

The following expenses are not eligible for reimbursement from your [HCFA](#):

- ▶ Any expenses that are covered for you or your eligible dependents under the provisions of any health care plan or insurance policy or that are reimbursed through any other source.
- ▶ Your contributions for Medical, Dental, Vision Care and Optional Long Term Disability Insurance Program coverages under the BNSF Cafeteria Plan.
- ▶ Contributions for other health care plans, life and accidental death and dismemberment insurance, and automobile insurance, whether they are BNSF plans or the plans of another employer.
- ▶ Marriage or family counseling, or other counseling that is not for a medical reason.
- ▶ Household help, even if prescribed by a physician.
- ▶ The salary of a licensed practical nurse (L.P.N.) who cares for a normal, healthy newborn child.
- ▶ Dancing, swimming and other types of lessons prescribed by a physician for the general improvement of health.
- ▶ Membership fees and other costs for weight loss programs when the programs are for purposes of general health and well-being.

- ▶ Health club programs, including resort hotels, health clubs, gyms or steam baths.
- ▶ Custodial care while confined.
- ▶ Remedial reading classes for non-handicapped children.
- ▶ Meals and lodging while you are away from home for medical treatment that is not provided at a medical facility or for the relief of a specific condition, even if the trip is made on the advice of a doctor.
- ▶ Cosmetic surgery or procedures (including cosmetic dental procedures) as defined under Internal Revenue Code Section 213(d).
- ▶ Illegal operations, treatments or drugs.
- ▶ Funeral or burial expenses.
- ▶ Toiletries and cosmetics.
- ▶ Vitamins and other supplements for general health purposes.
- ▶ Bottled water.
- ▶ Maternity clothes and uniforms.
- ▶ Expenses incurred prior to the date of your enrollment in the HCFSA.
- ▶ Other expenses that are considered excluded expenses for medical care under Internal Revenue Code Section 213(d), or as published by the IRS.

From time to time, the IRS releases guidance on additional items that are not eligible for HCFSA reimbursement. The [Claims Administrator](#) will advise you if you submit a request for reimbursement that is not covered under your HCFSA.

### **Eligible Dependents**

The [HCFSA](#) has a different definition for eligible dependents than some other BNSF benefit programs. Under IRS rules expenses can be reimbursed for:

- ▶ You and your spouse;
- ▶ Children (natural, adopted, step, foster) under age 26 regardless of the child's student, marital, residency or income tax-dependency status; and
- ▶ Anyone who qualifies as your dependent for income tax purposes even if the person is not eligible for BNSF medical, dental or vision care coverage.

### **Using Your HCFSA**

#### **Debit Card**

You receive a debit card that is pre-loaded with your annual [HCFSA](#) election amount. When you have eligible expenses, you simply present the debit card and the bill is paid directly from your HCFSA until your annual election amount is exhausted. The card can be used only at merchants that provide health care services and prescription drugs. Remember, if you participate in the BNSF Medical Program with an HSA, expenses for medical care and prescription drugs cannot be reimbursed from the HCFSA.

All debit card transactions must be confirmed as eligible under the HCFSA either electronically while at the merchant by matching against a specific BNSF Medical, Dental or Vision Care Program [copay](#) amount or through paper documentation after the sale.

Note that the debit card draws funds from accounts in this order, depending on the type of service being charged:

- ▶ First from the [HCFSA](#), and
- ▶ Second from any balance available to you in a BNSF [Health Reimbursement Account \(HRA\)](#) – if you have one.

This ensures that funds with the most limited availability are used first.

### **Important Conditions of Using the Debit Card**

- ▶ You may use the HCFSA debit card only in years when you are enrolled in an [HCFSA](#).
- ▶ Once a new calendar year begins, you cannot use the HCFSA debit card to pay expenses incurred in the previous calendar year. You may claim expenses incurred in the previous calendar year only through the manual claim process.
- ▶ The HCFSA debit card will be suspended if an over-reimbursement occurs or if you do not provide adequate documentation of an expense when required. The card will be reactivated once the over-reimbursement has been recovered or adequate documentation has been received and validated.
- ▶ The HCFSA debit card will be canceled upon termination of employment.
- ▶ Merchant Category Codes (MCCs) identify merchants where HCFSA debit cards may be used. The card may be used only at valid merchants that provide health services or prescriptions.

