

You must complete this form if you wish to start or continue a tax-free Health Savings, Medical Spending and/or Dependent Care Account.

Submit your completed form to your Benefit Administrator.
Please press hard with black ballpoint pen.

Name (Please Print) Last		First	MI	Social Security #		E-mail Address	
Home Address Street (HSA participants cannot list a P.O. Box.)			City		State	ZIP Code	
Daytime Phone () ()	Home Phone () ()	Date of Hire	Date of Birth	Annual Salary			
ENROLLMENT STATUS <input type="checkbox"/> ENROLLMENT <input type="checkbox"/> RE-ENROLLMENT							

Complete **Section A** to enroll in a **Health Savings Account**. If you would also like to enroll in a **limited-use Medical Spending Account** for eligible dental and vision expenses, complete **Section B**. To enroll in a **Medical Spending Account**, complete **Section C**. To enroll in a **Dependent Care Spending Account**, complete **Section D**. In **Box #1**, indicate the dollar amount you elect to contribute for the upcoming plan year. In **Box #2**, indicate the number of regular payroll checks you will receive during the upcoming plan year. In **Box #3**, indicate the reduction amount per paycheck. (Note: If Box #2 times Box #3 does not equal Box #1 exactly, the amount in Box #3 may be changed slightly by FBMC due to rounding).

A Health Savings Account	
Select which type of SHP Savings Plan coverage you have:	
<input type="checkbox"/> Individual (\$2,600 maximum) <input type="checkbox"/> Family (\$5,150 maximum)	
<input type="checkbox"/> Over 55 Catch-up (additional maximum \$600)	
Box #1 2005 Plan Year Total Dollar Amount (January 1, 2005 – December 31, 2005)	_____
Box #2 Number of Regular Paychecks (total remaining in Plan Year)	÷ _____
Box #3 Reduction Per Regular Paycheck	= _____

B Limited-use Medical Spending Account	
For eligible dental and vision expenses incurred by you, your family members or both. [Maximum allowable contribution is \$5,000 annually.]	
Box #1 2005 Plan Year Total Dollar Amount (January 1, 2005 – December 31, 2005)	_____
Box #2 Number of Regular Paychecks	÷ _____
Box #3 Reduction Per Regular Paycheck	= _____
<i>Your payroll center will automatically deduct the monthly fee (\$2.50) in addition to the above amounts.</i>	

Identification Information (see explanation on the back of this form)

Identification Type	State/Country of Issuance	Identification Number	Date Issued	Expiration Date
---------------------	---------------------------	-----------------------	-------------	-----------------

Designation of Beneficiary

At the time of my death, the primary beneficiaries named below will receive my HSA assets. If all of my primary beneficiaries die before me, the contingent beneficiaries named below will receive my HSA assets. In the event a beneficiary dies before me, such beneficiary's share will be reallocated on a pro-rata basis to the other beneficiaries that share the deceased beneficiary's classification as a primary or contingent beneficiary. If all of the beneficiaries die before me, my HSA assets will be paid to my estate. If no percentages are assigned to beneficiaries, the beneficiaries will share equally. If the percentage total for each beneficiary classification does not equal 100 percent, any remaining percentage will be divided equally among the beneficiaries within such class. This designation revokes and supersedes all earlier beneficiary designations which may apply to this HSA.

Primary Beneficiary

Name of Beneficiary	Percentage	Social Security or Taxpayer ID Number	Relationship to HSA Owner	Beneficiary Date of Birth
	%			/ /
	%			/ /
Total 100%				

Contingent Beneficiary

Name of Beneficiary	Percentage	Social Security or Taxpayer ID Number	Relationship to HSA Owner	Beneficiary Date of Birth
	%			/ /
	%			/ /
Total 100%				

Spousal Consent

I am married, and I understand that if I designate a primary beneficiary other than my spouse, my spouse must consent through witnessed signature* below.
 (HSA Owner Initials) _____

I am not married, and I understand that if I marry in the future, I must complete a new Designation of Beneficiary form, which will include the spousal consent documentation.
 (HSA Owner Initials) _____

I am the spouse of the HSA owner. Because of the significant consequences associated with giving up my interest in the HSA, the custodian has not provided me with legal or tax advice, but has advised me to seek tax or legal advice. I acknowledge that I have received a fair and reasonable disclosure of the HSA owner's assets or property, including any financial obligations for a community property state. In the event I have a legal interest in the HSA assets, I hereby give to the HSA owner such interest in the assets held in this HSA and consent to the beneficiary designation set forth in this Designation of Beneficiary section.

Signature of Spouse _____ Date _____ Signature of Witness (if required)* _____ Date _____

IF YOU ENROLL IN A HEALTH SAVINGS ACCOUNT (SECTION A), YOU CANNOT ENROLL IN A MEDICAL SPENDING ACCOUNT (SECTION C), BUT MAY ENROLL IN A LIMITED-USE MEDICAL SPENDING ACCOUNT (SECTION B).

