

## Health Savings Account Application and Custodial Agreement

PERSONAL INFORMATION			
Name		SSN	
Physical Address		DOB (mm/dd/yyyy)	
City, State, Zip		Marital Status	<input type="checkbox"/> Single <input type="checkbox"/> Married
Mailing Address (if different)		Driver's License #	
City, State, Zip		Issuing State	
Home Phone	Work Phone	Cell Phone	
Email address:			

**Important Information about Procedures for Opening a New Account:**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

HEALTH PLAN INFORMATION			
<input type="checkbox"/> Yes <input type="checkbox"/> No	Are you covered by an HSA qualified high deductible plan? (If you answer no, you are not eligible to establish an HSA.)	<input type="checkbox"/> Yes <input type="checkbox"/> No	Are you covered by any other health plan? (See <a href="http://www.afhsa.com">www.afhsa.com</a> for definitions & examples)
Carrier Name		<input type="checkbox"/> Yes <input type="checkbox"/> No	Are you covered by Medicare?
Effective date of HDHP	Yearly Deductible \$ _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	Are you claimed as a dependent on another person's tax return?
Type of Coverage	<input type="checkbox"/> Individual <input type="checkbox"/> Family	(If you answered yes to any of the questions above, you are not eligible to establish an HSA. See IRS Publication 969 for specific information.)	

EMPLOYER INFORMATION (if you are establishing the HSA separate from your employer, this information does not need to be completed)			
Company Name		Contact	
Address		Telephone Number	
City, St, Zip		Date of Employment	

CONTRIBUTION INFORMATION				
<small>Initial Contribution--\$50 minimum is required with the application. After the establishment of your HSA, an account set up fee of \$10.00 will be applied to your account.*</small>	\$ _____	**	Is this a rollover contribution?	<input type="checkbox"/> Yes <input type="checkbox"/> No
			Is this a transfer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For which tax year?	(If yes to either of the questions above, please complete & attach the Rollover/Transfer Form)			
Contribution	Annual	Per Pay Period	Pay Period (if applicable)	<small>* The set up fee can be submitted with your initial deposit or can be deducted from the first deposit to your account. (If you signed up for the HSA through your employer, this fee may not apply)  ** Deposits may not be available for immediate withdrawal until confirmation by your financial institution is received.   To determine maximum annual contribution visit <a href="http://www.afhsa.com">www.afhsa.com</a>  Accountowners age 55+ can make additional contributions of \$1,000/year.</small>
Employer	\$ _____	\$ _____	<input type="checkbox"/> Monthly	
Individual	\$ _____	\$ _____	<input type="checkbox"/> Bi-monthly	
Catch-up Contribution	\$ _____	\$ _____	<input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly	



## Health Savings Account Custodial Agreement

The Accountowner named in the application is establishing a Health Savings Account (HSA) under Code Section 223, as amended, exclusively for the purpose of paying or reimbursing qualified medical expenses of the Accountowner and the Accountowner's spouse and dependents. The Accountowner represents that, unless this account is used solely to make rollover contributions, he or she is eligible to contribute to this HSA under the rules of Code Section 223; 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; (3) is not enrolled in Medicare; and (4) cannot be claimed as a dependent on another person's tax return.

The Accountowner acknowledges that services related to this HSA are performed by the following entities: Administrative and recordkeeping services are performed by American Fidelity Health Services Administration, LLC (hereafter referred to as Recordkeeper); custodial services related to the Cash Account are performed by First Fidelity Bank, 5100 North Classen Blvd., Ste 500, Oklahoma City, Oklahoma, 73118 (hereafter referred to as Bank Custodian); and custodial services related to the Investment Account are performed by InvestTrust, 2000 N. Classen Boulevard, 7E, Oklahoma City, Oklahoma, 73106-6013 (hereafter referred to as Investment Custodian).