### **Online and Manual Claims**

In addition to paying with the debit card, you may use the electronic claims filing process or the paper confirmation and manual claim filing process for any eligible expense. This includes expenses for eligible over-the-counter drugs or other health care services that are not automatically or electronically confirmed or that you otherwise prefer to file manually. Note that you must submit claims for expenses no later than March 31 following the calendar year in which the expenses were incurred. See the [Claims Procedures](#) chapter of this SPD for more information.

### **Importance of Keeping Proper Documentation of Expenses**

The HCFSA [Claims Administrator](#) is obligated to require verification of the amount and eligibility of the expenses you claim. The IRS also requires an accounting of your HSA expenses and reimbursements when you file your tax return and may ask for detailed documentation if it has questions or audits your return. Always keep the following items with your tax-related documents:

- ▶ Receipts with itemization of health care purchases that you claim.
- ▶ Explanations of Benefits (EOBs) sent from the medical, dental, vision or other health care Claims Administrators showing the care provider's charge, amount paid by the Claims Administrator and amount to be paid by you.
- ▶ Copy of Letters of Medical Necessity when required for coverage of an expense.
- ▶ Debit card payment receipts.
- ▶ Copies of claim forms submitted online or manually.

For further details about appropriate documentation and eligible expenses, go to [my.healthequity.com](http://my.healthequity.com) or call the [Claims Administrator](#), HealthEquity, at 866-346-5800.

## DEPENDENT CARE REIMBURSEMENT ACCOUNT (DCRA)

### How the Account Works

You may enroll in the [DCRA](#) when you are first eligible or during annual enrollment for the next calendar year. You also may enroll if you declined enrollment, or you may change your enrollment later if you have a [qualifying family status event](#).

You may use your DCRA for reimbursement of expenses for the care of your eligible dependents *so that both you and your spouse, if you are married, can work (full-time or part-time) or attend school (full-time). Expenses are not eligible if either parent is not working or attending school full-time.*

#### **Spouse Must Work or Attend School Full-Time**

Expenses are not eligible if either parent is not working or attending school full-time.

See the [Eligible Dependents](#) section of this chapter for an explanation of whose expenses can be reimbursed. Note that you cannot claim the same expenses under both the DCRA and the federal Dependent Care Tax Credit.

You should carefully plan the amount you contribute to your DCRA. *If you do not use your entire account value during the calendar year, IRS rules require that any remaining balance be forfeited.* (See [Forfeiture](#) in this DCRA section.)

Unlike the [HCFSA](#), you can be reimbursed only for claims if your account contains sufficient money when you submit your claim. Dependent care expenses must be incurred on or after the effective date of your election (and on or before Dec. 31 of that year) and while you are contributing to the DCRA. You must claim reimbursement no later than March 31 of the following calendar year.

### Contributions How Much You May Contribute

You may contribute up to \$5,000 of pre-tax pay into your [DCRA](#) per calendar year. However, if your spouse is employed and contributing to another DCRA, your combined contribution cannot be more than \$5,000. If you and your spouse file separate federal income tax returns, neither spouse can contribute more than \$2,500 per calendar year. The minimum annual contribution is \$50.

If your spouse is disabled or a full-time student and does not earn income, the maximum contribution to the DCRA is \$3,000 each calendar year if you have one dependent, or \$5,000 if you have two or more dependents. These amounts will be considered earned income (defined below) of your spouse.

Your total reimbursement may not exceed the *lesser* of:

- ▶ Your earned income for the calendar year, or
- ▶ Your spouse's earned income for the calendar year.

For the DCRA, earned income means any wages, salaries, tips and other employee compensation and any net earnings from self-employment earned by you or your spouse during the calendar year.

Due to the IRS rule requiring forfeiture of any unused balances at year end, you should plan your pre-tax contribution to the DCRA with care.

The Cafeteria Plan must pass certain IRS tests that make sure the tax advantages of the DCRA do not disproportionately benefit higher-paid eligible employees. If the Plan Administrator determines the IRS tests will not be met at any point during the calendar year, you will be notified if your DCRA contributions must be reduced.

### **BNSF Matching Contribution**

For Railway employees only<sup>3</sup>, BNSF will make a matching contribution to your DCRA. BNSF will match your contributions dollar for dollar, up to the maximums listed below.

- ▶ For salary bands up to band 29, BNSF will contribute up to \$2,000.
- ▶ For salary bands 30 and 31, BNSF will contribute up to \$1,000.

The BNSF matching contribution will be made at the beginning of the year, so you can begin using the benefit immediately. However, reimbursement will only be paid after eligible claims have been incurred.

