



## HSA CUSTODIAN INFORMATION

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## HEALTH SAVINGS ACCOUNT CUSTODIAL AGREEMENT

The Account Holder and the Custodian make the following agreements. "You" and "your" mean the Account Holder and "us", "we", and "our" mean the Custodian. "HDHP" means the high deductible health plan used in conjunction with this health savings account, and "IRC" means the Internal Revenue Code as currently enacted or later amended.

### ARTICLE I

1. We will accept your cash contributions for the tax year made by you or on your behalf (by an employer, family member or any other person). Except for rollover contributions, we will not accept contributions in excess of the maximum amount for an account owner with family coverage plus the catch-up contribution (if applicable).
2. Contributions for any tax year may be made at any time before the deadline for filing your federal income tax return for that year (without extensions).
3. Rollover contributions from another HSA or an Archer Medical Savings Account (Archer MSA) (if permitted under this agreement) are not subject to the maximum annual contribution limit set forth in Article II.
4. Rollover contributions from an IRA may be permitted on a one time (tax free) basis and are subject to the maximum annual contribution limit set forth in Article II.
5. The Agreement becomes effective and your HSA is established as of the date we approve your completed HSA Application. We will provide you with confirmation of approval. For tax purposes, your HSA may not be effective until funds are deposited in your HSA.
6. We assume no responsibility for tax or other consequences to anyone arising from the establishment or use of the HSA. You are solely responsible for any taxes, interest, penalties and other expenses which may be payable under applicable law in connection with your HSA. Because of the unfavorable tax consequences that could result from improper or mistaken establishment or use of any HSA, you may wish to consult with an attorney or other qualified tax professional before executing the HSA Application.
7. The funds in your HSA may not be used to satisfy the debts, contracts or torts of any person entitled to distributions under this Agreement. You may not assign or transfer your right in your HSA except as otherwise provided in this Agreement.

### ARTICLE II

1. The total amount that may be contributed to your Health Savings Account (HSA) for any taxable year is limited based upon statutory limitations (as adjusted by IRS cost of living adjustments) for the type of high deductible health plan (HDHP) coverage that you have. In general, you will be entitled to contribute 1/12 of the annual statutory limitation for each month in which you are an eligible individual. Also, if you are an eligible individual on December 1st, you may be able to make the full annual contribution for the year (based upon your coverage category) even though you were not an eligible individual for the entire year. The maximum annual contribution limits can be found on our website at [www.selectaccount.com](http://www.selectaccount.com) or by contacting our customer service team at 651-662-5065 or 800-859-2144, Monday through Friday from 7 a.m. to 7 p.m.
2. Contributions to Archer MSAs or other HSAs count toward the maximum annual contribution limit to this HSA.
3. An additional \$1000 catch-up contribution may be made for an Account Owner who is at least age 55 and less than age 65.
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 your responsibility 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, you must notify us that there are excess contributions to the HSA. It is your responsibility to request the withdrawal of the excess contribution and any net income attributable to such excess contribution.

### ARTICLE IV

Your interest in the balance in this HSA is not forfeitable.

### 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 IRC 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 you nor we 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 IRC section 4975).

### ARTICLE VI

1. Distribution of funds from this HSA may be made at any time upon your direction.
2. Distributions from this HSA that are used exclusively to pay or reimburse qualified medical expenses of you, your spouse, or your dependents are tax-free. However, distributions that are not used for qualified medical expenses are included in your gross income and are subject to an additional 10 percent tax on that amount. The additional 10 percent tax does not apply if the distribution is made after you die, become disabled, or reach age 65.
3. We are not required to determine whether the distribution is for the payment or reimbursement of qualified medical expenses. Only you are responsible for substantiating that the distribution is for qualified medical expenses and must maintain records sufficient to show that the distribution is tax-free.

