

## Health Savings Account Individual 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	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? (such as non-qualified health plans, FSA, etc.)
Carrier Name		<input type="checkbox"/> Yes <input type="checkbox"/> No	Are you covered by Medicare?
Effective date of HDHP	_____	Yearly Deductible	\$ _____
Type of Coverage	<input type="checkbox"/> Individual <input type="checkbox"/> Family	<input type="checkbox"/> Yes <input type="checkbox"/> No	Are you claimed as a dependent on another person's tax return?
(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			
For which tax year? <input type="checkbox"/> 2011 <input type="checkbox"/> 2012			(If yes to either of the questions above, please complete & attach the Rollover/Transfer Form)
Contribution	Annual	Per Pay Period	Pay Period (if applicable)
Employer	\$ _____	\$ _____	<input type="checkbox"/> Monthly
Individual	\$ _____	\$ _____	<input type="checkbox"/> Bi-monthly
Catch-up Contribution	\$ _____	\$ _____	<input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly
<p><b>2011 Maximum Annual Contribution:</b> Individual = \$3,050 Family = \$6,150</p> <p><b>2012 Maximum Annual Contribution:</b> Individual = \$3,100 Family = \$6,250</p> <p>Maximums are neither subject to the deductibles nor the effective date of the HDHP; however, if maximum contribution is made in any given tax year, it is subject to additional requirements. Refer to <a href="http://www.afhsa.com">www.afhsa.com</a></p> <p>Depositors age 55+ can make additional contributions above the maximum shown above as follows: 2009 &amp; after = \$1,000</p>			

An HSA debit MasterCard will be mailed to your home address. The debit card can be used with merchants with valid medical merchant. If you would like to request a debit card for your eligible tax dependent, you will need to complete the Request for Dependent Debit Card found on our website.

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Fees	
<p><b>Monthly Maintenance Fee:</b> No monthly maintenance fee will be deducted following the establishment of your account. All other fees apply as described by our HSA fee schedule.</p>	<input type="checkbox"/> I understand that a monthly maintenance fee of \$4.00 will apply if my employment with the State of Oklahoma terminates.

Beneficiary Information				
Name		Relationship	<input type="checkbox"/>	Primary
Address		DOB	<input type="checkbox"/>	Contingent
City, St, Zip			___%	Percent
Name		Relationship	<input type="checkbox"/>	Primary
Address		DOB	<input type="checkbox"/>	Contingent
City, St, Zip			___%	Percent
Name		Relationship	<input type="checkbox"/>	Primary
Address		DOB	<input type="checkbox"/>	Contingent
City, St, Zip			___%	Percent

Back-Up Withholding Certificate
<p>I hereby certify under penalties of perjury that: The social security number shown on this form is my correct taxpayer identification number, I am a U.S. person (including a U.S. resident alien), and that (<u>please check the appropriate box</u>):</p> <p><input type="checkbox"/> I am not subject to withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.</p> <p><input type="checkbox"/> I am subject to backup withholding.</p>

This application, when signed by me and accepted by American Fidelity Health Services Administration - Administrator/Record keeper/ InvesTrust, N.A. – Custodian, constitutes my adoption of this application/custodial agreement and my acceptance of the terms thereof.

\_\_\_\_\_  
 Signature of Depositor                      Date                      Signature of Custodian                      Date

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## **Custodial Agreement**

The Depositor named above is establishing a Health Savings Account under Code Section 223, as amended, with American Fidelity Health Services Administration, LLC as Administrator/Record keeper and InvesTrust, N.A. as Custodian, 2000 N. Classen Boulevard, G16, Oklahoma City, Oklahoma, 73106-6013 for the sole purpose of paying or reimbursing qualified medical expenses of the Depositor, his or her spouse, and dependents. The Depositor has received a disclosure statement from the AFHSA/InvesTrust as required under the law. The Depositor and the Custodian make the following agreement:

### **ARTICLE I**

#### **DEFINITIONS**

- 1.1 “Account” means the account established for the Depositor pursuant to this Agreement.
- 1.2 “Depositor” means the person who executes this Agreement and for whose benefit this Health Savings Account is being established.
- 1.3 “Agreement” means this Health Savings Account Custodial Agreement, as amended from time to time.
- 1.4 “Beneficiary” means the beneficiary or beneficiaries named by the Depositor to receive the funds in the Health Savings Account remaining upon the Depositor’s death.
- 1.5 “Code” means the Internal Revenue Code of 1986, as amended or replaced from time-to-time, and any regulations thereto.
- 1.6 “Custodial Fund” or “Fund” means the fund maintained in accordance with the terms of this Agreement.
- 1.7 “Health Savings Account” or “HSA” means a health savings account within the meaning of Code Section 223.