### **DCRA Contribution or Dependent Care Tax Credit?**

You may be eligible to claim a Dependent Care Tax Credit on your federal income tax return for dependent day care expenses. Contributions to the [DCRA](#) will reduce, dollar for dollar, the tax credit you can take. Since you cannot claim a tax credit *and* receive reimbursement from your DCRA for the same dependent day care expenses, you must choose between the DCRA and the tax credit. You should consult with your tax advisor to determine whether it is more beneficial for you to use the DCRA or the federal income tax credit for your expenses.

### **Forfeiture**

Under IRS rules, DCRA dollars are intended to be used for expenses during the calendar year in which you make contributions. To avoid forfeiting money, you should take care with planning your annual contribution amount.

- ▶ Any balance remaining as of Dec. 31 that is not subsequently claimed for eligible expenses during that calendar year must be forfeited.
- ▶ DCRA dollars do not roll over into the following calendar year.
- ▶ If your employment with BNSF ends, you will forfeit any DCRA balance that is not used to pay eligible expenses incurred up to your termination date.
- ▶ You have until March 31 to claim reimbursement of eligible expenses incurred in the previous calendar year, or up to your termination date if your employment terminates prior to year end.

<sup>3</sup> Interns are not eligible for the matching contribution.

**Eligible Expenses**

You may use your [DCRA](#) for reimbursement of eligible expenses you incur for the care of eligible dependents that allow you *and* your spouse, if you are married, to work and/or attend school full-time. Below are some of those expenses. For a more complete list of eligible expenses, which the IRS calls qualified expenses, see IRS Publication 503, available on the IRS website at [irs.gov](http://irs.gov).

You will need your caregiver's Social Security number or Taxpayer Identification Number to file your request for reimbursement.

Eligible DCRA expenses include those for:

- ▶ Child care centers.
- ▶ Family day care providers.
- ▶ Babysitters.
- ▶ Most day camps (except for overnight camps).
- ▶ Caregivers for a disabled dependent or spouse who lives with you.
- ▶ Household services, including domestic care for an eligible dependent, services of a domestic maid, cook, nurse or live-in, provided that a primary portion of these expenses is for the care of an eligible dependent. (Miscellaneous household expenses, such as the cost of food or clothing, are not eligible.)
- ▶ Services considered employment-related expenses under Internal Revenue Code Section 21(b). These expenses must meet certain guidelines to qualify for reimbursement from the DCRA.

The service may be provided in your home or elsewhere, but not by anyone you declare as a dependent on your income tax return.

To be eligible for reimbursement, dependent care services must be provided at a day care facility that cares for more than six individuals who do not reside at the facility, that complies with all applicable state and local laws and regulations, and that receives a fee, payment or grant for its services.

**Excluded Expenses**

The following expenses are *not* eligible for reimbursement from your [DCRA](#):

- ▶ Employment-related expenses for services provided outside of your household that are not incurred for the care of your eligible dependent who spends at least eight hours a day in your household.
- ▶ Employment-related expenses for a day care center that does not comply with all applicable state and local laws and regulations, does not provide care for more than six individuals and does not receive a fee or grant for providing services.
- ▶ Expenses incurred for your personal employment convenience, or ease, rather than to enable you and your spouse to be employed or attend school full-time.
- ▶ Educational expenses for the kindergarten level and beyond.
- ▶ Transportation expenses.

- ▶ Employment-related expenses you pay to a dependent who you and your spouse, if you are married, can claim as an exemption on your federal income tax return, or who is under age 19 at the end of the taxable year during which the expense is incurred.
- ▶ Expenses reimbursed or provided for under any other similar plan or program.
- ▶ Expenses for care for a child age 13 or over (except for a child who is not physically or mentally able to care for himself or herself).
- ▶ Expenses that are not considered employment-related expenses under Internal Revenue Code Section 21(b).

**Eligible Dependents**

The [DCRA](#) has a different definition for eligible dependents than all other BNSF benefit programs.

For the DCRA only, eligible dependents include:

- ▶ Children under age 13;
- ▶ Family members, as defined under the Internal Revenue Code (referred to as qualifying relatives), who live with you for more than half the year and who are mentally or physically incapable of caring for themselves, provided they are dependent on you and your spouse, if you are married, for at least 50% of their support. This could include your parents or your children age 13 or older who are disabled; and
- ▶ Your mentally or physically disabled spouse who lives with you for more than half the year and who is incapable of self-care.

For additional information about who is eligible, see IRS Publication 503 at [irs.gov](https://www.irs.gov).