C Medical Spending Account	
For eligible medical expenses incurred by you, your family members or both. [Maximum allowable contribution is \$5,000 annually.]	
Box #1 2005 Plan Year Total Dollar Amount (January 1, 2005 – December 31, 2005)	_____
Box #2 Number of Regular Paychecks	÷ _____
Box #3 Reduction Per Regular Paycheck	= _____
<i>Your payroll center will automatically deduct the monthly fee (\$2.50) in addition to the above amounts.</i>	
DO YOU WISH TO PARTICIPATE IN THE DEBIT CARD PROGRAM? <input type="checkbox"/> YES <input type="checkbox"/> NO	
If you select the debit card, your Medical Spending Account will be assessed a \$20 per-plan-year fee.	

D Dependent Care Account	
Tax filing status, please check one:	
<input type="checkbox"/> Married, filing separately (Maximum - \$2,500) <input type="checkbox"/> Single, head of household (Maximum - \$5,000) <input type="checkbox"/> Married, filing jointly (Maximum - \$5,000)	
Box #1 2005 Plan Year Total Dollar Amount (January 1, 2005 – December 31, 2005)	_____
Box #2 Number of Regular Paychecks	÷ _____
Box #3 Reduction Per Regular Paycheck	= _____
<i>Your payroll center will automatically deduct the monthly fee (\$2.50) in addition to the above amounts.</i>	

I plan to retire or terminate my employment prior to December 31. I wish to have my full amount in (Box #1 of any and all accounts) withheld from my first _____ paychecks (this number should be less than Box #2 of any and all accounts).

Please read reverse side before signing this form below.

EMPLOYEE SIGNATURE: _____	DATE: _____
----------------------------------	--------------------

FOR OFFICE USE ONLY:	For MONEYPLUS eligibility purposes, I certify that this employee is a full-time, permanent employee with one year's eligible service as of January 1 in the plan year in which the employee is enrolling. If the employee has enrolled in an HSA, I certify that the employee is also enrolled in State Health Plan Savings Plan.	
	EMPLOYER/BENEFITS ADMINISTRATOR SIGNATURE: _____	DATE: _____
	<input type="checkbox"/> HSA CHANGE Payroll Center _____ Payroll Frequency _____ Group Number _____	

FBMC USE ONLY	DATA ENTRY	VERIFICATION	SCANNED	INDEXED	EFF. DATE OF COVERAGE	PAYROLL DATE
----------------------	------------	--------------	---------	---------	-----------------------	--------------

BENEFIT ADMINISTRATORS: Send signed form to: Enrollment Processing P.O. Box 1878 Tallahassee, FL 32302-1878

IMPORTANT

General (Applies to all sections)

- I hereby authorize my employer to reduce my gross salary before federal taxes are calculated by the total amount of annual salary deduction indicated on reverse.
- I understand that the funds in one Account cannot be used to reimburse expenses covered by another Account.
- I understand that expenses for which I am reimbursed cannot be deducted on my income tax return.
- I understand and agree that my employer and Fringe Benefits Management Company, the contract administrator, will not incur any liability resulting from either my participation in any Account or my failure to sign or accurately complete this enrollment form. I further understand that if I elect not to participate in salary deduction with respect to the benefits listed on the reverse side, I hereby forego my right to participate during the upcoming plan year.
- I certify that I expect to receive the number of paychecks listed in Box #2 of any and all accounts, unless the early retirement/termination box is also selected.

Health Savings Accounts (Section A)

- Federal law (USA Patriot Act) requires that all financial institutions obtain, verify, and record information that identifies each person enrolling in a Health Savings Account. Acceptable forms of identification include a valid drivers license, active passport, alien registration card, or local, state, or federal identification cards. Please list the type of ID that you are using and the State or County of issuance along with the ID number, date issued, and expiration date in the section IDENTIFICATION INFORMATION.
- If I have enrolled in an HSA, I certify that I am covered by the State Health Plan Savings Plan, and I am not covered by a health plan other than an HDHP that provides any of the same benefits as an HDHP. I have reviewed and agree to be bound by the terms and conditions found in the Health Savings Custodial Account, Disclosure Statement and Funds Availability Disclosure Statement amendments thereto. Contact your benefits administrator for a copy of this statement. I assume sole responsibility for all consequences relating to my actions concerning this HSA. I understand that I may revoke this HSA on or before seven (7) days after the date of establishment as outlined in the Funds Availability Disclosure Statement. Contact FBMC Customer Service at 1-800-342-8017. I have not received any tax or legal advice from the custodian, and I will seek the advice of my own tax or legal professional to ensure my compliance with related laws. I release and agree to hold the HSA custodian harmless against any and all claims or losses arising from my actions. I also understand: 1) the HSA maximum contributions, established by the federal government and subject to change, are tied to the rate of inflation, 2) the maximum monthly contribution is calculated based on the annual allowable amount and number of months remaining in the contribution year, and 3) a subscriber age 55 and older may make "catch-up" contributions to an HSA (in 2005, that subscriber can contribute up to \$600 above the limit).
- I understand I can change my HSA contribution once per quarter. The change is effective at the beginning the first month after the change is requested.