The Accountowner, Recordkeeper and Custodians make the following agreement:

### ARTICLE I - DEFINITIONS

- 1.1 "Accountowner" means the person who executes this Agreement and for whose benefit this HSA is being established.
- 1.2 "Agreement" means this Health Savings Account Custodial Agreement, as amended from time to time.
- 1.3 "Beneficiary" means the beneficiary or beneficiaries named in the application or subsequent notifications to receive any funds remaining in the Health Savings Account upon the Accountowner's death.
- 1.4 "Cash Account" means the portion of the HSA held in an FDIC-insured interest-bearing account with the Bank Custodian.
- 1.5 "Code" means the Internal Revenue Code of 1986, as amended or replaced from time-to-time, and any regulations issued thereunder.
- 1.6 "Custodial Fund" or "Fund" means the fund maintained in accordance with the terms of this Agreement, including both the Cash Account and the Investment Account.
- 1.7 "Health Savings Account" or "HSA" means a health savings account within the meaning of Code Section 223.
- 1.8 "Investment Account" means the portion of the HSA held in mutual funds coordinated by the Investment Custodian.
- 1.9 "Minimum Balance" means the minimum dollar amount that must be held in the Cash Account before the Accountowner can establish an Investment Account. The Minimum Balance is established by the Recordkeeper from time to time, and is posted at [www.afhsa.com](http://www.afhsa.com).

### ARTICLE II – CONTRIBUTIONS

- 2.1 The Recordkeeper will accept cash contributions for the tax year made by, or on behalf of, the Accountowner (for example, contributions made by an employer, family member or any other person). No contributions will be accepted that exceed the maximum annual HSA contribution limit for family coverage plus the catch-up contribution as established by the IRS from time to time. Contributions for a tax year may be made at any time before the deadline for filing the Accountowner's federal income tax return for that year (without extensions); however, any contribution made between January 1 and April 15 will be treated as a contribution for the current taxable year unless the Accountowner submits a Contribution form with the contribution indicating that the contribution is for the preceding tax year.
- 2.2 The Recordkeeper will accept rollover contributions from an HSA or an Archer Medical Savings Account (Archer MSA), and these contributions need not be in cash. Rollovers from an HSA or Archer MSA are not subject to the maximum annual HSA contribution limits. The Recordkeeper will accept qualified HSA funding distributions from an individual retirement account only in the form of a trustee-to-trustee transfer. Qualified HSA funding distributions are subject to the maximum annual contribution limits. The Accountowner may be required to furnish written evidence that property offered as a rollover contribution or a qualified HSA funding distribution qualifies under the Code prior to accepting the contribution as a rollover.
- 2.3 The Recordkeeper, acting as the Accountowner's agent, will transmit all contributions made by, or on behalf of, the Accountowner to the Bank Custodian. The Recordkeeper will maintain a separate HSA account for the Accountowner. The HSA will be credited with contributions and earnings and debited for distributions, losses, expenses and fees, unless such fees are paid by the Accountowner or by a third party on behalf of the Accountowner.
- 2.4 The Accountowner is responsible for determining the maximum annual HSA contribution limits based on the Accountowner's eligibility and whether or not contributions to this HSA for a taxable year exceed those limits. Contributions in excess of the maximum annual HSA contribution limits are known as excess contributions. The Accountowner is responsible for removing any excess contributions from the HSA, plus any interest earned on such excess contribution for the taxable year in which it was made. There is a penalty excise tax of 6% for each year until the excess is removed from the Account. The Accountowner is responsible for reporting the excess contributions pursuant to the requirements of the IRS. The Accountowner understands and acknowledges that excess contributions cannot be used to pay HSA fees or expenses.
- 2.5 The Accountowner understands and acknowledges that there is only one owner of the HSA. If the Accountowner's spouse is eligible to make catch-up contributions, the Accountowner's spouse is required to establish his or her own HSA.

### ARTICLE III - NONFORFEITABILITY

- 3.1 The funds held in the Accountowner's HSA shall at all times be nonforfeitable.
- 3.2 This HSA shall be maintained for the exclusive benefit of the Accountowner and the Accountowner's Beneficiaries and may not be attached or alienated, unless permitted by law.

