

Employer Information (For help, see your Insurance or Employer Representative.)

Employer Name

Employer Contact Name

Mailing Address

Type of Business

City

State

Zip

Rules and Conditions Applicable to HSA

GENERAL INFORMATION: An HSA is a trust or custodial account which is created exclusively for the benefit of the HSA holder and which is generally used to pay qualifying medical expenses. If you are eligible, contributions can be made to your HSA by you, your employer, or a family member. Qualifying distributions from your HSA are tax-free.

DEFINITIONS: High Deductible Health Plan (HDHP) generally means, as defined in IRC Section 223(c)(2), a health plan, which satisfies the following requirements regarding deductibles and expenses for Tax year 2004: (a) For single coverage, the deductible must not be less than \$1,000 with annual out-of-pocket expenses not exceeding \$5,000, or (b) for family coverage, the deductible must not be less than \$2,000 with annual out-of-pocket expenses not exceeding \$10,000. The maximum amount of contributions in any one year that can be made is the lesser of: the annual deductible or \$2,600 for single coverage, and the annual deductible or \$5,150 for family coverage. Catch-up contributions may also be made by or on behalf of individuals who are 55 years old or older and younger than 65.

NOTE: You will receive your HSA account information and welcome kit once we process your application. If your application is received incomplete, it will not be processed until we receive all items or the application may be returned. (Please see instructions on previous page.)

Authorized Signer / Power of Attorney (POA) (Optional): **Authorized Signer / POA signature required below.**

Since regulations require that only one individual own an HSA account, the account owner may want his/her spouse and/or another third party through power of attorney to write checks or use his/her debit card. I (account holder) hereby designate the following individual as additional authorized signer on my Health Savings Account.

Spouse/Other First

MI Last

Social Security #

Birth Date

Second Debit Card Option

I would like a second FREE debit MasterCard issued for the POA listed above for my HSA account to be used for normal distributions only.

HSA Bank is hereby appointed to serve as custodian of my Health Savings Account.

I agree to be bound by the account rules and regulations applicable to the Health Savings Account established by the Application and Agreement as they may be amended from time to time. I also agree to the Bank's agreements, rules and regulations, and disclosures applicable to this account and any additional accounts that I establish with the Bank in the future as an individual, custodian or single trustee; this master signature card agreement governing additional accounts will remain in effect as long as I continuously maintain at least one covered account with the Bank.

By signing this Application and per the HSA Account options selected above, I am requesting that the Bank issue to my spouse or other authorized third party as indicated above a separate debit MasterCard to allow them electronic access to my Health Savings Account and to add their name to my **HSA Bank** check order to facilitate access to my Health Savings Account.

Note: Authorized Signer / POA signature required below.

Signatures *Important: Please read before signing.*

I understand the eligibility requirements for the type of HSA deposit I am making and I state that I do or effective as of the date I entered on the previous page will qualify to make the deposit. I have received a copy of the Application and the **HSA Custodial Agreement**. I understand that the terms and conditions which apply to this HSA are contained in this Application and the Agreement. I agree to be bound by those terms and conditions. Within seven (7) calendar days from the date I open this HSA I may revoke it by mailing or delivering a written notice to the custodian of the account (set-up fee non-refundable).

I assume complete responsibility for:

1. Determining that I am eligible for an HSA each year I make a contribution.
2. Ensuring that all contributions I make are within the limits set forth by the tax laws. (Go to www.hsabankusa.com, click on contribution calculator for help.)
3. The tax consequences of any contribution (including rollover contributions) and distributions.

T.I.N. BACKUP WITHHOLDING CERTIFICATION (Cross out item two (2) if subject to backup withholding)

Under penalties of perjury, I certify that (1) The number shown on this form is my correct taxpayer identification number (T.I.N.)(or I am waiting for a number to be issued to me), (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien).

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

HSA Holder Signature

Date

Signature of Witness (Required)

Date

(Must not be the same as the Authorized Signer / POA)

Authorized Signer / POA Signature

Date

Printed Name of Witness



HEALTH SAVINGS ACCOUNT DESIGNATION OF BENEFICIARIES

Personal Information:

| | | | |
|--------------------------------|-------------------|------------|--|
| First Name | MI | Last Name | |
| Account # <i>(If known)</i> | Social Security # | Birth Date | |

Designation Type: Please check one of the following options.

