

## FUNDS AVAILABILITY POLICY DISCLOSURE

Midwest Heritage Bank, FSB  
(800) 782-0521

Midwest Heritage Bank, FSB  
3580 EP True Parkway  
West Des Moines, Iowa 50265

**PURPOSE OF THIS DISCLOSURE.** Our general policy is to allow you to withdraw funds deposited in a transaction account on the first Business Day after the day of deposit. Funds from electronic direct deposits will be available on the day we receive the deposit. In some cases, we may delay your ability to withdraw funds beyond the first Business Day after the day of deposit. Our complete policy is summarized below. For purposes of this disclosure, the terms "you"/"your" refer to the customer and the terms "our"/"we"/"us" refer to Midwest Heritage Bank, FSB.

Generally, transaction accounts are accounts which would permit an unlimited number of payments by check to third persons, and also an unlimited number of telephonic and preauthorized transfers to third persons or other accounts you may have with us.

**DETERMINING THE AVAILABILITY OF YOUR DEPOSIT.** The length of the delay varies depending on the type of deposit and is explained below. When we delay your ability to withdraw funds from a deposit, you may not withdraw the funds in cash, and we will not pay checks you have written on your account by using these funds. Even after we have made funds available to you and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

When we delay your ability to withdraw funds, the length of the delay is counted in Business Days from the day of your deposit. The term "Business Day" means any day other than a Saturday, Sunday or federally declared legal holiday, and the term "Banking Day" means that part of any Business Day on which we are open to the public for carrying on substantially all of our banking functions.

If you make a deposit before the close of business on a Business Day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after the close of business or on a day that we are not open, we will consider the deposit made on the next Business Day we are open.

### AVAILABILITY SCHEDULE

**Same Day Availability.** Funds from deposits of:

- electronic direct deposits
- cash\*
- wire transfers

will be available on the day of deposit.

**Next Day Availability.** Funds from deposits of:

- U.S. Treasury checks\*\*
- U.S. Postal Service money orders\*\*
- Federal Reserve Bank or Federal Home Loan Bank checks\*\*
- State or Local Government checks\*\*
- Cashier's, Certified, or Teller's checks\*\*
- checks drawn on us

will be available on the first Business Day after the day of deposit.

**Other Check Deposits.** Funds from all other check deposits will be available on the first Business Day after the day of your deposit.

\* **Cash Deposits.** If the cash deposits are made in person to an employee of Midwest Heritage Bank, FSB, then the funds will be made available on the day we receive your deposit. If they are not made in person to an employee, then the funds will be made available no later than the next Business Day after the day of your deposit.

\*\* **Check Deposits.** Check deposits include U.S. Treasury checks; U.S. Postal Service money orders; Federal Reserve Bank or Federal Home Loan Bank checks; State or Local Government checks; and Cashier's, Certified, or Teller's checks. In order for these check deposits to be made available according to the funds availability schedule above, the following conditions are required:

**U.S. Treasury Checks.** These checks must be made payable to you and deposited into your account.

**U.S. Postal Service Money Orders; Federal Reserve Bank or Federal Home Loan Bank Checks; State or Local Government Checks; or Cashier's, Certified, or Teller's Checks.** These checks must be made payable to you, made in person to one of our employees, and deposited into your account.

If any of these conditions are not satisfied, then the funds from these check deposits will be made available no later than the second Business Day after the day of your deposit.

**LONGER DELAYS MAY APPLY.** In some cases, we will not make all of the funds that you deposit by check available to you according to the previously stated availability schedule. Depending on the type of check that you deposit, funds may not be available until the second Business Day after the day of your deposit. The first \$225.00 of your deposits, however, may be available on the first Business Day after the day of deposit.

If we are not going to make all of the funds from your deposit available to you according to the previously stated availability schedule, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit. If you will need the funds from a deposit right away, you should ask us when the funds will be available.

Funds you deposit by check may be delayed for a longer period under the following circumstances:

- (a) if we believe a check you deposit will not be paid;
- (b) if you deposit checks totaling more than \$5,525.00 on any one day;
- (c) if you redeposit a check that has been returned unpaid;
- (d) if you have overdrawn your account repeatedly in the last six months; or



- (e) if an emergency condition arises that would not enable us to make the funds available to you, such as the failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh Business Day after the day of your deposit. If you will need the funds from a deposit right away, you should ask us when the funds will be available.

**HOLDS ON OTHER FUNDS FOR CHECK CASHING.** If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

**HOLDS ON OTHER FUNDS IN ANOTHER ACCOUNT.** If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

**SPECIAL RULES FOR NEW ACCOUNTS.** If you are a new customer, the following special rules may apply during the first 30 days your account is open.

**Same Day Availability.** Funds from cash\*, wire transfers, and electronic direct deposits made to your account, and checks drawn on us will be available on the day we receive the deposit.

**Next Day Availability.** Funds from the first \$5,525.00 of a day's total deposits of:

- U.S. Treasury checks\*\*
- U.S. Postal Service money orders\*\*
- Federal Reserve Bank or Federal Home Loan Bank checks\*\*
- State or Local Government checks\*\*
- Cashier's, Certified, or Teller's checks\*\*
- Traveler's Checks\*\*

are available on the first Business Day after the day of your deposit.

**Funds Exceeding \$5,525.00.** The excess over \$5,525.00 of a day's total check deposits will be available on the ninth Business Day after the day of your deposit.

**Other Check Deposits.** Funds from all other check deposits will be available on the ninth Business Day after the day of deposit.

\* **Cash Deposits.** If the cash deposits are made in person to an employee of Midwest Heritage Bank, FSB, then the funds will be made available on the day we receive your deposit. If they are not made in person to an employee, then the funds will be made available no later than the next Business Day after the day of your deposit.

\*\* **Check Deposits.** Check deposits include U.S. Treasury checks; U.S. Postal Service money orders; Federal Reserve Bank or Federal Home Loan Bank checks; State or Local Government checks; Cashier's, Certified, or Teller's checks; and Traveler's checks. In order for these check deposits to be made available according to the funds availability schedule above, the following conditions are required:

**U.S. Treasury Checks.** These checks must be made payable to you and deposited into your account.

**U.S. Postal Service Money Orders; Federal Reserve Bank or Federal Home Loan Bank Checks; State or Local Government Checks; Cashier's, Certified, or Teller's Checks; or Traveler's checks.** These checks must be made payable to you, made in person to one of our employees, and deposited into your account.

If any of these conditions are not satisfied, then the first \$5,525.00 of a day's total check deposits will be made available no later than the second Business Day after the day of your deposit.

**DEPOSITS AT AUTOMATED TELLER MACHINES.** If you make a deposit at an automated teller machine (ATM) that is owned and operated by us before 6:00 PM on a Business Day that we are open, we will consider the deposit made that day. However, if you make a deposit at an ATM that is owned and operated by us after 6:00 PM or on a day that we are not open, we will consider the deposit made on the next Business Day we are open.