### ARTICLE VII

1. All transfers or distributions must be made in accordance with the Code, other applicable law and this Agreement.
2. If a request for a transfer is made pursuant to the terms of a divorce or separation agreement, we must receive the request within 90 days of the effective date of the divorce or separation instrument. Transferring your interest to someone other than your spouse may subject you to income tax and penalties on the transferred amount.
3. You will have the right at any time to designate primary and contingent beneficiaries to whom your HSA funds will be distributed upon your death. To be valid, any such beneficiary designation must be delivered to us prior to your death on a form provided by us. Any such beneficiary designation may be revoked by you at any time by delivering written notice of the revocation to us, and shall be automatically revoked upon receipt by us of a subsequent beneficiary designation in valid form bearing a later execution date. You understand that the consent of your spouse may be necessary if you wish to name a person other than or in addition to your spouse as beneficiary or to change an existing beneficiary designation. If there is no beneficiary designation on file with us at the time of your death, your legal spouse will be deemed to be your beneficiary. If you are not married at the time of your death, the funds will be paid to your estate.

## HEALTH SAVINGS ACCOUNT CUSTODIAL AGREEMENT (Continued)

4. You represent and warrant that any beneficiary designation submitted to us satisfies all legal requirements under applicable law. We may presume that a beneficiary is legally competent until we receive written notice to the contrary. Whenever any distribution hereunder is payable to a person known by us to be a minor or otherwise under a legal disability, we, in our sole discretion, may authorize all or any part of such distribution to:
  - i. a legal guardian or conservator for such person;
  - ii. a custodian under the Uniform Transfers to Minors Act, including any person or entity designated as such by us if such designation is permitted by applicable law;
  - iii. a parent of such person; or
  - iv. such person directly.
5. If you designate your legal spouse as your beneficiary, your spouse will be treated as the new Account Holder of your HSA. Your spouse can then avoid paying tax by complying with the rules regarding qualified medical expenses.
6. If you do not designate your surviving legal spouse as your beneficiary, or your HSA passes to someone else, it ceases to be an HSA as of the date of your death, and the beneficiary may be subject to income tax on the fair market value of your HSA, reduced by any payments made for your qualified medical expenses, if paid within one year of your death.

### ARTICLE VIII

1. You agree to provide us with information necessary for us to prepare any report or return required by the Internal Revenue Service.
2. We agree to prepare and submit any report or return as prescribed by the Internal Revenue Service.

### 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 IRC section 223 or IRS published guidance will be void.

### ARTICLE X

The rights, duties, and obligations of both you and us with regard to your HSA are governed exclusively by this Agreement. We may amend this Agreement without your consent and any amendment will become effective on the date stated in the notice; provided that this Agreement will be amended automatically to comply with any change in the IRC, or other laws, as of the effective date of such change. If any provision of this Agreement is found to be in conflict with the IRC or other laws, the IRC or such other laws will supersede that provision.