- Initial Beneficiary Designation :** I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of this HSA.
- Replace Beneficiary(ies):** I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of the account named above and hereby revoke all prior beneficiary(ies) designations, if any, made by me.
- Add beneficiary(ies):** I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of the account named above. This list supplements, but does not replace, the beneficiary(ies) previously designated by me on the date specified. (When adding beneficiaries, if the share % of previously designated beneficiary(ies) changes, restate all beneficiary(ies) and the corresponding share % if the previous percentages are no longer correct.)

Designation of Beneficiaries

The following individual(s) or entity shall be my primary and/or contingent beneficiary(ies). If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary. If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the account. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally. If primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro-rated basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my account.

| Name & Address | Date of Birth | Social Security # | Relationship | Primary or Contingent | Share % |
|----------------|---------------|-------------------|--------------|---|---------|
| | | | | <input type="checkbox"/> Primary <input type="checkbox"/> Contingent | |
| | | | | <input type="checkbox"/> Primary <input type="checkbox"/> Contingent | |
| | | | | <input type="checkbox"/> Primary <input type="checkbox"/> Contingent | |
| | | | | <input type="checkbox"/> Primary <input type="checkbox"/> Contingent | |
| | | | | <input type="checkbox"/> Primary <input type="checkbox"/> Contingent | |

Spousal Consent

This section should be reviewed if either the trust or the residence of the Account Holder is located in a community or marital property state and the Account Holder is married. Due to important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent legal or tax advisor.

CURRENT MARITAL STATUS

- I am not married - I understand that if I become married in the future, I must complete a new Designation of Beneficiary form.
- I am married - I understand that if I chose to designate a primary beneficiary other than my spouse, my spouse must sign below.

I am the spouse of the above-named Account Holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this account, I have been advised to see a tax professional. I hereby give the Account Holder any interest I have in the funds or property deposited in this account and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Custodian.

| | | | |
|---------------------|------|---------------------------------|------|
| Signature of Spouse | Date | Signature of Witness (Required) | Date |
|---------------------|------|---------------------------------|------|

Signatures

I understand that I may change or add beneficiaries at any time by completing and delivering the proper form to **HSA Bank**. **HSA Bank** has provided no tax or legal advice to me regarding by beneficiary designation.

| | | | |
|-----------------------------|------|---------------------------------|------|
| Signature of Account Holder | Date | Signature of Witness (Required) | Date |
|-----------------------------|------|---------------------------------|------|



HEALTH SAVINGS ACCOUNT CUSTODIAL AGREEMENT

The depositor whose name appears on the attached Application is establishing a Health Savings Account under Section 223(a) of the Internal Revenue Code ("Code") for the purpose of paying qualified medical expenses, as defined under Section 223(d)(2) of the Code, of the Depositor. The Depositor has assigned the custodial account the sum indicated on the Application.

ARTICLE I

The Custodian may accept additional cash contributions on behalf of the Depositor for the tax year. The total cash contributions are limited to the maximum allowed under Section 223(b) of the Code for the tax year unless the contribution is a rollover contribution described in Section 223(f)(5) of the Code.

ARTICLE II

The Depositor's interest in the balance in the custodial account is non-forfeitable.

ARTICLE III

No part of the Custodial Funds may be invested in life insurance contracts, nor may the assets of the Custodial account be commingled with other property except in a common trust fund or common investment fund.

ARTICLE IV

If the Depositor dies before his or her entire interest is distributed to him or her, the entire remaining interest will be disposed of as follows:

1. If the beneficiary is the Depositor's spouse, the HSA shall become the spouse's HSA as of the date of death.
2. If the beneficiary is not the Depositor's spouse, the HSA shall cease to be an HSA account as of the date of death and the fair market value of the account shall be taxable to the beneficiary (or the estate) in the taxable year, which includes such date.

ARTICLE V

1. The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required by the Code and related regulations.
2. The Custodian agrees to submit any reports to the Internal Revenue Service and the Depositor prescribed by the Internal Revenue Service.

ARTICLE VI

This Agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the HSA Holder and the Custodian whose signature appear on the Application.

ARTICLE VII

7.01 Definitions: In this part of the Agreement (Article VII), the words "you" and "your" refer to the Depositor. The Depositor is the person who establishes the custodial account. The words "we," "our," and "us" refer to the Custodian. The Custodian must be a bank, as defined in Section 408(n), insurance company, or other person who has the approval of the Secretary of the Treasury to act as Custodian. The word "Code" means the Internal Revenue Code.

7.02 Notices and Changes of Address: Any required notice regarding this HSA will be considered effective when we mail it to the last address of the intended recipient which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You must notify us of any changes of address.

7.03 Representations and Responsibilities: You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or any action you take will be proper under this Agreement and that we are entitled to rely upon any such information or directions. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any losses we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your HSA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings or this Agreement.