Funds from any deposits (cash or checks) made at ATMs that we do not own or operate will not be available until the fifth Business Day after the day of your deposit. This rule does not apply at ATMs that we own or operate.

All ATMs that we own or operate are identified as our machines.

**FOREIGN CHECKS.** Checks drawn on financial institutions outside of the U.S. (foreign checks) cannot be processed the same as checks drawn on U.S. financial institutions. Foreign checks are exempt from the policies outlined in this disclosure. Generally, the availability of funds from deposits of foreign checks will be delayed for the time it takes us to collect the funds from the financial institutions upon which they are drawn.

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**IMPORTANT INFORMATION ABOUT YOUR ACCOUNT**

**Substitute Checks and Your Rights**

**WHAT IS A SUBSTITUTE CHECK?** To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

**WHAT ARE MY RIGHTS REGARDING SUBSTITUTE CHECKS?** In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500.00 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim. We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

**HOW DO I MAKE A CLAIM FOR A REFUND?** If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us by:

Mail at: Midwest Heritage Bank  
3580 EP True Parkway  
West Des Moines, IA 50265

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check and/or the following information to help us identify the substitute check such as the check number, the name of the person to whom you wrote the check, the amount of the check.

An expedited recredit claim must be submitted in writing. When a claim has been submitted orally, we must receive that written claim within 10 business days of the oral claim.



FACTS	WHAT DOES MIDWEST HERITAGE DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number and income</li> <li>• Account balances and payment history</li> <li>• Credit history and credit scores</li> </ul>
How?	All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Midwest Heritage chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Midwest Heritage share?	Can you limit this sharing?
<b>For our everyday business purposes</b> – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus.	Yes	No
<b>For our marketing purposes</b> – to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	No
<b>For our affiliates' everyday business purposes</b> – information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes</b> – information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For nonaffiliates to market to you</b>	No	We don't share

To limit our sharing	<ul style="list-style-type: none"> <li>• Call 1-800-782-0521 or</li> <li>• Visit us online: <a href="http://www.mhbank.com/about/contact-us">www.mhbank.com/about/contact-us</a></li> </ul> <p>Please note: If you are a new customer, we can begin sharing your information 30 days from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
Questions?	Call 1-800-782-0521 or go to <a href="http://www.mhbank.com">www.mhbank.com</a>



## Who we are

## Who is providing this notice?

Midwest Heritage

## What we do

## How does Midwest Heritage protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

## How does Midwest Heritage collect my personal information?

We collect your personal information, for example, when you

- Open an account or deposit money
- Pay your bills or apply for a loan
- Use your credit or debit card

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

## Why can't I limit all sharing?

Federal law gives you the right to limit only

- Sharing for affiliates' everyday business purposes – information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

## What happens when I limit sharing for an account I hold jointly with someone else?

Your choices will apply to everyone on your account.

## Definitions

## Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Our affiliates include financial companies such as Midwest Heritage Insurance Services.*

## Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *Midwest Heritage does not share with nonaffiliates so they can market to you.*

## Joint Marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Our joint marketing partners include investment companies.*

# MIDWEST HERITAGE

A Hy-Vee Company

Banking • Investments • Insurance



## Consumer Fee Schedule

Effective May 1, 2022

Account Closing (account closed within 90 days of opening)	\$25.00/account
Account Reactivation (check or savings closed for less than 3 months)	\$10.00/occurrence
Account Research and Balancing	\$15.00 per hour half hour
Check Image Copy	\$5.00/each
Statement or Tax Form Copies	\$6.00/each
Cashier's Check (Customers Only)	\$8.00/each
Collection Item (Incoming or Outgoing)	\$25.00/item
Coin Counting for Customer	10% of amount over \$350.00
Non-Customer	10% of amount
Coin Roll Purchase for Customers	\$0.25/roll over 10 rolls
Coin Roll Purchase for Non-Customers	\$0.25/roll
Currency Purchase	\$1.00/strap
Consumer Internet Banking/Mobile Banking/Consumer Bill Payment	No Charge
Visa Debit Card	
Debit Card Replacement	\$15.00/card/occurrence
Debit Card or PIN Rush-Order	\$50.00/card or PIN
International Surcharge ("SVC CHG INTRNTL TR")	1% of purchase or withdrawal
Dormant Checking Account – 6 months no activity	\$5.00/month
Dormant Savings Account – 12 months no activity	\$5.00/month
Foreign Currency	Fees vary based on amount and delivery fees
Garnishment/Tax Levy/Legal Order	\$100.00/each
Nonsufficient Funds Item Returned ("NSF ITEM RETURN FEE")*	\$32.00/item/presentment
Overdraft Item Paid ("OD ITEM PAID FEE")*	\$32.00/item/presentment
Overdraft Transfer (Automatic Transfer from Savings)*	No Charge
Paper Statement (based on account type)	\$5.00/account/month
Phone Banking ("TELE INQ DIRECT CHG")	First 5 calls, No Charge
Calls over 5 in statement cycle (no maximum)	\$1.00/call
Redeposit Check Returned Insufficient or Uncollected Funds ("REDEP RTN ITEM FEE")	\$10.00/item
Returned Deposited Item Chargeback ("DEP ITEM RETURNED")	\$10.00/item
Safe Deposit Box	Fees vary by size and location
Safe Deposit Box Drilling Fee or Duplicate Key Charge	Actual cost
Stop Payment	\$30.00/stop order
Undeliverable Mail	\$7.50/envelope/month
Wire Transfer – Incoming Domestic (from another U.S. financial institution)	\$20.00/each
Outgoing Domestic (to another U.S. financial institution)	\$25.00/each
International Incoming (we do not initiate outgoing International)	\$50.00/each

Fees subject to applicable sales tax when charged to checking or money market accounts.

\*Fee applies to nonsufficient funds or overdrafts created by check, ACH debit, withdrawal or other electronic means. Accounts may be subject to this fee each time a debit item is presented for payment regardless of whether we pay or return the item. Note, ATM withdrawals and fees are not subject to Overdraft Fees.



**Health Savings Account  
Disclosure Statement  
Use with Form 5305-B (Trust) or 5305-C (Custodial)**

This Disclosure Statement provides a general review of the terms, conditions and federal laws associated with your Health Savings Account (HSA). It is not intended to replace the advice of your own tax and legal advisors. You are encouraged to consult with your tax advisor and/or state taxing authorities concerning any tax and/or compliance questions. You are responsible for complying with the laws that apply to your HSA. The HSA Trustee/Custodian does not act as your advisor. In addition to the transactions outlined in this Health Savings Account Disclosure Statement, the federal government may authorize permissible transactions from time to time. Unless expressly prohibited by the Trustee's/Custodian's policies, such additional federally authorized transactions are hereby incorporated by this reference.

Additional information on HSAs may be found in several IRS sources including IRS Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans*; IRS Publication 502, *Medical and Dental Expenses*; IRS Notice 2004-2 and Notice 2004-50.