Spending Accounts (Sections B, C, D)

- I understand that any amount remaining in any Spending Account not used during this plan year will be forfeited since it cannot be carried forward to the next plan year.
- I understand that the funds in any FSA can only be paid out to reimburse payment of eligible expenses actually incurred during my period of coverage.
- I understand that the amount of salary deduction will include the items specified on the reverse side of this form and will continue in effect unless I terminate employment or file an approved Change in Status form with the contract administrator within 31 days of the event.
- I certify that: 1) I will only use my Spending Account to pay for IRS-qualified expenses and only for my IRS-eligible dependents, 2) I will exhaust all other sources of reimbursement, including those provided under my Employer's plans before seeking reimbursement from my Spending Account, 3) I will not seek reimbursement through any additional source, and 4) I will collect and maintain sufficient documentation

HEALTH SAVINGS CUSTODIAL ACCOUNT

The depositor and the custodian make the following agreement:

Do Not File with
Internal Revenue Service Amendment

Article I. Except in the case of a rollover contribution described in Internal Revenue Code (IRC) Section 223, the custodian will accept only cash contributions. The maximum annual contribution amount is generally the lesser of 100 percent of the annual deductible under the high deductible health plan or a specified amount (subject to cost-of-living adjustments). For 2004, the specified amount is \$2,600 for individual coverage and \$5,150 for family coverage. For eligible individuals who have attained age 55 by the end of their taxable year but have not attained age 65, the annual contribution limit is increased by \$500 for tax-year 2004. This amount will increase in \$100 increments annually, until it reaches \$1000 in tax-year 2009.

Article II. The depositor's interest in the balance in the custodial account is nonforfeitable.

Article III.

1. No part of the custodial account 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.

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 223 and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

(a) Upon the depositor's death, any balance remaining in his/her HSA becomes the property of the beneficiaries named in the HSA agreement. If the depositor's spouse is the beneficiary of his/her HSA, the HSA becomes the HSA of the surviving spouse. We may require such spouse to transfer the assets to an HSA of his/her own. The depositor's spouse is subject to income tax only to the extent distributions from the inherited HSA are not used for qualified medical expenses.

(b) If, by reason of the depositor's death, the HSA passes to a person other than his/her spouse, the HSA ceases to be an HSA as of the date of the depositor's death. The beneficiary is required to include the fair market value of the HSA assets as of the date of the depositor's death in his/her gross income. For such a person (except the depositor's estate), this amount is reduced by any payments from the HSA made for the depositor's qualified medical expenses, if paid within one year after his/her death.

3. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the depositor's account.

Article V.

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 223.

2. The custodian agrees to submit to the Internal Revenue Service (IRS) and depositor the reports prescribed by the IRS.

Article VI. Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with section 223 and the related regulations will be invalid.

Article VII. This Agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Application that accompanies this Agreement.

Article VIII.

8.01 Your HSA Documents. This Agreement for an HSA, and any amendments or additional provisions to such agreement, set forth the terms and conditions governing the depositor's HSA relationship with us. This Agreement will be accompanied by a disclosure statement, which sets forth various HSA rules in simpler language.

8.02 Definitions. This Agreement refers to you as the depositor, and us as the custodian. References to "you," "your," and "HSA owner" will mean the depositor, and "we," "us," and "our" will mean the custodian. Upon your death, your spouse beneficiary, if applicable, becomes "you" for purposes of this Agreement. In the event you appoint a third party, or have a third party appointed on your behalf to handle certain transactions affecting your HSA, such third party will be considered your agent and, therefore, "you" for purposes of this Agreement. Additionally, references to "HSA" will mean the custodial account.

8.03 Additional Provisions. Additional provisions may be attached to, and made a part of, this Agreement by either party. The provisions must be in writing, agreed to by us, and in a format acceptable to us.

8.04 Our Fees and Expenses. We may charge reasonable fees and are entitled to reimbursement for any expenses we incur in establishing and maintaining your HSA. We may change the fees at any time by providing you with notice of such changes. We will provide you with fee disclosures and policies. Fees may be deducted directly from your HSA assets, and/or billed separately to you. Fees billed separately to you and paid by you may be claimed on your federal income tax return as miscellaneous itemized deductions. The payment of fees has no effect on your contributions. Additionally, we have the right to liquidate your HSA assets to pay such fees and expenses. If you do not direct us on the liquidation, we will liquidate the assets of our choice and will not be responsible for any losses or claims that may arise out of the liquidation.

8.05 Amendments. We may amend your HSA in any respect and at any time, including retroactively, to comply with applicable laws governing HSAs and the corresponding regulations. Any other amendments shall require your consent, by action or no action, and will be preceded by written notice to you. Unless otherwise required, you are deemed to automatically consent to an amendment, which means that your written approval is not required for the amendment to apply to the HSA. In certain instances the governing law or our policies may require us to secure your written consent before an amendment can be applied to the HSA. If you want to withhold your consent to an amendment, you must provide us with a written objection within 30 days of the receipt date of the amendment.