First Fidelity Bank – Custodian for Cash Account  
InvesTrust – Custodian for Investment Account

#### **ARTICLE IV - INVESTMENT OF HSA ASSETS**

- 4.1 The custodial funds held in this HSA will initially be held in the Accountowner's Cash Account and invested in FDIC-insured interest-bearing deposit accounts established by the Recordkeeper. The Accountholder understands and acknowledges that the Recordkeeper will post interest based on the average monthly account balance in accordance with the current interest rates and formula at [www.afhsa.com](http://www.afhsa.com), which may be updated periodically.
- 4.2 If the custodial funds held in the Cash Account exceed the Minimum Balance, the Accountowner may elect to establish an Investment Account by directing the Recordkeeper to transfer funds in excess of the Minimum Balance to any of the investment options listed at [www.afhsa.com](http://www.afhsa.com). The Recordkeeper will debit the Cash Account, and the funds will be transferred to the Investment Custodian in accordance with the written directions of the Accountowner. The minimum amount that may be transferred to the Investment Account is \$50.00.
- 4.3 The Accountowner understands and acknowledges that amounts held in an Investment Account are not FDIC-insured, are not bank-issued or guaranteed, and are subject to investment risks, including fluctuations in value and the possible loss of the principal amount invested. The Accountowner has the sole authority and discretion to select and direct the investment of assets in the Investment Account and bears full and sole responsibility for the success or failure of any selection made. The Recordkeeper shall have no duty other than to follow the written investment directions of the Accountholder, and shall be under no duty to question the Accountowner's investment directions.
- 4.4 The Accountowner understands and acknowledges that the Recordkeeper, the Bank Custodian and the Investment Custodian are NOT liable for any loss of principal or income in the Investment Account or for any expenses that may be incurred relating to investments selected by the Accountowner.
- 4.5 The Recordkeeper has the right to liquidate assets in the Accountowner's Investment Account if necessary to make distributions or to pay fees or expenses properly chargeable against the HSA. If the Accountowner does not direct the Recordkeeper to liquidate specific assets, then the Recordkeeper will decide which assets to liquidate in its complete and sole discretion. The Accountowner understands and acknowledges that the Recordkeeper is not liable for any adverse consequences resulting from the Accountowner's direction to liquidate specific assets or, in the absence of such direction, the Recordkeeper's decision to liquidate specific assets.
- 4.6 Notwithstanding anything in this Agreement to the contrary, the following restrictions on investments shall apply:
  - (a) The assets of this HSA may not be merged or co-mingled with other property, except as a part of a common trust fund or common investment fund;
  - (b) No part of this HSA may be invested in life insurance contracts; and
  - (c) No part of this HSA may be invested in any collectible as defined in Code Section 408(m), including, but not limited to, stamps, coins, antiques and works of art. However, investments in any gold coin described in Section 5112(a)(7), (8), (9), or (10) of Title 31, or any silver coin described in Section 5112(e) of Title 31, shall be permitted.
- 4.7 This HSA may include uninvested cash contributions for which no interest will be received, including without limitation circumstances described in Section 11.1.