**Filing Claims**

You send requests for reimbursement of eligible expenses to the [Claims Administrator](#). A debit card is not available for paying DCRA expenses. Note that you must submit claims for expenses no later than March 31 following the calendar year in which the expenses were incurred. See the chapter of this SPD titled [Claims Procedures](#) for more information.

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## HEALTH SAVINGS ACCOUNT (HSA)

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**HSAs Are Not Part of Cafeteria Plan**

Your HSA is your personal bank account. While the Cafeteria Plan permits you to make pre-tax contributions to your HSA, the HSA itself is not a benefit option under any BNSF benefit plan.

For information about using the HSA and how it works, see the [Health Care Benefits Overview](#) chapter of this SPD.

## WHO TO CALL ABOUT YOUR BENEFITS



For questions about the enrollment process or your eligibility for the Cafeteria Plan (including [HCFSA](#), [DCRA](#) and [HSA](#) contributions), call the BNSF Benefits Center at 833-277-8051. Benefits Center representatives are available Monday through Friday, 7 a.m. to 7 p.m. Central time.

For questions about paying for expenses from the HCFSA, DCRA and HSA, as well as claims for reimbursement, call the Claims/Account Administrator, HealthEquity, at 866-346-5800.

## DEFINED TERMS

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### About These Terms

The following definitions of certain words and phrases will help you understand the benefits to which the definitions apply.

Some definitions apply in a special way to specific benefits. So, if a term that is defined in another chapter of this SPD also appears as a defined term listed here, the definition in the other chapter will apply to that specific chapter rather than the definition below.



**Previous view:** Return to your previous page by right clicking and selecting the “previous view” option.

To add the handy “previous view” button to your toolbar, open your Adobe Reader tools and select Page Navigation, then Previous View.

**Claims and Account Administrators** – See the [Administrative Information](#) chapter of this SPD for identification of Claims and Account Administrators.

**Coinsurance** – Percentage of the eligible expenses that you and a benefit program each pay after the deductible (if any) is met.

**Copayment or Copay** – The set dollar amount you pay each time you receive a specific service.

**COBRA** – Consolidated Omnibus Budget Reconciliation Act of 1985. See the chapter of this SPD titled [Continuing Health Care Coverage Under COBRA](#).

**Dual coverage rules** – When you participate in medical coverage that includes an HSA, IRS rules do not allow simultaneous participation in another plan that pays for medical expenses – unless the other plan is also a qualified high deductible health plan. This means you (the employee) cannot be covered by both the BNSF Medical Program with HSA and any other medical plan, including a Health Care Flexible Spending Account.

**DCRA (Dependent Care Reimbursement Account)** – Arrangement qualified under the U.S. Internal Revenue Code that allows you to set aside pre-tax pay to reimburse yourself tax-free for qualified dependent care expenses.

**Deductible** – The amount of eligible expenses you must pay each year before a benefit program begins to pay benefits.

**HCFSA (Health Care Flexible Spending Account)** – Arrangement qualified under the U.S. Internal Revenue Code that allows you to set aside pre-tax pay to reimburse yourself tax-free for qualified or includible health care expenses.

- ▶ **General Purpose HCFSA** – Available only to a small percentage of employees whose BNSF Medical Program coverage includes an HRA, and eligible employees who do not enroll in BNSF Medical Program coverage. Can reimburse eligible medical, prescription drug, dental, vision and hearing expenses.
- ▶ **Limited Purpose HCFSA** – Available to employees whose BNSF Medical Program coverage includes an HSA. Can reimburse only eligible dental and vision care expenses.

**HRA (Health Reimbursement Account)** – The General Purpose HRA is a company-funded account that automatically comes with BNSF Medical Program coverage if you are enrolled in a government-sponsored health plan such as TRICARE or VA, enrolled in Medicare or Medicaid, or are receiving payments under the BNSF Long Term Disability Insurance Program. Employees and retirees who were enrolled in the BNSF Medical Program prior to 2011 may have balances in a Limited Purpose HRA. See the [Health Care Benefits Overview](#) chapter of this SPD for details.

**HSA (Health Savings Account)** – Company-funded account in your name that automatically is available with BNSF Medical Program coverage unless you don't qualify. You may choose to make voluntary pre-tax contributions to your HSA. See the [Health Care Benefits Overview](#) chapter of this SPD for details.

**Qualifying family status event** – See the section titled [Enrolling and Making Enrollment Changes](#) in the chapter of this SPD titled [Who Is Eligible and How to Enroll](#).