8.06 Notice and Delivery. Any notice mailed to you will be deemed delivered and received by you, five days after the postmark date. This fifth day following the postmark is the receipt date. Notices will be mailed to the last address we have in our records. You are responsible for ensuring that we have your proper mailing address. Upon your consent, we may provide you with notice in a delivery format other than by mail. Such formats may include various electronic deliveries. Any notice, including terminations, change in personal information, or contributions mailed to us will be deemed delivered when actually received by us based on our ordinary business practices. All notices must be in writing unless our policies and procedures provide for oral notices.

8.07 Applicable Laws. This Agreement will be construed and interpreted in accordance with the laws of, and venued in, our state of domicile.

8.08 Disqualifying Provisions. Any provision of this Agreement that would disqualify the HSA will be disregarded to the extent necessary to maintain the account as an HSA.

8.09 Interpretation. If any question arises as to the meaning of any provision of this Agreement, then we shall be authorized to interpret any such provision, and our interpretation will be binding upon all parties.

8.10 Representations and Indemnity. You represent that any information you and/or your agents provide to us is accurate and complete, and that your actions comply with this Agreement and applicable laws governing HSAs. You understand that we will rely on the information provided by you, and that we have no duty to inquire about or investigate such information. We are not responsible for any losses or expenses that may result from your information, direction, or actions, including your failure to act. You agree to hold us harmless, to indemnify, and to defend us against any and all actions or claims arising from, and liabilities and losses incurred by reason of your information, direction, or actions. Additionally, you represent that it is your responsibility to seek the guidance of a tax or legal professional for your HSA issues.

We are not responsible for determining whether any contributions or distributions comply with this Agreement and/or the federal laws governing HSAs. We are not responsible for any taxes, judgments, penalties or expenses incurred in connection with your HSA, or any losses that are a result of events beyond our control. We have no responsibility to process transactions until after we have received appropriate direction and documentation, and we have had a reasonable opportunity to process the transactions. We are not responsible for interpreting or directing beneficiary designations or divisions, including separate accounting, court orders, penalty exception determinations, or other similar situations.

8.11 Investment of HSA Assets.

(a) **Investment of Contributions.** We will invest HSA contributions and reinvest your HSA assets as directed by you based on our then-current investment policies and procedures. If you fail to provide us with investment direction for a contribution, we will return or hold all or part of such contribution based on our policies and procedures. We will not be responsible for any loss of HSA income associated with your failure to provide appropriate investment direction.

(b) **Directing Investments.** All investment directions must be in a format or manner acceptable to us. You may invest in any HSA investments that you are qualified to purchase, and that we are authorized to offer and do offer at the time of the investment selection, and that are acceptable under the applicable laws governing HSAs. Your HSA investments will be registered in our name or our nominee's name for the benefit of your HSA. Specific investment information may be provided at the time of the investment.

Based on our policies, we may allow you to delegate the investment responsibility of your HSA to an agent by providing us with written notice of delegation in a format acceptable to us. We will not review or guide your agent's decisions, and you are responsible for the agent's actions or failure to act. We are not responsible for directing your investments, or providing investment advice, including guidance on the suitability or potential market value of various investments. For investments in securities, we will exercise voting rights and other similar rights only at your direction, and according to our then-current policies and procedures.

(c) **Investment Fees and Asset Liquidation.** Certain investment-related fees, which apply to your HSA, must be charged to your HSA and cannot be paid by you. We have the right to liquidate your HSA assets to pay fees and expenses, federal tax levies, or other assessments on your HSA. If you do not direct us on the liquidation, we will

liquidate the assets of our choice and will not be responsible for any losses or claims that may arise out of the liquidation.

(d) **Deposit Investments.** The deposit investments provided by us may include savings, share, and/or money market accounts, and various certificates of deposit (CDs).

(e) **Non-Deposit Investments.** Non-deposit investments include investments in property, annuities, mutual funds, stocks, bonds, and government, municipal and U.S. Treasury securities, and other similar investments. Most, if not all, of the investments we offer are subject to investment risks, including possible loss of the principal amount invested. Specific investment disclosures may be provided to you.

8.12 Distributions. Withdrawal requests must be in a format acceptable to us, and/or on forms provided by us. We may require you, or your beneficiary after your death, to provide documentation and a proper tax identification number before we process a distribution. These withdrawals may be subject to taxes, withholding, and penalties. Distributions will generally be in cash or in kind based on our policies. In-kind distributions will be valued according to our policies at the time of the distribution.

8.13 Transfer and Rollover Contributions. We may accept transfers, rollovers, and other similar contributions in cash or in kind from other HSAs and from Archer Medical Savings Accounts (MSAs). Prior to completing such transactions we may require that you provide certain information in a format acceptable to us. In-kind contributions will be valued according to our policies and procedures at the time of the contribution.