#### **ARTICLE V – DISTRIBUTIONS**

- 5.1 Distributions used exclusively to pay or reimburse qualified medical expenses of the Accountowner and the Accountowner's spouse and dependents are tax-free. Distributions not used for qualified medical expenses are included in the Accountowner's gross income and are subject to an additional 20% penalty tax on that amount. The additional 20% penalty tax does not apply if the distributions are made after the Accountowner's death, disability, or reaching age 65. The Accountowner is solely responsible for determining whether a distribution is used for qualified medical expenses and for determining the tax consequences of that distribution. The Accountowner is solely responsible for maintaining records of all HSA distributions and for paying any taxes resulting from any HSA distributions.
- 5.2 The Accountowner may request a distribution from the HSA at any time. The Accountowner understands and acknowledges that mistaken distributions should be reported to the Recordkeeper as soon as practicable, and that the Recordkeeper will work with the Accountowner to correct mistaken distributions that are timely reported.
- 5.3 The Accountowner understands and acknowledges that any HSA distributions are subject to sufficient funds and that the Recordkeeper has no obligation to make a distribution if there are insufficient funds in the HSA.
- 5.4 The Accountowner understands and acknowledges that debit cards may be used to access funds in the HSA at authorized medical providers only and that the Accountowner is solely responsible for any transactions initiated by holder(s) of said debit card(s). Debit cards will only be issued to spouses and dependent(s) 18 years or older.
- 5.5 If the Accountowner loses a distribution check, the Accountowner must notify the Recordkeeper and complete an affidavit. Once the Recordkeeper receives a completed affidavit, a stop payment order will be placed on the lost check and a new check will be issued and mailed.

#### **ARTICLE VI – FEES AND REPORTS**

- 6.1 The Recordkeeper charges various fees for HSA administration including, without limitation, set-up fees, monthly maintenance fees and transaction fees. Additional fees may be applied for transactions associated with the Investment Account including, but not limited to, brokerage fees and other costs incurred in carrying out the Accountowner's investment directions. The Recordkeeper will charge these fees to the HSA, unless the Accountowner or a third-party (such as an employer) elects to pay such fees directly to the Recordkeeper. If a third party promises to pay required HSA fees on behalf of an Accountowner but fails to do so, the Recordkeeper will notify the Accountowner and the Accountowner will be required to pay the required fees. The Accountowner understands and acknowledges that the current HSA fee schedule is set forth at [www.afhsa.com](http://www.afhsa.com), and that these fees may be revised from time to time. The Recordkeeper will provide the Accountowner 30-days advance notice of any revisions to HSA fees.
- 6.2 The Accountowner agrees to provide all information necessary for the Recordkeeper to prepare reports or forms required by the Code.
- 6.3 The Recordkeeper shall furnish annual reports to the Internal Revenue Service and to the Accountowner concerning the status of the HSA in a time and manner as required by the Code.

#### **ARTICLE VII - DESIGNATION OF BENEFICIARIES**

- 7.1 The Accountowner is responsible for designating one or more Beneficiaries in the application. If the Accountowner dies before the entire interest in the Account is distributed, the balance in the Account will be disposed of as follows:

First Fidelity Bank – Custodian for Cash Account  
InvesTrust – Custodian for Investment Account

- (a) If the Beneficiary is the Accountowner's spouse, the HSA will become the spouse's HSA as of the date of death. The conditions and limitations shown in this Agreement will continue to apply.
  - (b) If the Beneficiary is not the Accountowner's spouse, the HSA will cease to be an HSA as of the date of death. If the Beneficiary is the Accountowner's estate, the fair market value of the account as of the date of death is taxable on the Accountowner's final tax return. For other Beneficiaries, the fair market value of the account is taxable to that person in the tax year that includes the date of death. The Beneficiary or Beneficiaries are solely responsible for reporting and paying taxes on the distribution. In the event no Beneficiary or Beneficiaries are named or there is no surviving spouse, the balance in the HSA will be distributed to the Accountowner's estate.
- 7.2 The Accountowner may at anytime, on forms provided by the Recordkeeper, revoke or change any Beneficiary designation, including the designations shown on the application. The Beneficiary designation must be received by the Recordkeeper prior to the Accountowner's death on a form provided by or acceptable to the Recordkeeper.
- 7.3 A divorce decree or a decree of legal separation shall automatically revoke a designation of the Accountowner's spouse as a Beneficiary, unless the decree or a qualified domestic relations order provides otherwise.
- 7.4 If the Accountowner has designated a Beneficiary other than or in addition to the Accountowner's spouse, the Recordkeeper may be required to pay a portion of the remaining funds to the Accountowner's spouse unless the Accountowner's spouse has signed a spousal waiver form. States requiring a spousal waiver form are: Alaska, Arizona, California, Hawaii, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