**Definitions:** The References to "you" and "your" mean the Account Owner.

**General Information**

**What is an HSA?**

An HSA is a savings product that offers you a different way to pay for health care. HSAs are established in conjunction with a High Deductible Health Plan (HDHP) and enable you to pay qualifying medical expenses for yourself, your spouse and your dependents on a *tax-free* basis. In general, insurance premiums on an HDHP will be substantially lower than premiums paid for traditional health care coverage. By investing the premium savings in an HSA, you may accumulate significant savings that you own and control and that may be used to pay for current and future qualifying medical expenses.

**What are Qualified Medical Expenses?**

Qualified Medical Expenses are those incurred by you, your spouse and your dependents that would generally be eligible to deduct if you itemized deductions on your tax return. IRS Publication 502, *Medical and Dental Expenses*, further explains what expenses qualify. For expenses to be qualified, they must be incurred after you establish an HSA and must not be covered by insurance or otherwise.

**Who is an HSA eligible individual?**

Eligibility is determined on the first day of each month. To be an eligible individual you must meet the following criteria.

**HDHP-** You must be covered under an HDHP that meets certain requirements concerning the deductible and out-of-pocket expenses.

**No other coverage-** You may not be covered under an insurance plan that is not an HDHP (with certain exceptions for plans providing certain limited types of coverage).

**Not enrolled in Medicare-** You may not be enrolled in Medicare.

**Not claimed as a dependent-** You may not be eligible to be claimed as a dependent on someone else's tax return.

If you are not an eligible individual for all 12 months of a year, the annual contribution limit may be prorated. For assistance in determining your eligible contribution amount, consult your tax advisor.

**What is a High Deductible Health Plan (HDHP)?**

Generally, an HDHP is a health plan often referred to as a "catastrophic" health insurance plan. As compared to traditional health insurance coverage, the premiums for an HDHP are less expensive, and the HDHP will not generally pay for health care expenses until the deductible is satisfied. Once the deductible is satisfied, the plan will generally cover the medical expenses.

For purposes of determining contribution eligibility for an HSA, an HDHP must satisfy certain requirements regarding deductibles and out-of-pocket expenses. There are two types of HDHPs for purposes of determining HSA contribution eligibility.

**HDHP Self-Only Coverage.** Self-only coverage is an HDHP that covers only one eligible individual. For calendar year 2022, an HDHP for self-only coverage has a minimum annual deductible of \$1,400 and an annual out-of-pocket maximum (deductibles, co-payments and other amounts, excluding premiums) of \$7,050. For 2023, the minimum annual deductible is \$1,500 and the annual out-of-pocket maximum is \$7,500. These amounts are adjusted for cost-of-living.

**HDHP Family Coverage.** Family coverage is an HDHP that covers one eligible individual and at least one other person (even if the other person is not eligible for an HSA). For calendar year 2022, an HDHP for family coverage has a minimum annual deductible of \$2,800 and an annual out-of-pocket maximum (deductibles, co-payments and other amounts, excluding premiums) of \$14,100. In 2023, the minimum annual deductible is \$3,000 and the annual out-of-pocket maximum is \$15,000.

Note: a plan does not fail to qualify as an HDHP merely because it does not have a deductible (or has a small deductible) for preventive care.

**In addition to HDHP coverage, what other types of health coverage may an individual have and remain eligible for an HSA?**

In addition to an HDHP, you may be covered by permitted insurance. Permitted insurance is insurance where substantially all of the coverage provided relates to liabilities incurred under workers' compensation laws, tort liabilities, liabilities relating to ownership or use of property (e.g., automobile insurance), insurance for a specified disease or illness, and insurance that pays a fixed amount per day (or other period) of hospitalization.

In addition, you may have coverage for accidents, disability, dental care, vision care, long-term care or other coverage types allowed under the Internal Revenue Code and Regulations.

**How many HSAs may an individual have?**

There is no limit on the number of HSAs you may have. However, contributions made to all of your HSAs (and Archer Medical Savings Accounts (MSAs)) for any tax year may not exceed your contribution limit.



## **Contributions**

### **Who may make contributions to HSAs?**

Contributions to your HSA may be made by you, your employer, or any other person. The total amount for the year from all sources may not exceed your annual contribution limit.

### **Are there any compensation or income requirements that affect how much may be contributed to an HSA?**

No. Eligibility for an HSA does not depend on your earnings.

### **How must contributions be made?**

Except for certain rollovers and transfers, all contributions must be made in the form of money (e.g., cash, check or money order).

### **What is the contribution limit for individuals whose HDHP is "self-only" coverage?**

The maximum annual contribution limit for an individual with self-only coverage is \$3,650 for 2022. This amount is \$3,850 for 2023. These limits are subject to cost-of-living adjustments. If the individual is not an eligible individual for all 12 months of a year, the contribution limit may be prorated. For example, if the individual was an eligible individual for only three months of the year, the annual limit is multiplied by 3/12 to determine the prorated maximum contribution amount for that partial year. For more information about prorated contributions for partial year eligibility, please see "When is the maximum annual contribution limit not prorated for partial year eligibility?" below.

### **What is the contribution limit for individuals whose HDHP is family coverage?**

The maximum annual contribution limit for an individual with family coverage is \$7,300 for 2022. This amount is \$7,750 for 2023. These limits are subject to cost-of-living adjustments. If the individual is not an eligible individual for all 12 months of a year, the contribution limit may be prorated. For example, if the individual was an eligible individual for only three months of the year, the annual limit is multiplied by 3/12 to determine the prorated maximum contribution amount for that partial year. For more information about prorated contributions for partial year eligibility, please see "When is the maximum annual contribution limit not prorated for partial year eligibility?" below.

### **Are additional contributions permitted for individuals age 55 and older?**

Yes, in addition to the annual contribution limit, additional "catch up" contributions are permitted if the individual is age 55 (or older) before the close of the tax year. The additional amount is \$1,000. For more information about eligible individuals, please see "Who is an HSA eligible individual?". If the individual is not an eligible individual for all 12 months of a year, the contribution limit may be prorated. For more information about prorated contributions for partial year eligibility, please see "When is the maximum annual contribution limit not prorated for partial year eligibility?" below.

### **When is the maximum annual contribution limit not prorated for partial year eligibility?**

An individual who is an HSA eligible individual as of the last month of a year will be treated as eligible as long as the individual remains HSA eligible for the "testing period". The "testing period" begins with the last month of the year in which the individual first becomes HSA eligible and runs for a full 12 months. For example, if an individual is HSA eligible in December 2022 that individual is treated as an HSA eligible individual for all of 2022 for purposes of HSA contribution limits if that individual remains eligible through December 31, 2023.

If the individual does not remain HSA eligible during the "testing period", the individual may be subject to tax and penalty on the amount that could not have been made but for this last month rule."

### **May both spouses of a married couple contribute to an HSA?**

Yes, if they are both eligible for an HSA, however, special contribution limits may apply.

### **How do contributions to Archer Medical Savings Accounts (MSAs) affect HSA contributions?**

Any contributions made to an Archer MSA reduce the contribution limit permitted to your HSA for the year.