8.14 Reports and Records. We will maintain the records necessary for IRS reporting on this HSA. Required reports will be provided to you, or your beneficiary after your death, and the IRS. If you believe that your report is inaccurate or incomplete you must notify us in writing within 30 days following the receipt date. Your investments may require additional state and federal reporting.

8.15 Termination. You may terminate this Agreement without our consent by providing us with a written notice of termination. A termination and the resulting distribution or transfer will be processed and completed as soon as administratively feasible following the receipt of proper notice. At the time of termination we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties.

8.16 Our Resignation. We can resign at any time by providing you with 30 days written notice prior to the resignation date, or within five days of our receipt of your written objection to an amendment. In the event you materially breach this Agreement, we can terminate this Agreement by providing you with five days prior written notice. Upon our resignation, you must appoint a qualified successor custodian or trustee. Your HSA assets will be transferred to the successor custodian or trustee once we have received appropriate direction. Transfers will be completed within a reasonable time following our resignation notice and the payment of your remaining HSA fees or expenses. We reserve the right to retain HSA assets to pay any remaining fees or expenses. At the time of termination we may retain the sum necessary to cover any fees and expenses, taxes, or investment penalties. If you fail to provide us with acceptable transfer direction within 30 days from the date of the notice, we can transfer the assets to a successor custodian or trustee of our choice, distribute the assets to you in kind, or liquidate the assets and distribute them to you in cash.

8.17 Successor Organization. If we merge with, purchase, or are acquired by, another organization, such organization, if qualified, may automatically become the successor custodian or trustee of your HSA.

HEALTH SAVINGS ACCOUNT DISCLOSURE STATEMENT

Right to Revoke Your HSA. With rare exception, you have the right to revoke this Health Savings Account (HSA) within seven days after the date of establishment of this HSA. If you revoke your HSA, we will return your entire HSA contribution without any adjustment for items such as sales commissions, administrative expenses, or fluctuation in market value.

You may revoke your HSA by providing us with written notice. The revocation notice may be mailed by first-class mail, or hand delivered to us. If your notice is mailed by first-class, postage pre-paid mail, the revocation will be deemed mailed on the date of the postmark.

If you have any questions or concerns regarding the revocation of your HSA, please call or write to us. Our telephone number, address, and contact name, to be used for communications, can be found on the Application that accompanies this Disclosure Statement and Health Savings Custodial Account agreement.

This Disclosure Statement. This Disclosure Statement provides you, or your beneficiaries after your death, with a summary of the rules and regulations governing this HSA.

Definitions. The Health Savings Custodial Account agreement contains a detailed definitions section. The definitions found in such section apply to this Agreement. It refers to you as the depositor, and us as the custodian. References to "you," "your," and "HSA owner" will mean the depositor, and "we," "us," and "our" will mean the custodian. Upon your death, your spouse beneficiary, if applicable, becomes "you" for purposes of this Disclosure Statement. In the event you appoint a third party, or have a third party appointed on your behalf to handle certain transactions affecting your HSA, such third party will be considered your agent and, therefore, "you" for purposes of this Disclosure Statement. Additionally, references to "HSA" will mean the custodial account.

For Additional Guidance. It is in your best interest to seek the guidance of a tax or legal professional before completing any HSA establishment documents. Your first reference for questions concerning your HSA should be Internal Revenue Code (IRC) Section 223, Internal Revenue Service (IRS) Revenue Ruling 2004-38, Revenue Procedure 2004-22, Notices 2004-2, 23, and 25, any additional provisions or amendments to such documents, and this Disclosure Statement. For more information, you can also refer to the instructions to your federal income tax return, your local IRS office, or the IRS's web site at www.irs.gov.

HSA Restrictions and Approval.

- 1. Health Savings Custodial Account Agreement.** This Disclosure Statement and the Health Savings Custodial Account agreement, amendments, and additional provisions, set forth the terms and conditions governing your HSA. Such documents are the "Agreement."
- 2. Individual/Family Benefit.** This HSA must be for the exclusive benefit of you and your family, and upon your death, your beneficiaries. The HSA must be established in your name and not in the name of your beneficiary, living trust, or another party or entity.
- 3. Beneficiary Designation.** By completing the appropriate section on the corresponding Health Savings Account Application you may designate any person(s) as your beneficiary to receive your HSA assets upon your death. You may also change or revoke an existing designation in such manner and in accordance with such rules as your HSA custodian prescribes for this purpose. If there is no beneficiary designation on file at the time of your death, or if none of the beneficiaries on file are alive at the time of your death, your HSA assets will be paid to your estate. Your HSA custodian may rely on the latest beneficiary designation on file at the time of your death, will be fully protected in doing so, and will have

no liability whatsoever to any person making a claim to the HSA assets under a subsequently filed designation or for any other reason.