#### **ARTICLE VIII - QUALIFICATION AND AMENDMENT OF THIS AGREEMENT**

- 8.1 This Agreement has been drafted with the intention that it fully complies with the provisions of Code Section 223. However, the IRS does not review or approve HSA custodial agreements, and the Recordkeeper, the Bank Custodian and the Investment Custodian make no representation regarding the qualification of this HSA or the tax consequences of contributions to, or distributions from this HSA.
- 8.2 The Recordkeeper shall have the right to amend or modify this Agreement at any time, including, but not limited to, amendments needed to maintain continued compliance with the requirements of the Code. The Recordkeeper will provide written notice to the Accountowner of any such amendment.

#### **ARTICLE IX - DUTIES, RIGHTS AND RESPONSIBILITIES OF THE ACCOUNTOWNER**

- 9.1 The Accountowner may not borrow from the HSA, nor pledge any portion of the HSA as security, or otherwise create a lien on any part of the HSA Account. The Accountowner shall not engage in any prohibited transaction as defined in Code Section 4975.
- 9.2 The Accountowner shall notify the Recordkeeper in writing of any change of address and provide the Recordkeeper with information necessary for the Recordkeeper to prepare reports or return required by the IRS.  
The Accountowner shall fully indemnify the Recordkeeper from any and all liability which may arise in connection with the HSA, except that which arises from negligent or willful misconduct of the Recordkeeper.
- 9.3 The Accountowner shall have the right to terminate this HSA at any time by giving written notice to the Recordkeeper.
- 9.4 The Accountowner shall have the right to remove the Recordkeeper at any time by giving written notice to the Recordkeeper and appointing a successor custodian or trustee authorized to act in that capacity. As soon as practicable following receipt of information regarding the successor custodian or trustee, the Recordkeeper shall transfer all assets and records of the HSA to such successor custodian or trustee. The Recordkeeper, however, may retain a portion of the assets of the HSA as a reserve for payment of anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor custodian or trustee upon satisfaction of these fees and expenses.
- 9.5 The Accountowner is solely responsible for the tax consequences of all contributions to, and distributions from, this HSA, and is solely responsible for completing any necessary IRS forms (including Form 8889 or any other form designated by the IRS for HSA reporting) in conjunction with the Accountowner's annual tax return. The Accountowner understands and acknowledges that these forms must be filed with the IRS if an employer or another third party made contributions to the Accountowner's HSA. The Accountowner further acknowledges that the Recordkeeper has not and will not provide any tax advice in connection with the HSA and should consult a personal tax advisor or the IRS concerning questions relating to the HSA.
- 9.6 The Accountowner is responsible for complying with all applicable laws and regulations and all other conditions or limitations established by the Recordkeeper regarding the account.

#### **ARTICLE X - DUTIES, RIGHTS AND RESPONSIBILITIES OF THE RECORDKEEPER**

- 10.1 Notwithstanding any other provision herein to the contrary, the Recordkeeper will not engage, directly or indirectly, in any "prohibited transaction" as defined in Code Section 4975.
- 10.2 The Recordkeeper shall, upon receipt of written notice from the Accountowner or the Internal Revenue Service, return any contribution, or portion thereof, that is found to exceed the limitations stated in Article II, or found to be in violation of the rules relating to rollovers or transfers from other HSAs. Such contribution, plus earnings thereon, shall be returned to the Accountowner as soon as is practicable.
- 10.3 The Recordkeeper shall receive and invest contributions, hold, and distribute assets and investments of the HSA pursuant to the written directions of the Accountowner. The Recordkeeper will keep records and reports and will furnish a quarterly report concerning the status of the account, or more often if required by the Code. The Recordkeeper will prepare and submit reports or returns as required by the Internal Revenue Service, except that the Recordkeeper will not prepare returns that are the responsibility of the Accountowner.
- 10.4 The Recordkeeper is only required to mail distributions, statements, and other documents to the address of record or to electronically transfer distributions to the account of record unless otherwise instructed, in writing, by the Accountowner.
- 10.5 The Recordkeeper has no responsibility for determining the tax effect of contributions made by or on behalf of the Accountowner. Likewise, the Recordkeeper has no responsibility for determining the tax effect of distributions to, or made on account of, the Accountowner.
- 10.6 The Recordkeeper shall not be obligated to commence or defend any legal action or proceeding in connection with this HSA unless agreed upon by the Recordkeeper and the Accountowner or their legal representatives.
- 10.7 The Recordkeeper has the following powers and rights in addition to those stated elsewhere and/or granted by law:  
(a) to pay any tax attributable to any asset of the HSA or any benefit or distribution paid from the HSA. Prior to release of any asset or distribution from the HSA, the Recordkeeper may require a release or similar document from the applicable taxing authority in order to protect itself from possible tax liability;