### **How do qualified HSA funding distributions from Traditional and Roth IRAs affect HSA contributions?**

A qualified HSA funding distribution made by the HSA Owner are taken into account in applying the annual limit for HSA contributions. A qualified HSA funding distribution is a distribution from a Traditional or Roth IRA which is contributed as a direct trustee-to-trustee transfer to an HSA. For additional information on qualified HSA funding distributions, please see "May Traditional and Roth IRAs be directly transferred to HSAs?" below.

### **When is the deadline for making HSA contributions?**

Contributions may be made to your HSA during the tax year and up until the due date for filing your federal income tax return, not including extensions. For most people, the tax return due date is April 15.

### **Are carryback contributions allowed?**

Yes. If you make a contribution between January 1 and April 15, tell the Trustee or Custodian which tax year the contribution is for. If you do not indicate otherwise, the Trustee or Custodian will report it to the IRS as a current year contribution (the year received).

### **May HSA contributions be made after age 65?**

At age 65, individuals are generally entitled to enroll in Medicare. Individuals who enroll in Medicare are no longer eligible to make HSA contributions. However, any person age 65 or older who is not actually enrolled in Medicare may contribute to an HSA until the month he or she is enrolled in Medicare.

### **May self-employed individuals contribute to an HSA?**

Yes, providing the HSA eligibility requirements are met. Contributions by self-employed individuals are made with after-tax dollars and the amounts are deducted as "above the line" deductions when filing their federal income taxes.

### **What if more than the allowable contribution amount is contributed to an HSA for a year?**

The amount exceeding your allowable limit for a year is an excess contribution and must be removed by your tax return deadline (including extensions) along with the net income attributable to such excess contribution. Failure to remove the excess and earnings will subject you to a 6% penalty tax for each year the excess remains in your HSA. For assistance in determining the net income attributable to your excess HSA contribution, consult your tax advisor and/or Treasury Regulation 1.408-11. If an ineligible employer contribution is made to an HSA, rules other than the excess contribution rules may apply.



### **How are HSA contributions reported?**

Employer contributions made to your HSA are reported on your Form W-2. The Trustee or Custodian reports HSA contributions to the IRS on Form 5498-SA. You report all HSA contributions on IRS Form 8889, when you file your federal income taxes.

### **Employer Contributions**

#### **May an employer make HSA contributions for eligible employees?**

Yes. However, contributions from all sources must be aggregated and may not exceed your annual contribution limit. Any amounts exceeding the allowable limit are ineligible and may be subject to the excess contribution rules and penalties if not properly removed. Or, under limited circumstances, other correction methods may apply.

#### **How do employer HSA contributions affect an employee's taxable income?**

Employer contributions to your HSA are excluded from your income. The employer HSA contributions are not subject to income tax withholding, or subject to the Federal Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA) or the Railroad Retirement Tax Act.

### **HSA Deductibility**

#### **Are HSA contributions tax deductible?**

Yes, all contributions made to your HSA (except those, if any, made by your employer) are "above the line" tax deductions. An "above the line" deduction reduces your taxable income by the HSA contribution amount. You do not need to itemize deductions to benefit from the tax deduction. Note: you may not deduct any HSA contributions made by your employer.

### **Transfers and Rollovers**

#### **May HSAs receive rollovers from other HSAs or MSAs?**

Your HSA Trustee/Custodian may permit you to roll amounts withdrawn from another HSA or Archer MSA into this HSA provided such amounts are rolled over within 60 days of the distribution. Rollovers are not subject to the annual contribution limits. Both the distribution and the rollover deposit are reported to the IRS. However, a rollover is a tax-free transaction when done properly. Only one distribution from an HSA or MSA may be rolled over within a 12 month period.

#### **May HSAs be directly transferred from one Trustee/Custodian to another Trustee/Custodian?**

Your HSA Trustee or Custodian may permit you to directly transfer all or a portion of another HSA or from your Archer MSA into this HSA. The direct transfer of assets from an HSA or Archer MSA to an HSA is not subject to the annual contribution limits and federal law does not limit the number of these transactions you may make during any year. A direct transfer is tax-free and not reportable to the IRS.

#### **May Traditional and Roth IRAs be directly transferred to HSAs?**

Your HSA Custodian may permit you to do a tax-free transfer of Traditional and Roth IRA assets to this HSA. This transfer, also known as a qualified HSA funding distribution, is subject to HSA contribution limits. You must irrevocably elect to treat such distribution as a qualified HSA funding distribution. Generally, you are limited to one qualified HSA funding distribution from any of your Traditional or Roth IRAs during your lifetime. If you do not remain HSA eligible during the applicable "testing period" as defined under the Internal Revenue Code, the amount of the qualified HSA funding distribution may be subject to tax and penalty. For assistance in determining to what extent you may be eligible to make a qualified HSA funding distribution, consult your tax advisor.

#### **Can HSAs be transferred as part of a valid divorce decree?**

Yes, under a valid divorce decree, separate maintenance decree, or other valid court order, all or part of your HSA may be transferred to your ex-spouse or you may receive all or part of your ex-spouse's HSA.

### **Distributions**

#### **What is the tax treatment of an HSA distribution used to pay qualifying medical expenses?**

All earnings in the HSA are tax-deferred until distributed. Distributions from your HSA used to pay qualifying medical expenses are tax-free.

#### **When may distributions be taken from an HSA?**

The money in your HSA is always yours and you may withdraw it at any time. However, any amounts not used to pay qualifying medical expenses are subject to income tax and an additional 20% IRS penalty (unless the distribution is on account of death, disability or made after reaching age 65 or older). In addition, the Trustee or Custodian may charge you distribution fees and, if you prematurely surrender time deposit(s), loss of earnings penalties.

The HSA may be used to cover those medical expenses that the HDHP does not cover (excluding the premiums for most HDHPs). Note, however, you are not required to take distributions from your HSA to cover those uncovered medical costs.

#### **Is there a deadline for reimbursing current year medical expenses from an HSA?**

No. As long as the medical expenses were incurred after you established an HSA, there is no time limit on when you must take a distribution from your HSA to reimburse Qualified Medical Expenses. You will want to make sure you keep proper records to show the distributions were used to reimburse Qualified Medical Expenses, that the expenses were not reimbursed by another source and that the medical expenses were not taken as an itemized tax deduction on a prior year's federal income tax return.

#### **Are HSA distributions used to pay premiums for the HDHP considered qualified distributions?**

Distributions from an HSA to pay for HDHP premiums are generally not qualified distributions, however, an exception exists for certain HSA owners over age 65.

**What happens when the HSA owner dies?**

When you die, if the primary designated beneficiary is your surviving spouse, your HSA becomes an HSA of your surviving spouse. If the primary designated beneficiary is someone other than your surviving spouse, the HSA ceases to be an HSA as of the date of your death and the fair market value of the assets in the HSA as of the date of your death are includible in such person's gross income for the year of your death. If you do not designate any beneficiaries for your HSA, the fair market value of your HSA as of your date of death is includable as income on your final tax return.