### ARTICLE XI

1. *Fees.* We assume and agree only to provide custodial and administrative services under section 223(a) and applicable regulations. You agree to pay the fees we charge for providing custodial and related administrative services in connection with your HSA. We may change the fees we charge by giving you at least 30 days written notice before the fees change. If the IRS permits, and we agree, you may pay these fees directly upon receipt of our bill. Otherwise, we will deduct these fees from your HSA. You agree to pay fees for all services we provide through the date your HSA ends. If you pay our fees in advance, we will prorate the fees to the termination date and refund to you, or credit your HSA, the unearned fees. You agree that we may keep, as additional compensation for the custodial and related administrative services we provide, any credit, interest or other earnings we receive on your HSA account balances in excess of the amount of interest that we may credit to your HSA from time to time.
2. *HSA Account Balance.* We hold all HSA cash contributions you deliver to us as a deposit fund item in our general account. We guarantee the payment of HSA account balances we hold. We guarantee all interest we credit to your HSA account balance. You are not exposed to any investment risk on HSA account balances we hold. You have no right to share in any investment income, gains or losses we may experience in our general account assets. As a life insurance company regulated under Minnesota law, our general account is subject to review at all times by the Minnesota Department of Commerce. The guarantees we provide are based on our continued claims paying ability. We are not a bank. HSA account balances we hold are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any government agency. We reserve the right in our sole discretion to change the rate of interest we credit on HSA account balances we hold at any time and to establish and apply different rates of interest depending on the amount of balance.
3. *Investment of HSA Account Balance.* You authorize us to enter into one or more arrangements with unaffiliated trust companies, broker-dealers, investment advisers and record-keepers (collectively, "Investment Providers") to give you access to a variety of self-directed and self-managed investments for your HSA. As long as your HSA account balance exceeds any threshold we may establish from time to time, you may choose to use any of these available investment options by agreeing to additional terms and conditions relating to the use of the investment options, including but not limited to approving the additional fees and compensation the Investment Providers may charge or receive in connection with your use of these arrangements. You agree that you have the sole and exclusive right to direct the investment of your HSA account balance in excess of any threshold we may establish from time to time in the available investment options. You agree that we have no investment discretion to act on your behalf. We will not provide you with any investment advice. If you invest, we are not responsible or liable for any investment decision you make or any investment loss you may suffer. We are not responsible to question any investment decision you make. We are not responsible for any loss that results when we do not act because you did not direct us to take an action. If we receive an investment instruction from you that we do not understand, we will make reasonable efforts to contact you promptly in order to clarify your instruction, however, pending clarification, we will hold your contribution uninvested without liability for loss of income or appreciation and without liability for interest or dividends or for market losses.
4. *Distributions.* You can direct a distribution of funds from your HSA at any time using any of the methods that we then make available. We always fund a distribution request from amounts you have not invested, i.e., amounts which we hold as part of our general account assets. If the amount of your distribution request is greater, and you have contributions invested through the Investment Providers, you must liquidate enough of your investments to complete the funding of the distribution.
5. *Hold Harmless.* You agree to hold us harmless and to indemnify and defend us against any and all claims arising from and liabilities incurred by reason of any action we take in good faith under this agreement.
6. *Rollover Contributions.* We generally accept transfers from another HSA of Archer MSA, however, we reserve the right to refuse to accept any transfer.
7. *Termination.* You may transfer all or a portion of your HSA balance to another HSA custodian or trustee at any time by giving us written notice and instructions. We may resign as Custodian of your HSA at any time by giving you 30 days written notice before the resignation becomes effective. If we resign, you may elect to transfer the balance of your HSA to another custodian or trustee. If you do not request that we transfer your HSA to a successor custodian or trustee by the 60th day after we send you our resignation notice, or we have not received a written acceptance of appointment from the successor custodian, we will pay the balance of your HSA to you. If we are required to comply with Regulations section 1.408-2(e), and we fail to do so, or we are not keeping the records, making the returns or sending the statements as are required by forms or Regulations, the IRS may, after notifying you, require you to substitute another trustee or custodian.
8. *Amendments and Governing Law.* We may amend this HSA Custodial Agreement at any time. We will provide you with a copy of any amendment at least 30 days before the amendment becomes effective. This agreement shall be construed and interpreted in accordance with the laws of the state of Minnesota, except to the extent federal law applies.
9. *Responsibility.* You are responsible to provide us with complete and accurate information. We are responsible to not accept any contributions, other than rollover contributions, that exceed the maximum family annual contribution limit. We are not responsible for any taxes or losses that you incur in connection with your HSA.
10. *Successors and Assigns.* If we change our name, reorganize, merge with another organization (or come under the control of any Federal or state agency), or if our entire organization (or any portion which includes your HSA) is bought by another organization, that organization (or agency) shall automatically become the trustee or custodian of your HSA, but only if it is qualified under the Code to serve as an HSA custodian or trustee. If the new organization is not qualified to be an HSA custodian or trustee as required by Code Section 223, the HSA will be terminated effective as of the date the new organization takes control and all funds in your HSA will be distributed in accordance with the termination provision set forth herein. In addition, notwithstanding anything herein to the contrary, we reserve the right to

## HEALTH SAVINGS ACCOUNT CUSTODIAL AGREEMENT (Continued)

assign your HSA without your prior consent, provided that such assignee is qualified under the Code to be an HSA custodian or trustee. We will notify you if we assign your HSA to another custodian or trustee. We may, without your authorization, engage the services of a third party to assist us with the services provided under this Agreement.