First Fidelity Bank – Custodian for Cash Account  
InvesTrust – Custodian for Investment Account

- (b) to employ suitable agents and counsel;
  - (c) to perform any and all acts it deems necessary to effect the proper management of this HSA; and
  - (d) to begin, maintain, or defend any litigation necessary in connection with the administration of this HSA, but the Recordkeeper shall not be required to do so unless indemnified to its satisfaction.
- 10.8 The Recordkeeper may resign at any time upon written notice to the Accountowner and shall turn over to a successor custodian or trustee all records of the HSA as well as all HSA assets, minus expenses and any reserve provided in Article IX. After the Recordkeeper has transferred the assets of the HSA, including any reserve as provided in Article IX, it shall be relieved of all further liability with respect to this HSA and shall not be liable for the acts or omissions of any successor custodian or trustee.

#### **ARTICLE XI – MISCELLANEOUS TERMS**

- 11.1 Deposits may be made in person or by mail to the Recordkeeper and funds generally will be made available no later than the first business day after the day the deposit has been received by the Recordkeeper. The Recordkeeper reserves the right to refuse a deposit, including the first HSA deposit. In addition, if the deposit is made by check, the Recordkeeper reserves the right to hold availability of the deposit until the check is paid by the originating institution. If a hold is placed on the deposit, the Recordkeeper will notify the Accountowner by email, address or telephone number of record. If an item deposited by the Accountowner is returned unpaid, the HSA will be debited for those funds and any interest earned. The Accountowner is liable to the Recordkeeper for the amount of the item returned unpaid and for the costs and expenses related to the processing or collection of any or all of that amount.
- 11.2 The Recordkeeper is not responsible for transactions mailed until received and recorded.
- 11.3 If the Accountowner's HSA balance is zero or falls below zero for six months, the Recordkeeper has the right to close the HSA. If the Accountowner wishes to reestablish the HSA, a new application will be required. An HSA may be considered inactive and abandoned if there has been no activity for 24 months or longer and after and if the Recordkeeper has made several attempts to contact the Accountowner regarding the Accountowner's attempt to keep the HSA.
- 11.4 The Accountowner agrees that the terms and conditions governing the HSA may be amended from time to time and such amendments will be sent to the most recent address shown in the Accountowner's address of record. Accountowner's continued use of the HSA evidences agreement to any amendments.
- 11.5 If the Accountowner wishes to authorize an additional signer on the HSA, the Accountowner must complete the information on the application, through the Accountowner's on-line access to the HSA or by submitting a Authorized Signer form located at [www.afhsa.com](http://www.afhsa.com).
- 11.6 If the Accountowner wishes to name another person to act as attorney in fact or agent in connection with the account, the Recordkeeper must approve the form of appointment.
- 11.7 The assets of this HSA shall be valued at least annually.
- 11.8 Any notice provided for in this Agreement shall be effective when sent by first class mail to the address of record, or, if applicable, to the Recordkeeper at its business address.
- 11.9 All terms and provisions contained herein shall be interpreted so as to comply with Code Section 223.
- 11.10 This Agreement shall be governed by the laws of the State of Oklahoma, except to the extent preempted by any federal law.