7.04 Service Fees: We have the right to charge an annual service fee or other designated fees (for example, a transfer, withdrawal or termination fee) for maintaining your HSA. In addition, we have the right to be reimbursed for all reasonable expenses we incur in connection with the administration of your HSA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your HSA, at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective. Any brokerage commissions attributable to the assets in your HSA will be charged to your HSA. You cannot reimburse your HSA for those commissions.

7.05 Investment of Amounts in the HSA: You will select the type of investment for your HSA assets; provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter to offer and do in fact offer for investment in HSAs. Any investment you select for your HSA shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by or flow from the bylaws of our organization and all Federal and State laws and regulations which apply to us.

7.06 Beneficiaries: You may designate one or more person or entity as beneficiary of your HSA. This designation can only be made on a form prescribed by us, and it will only be effective when it is filed with us during your lifetime. Unless specified otherwise in writing by you, each beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary shall not be required for you to revoke a beneficiary designation. If you do not designate a beneficiary, your estate will be the beneficiary.

7.07 Termination: Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your HSA to another financial organization. If you do not complete a transfer to your HSA within 30 days from the date we mail the notice to you, we have the right to transfer your HSA assets to a successor HSA custodian or trustee that we choose in our sole discretion, or we may pay your HSA to you in a single sum. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this Section.

If this Agreement is terminated, we may hold back from your HSA a reasonable amount of money that we believe is necessary to cover any one or more of the following:

- Any fees, expenses or taxes chargeable against your HSA;
- Any penalties associated with the early withdrawal of any savings instrument or other investment in your HSA.

If our organization is merged with another organization (or comes under the control of any Federal or State agency) or if our entire organization (or any portion which includes your HSA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your HSA, but only if it is the type of organization authorized to serve as an HSA trustee or custodian.

If we fail to comply with certain Treasury regulations or we are not keeping the records, making the returns, or sending the statements as are required by forms or regulations, the IRS may, after notifying you, require you to substitute another custodian or trustee.

7.08 Amendments: We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendments unless, within 30 days from the date we mailed the amendment, you notify us in writing that you do not consent.

7.09 Withdrawals: All requests for withdrawal shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Any withdrawals shall be subject to all applicable tax and other laws and regulations including possible early withdrawal penalties and withholding requirements.

- 7.10 *Transfer from Other Plans:* We can receive amounts transferred to this HSA from the custodian or trustee of another HSA or Medical Savings Account. However, we also reserve the right not to accept any transfer.
- 7.11 *Liquidation of assets:* We have the right to liquidate assets in your HSA if necessary to make distributions or to pay fees, expenses or taxes properly chargeable against your HSA. If you fail to direct us to which assets to liquidate, we will decide in our complete and sole discretion and you agree not to hold us liable for any adverse consequences that result from our decision.
- 7.12 *Restrictions On The Fund:* Neither you nor any beneficiary may sell, transfer or pledge any interest in your HSA in any manner whatsoever, except as provided by law or this Agreement.
The assets in your HSA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.
- 7.13 *What Law Applies:* This Agreement is subject to all applicable Federal and State laws and regulations. If it is necessary to apply any State law to interpret and administer this Agreement, the law of our domicile shall govern. If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of the Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

We shall not be liable to you for any losses, damages, costs, penalties or expenses you incur as a result of your employer's failure to make the contributions to your HSA required under your employer's health plan. We are not responsible for monitoring your employer's contributions to your HSA or notifying you of your employer's contributions. You are responsible for contacting your employer regarding its contributions and monitoring those contributions. We will provide monthly statements to you. We shall not be liable to you for any statements, representations, actions or inactions of any insurance agent or agency that sold you an insurance plan in connection with your HSA. The insurance agent or agency is not our partner, agent, affiliate, representative or co-venture.

INSTRUCTIONS

IDENTIFYING NUMBER – The Depositor's social security number will serve as the identification number of his or her HSA. An employer identification number is required only for an HSA for which a return is filed to report unrelated business taxable income. An employer identification number is required for a common fund created for HSAs.

DISCLOSURE STATEMENT

The following is a general explanation of the laws and regulation governing health savings accounts. You may refer to the Internal Revenue Code or a competent tax advisor for more detailed information.