**How are HSA distributions reported?**

The Trustee or Custodian reports distributions from your HSA to the IRS on Form 1099-SA. You also report them on IRS Form 8889, *Health Savings Accounts (HSAs)* when you file your federal income taxes.

**What is a prohibited transaction?**

If you engage in a prohibited transaction with your HSA, the HSA will be disqualified and the entire HSA value (on the first day of the year in which the prohibited transaction occurs) is includable in income. This amount is also subject to an additional 20% IRS penalty unless an exception applies due to the HSA owner's death, disability or attainment of age 65 or older. Prohibited transactions are defined in Internal Revenue Code Section 4975. Examples include borrowing money from the HSA, selling property to the HSA, receiving unreasonable compensation for managing the HSA, or buying property with HSA funds for your personal use.

**May an HSA be used as security for a loan?**

No. If you pledge all or part of your HSA as security for a loan, the amount pledged is treated as a distribution and is includable in income. This amount is also subject to an additional 20% IRS penalty unless an exception applies due to the HSA owner's death, disability or attainment of age 65 or older.

**Miscellaneous**

**Nonforfeitable**-- Your interest in your HSA is nonforfeitable at all times.

**Custodian or Trustee**-- The Custodian or Trustee of your HSA must be a bank, savings and loan association or credit union as defined in Internal Revenue Code (IRC) section 408(n), a life insurance company as defined in IRC section 816, or another person or entity that has been approved as a nonbank Custodian or Trustee by the Treasury Department.

**Investment Restrictions**-- Money in your HSA may not be used to buy a life insurance policy or invested in collectibles. However, certain gold, silver and platinum coins, bullion and coins issued under state laws are allowable investments.

**No Commingling**-- Assets in your HSA may not be combined with other property, except in a common trust fund or common investment fund.

**Beneficiary Designation**-- You may designate a beneficiary for your HSA by completing a written designation in a form and manner acceptable to the Custodian or Trustee. If you do not designate a beneficiary, your HSA will be paid to your estate when you die.

**Tax Filing**-- You are responsible for filing the applicable IRS forms to report certain activities, taxable income and/or penalties associated with your HSA.

**IRS Form**-- This HSA uses the precise language of IRS Form 5305-B (Trust) and 5305-C (Custodial) and is therefore treated as approved by the IRS. Additional language has been included as permitted by such form. The IRS approval represents a determination as to form and not to the merits of the account.



# Health Savings Custodial Account

(Under section 223(a) of the Internal Revenue Code)

Do not file  
with the Internal  
Revenue Service

The Account Owner named on the HSA Application is establishing this Health Savings Account (HSA) exclusively for the purpose of paying or reimbursing Qualified Medical Expenses of the Account Owner, his or her spouse, and dependents. The Account Owner represents that unless this Account is used solely to make rollover contributions, he or she is eligible to contribute to this HSA; specifically, that he or she: (1) is covered under a High Deductible Health Plan (HDHP); (2) is not also covered by any other health plan that is not an HDHP (with certain exceptions for plans providing preventive care and limited types of permitted insurance and permitted coverage); (3) is not enrolled in Medicare; and (4) cannot be claimed as a dependent on another person's tax return.

The Account Owner has assigned to this Custodial Account the amount indicated on the Application.

The Account Owner and the Custodian make the following Agreement:

## ARTICLE I

1. The Custodian will accept additional cash contributions for the tax year made by the Account Owner or on behalf of the Account Owner (by an employer, family member, or any other person). No contributions will be accepted by the Custodian for any Account Owner that exceeds the maximum amount for family coverage plus the catch-up contribution.
2. Contributions for any tax year may be made at any time before the deadline for filing the Account Owner's federal income tax return for that year (without extensions).
3. Rollover contributions from an HSA or an Archer Medical Savings Account (Archer MSA) (unless prohibited under this Agreement) need not be in cash and are not subject to the maximum annual contribution limit set forth in Article II.
4. Qualified HSA distributions from a health flexible spending arrangement or health reimbursement arrangement must be completed in a trustee-to-trustee transfer and are not subject to the maximum annual contribution limit set forth in Article II.
5. Qualified HSA funding distributions from an individual retirement account must be completed in a trustee-to-trustee transfer and are subject to the maximum annual contribution limit set forth in Article II.

## ARTICLE II

1. For calendar year 2011, the maximum annual contribution limit for an Account Owner with single coverage is \$3,050. This amount increases to \$3,100 in 2012. For calendar year 2011, the maximum annual contribution limit for an Account Owner with family coverage is \$6,150. This amount increases to \$6,250 in 2012. These limits are subject to cost-of-living adjustments after 2012.
2. Contributions to Archer MSAs or other HSAs count toward the maximum annual contribution limit to this HSA.
3. For calendar year 2009 and later years, an additional \$1,000 catch-up contribution may be made for an Account Owner who is at least age 55 or older and not enrolled in Medicare.
4. Contributions in excess of the maximum annual contribution limit are subject to an excise tax. However, the catch-up contributions are not subject to an excise tax.

## ARTICLE III

It is the responsibility of the Account Owner to determine whether contributions to this HSA have exceeded the maximum annual contribution limit described in Article II. If contributions to this HSA exceed the maximum annual contribution limit, the Account Owner shall notify the Custodian that there exist excess contributions to the HSA. It is the responsibility of the Account Owner to request the withdrawal of the excess contribution and any net income attributable to such excess contribution.

## ARTICLE IV

The Account Owner's interest in the balance in this Custodial Account is nonforfeitable.

## ARTICLE V

1. No part of the custodial funds in this Account may be invested in life insurance contracts or in collectibles as defined in section 408(m).
2. The assets of this Account may not be commingled with other property except in a common trust fund or common investment fund.
3. Neither the Account Owner nor the Custodian will engage in any prohibited transaction with respect to this Account (such as borrowing or pledging the Account or engaging in any other prohibited transaction as defined in section 4975).

## ARTICLE VI

1. Distributions of funds from this HSA may be made upon the direction of the Account Owner.
2. Distributions from this HSA that are used exclusively to pay or reimburse Qualified Medical Expenses of the Account Owner, his or her spouse, or dependents are tax-free. However, distributions that are not used for Qualified Medical Expenses are included in the Account Owner's gross income and are subject to an additional 20 percent tax on that amount. The additional 20 percent tax does not apply if the distribution is made after the Account Owner's death, disability, or reaching age 65.
3. The Custodian is not required to determine whether the distribution is for the payment or reimbursement of Qualified Medical Expenses. Only the Account Owner is responsible for substantiating that the distribution is for Qualified Medical Expenses and must maintain records sufficient to show, if required, that the distribution is tax-free.