### **ARTICLE II**

#### **CONTRIBUTIONS**

- 2.1 The custodian will accept additional cash contributions for the tax year made by the account owner or on behalf of the account owner (by an employer, family member or any other person). No contributions will be accepted by the custodian for any account owner that exceeds the maximum amount plus the catch-up contribution.
- 2.2 Rollover contributions from an HSA, an Archer Medical Savings Account (Archer MSA), a flexible spending arrangement (FSA), a health reimbursement arrangement (HRA), or an IRA (unless prohibited under this agreement) need not be in cash. Rollovers from an HSA, Archer MSA, FSA, or HRA will not be subject to the maximum annual contribution limits. Rollovers from an IRA are subject to the maximum annual contribution limits. The Custodian may require the Depositor to furnish written evidence that property offered as a rollover contribution so qualifies under the Code prior to accepting the contribution as a rollover.
- 2.3 A separate account shall be maintained for the Depositor. The Account shall be credited with contributions and earnings and shall be debited for distributions, losses, expenses and fees, unless such fees are paid by the Depositor.
- 2.4 The Depositor is responsible for determining whether contributions to this HSA have exceeded the maximum annual contribution limit known as excess contributions. The depositor is responsible for removing the excess contribution from the Account, plus any interest it may have earned 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.

### **ARTICLE III**

#### **NON-FORFEITABILITY**

- 3.1 The Depositor’s HSA shall at all times be non-forfeitable.
- 3.2 This HSA shall be maintained for the exclusive benefit of the Depositor or his or her Beneficiaries and may not be attached or alienated, unless permitted by law.

### **ARTICLE IV**

#### **INVESTMENT OF HSA ASSETS**

- 4.1 The custodian will invest the HSA in interest bearing money market accounts, not FDIC insured. For amounts above the minimum account balance of \$2,500, the Custodian will invest the HSA in the investment funds permitted by the Custodian as selected by the Depositor and only in accordance with the written directions of the Depositor. Otherwise, all amounts will continue to be invested in interest bearing money market accounts. No guarantees can be made as to the investment return of your HSA.
- 4.2 The Custodian shall have no duty other than to follow the written investment directions of the Depositor, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Depositor.
- 4.3 The Custodian has the right to liquidate assets in the Depositor’s HSA if necessary to make distributions or to pay fees or expenses properly chargeable against the HSA. If the Depositor fails to direct the Custodian as to which assets to liquidate, the Custodian will decide in their complete and sole discretion and the Depositor agrees not to hold the Custodian liable for any adverse consequences that result from the Custodian’s decision.
- 4.4 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.

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## **ARTICLE V DISTRIBUTIONS**

- 5.1 The Depositor shall have the right to withdraw any part of the assets in the HSA at any time and is solely responsible for determining that the withdrawal is for qualified medical expenses as defined by the Code.
- 5.2 Distributions not used for qualified medical expenses are subject to federal income taxes in addition to a 10% penalty tax. The additional 10% penalty tax does not apply if the distributions are made after the Account Owner's death, disability, or reaching age 65.
- 5.3 The Custodian shall have no duty to determine the tax treatment of any withdrawal.

## **ARTICLE VI REPORTS**

- 6.1 The Depositor agrees to provide to the Custodian, in a form acceptable to the Custodian, information required by the Custodian to prepare any reports or forms required by Code Section 223 and any regulations there under.
- 6.2 The Custodian shall furnish annual reports to the Internal Revenue Service and to the Depositor concerning the status of the HSA in a time and manner as required under the Code.

## **ARTICLE VII DESIGNATION OF BENEFICIARIES**

- 7.1 If the beneficiary is the Depositor's spouse, the HSA will become the spouse's HSA as of the date of death. The conditions and limitations shown in this Custodial Agreement will apply.
- 7.2 If the beneficiary is not the Depositor's spouse, the HSA will cease to be an HSA as of the date of death. If the beneficiary is the Depositor's estate, the fair market value of the account as of the date of death is taxable on the Depositor's final return. For other beneficiaries, the fair market value of the account is taxable to that person(s) in the tax year that includes such date.
- 7.3 The Depositor's beneficiaries are named on the application. The Depositor may, on forms provided by the Custodian, revoke or change any Beneficiary Designation, including the designations shown on the application.
- 7.3 If no Beneficiary is named, or if all the named Beneficiaries predecease the Depositor, the Depositor's surviving spouse, or if there is no surviving spouse, the Depositor's estate shall be deemed to be the Beneficiary of the Depositor's HSA.
- 7.4 A divorce decree or a decree of legal separation shall automatically revoke a designation of the Depositor's spouse as a Beneficiary, unless the decree or a qualified domestic relations order provides otherwise.
- 7.5 Notice for Depositors living in a community property state (Alaska, Arizona, California, Hawaii, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, Wisconsin): If you have designated a beneficiary other than your spouse, we may be required to pay a portion of the proceeds to your spouse at the time of your death, unless your spouse has signed a spousal waiver form.