11. *Unclaimed property Law.* a) Unclaimed property laws require us to turn over abandoned accounts to the applicable state, which is generally the state listed in the address for your HSA account statement. Your HSA is usually considered abandoned if you have not performed at least one of the following activities for the period of time specified in the applicable state's unclaimed property law: made a deposit or withdrawal, written to us about the account, or otherwise shown an interest in the account, such as asking us to keep the account active. Please note that you need to perform the activity, so automatic deposits and withdrawals may not be considered under your state's unclaimed property laws. Before we turn

over an abandoned account, we may send a notice to the email address or physical address we currently show for your account. If mail we previously sent to either address was returned, we may not send this notice. If you have not made a deposit to or withdrawal from your account for a period of time that we consider substantial, then (unless prohibited by law) we may charge dormant account fees on the account in addition to regular monthly maintenance and other fees and we may stop paying interest on the account. If you re-establish contact with us, we do not have to reimburse you for these fees, and we are not liable to you for any interest that would otherwise have accrued on your account. We may also refuse to pay attempted withdrawals from the account unless we can establish that they are being made at the direction of you or another authorized signer.

12. *Debit Card.* If you elect to receive and use a debit card in conjunction with this account, you agree to review and accept the debit card terms and conditions statement that will be supplied with the debit card.

### HSA & Investment Account Maintenance Fees

HSA Participant Fee (This fee will be deducted from your HSA Account balance unless it is paid by your employer):

Thrift - \$12.00 annual Participant Fee  
 Basic - \$30.00 annual Participant Fee  
 Premium - \$48.00 annual Participant Fee

Investment Account Fees (All HSA Types):

Investment Accounts are available for Base Balance funds in excess of \$1,000.00. For all basic investment accounts a monthly Investment Account fee of \$1.50 (\$18.00/year) will be deducted from your investment account balance.

Brokerage Investment Account Fees (All HSA Types):

Brokerage Investment Accounts are available for Base Balance funds in excess of \$10,000.00. An Investment Account Service Fee of \$1.50 per month (\$18.00/year) will be deducted from your investment account balance.

### Account Interest Rates

Interest Crediting to the Base Balance:

The Base Balance is the amount of your HSA that is not invested in the Investment Accounts. Interest is credited to the Base Balance on a monthly basis. The interest rate for a given month is determined by the average daily balance for that month.

Current Account Interest Rates can be found on our website at [www.selectaccount.com](http://www.selectaccount.com) or by contacting our customer service team at 651-662-5065 or 800-859-2144, Monday through Friday from 7 a.m. to 7 p.m. The Account Interest Rates are subject to change at any time without notice.

### Basic Investment Account<sup>2</sup>

### All HSA Types

Available for Base Balance Funds<sup>3</sup> in excess of:

\$1,000.00

Investment Account Service Fee

\$18.00 per year or  
\$1.50 per account per month

Other

The self-directed Basic Investment Account consists of only mutual funds and is available when your Base Balance exceeds \$1,000. When you activate the Basic Investment Account, you pay a \$1.50 monthly investment account service fee that is automatically deducted from your basic investment account.

### Brokerage Investment Account

### All HSA Types

Available for combined Base Balance and Basic Investment Account funds in excess of:

\$10,000.00

Annual Maintenance Fee

\$100.00 per year (Thrift only)

When you activate a self-directed Brokerage Investment Account, you pay a monthly brokerage investment account service fee of \$1.50 per month, regardless of your investment account balance for recordkeeping purposes and a \$100.00 Annual Maintenance fee charged by Schwab.

<sup>1</sup> Base Balance – Amount of HSA not invested in the investment accounts but earns interest at SelectAccount.

<sup>2</sup> Basic Investment Account – Account invested in diversified family of 12 mutual funds selected for SelectAccount by Devenir Investment Advisors, LLC with Charles Schwab Trust Company as custodian.

<sup>3</sup> Base Balance Funds – Participants must maintain or replenish a minimum balance of \$1,000 in the HSA base balance before additional funds may be invested in the investment account.