## ARTICLE VII

If the Account Owner dies before the entire interest in the Account is distributed, the entire Account will be disposed of as follows:

1. If the Beneficiary is the Account Owner's spouse, the HSA will become the spouse's HSA as of the date of death.
2. If the Beneficiary is not the Account Owner's spouse, the HSA will cease to be an HSA as of the date of death. If the Beneficiary is the Account Owner's estate, the fair market value of the account as of the date of death is taxable on the Account Owner's final return. For other Beneficiaries, the fair market value of the account is taxable to that person in the tax year that includes such date.

## ARTICLE VIII

1. The Account Owner agrees to provide the Custodian with information necessary for the Custodian to prepare any report or return required by the IRS.
2. The Custodian agrees to prepare and submit any report or return as prescribed by the IRS.

## ARTICLE IX

Notwithstanding any other article that may be added or incorporated in this Agreement, the provisions of Articles I through VIII and this sentence are controlling. Any additional article in this Agreement that is inconsistent with section 223 or IRS published guidance will be void.

## ARTICLE X

This Agreement will be amended from time to time to comply with the provisions of the Code or IRS published guidance. Other amendments may be made with the consent of the persons whose signatures appear below.



**ARTICLE XI****1. Definitions**

The IRS refers to you as the Depositor, and us as the Custodian. References to "you" and "your" mean the Depositor, and references to "we" mean the Custodian.

**Account Owner.** Account Owner means the individual named as the HSA owner on the Application for whose benefit the HSA is established.

**Agreement.** Agreement means the Health Savings Custodial Account (IRS Form 5305-C), Application, Disclosure Statement, and accompanying documentation. The Agreement may be amended from time to time as provided in Article X.

**Application.** Application means the legal document that establishes this Health Savings Account (HSA) after acceptance by the Custodian by signing the Application. The information and statements contained in the Application are incorporated into this HSA Agreement.

**Authorized Agent.** Authorized Agent means the individual(s) appointed in writing by the Account Owner authorized to perform the duties and responsibilities set forth in the Agreement on behalf of the Account Owner.

**Beneficiary.** Beneficiary means the person(s) or entity(ies) the Account Owner designates in writing in a form and manner acceptable to the Custodian that will be entitled to receive the proceeds in the Custodial Account upon the death of the Account Owner.

**Code.** Code means the Internal Revenue Code.

**Custodial Account.** Custodial Account means the type of legal arrangement whereby the Custodian is a qualified financial institution that agrees to maintain the Custodial Account for the exclusive benefit of the Account Owner.

**Custodian.** A Custodian of an HSA must be a bank, an insurance company, a person previously approved by the IRS to be a custodian of an individual retirement account (IRA) or Archer MSA, or any other person approved by the IRS.

**High Deductible Health Plan (HDHP).** For calendar year 2022, an HDHP for self-only coverage has a minimum annual deductible of \$1,400 and an annual out-of-pocket maximum (deductibles, co-payments and other amounts, but not premiums) of \$7,050. In 2023, the minimum annual deductible for self-only coverage is \$1,500 and the annual out-of-pocket maximum is \$7,500. For calendar year 2022, an HDHP for family coverage has a minimum annual deductible of \$2,800 and an annual out-of-pocket maximum of \$14,100. In 2023, the minimum annual deductible for family coverage is \$3,000 and the annual out-of-pocket maximum is \$15,000. These limits are subject to cost-of-living adjustments after 2023.

**Identifying Number.** The Account Owner's social security number will serve as the identification number of this HSA. For married persons, each spouse who is eligible to open an HSA and wants to contribute to an HSA must establish his or her own account. An employer identification number (EIN) is required for an HSA for which a return is filed to report unrelated business taxable income. An EIN is also required for a common fund created for HSAs.

**Qualified Medical Expenses.** Qualified Medical Expenses are amounts paid for medical care as defined in section 213(d) for the Account Owner, his or her spouse, or dependents (as defined in section 152) but only to the extent that such amounts are not compensated for by insurance or otherwise. With certain exceptions, health insurance premiums are not Qualified Medical Expenses.

**Regulations.** Regulations mean the U.S. Treasury Regulations.

**Self-Only Coverage and Family Coverage Under an HDHP.** Family coverage means coverage that is not self-only coverage.

**2. Account Owner's Responsibilities.** All information that the Account Owner has provided or will provide to the Custodian under this Agreement is complete and accurate and the Custodian may rely upon it. The Account Owner will comply with all legal requirements governing this Agreement and assumes all responsibility for his or her actions including, but not limited to, eligibility determination, contributions, distributions, penalty infractions, proper filing of tax returns and other issues related to activities regarding this Agreement.

The Account Owner is responsible for determining the suitability of the High Deductible Health Plan associated with this HSA. The Account Owner agrees to indemnify and hold the Custodian harmless for any adverse consequences or losses incurred based on the representations, statements, actions or inactions of the insurance company or agent that sold the Account Owner the HDHP associated with this HSA.

The Account Owner will provide to the Custodian the information the Custodian believes appropriate to comply with the requirements of Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (U.S.A. PATRIOT) Act of 2001. The Account Owner will pay the Custodian reasonable compensation for its services, as disclosed in the applicable fee schedules.

Subject to the policies and practices of the Custodian, the Account Owner may delegate certain responsibilities by appointing an Authorized Agent in writing in a form and manner acceptable to the Custodian. Upon receipt of instructions from the Account Owner and proof of acceptance by the Authorized Agent, the Custodian may fully rely on instructions from the Authorized Agent as if the Custodian had received the instructions from the Account Owner.

**3. Contributions.** Except for certain rollovers and transfers, the Custodian will not accept contributions to the Custodial Account for any year that exceeds the maximum amounts permitted by law, as indexed each year.

The Custodian reserves the right not to permit distributions to be returned to the Custodial Account due to "mistake of fact." However, any acceptance of a return of a mistaken distribution by the Custodian will be based on relevant facts and circumstances, including the Account Owner's certification that there is clear and convincing evidence that the amounts were distributed from the HSA because of a mistake of fact due to reasonable causes, and whether the amounts are being returned by April 15 following the first year the Account Owner knew or should have known the distribution was a mistake. The Account Owner will indemnify and hold the Custodian harmless for any taxes, penalties, or losses incurred by his or her actions or inactions regarding a return of a mistaken distribution from the Custodial Account.

**4. Investment Responsibilities.** All investment decisions are the sole responsibility of the Account Owner and the Account Owner is responsible to direct the Custodian in writing, or other acceptable form and manner authorized by the Custodian, regarding how all amounts are to be invested. Subject to the policies and practices of the Custodian, the Account Owner may delegate investment authority by appointing an Authorized Agent in writing or in a form and manner acceptable to the Custodian. Upon receipt of instructions from the Account Owner and proof of acceptance by the Authorized Agent, the Custodian will accept investment direction and may fully rely on those instructions as if the Custodian had received the instructions from the Account Owner.

The Custodian will determine the investments available within the Custodial Account. These investments will be permissible investments under the applicable laws and Regulations. The Custodian may change its investment options from time to time and the Account Owner may move his or her monies in the Custodial Account to different investments. Any investment changes within the Custodial Account are subject to the terms and conditions of the investments, including but not limited to minimum deposit requirements and early redemption penalties.