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

- 8.1 This HSA Agreement has not been approved by the Internal Revenue Service. This Agreement has been drafted with the intention that it complies with the provisions of Code Section 223 and any regulations thereunder. However, the adoption of this HSA, its qualification by the IRS, and the related tax consequences are the responsibility of the Depositor and the Depositor's tax and legal advisors.
- 8.2 The Custodian 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 Custodian will provide written notice to the Depositor of any such amendment.

## **ARTICLE IX DUTIES, RIGHTS AND RESPONSIBILITIES OF THE DEPOSITOR**

- 9.1 The Depositor 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 Depositor shall not engage in any prohibited transaction as defined in Code Section 4975.
- 9.2 The Depositor shall notify, in writing, the Custodian in the event of a change of address and provide the custodian with information necessary for the Custodian to prepare reports or return required by the IRS.
- 9.3 The Depositor shall fully indemnify the Custodian from any and all liability which may arise in connection with the HSA, except that which arises from negligent or willful misconduct of the Custodian.
- 9.4 The Depositor agrees to pay the Custodian the fees specified in its current published fee schedule. The Custodian may replace its fee schedule at any time, upon giving Depositor 30 days written notice. The Depositor shall pay the Custodian's fees and other expenses incurred in the performance of its duties related to this HSA, including, but not limited to, brokerage and other costs incurred in carrying out the Depositor's investment directions. The Custodian may charge its fees against the assets of the HSA and be paid from these assets.
- 9.5 The Depositor shall have the right to terminate this HSA at any time by giving 30 days written notice to the Custodian.
- 9.6 The Depositor shall have the right to remove the Custodian at any time by giving 30 days written notice to the Custodian. The Depositor shall then appoint a successor custodian or trustee authorized to act as such in relation to Health Savings Accounts under the Code. As soon as is practicable following written notice of this appointment, the Custodian shall transfer all assets and records of the HSA to the successor trustee or custodian. The Custodian, 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.

InvesTrust, N.A. – Custodian

9.7 The Depositor is solely responsible for the tax treatment of the HSA and should consult a personal tax advisor concerning questions relating to the HSA.

## **ARTICLE X**

### **DUTIES, RIGHTS AND RESPONSIBILITIES OF THE CUSTODIAN**

- 10.1 Notwithstanding any other provision herein to the contrary, the Custodian shall not engage, directly or indirectly, in any “prohibited transaction” as defined in Code Section 4975.
- 10.2 The Custodian shall, upon receipt of written notice from the Depositor 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 Depositor as soon as is practicable.
- 10.3 The Custodian shall receive and invest contributions, hold, and distribute assets and investments of the HSA pursuant to the written directions of the Depositor. The Custodian shall keep records and reports and shall furnish a report to the Depositor concerning the status of the account at least once annually, or more often if required by the Code. The Custodian agrees to prepare and submit any report or return as prescribed by the IRS.
- 10.4 The Custodian is only required to mail distributions to the address of record or to electronically transfer distributions to the account of record unless otherwise instructed, in writing, by the Depositor.
- 10.5 The Custodian shall have no responsibility for determining the tax effect of contributions from, or on account of, the Depositor. Likewise, the Custodian shall have no responsibility for determining the tax effect of distributions to, or on account of, the Depositor.
- 10.6 The Custodian shall not be obligated to commence or defend any legal action or proceeding in connection with this HSA unless agreed upon by the Custodian and the Depositor or their legal representatives.
- 10.7 The Custodian shall have 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 Custodian may require a release or similar document from the applicable taxing authority in order to protect itself from possible tax liability;
  - (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 Custodian shall not be required to do so unless indemnified to its satisfaction.
- 10.8 The Custodian may resign at any time upon 30 days written notice to the Depositor and shall turn over to the successor custodian or trustee all assets, minus expenses, and records of the HSA. The Custodian shall not be liable for the acts or omissions of any successor custodian or trustee.
- 10.9 After the Custodian 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.

## **ARTICLE XI**

### **MISCELLANEOUS**

- 11.1 The assets of this HSA shall be valued at least annually.
- 11.2 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 Custodian at its business address.
- 11.3 All terms and provisions contained herein shall be interpreted so as to be in compliance with Code Section 223 and any regulations there under.
- 11.4 The Depositor and his or her surviving spouse shall have no right to pledge or in any way create a lien on any part of the assets of this HSA and these assets may not be attached or otherwise affected by the Depositor’s creditors.
- 11.5 This Agreement shall be governed by the laws of the State of Oklahoma, except to the extent preempted by any federal law.
- 11.6 The Depositor has received and read the “Disclosure Statement” relating to this Account and the Agreement under which the Account is maintained.
- 11.7 The Custodian may amend this agreement from time-to-time to comply with the provisions of the Code or IRS published guidelines.

PURSUANT TO SECTION 4.1 OF THIS AGREEMENT, THIS ACCOUNT MAY INCLUDE UNINVESTED CASH CONTRIBUTIONS FOR WHICH NO EARNINGS WILL BE RECEIVED.