- 4. Cash Contributions.** Regular or annual HSA contributions must be in cash, which may include a check, money order, or wire transfer. It is within our discretion to accept in-kind contributions for rollovers or transfers.
- 5. HSA Custodian.** An HSA custodian must be a bank, federally insured credit union, savings and loan association, trust company, or other entity, which is approved by the Secretary of the Treasury to act as an HSA custodian.
- 6. Prohibition Against Life Insurance and Commingling.** None of your HSA assets may be invested in life insurance contracts, or commingled with other property, except in a common trust fund or common investment fund.
- 7. Nonforfeitability.** The assets in your HSA are not forfeitable.
- 8. Tax-Free Rollovers.** You may be eligible to make a rollover contribution of your HSA or Archer Medical Savings Account (MSA) distribution, in cash or in kind, to an HSA. Rollovers to and from HSAs are described in greater detail elsewhere in this Disclosure Statement.
- 9. No Prohibited Transactions.** If you engage in a prohibited transaction, the HSA loses its tax exempt status as of the first day of the year. You must include the fair market value of your HSA as of that first day in your gross income for the year during which the prohibited transaction occurred, and pay all applicable taxes and penalties.
- 10. No Pledging.** If you pledge all or a portion of your HSA as security for a loan, the portion pledged will be treated as a distribution to you, and the taxable portion will be included in gross income, and may be subject to the additional 10 percent tax.
- 11. IRS Approval of Form.** As of this writing, the IRS has not yet released regulations, a model agreement, or an approved process for HSA agreements. This Agreement serves as an interim agreement until the IRS releases future guidance. Accordingly, this Agreement may require amendments to comply with future IRS guidelines.
- 12. State Laws.** State laws may affect your HSA in certain situations, including deductions, beneficiary designations, agency relationships, consent, taxes, tax withholding, and reporting.

HSA Eligibility.

- 1. Eligibility for an HSA.** You are an eligible individual and may make or receive an HSA regular contribution if, with respect to any month, you:
 - a. are covered under a high-deductible health plan (HDHP) on the first day of such month;
 - b. are not covered under another type of health plan that is not an HDHP (with certain exceptions for plans providing certain limited types of coverage);
 - c. are not entitled to benefits under Medicare (generally, have not attained age 65); and
 - d. may not be claimed as a dependent on another individual's tax return.

According to Revenue Procedure 2004-22, for months before January 1, 2006, if you would otherwise be an eligible individual, but are covered by both an HDHP that does not provide benefits for prescription drugs and by a separate health plan or rider that provides prescription drug benefits before the minimum annual deductible of the HDHP is satisfied (i.e., the separate prescription drug plan is not an HDHP), you will continue to be an eligible individual and may make contributions to your HSA based on the annual deductible of the HDHP.

2. High-Deductible Health Plan. Generally, an HDHP is a health plan that satisfies certain requirements with respect to deductibles and out-of-pocket expenses. For purposes of this HSA, a high-deductible health plan is a plan with an annual deductible of at least \$1,000 for individual coverage or \$2,000 for family coverage. These amounts are subject to cost-of-living adjustments (COLAs).

Tax Year	Catch-up Amount
2004	\$ 500.00
2005	\$ 600.00
2006	\$ 700.00
2007	\$ 800.00
2008	\$ 900.00
2009	\$ 1,000.00

For HSA purposes, the high-deductible health plan must limit out-of-pocket expenses. For 2004, the maximum out-of-pocket expenses, which include money applied to your deductible and your coinsurance for covered charges, must be no more than \$5,000 for individual coverage or \$10,000 for family coverage. These amounts are subject to COLAs.

IRS Notice 2004-23 provides a safe harbor for the absence of a preventive care deductible. It states that a plan shall not fail to be treated as an HDHP by reason of failing to have a deductible for preventive care. An HDHP may therefore provide preventive care benefits without a deductible or with a deductible below the minimum annual deductible.

3. Permitted Insurance. You are eligible for an HSA if you have coverage for any benefit provided by permitted insurance. See IRS Notice 2004-2 for further information.

In addition, you are eligible for an HSA if you have coverage (whether provided through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care. If a plan that is intended to be an HDHP is one in which substantially all of the coverage of the plan is through permitted insurance or other coverage described in IRS Notice 2004-2, it is not an HDHP.

HSA Contributions.

1. Who Can Make Regular or Annual Contributions. If you meet the eligibility requirements for an HSA, you, your employer, and your family members may contribute to your HSA. This is true whether you are self-employed or unemployed.

2. Regular or Annual Contributions. The maximum annual contribution to an HSA is the sum of the limits determined separately for each month, based on status, eligibility, and health plan coverage as of the first day of the month. For calendar year 2004, the maximum monthly contribution for eligible individuals with individual coverage under an HDHP is 1/12 of the lesser of 100 percent of the annual deductible under the HDHP (minimum of \$1,000) but not more than \$2,600. For eligible individuals with family coverage under an HDHP, the maximum monthly contribution is 1/12 of the lesser of 100 percent of the annual deductible under the HDHP (minimum of \$2,000) but not more than \$5,150. These amounts are subject to COLAs.

If you have more than one HSA, the aggregate annual contributions to all the HSAs are subject to the contribution limit. This limit is decreased by the aggregate contributions to an Archer MSA. The same annual contribution limit applies whether the contributions are made by you, your employer, or your family members. Contributions may be made on your behalf even if you have no compensation or if the contributions exceed your compensation.