REQUIREMENTS OF AN HSA

- A. *CASH CONTRIBUTIONS* - Your contribution must be in cash, unless it is a rollover contribution.
- B. *MAXIMUM CONTRIBUTION* – The maximum amount of contributions in any one-year that can be made is the lesser of: the annual deductible or \$2,600 for single coverage, and the annual deductible or \$5,150 for family coverage. Additional catch-up contributions can be made by or on behalf of individuals who are 55 years old or older and younger than 65.
- C. *NON-FORFEITABILITY* – Your interest in your HSA is non-forfeitable.
- D. *ELIGIBLE CUSTODIANS* – The Custodian of your HSA must be a bank, as defined in Section 408(n) of the Code, insurance company, as defined in Section 816 of the Code, or other person who has the approval of the Secretary of the Treasury to act as Custodian.
- E. *COMMINGLING ASSETS* – The assets of your HSA cannot be commingled with other property except in a common trust fund or common investment fund.
- F. *LIFE INSURANCE* – No portion of your HSA may be invested in life insurance contracts.

INCOME TAX CONSEQUENCES OF ESTABLISHING AN HSA

- A. *HSA DEDUCTIBILITY* – If you or your employer establishes a high deductible health plan, you may be eligible to establish an HSA. You, your employer, or a family member can make contributions to your HSA. Amounts contributed to your HSA are excluded from your tax unless they exceed the maximum contribution limits described above.
- B. *TAX-DEFERRED EARNINGS* – The investment earnings of your HSA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).
- C. *TAXATION OF DISTRIBUTIONS* – The taxation of HSA distributions depends on whether the distribution is for a qualifying medical expense. Generally, distributions paid due to qualifying medical expenses are excluded from your gross income. Qualifying medical expenses are amounts you pay for medical care (as defined in Section 213(d)) of the Code for yourself, your spouse and your dependents (as defined in Section 152 of the Code), but only to the extent that such amounts are not compensated for by insurance or otherwise. Distributions made for purposes other than qualifying medical expenses are included in your gross income (or, in the event of your death, gross income of your designated beneficiary unless your designated beneficiary is your spouse).
If you receive a distribution that is included in your gross income, you are subject to an additional tax of 10%. This additional 10% tax shall not apply if you have attained age 65 (or, if different, the age specified under section 1811 of the Social Security Act).
- D. *ROLLOVERS* – Your HSA may be rolled over to another HSA of yours, or your HSA account with us may receive rollover contributions, provided that all of the applicable rollover rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property between any of your HSAs. The rollover rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover, please see a competent tax advisor.
Funds distributed from your HSA may be rolled over to an HSA of yours if the requirements of Section 223(f)(5) of the Code are met. A proper HSA to HSA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. Further, you may roll over the same dollars or assets only once every 12 months.
Written Election – At the time you make a proper rollover to an HSA with us, you must designate to the Custodian, in writing, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.
Rollovers from a qualified medical savings account to an HSA account are permitted if made in accordance with the applicable rollover laws and regulations for medical savings accounts.
- E. *CARRYBACK CONTRIBUTIONS* - A contribution is deemed to have been made on the last day of the preceding taxable year if you make a contribution by the deadline for filing your income tax return (not including extensions), and you designate the contribution as a contribution for the preceding taxable year. For example, if you are a calendar year taxpayer and you make your HSA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designated it as such.
- F. *BENEFICIARY ISSUES* – If you die and your beneficiary is your spouse, your HSA shall become your spouse's HSA as of the date of your death. If your beneficiary is not your spouse, the value of your HSA on your date of death will be taxable to your beneficiary in the year you die.

LIMITATIONS AND RESTRICTIONS

- A. *DEDUCTION OF ROLLOVERS AND TRANSFERS* - A deduction is not allowed for rollover or transfer contributions.
- B. *SPECIAL TAX TREATMENT* – Capital gains treatment and the favorable five or ten-year forward averaging tax authorized by IRC Section 402 does not apply to HSA distributions.
- C. *PROHIBITED TRANSACTIONS* – If you or your beneficiary engage in a prohibited transaction with your HSA, as described in IRC Section 4975, your HSA will lose its tax-exempt status and you must include the value of your account in your gross income for the taxable year.
- D. *PLEDGING* – If you pledge any portion of your HSA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

FEDERAL TAX PENALTIES

- A. *EARLY DISTRIBUTION PENALTY* - If you are under age 65 and receive an HSA distribution, an additional tax of 10% will apply unless the distribution is for a qualifying medical expense. This additional tax will apply only to the portion of a distribution which is includable in your income.
- B. *EXCESS CONTRIBUTION PENALTY* – An excise tax of 6% is imposed upon any excess contribution you make to your HSA. This tax will apply each year in which an excess remains in your HSA. An excess contribution is any contribution amount that exceeds your contribution limit, excluding rollover and direct amounts.