The Custodian will not provide any investment direction, suitability recommendations, tax advice, or any other investment guidance. Further, the Custodian has no duty to question the investment directions provided by the Account Owner or any issues relating to the management of the Custodial Account. The Account Owner will indemnify and hold the Custodian harmless from and against all costs and expenses (including attorney's fees) incurred by the Custodian in connection with any litigation regarding the investments within the Custodial Account where the Custodian is named as a necessary party.

The Custodian will promptly execute investment instructions received from the Account Owner if the instructions are in a form and manner acceptable to the Custodian. If the Custodian determines the instructions from the Account Owner are unclear or incomplete, the Custodian may request additional instructions. Until clear instructions are received, the Custodian reserves the right, in good faith, to leave the contribution uninvested, place the contribution in a holding account (e.g., a money market account), or return the contribution to the Account Owner. The Custodian will not be liable for any investment losses due to such delays in receiving clear investment instructions. Further, the Account Owner will indemnify and hold the Custodian harmless for any adverse consequences or losses incurred from the Custodian's actions or inactions relating to the investment directions received from the Account Owner or Authorized Agent.



The Account Owner will not engage in transactions not permitted under the Agreement, including, but not limited to, the investment in collectibles or life insurance contracts, or engage in a prohibited transaction under Code Section 4975.

**5. Beneficiary Designation.** The Account Owner may designate any person(s) or entity(ies) as primary and contingent Beneficiaries by completing a written designation in a form and manner acceptable to the Custodian, filed with the Custodian during the Account Owner's lifetime. Unless otherwise indicated, all subsequent Beneficiary designations revoke all prior designations. Beneficiaries may be changed or revoked by the Account Owner at any time by executing a written designation in a form and manner acceptable to the Custodian.

If the Account Owner is married and subject to the marital or community property laws that require the consent of the Account Owner's spouse to name a Beneficiary other than or in addition to such spouse, the Account Owner understands that he or she is responsible for any and all tax and legal ramifications and he or she should consult a competent tax and/or legal advisor before making such designation.

Upon the Account Owner's death, if the primary designated Beneficiary is the Account Owner's surviving spouse, the Custodial Account becomes the Custodial Account of such surviving spouse. If the primary designated Beneficiary is someone other than a surviving spouse, the Custodial Account ceases to be an HSA as of the date of death and the fair market value of the assets in the Custodial Account as of the date of death are includible in such person's gross income for the year of the Account Owner's death.

If no primary Beneficiaries survive the Account Owner, the Account will be paid to surviving contingent Beneficiaries in equal shares unless indicated otherwise.

If no primary or contingent Beneficiaries survive the Account Owner or if the Account Owner fails to designate Beneficiaries during his or her lifetime, the Account Owner's estate is the Beneficiary and the fair market value of the Account will be included on the final tax return filed for the Account Owner's estate.

No payment will be made to any Beneficiary until the Custodian receives appropriate evidence of the Account Owner's death as determined by the Custodian.

If a Beneficiary is a minor, the Custodian is relieved of all of its obligations as Custodian by paying the Custodial Account to the minor's parent or legal guardian upon receiving written instructions from such parent or legal guardian.

The Account Owner represents and warrants that all Beneficiary designations meet the applicable laws. The Custodian will exercise good faith in distributing the Custodial Account consistent with the Beneficiary designation. The Account Owner, for the Account Owner and the heirs, Beneficiaries and estate of the Account Owner agrees to indemnify and hold the Custodian harmless against any and all claims, liabilities and expenses resulting from the Custodian's payment of the Custodial Account in accordance with such Beneficiary designation and the terms of the Agreement.

**6. Distributions.** The Account Owner may request distributions from the Custodial Account in a form and manner acceptable to the Custodian. The Custodian is not obligated to distribute the Custodial Account unless it is satisfied it has received the required information to perform its administrative and legal reporting obligations. Information the Custodian may require includes, but is not limited to, taxpayer identification number, distribution reason, and proof of identity.

The Custodian will not be liable for and the Account Owner will indemnify and hold the Custodian harmless for any adverse consequences and/or penalties resulting from the Account Owner's actions or inactions regarding distributions from the Custodial Account, including whether the distributions are used to pay for Qualified Medical Expenses. The Custodian reserves the right to reasonably restrict the frequency and amount of distributions from the Custodial Account.

**7. Amendments and Termination.** The Custodian may amend this Agreement at any time to comply with legal and regulatory changes and to modify the Agreement as the Custodian determines advisable. Any such amendment will be sent to the Account Owner at the last known address on file with the Custodian. The amendment will be effective on the date specified in the notice to the Account Owner. At the Account Owner's discretion, the Account Owner may direct that the Custodial Account be transferred to another trustee or custodian. The Custodian will not be liable for any losses for any actions or inactions of any successor trustee or custodian.

The Account Owner may terminate this Agreement at any time by providing a written notice of such termination to the Custodian in a form and manner acceptable to the Custodian. As of the date of the termination notice, the Custodian will no longer accept additional deposits under the Agreement. Upon receiving a termination notice, the Custodian will continue to hold the assets and act upon the provisions within the Agreement until the Account Owner provides additional instructions. If no instructions are provided by the Account Owner to the Custodian within 30 days of the termination notice, and unless the Custodian and Account Owner agree in writing otherwise, the Custodian will distribute the Custodial Account, less any applicable fees or penalties, as a single payment to the Account Owner. The Custodian shall not be liable for any losses for any actions or inactions of any successor trustee or custodian.

The Custodian may resign at any time by providing 30 days written notice to the Account Owner. Upon receiving such written notice, the Account Owner will appoint a successor trustee or custodian in writing. Upon such appointment and upon receiving acknowledgment from the successor trustee or custodian of acceptance of the Custodial Account, the Custodian shall transfer the Custodial Account, less any applicable fees or penalties, to the successor trustee or custodian. If no successor trustee or custodian is appointed or no distribution instructions are provided by the Account Owner, the Custodian may, at its own discretion, select a successor trustee or custodian and transfer the Custodial Account, less any applicable fees or penalties, or may distribute the Custodial Account, less any applicable fees or penalties, as a single payment to the Account Owner. The Custodian shall not be liable for any losses for any actions or inactions of any successor trustee or custodian.

By establishing a health savings account with the Custodian, you agree that you will substitute another custodian or trustee in place of the existing Custodian upon notification by the Commissioner of the Internal Revenue Service or his or her delegate, that such substitution is required because the Custodian has failed to comply with the requirements of the Internal Revenue Code by not keeping such records, or making such returns or rendering such statements as are required by the Internal Revenue Code, or otherwise.

**8. Instructions, Changes of Addresses and Notices.** The Account Owner is responsible to provide any instructions, notices or changes of address in writing to the Custodian. Such communications will be effective upon actual receipt by the Custodian unless otherwise indicated in writing by the Account Owner.