3. Catch-up Contributions. Catch-up contributions are HSA contributions made in addition to any regular HSA contributions. You are eligible to make catch-up contributions if you meet the eligibility requirements for regular contributions and have attained age 55 by the end of your taxable year but have not attained age 65. As with the annual contribution limit, the catch-up contribution is computed on a monthly basis. Therefore, you are not eligible for a catch-up contribution for any month after attaining age 65. The chart that follows shows these additional amounts.

4. One or Both Spouses Have Family Coverage. You and your spouse are treated as having family coverage if either of you has family coverage. If you and your spouse have family coverage under different HDHPs, then each of you is treated as covered under the HDHP with the lowest deductible. The contribution limit for each of you is the lowest deductible amount, divided equally between you and your spouse, unless each of you agree on a different division. The family coverage limit is reduced further by any contribution to an Archer MSA. However, each of you may make the catch-up contributions without exceeding the family coverage limit.

5. Contribution Deductibility.

a. Your Contributions. Contributions made by you to an HSA, which do not exceed the maximum annual contribution amount, are deductible by you when determining your adjusted gross income. You are not required to itemize deductions in order to take this deduction. However, you cannot also deduct the contributions as medical expenses under section 213. Contributions by family members on your behalf are also deductible by you.

b. Employer Contributions. Employer contributions are treated as employer-provided coverage for medical expenses under an accident or health plan and are excludable from your gross income. The employer contributions are not subject to withholding from wages for income tax or subject to the Federal Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA), or the Railroad Retirement Tax Act. Contributions to your HSA through a cafeteria plan are treated as employer contributions. You cannot deduct employer contributions on your federal income tax return as HSA contributions or as medical expense deductions under section 213.

6. Contribution Deadline. You may make regular and catch-up HSA contributions any time for a taxable year up to and including your federal income tax return due date, excluding extensions, for that taxable year. The due date for most taxpayers is April 15.

For calendar year 2004, an HSA established by you on or before April 15, 2005, may pay or reimburse on a tax-free basis an otherwise qualified medical expense if that expense was incurred on or after the later of: (1) January 1, 2004, or (2) the first day of the month that you became eligible for an HSA.

Moving Assets To and From HSAs. There are a variety of transactions that allow you to move your HSA assets to and from other HSAs in cash or in kind based on our policies. We have sole discretion on whether we will accept, and how we will process movements of assets to and from HSAs. We or the other financial organization involved in the transaction may require documentation for such activities.

1. HSA-to-HSA Transfers. You may transfer all or a portion of your HSA assets from one HSA to another HSA. An HSA transfer means that the HSA assets move from one HSA to another HSA in a manner that prevents you from cashing or liquidating the HSA assets, or even depositing the assets anywhere except in the receiving HSA. You may be required to complete a transfer authorization form prior to transferring your HSA assets.

2. **Archer MSA-to-HSA Transfers.** A transfer of Archer MSA assets to an HSA is permitted. However, HSA assets cannot be transferred to an Archer MSA.
3. **HSA-to-HSA Rollovers.** An HSA rollover is another way to move assets tax-free between HSAs. You may roll over all or a portion of your HSA assets by taking a distribution from an HSA and recontributing it as a rollover contribution into the same or another HSA. Rollovers to HSAs are not allowed from traditional or Roth IRAs, health reimbursement arrangements (HRAs), health flexible spending arrangements (FSAs), and employer-sponsored retirement plans. You must report your HSA rollover to the IRS on your federal income tax return. Your contribution may only be designated as a rollover if the HSA distribution is deposited within 60 calendar days following the date you receive the distributed assets. You are limited to one rollover per HSA per 12 months. The distributing and receiving HSA, including the HSA assets rolled over, are subject to this 12-month rule. The 12-month period begins on the day after you receive a distribution that will be properly rolled over into an HSA.
4. **Archer MSA-to-HSA Rollovers.** Rollovers from an Archer MSA to an HSA are permitted. However, HSA assets cannot be rolled over to an Archer MSA. The distributing MSA and receiving HSA, including the MSA assets rolled over, are subject to the 12-month rule.

HSA Distributions. You or, after your death, your beneficiary may take an HSA distribution, in cash or in kind based on our policies, at any time. However, depending on the timing and amount of your distribution you may be subject to income taxes and/or penalty taxes. HSA custodians/trustees are not required to determine whether HSA distributions are used for qualified medical expenses.

1. **Removal of Excess Contributions.** You may withdraw all or a portion of your excess contribution and attributable earnings before your federal income tax return due date, including extensions, for the taxable year for which the contribution was made. The excess contribution amount distributed will not be taxable, but the attributable earnings on the contribution will be taxable in the year in which the distribution is received. If you timely file your federal income tax return, you may still remove your excess contribution, plus attributable earnings, as late as October 15 for calendar year filers.
2. **Qualified Medical Expenses.** Qualified medical expenses are expenses paid by you, your spouse, or your dependents for medical care as defined in section 213(d) (including nonprescription drugs as described in Revenue Ruling 2003-102, 2003-38 I.R.B. 559), but only to the extent the expenses are not covered by insurance or otherwise. The qualified medical expenses must be incurred only after the HSA has been established.