Any notices required to be sent to the Account Owner by the Custodian will be sent to the last address on file with the Custodian and are effective when mailed unless otherwise indicated by the Custodian.

If authorized by the Custodian and provided by the Account Owner in the Application, Custodial Account Agreement or other documentation deemed acceptable to the Custodian, an electronic address is an acceptable address to provide and receive such communications.

**9. Fees and Charges.** The Custodian reserves the right to charge fees for performing its duties and meeting its obligations under this Agreement. All fees, which are subject to change from time to time, will be disclosed on the Custodian's fee schedule or other disclosure document provided by the Custodian. The Custodian will provide the Account Owner 30 days written notice of any fee changes. The Custodian will collect all fees from the cash proceeds in the Custodial Account. If there is insufficient cash in the Custodial Account, the Custodian may liquidate investments, at its discretion, to satisfy fee obligations associated with the Agreement. Alternatively, if the Custodian so authorizes and if separate payment of fees or other expenses is permissible under applicable federal and/or state laws, the fees may be paid separately outside of the Custodial Account. If the Custodian offers investments other than depository products, the Account Owner recognizes that the Custodian may receive compensation from other parties.



**10. Transfers and Rollovers.** The Custodian may accept transfers and rollovers from other plans. The Account Owner represents and warrants that only eligible transfers and rollovers will be made to the Custodial Account. The Custodian reserves the right to refuse any transfer or rollover and is under no obligation to accept certain investments or property it cannot legally hold or determines is an ineligible investment in the Custodial Account. The Custodian will duly act on written instructions from the Account Owner received in a form and manner acceptable to the Custodian to transfer the HSA to a successor trustee or custodian. The Custodian is not liable for any actions or inactions by any predecessor or successor trustee or custodian or for any investment losses resulting from the timing of or sale of assets resulting from the transfer or rollover.

**11. Miscellaneous.**

**Account Owner's Age--** The Custodian will track the Account Owner's age and will rely on the information provided by the Account Owner.

**Authorized Agent--** If you have designated that the Authorized Agent shall continue to have power after your disability or incapacity, the Authorized Agent's authority survives your disability or incapacity. The Authorized Agent may act for a disabled or incapacitated party until the authority of the Authorized Agent is terminated. If you have designated that the Authorized Agent shall not have power after your disability or incapacity, the Authorized Agent's authority terminates upon your disability or incapacity. If you failed to specify whether the Authorized Agent's authority survives or instead terminates upon your disability or incapacity, the authority will be presumed to survive your disability or incapacity. Your death terminates the authority of the Authorized Agent. We may continue to rely on the agency designation to the extent permitted by law until we have proper notice of an event of termination and have had a reasonable period of time to act upon it.

**Employer Contributions--** The Custodian is not responsible for monitoring Employer Contributions or notifying the Account Owner of any Employer Contributions to the HSA. The Account Owner is responsible for contacting his or her employer regarding matters relating to Employer Contributions and agrees to indemnify and hold the Custodian harmless for any costs, penalties, expenses, or losses as a result of the employer's failure to make contributions to or to properly determine comparable employee contributions for the Account Owner's HSA.

**Custodian as Agent--** The Account Owner acknowledges that he or she has the sole responsibility for any taxes, penalties or other fees and expenses associated with his or her actions or inactions regarding the laws, regulations and rules associated with this Agreement. Further, the Account Owner acknowledges and understands that the Custodian will act solely as an agent for the Account Owner and bears no fiduciary responsibility. The Custodian will rely on the information provided by the Account Owner and has no duty to question or independently verify or investigate any such information. The Account Owner will indemnify and hold the Custodian harmless from any liabilities, including claims, judgments, investment losses, and expenses (including attorney's fees), which may arise under this Agreement, except liability arising from gross negligence or willful misconduct of the Custodian.

**Custodian Acquired/Merged--** If the Custodian is purchased by or merged with another financial institution qualified to serve as a trustee or custodian, that institution will automatically become the trustee or custodian of this HSA unless otherwise indicated.

**Maintenance of Records--** The Custodian will maintain adequate records and perform its reporting obligations required under the Agreement. The Custodian's sole duty to the Account Owner regarding reporting is to furnish the IRS mandated reports as required in Article VIII of this Agreement. The Custodian may, at its discretion, furnish additional reports or information to the Account Owner. The Account Owner approves any report furnished by the Custodian unless within 30 days of receiving the report, the Account Owner notifies the Custodian in writing of any discrepancies. Upon receipt of such notice, the Custodian's responsibility is to investigate the request and make any corrections or adjustments accordingly.

**Exclusive Benefit--** The Custodial Account is maintained for the exclusive benefit of the Account Owner. Except as required by law, no creditors of the Account Owner may at any time execute any lien, levy, assignment, attachment or garnishment on any of the assets in the Custodial Account.

**Minimum Values--** The Custodian reserves the right to establish HSA balance, deposit, and/or withdrawal minimums. The Custodian may resign or charge additional fees if the minimums are not met.

**Other Providers--** At its discretion, the Custodian may appoint other service providers to fulfill certain obligations, including reporting responsibilities, and may compensate such service providers accordingly.

**Agreement--** This Agreement and all amendments are subject to all state and federal laws. The laws of the Custodian's domicile will govern should any state law interpretations be necessary concerning this Agreement.

**Severability--** If any part of this Agreement is invalid or in conflict with applicable law or Regulations, the remaining portions of the Agreement will remain valid. Further, any parts of this Agreement that are invalid or in conflict will be considered amended to conform to applicable law or regulations.

**GENERAL INSTRUCTIONS**

*Section references are to the Internal Revenue Code unless otherwise noted.*

**What's New.** Additional Tax Increased. For tax years beginning after December 31, 2010, the additional tax on distributions not used for qualified medical expenses increases from 10% to 20%.

**Purpose of Form.** Form 5305-C is a model Custodial Account Agreement that has been approved by the IRS. An HSA is established after the form is fully executed by both the Account Owner and the Custodian. The form can be completed at any time during the tax year. This account must be created in the United States for the exclusive benefit of the Account Owner.

**Do not file** Form 5305-C with the IRS. Instead, keep it with your records. For more information on HSAs, see Notice 2004-2, 2004-2 I.R.B. 269, Notice 2004-50, 2004-33 I.R.B. 196, Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans, and other IRS published guidance.

**SPECIFIC INSTRUCTIONS**

**Article XI.** Article XI and any that follow it may incorporate additional provisions that are agreed to by the Account Owner and Custodian. The additional provisions may include, for example, definitions, restrictions on rollover contributions from HSAs or Archer MSAs (requiring a rollover not later than 60 days after receipt of a distribution and limited to one rollover during a one-year period), investment powers, voting rights, exculpatory provisions, amendment and termination, removal of custodian, custodian's fees, state law requirements, treatment of excess contributions, distribution procedures (including frequency or minimum dollar amount), use of debit, credit, or stored-value cards, return of mistaken distributions, and descriptions of prohibited transactions.