For calendar year 2004, an HSA established by you on or before April 15, 2005, may pay or reimburse on a tax-free basis an otherwise qualified medical expense if that expense was incurred on or after the later of: (1) January 1, 2004, or (2) the first day of the month that you became eligible for an HSA.

3. **Death.** Upon your death, any balance remaining in your HSA becomes the property of the beneficiaries named in the HSA agreement.
 - a. **Spouse.** If your spouse is the beneficiary of your HSA, the HSA becomes his/her HSA. We may require your spouse to transfer the assets to an HSA of his/her own. Your spouse is subject to income tax only to the extent distributions from your HSA are not used for qualified medical expenses.

- b. **Nonspouse.** If your beneficiary is not your spouse, the HSA ceases to be an HSA as of the date of your death. Your beneficiary is required to include the fair market value of the HSA assets as of the date of your death in his/her gross income. For such a person (except your estate), this amount is reduced by any payments from the HSA made for your qualified medical expenses, if paid within one year after your death.

Federal Income Tax Status of Distributions.

1. **Taxation.** Distributions from your HSA used exclusively to pay for qualified medical expenses of you, your spouse, or your dependents are excludable from gross income. In general, amounts in an HSA can be used for qualified medical expenses and will be excludable from gross income even if you are not currently eligible for contributions to the HSA. However, any amount of the distribution not used exclusively to pay for qualified medical expenses of you, your spouse, or your dependents is includable in your gross income and is subject to an additional 10 percent tax on the amount includable, except in the case of distributions made after your death, your disability, or your attainment of age 65. HSA distributions which are not rolled over will be taxed as income in the year distributed, unless they are used for qualified medical expenses. You may also be subject to state or local taxes and withholding on your HSA distributions.
2. **Earnings.** Earnings, including gains and losses, on your HSA will not be subject to federal income taxes until they are considered distributed.
3. **Ordinary Income Taxation.** Your taxable HSA distribution is usually included in gross income in the distribution year.

Estate and Gift Tax. The designation of a beneficiary to receive HSA distributions upon your death will not be considered a transfer of property for federal gift tax purposes. Upon your death, the value of all assets remaining in your HSA will usually be included in your gross estate for estate tax purposes, regardless of the named beneficiary or manner of distribution. There is no specific estate tax exclusion for assets held within an HSA. After your death, beneficiaries should pay careful attention to the rules for the disclaiming any portion of your HSA under IRC Section 2518.

Federal Income Tax Withholding. If federal withholding is appropriate and allowed, please request that the custodian withhold the appropriate amount.

Annual Statements. Each year we will furnish you and the IRS with statements reflecting the activity in your HSA.

Federal Tax Penalties. Several tax penalties may apply to your various HSA transactions, and are in addition to any federal, state, or local taxes. Federal penalties and excise taxes are generally reported and remitted to the IRS along with your federal income tax return. The penalties may include any of the following taxes:

1. **Additional 10 Percent Tax.** Any amount of a distribution not used exclusively to pay for qualified medical expenses of you, your spouse, or your dependents is subject to an additional 10 percent tax on the amount includable in your gross income, except in the case of distributions made after your death, your disability, or your attainment of age 65.
2. **Excess Contribution Penalty Tax.** If a contribution to your HSA exceeds the amount you are eligible for, you have an excess contribution, which is subject to a 6 percent excise tax. The excise tax applies each year that the excess contribution remains in your HSA. If you timely file your federal income tax return, you may still remove your excess contribution, plus attributable earnings, as late as October 15 for calendar year filers.

FUNDS AVAILABILITY DISCLOSURE

This policy statement applies to all deposit accounts.

Our policy is to make funds from your deposit available to you on the first business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

Please remember that 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.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 2:00 P.M. 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 2:00 P.M. or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

If we cash a check for you that is drawn on another bank, 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.

If we accept for deposit a check that is drawn on another bank, 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.

LONGER DELAYS MAY APPLY

In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the fifth business day after the day of your deposit. However, the first \$100 of your deposit will be available on the first business day after we receive your deposit.

If we are not going to make all of the funds from your deposit available on the first business day after we receive your deposit, 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 the day 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.

In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- * We believe a check you deposit will not be paid.
- * You deposit checks totaling more than \$5,000 on any one day.
- * You redeposit a check that has been returned unpaid.
- * You have overdrawn your account repeatedly in the last six months.
- * There is an emergency, such as failure of communications or compute 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 eleventh business day after the day of your deposit.

SPECIAL RULES FOR NEW ACCOUNTS

If you are a new customer, the following special rules will apply during the first 30 days your account is open. Funds from electronic direct deposit into your account will be available on the day we receive the deposit.

Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will be available on the eleventh business day after the day of your deposit.