



## THE EQUITY TRUST COMPANY

# HSA

## HEALTH SAVINGS ACCOUNT



### **NOT FDIC INSURED**

Non-deposit investments are not insured by the FDIC (stocks, bonds, mutual funds, etc.). Non-deposit investments are not deposits or other obligations of the institution and are not guaranteed by the institution. Non-deposit investments are subject to investment risks, including possible loss of principal invested.



### **SUBMISSION OPTIONS**

#### **OVERNIGHT**

Equity Trust Company  
225 Burns Road  
Elyria, OH 44035

#### **REGULAR MAIL**

Equity Trust Company  
PO Box 1319  
Elyria, OH 44036

## About the Health Savings Account

### What is a Health Savings Account?

A Health Savings Account (HSA) is an IRA-like account that offers a tax-favored means of saving for and paying the qualified medical expenses of the HSA Account Owner, his or her spouse and/or dependents.

### What are an HSA's Benefits?

Some benefits of an HSA include the following.

- HSA contributions are tax deductible.
- HSA earnings are tax-deferred.
- If used for qualifying medical expenses, HSA assets are never taxed.
- Contributions can be carried over from one tax year to the next.
- HSA assets are portable.

### Who is Eligible for an HSA?

In general, an individual is eligible to contribute to an HSA for any month if he or she is covered under a High Deductible Health Plan (HDHP), is not also covered by any other health plan that is not an HDHP (with certain exceptions), is not enrolled in Medicare, and is not claimed as a dependent on another person's tax return.

### Who May Contribute to an HSA?

Really, anyone, and there can be multiple contributors. However, the most likely contributors are the HSA Account Owner, his or her family members, and employer.

## Instructions for Establishing a Health Savings Account

1. Review the Health Savings Custodial Account Agreement and Disclosure Statement (see pages 3 through 5).
2. Complete the Health Savings Account Application (see page 1).
3. Detach and send the original signed and dated Application, along with your contribution check(s) made payable to EQUITY TRUST COMPANY CUSTODIAN FBO "ACCOUNT OWNER NAME" HSA.
4. Keep a copy of the Application with the Health Savings Custodial Account Agreement and Disclosure Statement for your records.



**1 LIST HSA ACCOUNT BENEFICIARY'S INFORMATION**

Legal Name _____ <input type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms.				<b>Contribution Type</b>	<b>Coverage Type</b>
Legal Address (required) _____				<input type="checkbox"/> New (Minimum \$500 contribution) <input type="checkbox"/> Transfer <input type="checkbox"/> Rollover	<input type="checkbox"/> Individual <input type="checkbox"/> Family
PO Box (optional) _____		Home Phone _____			
City, State, Zip _____					
<b>Social Security Number</b>		<b>Date of Birth (MM/DD/YYYY)</b>	<b>US Citizen</b>	<input type="checkbox"/> <b>Email Address (Please Provide)</b>	
-     -			<input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>Client Selected PIN (Required 6 digit Numeric Only)</b>		<b>How would you like us to contact you? (Please check your preferred method)</b>			
		<input type="checkbox"/> <b>Fax Number</b>		<input type="checkbox"/> <b>Business Phone</b>	
				<input type="checkbox"/> <b>Cell Phone</b>	
In case you forget your PIN, please select one of the following questions and provide an answer. <input type="checkbox"/> What's my pet's name? <input type="checkbox"/> What's my mother's maiden name?					
<input type="checkbox"/> Where did I go to high school? Answer _____					

**2 HOW WOULD YOU LIKE TO PAY YOUR 1st YEARS MAINTENANCE AND SET UP FEES?**

In order to activate your account, please indicate how you would like to pay your first year annual maintenance fee and the one-time setup fee. Please note that this fee is tax deductible.

Check enclosed  Visa  MC Credit Card # \_\_\_\_\_

I acknowledge that Equity Trust Company will calculate and charge the first year annual fee according to the Annual All Inclusive Fee Schedule. Minimum \$190 Maintenance Fee + \$50 Set Up Fee. Expiration Date (MM/YYYY) \_\_\_\_\_

**3 WHO ARE YOUR DEATH BENEFICIARIES?**

The following individual(s) or entity(ies) shall be my primary and/or contingent beneficiary(ies). **If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary.** If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the HSA. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally.

If any primary or contingent beneficiary dies before I do, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro rata basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my HSA.

No.	Name and Address	Date of Birth (MM/DD/YY)	Social Security Number	Relationship	Primary or Contingent	Share %
1.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
2.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
3.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%

**4 PLEASE REVIEW AND SIGN IF NEEDED**

*This section should be reviewed if either the trust or the residence of the IRA holder is located in a community or marital property state and the IRA holder is married. Due to the important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent tax or legal advisor.*

**CURRENT MARITAL STATUS:**  **I Am Not Married** - I understand that if I become married in the future, I must complete a new IRA Designation Of Beneficiary form.  **I Am Married** - I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign below.

**CONSENT OF SPOUSE:** I am the spouse of the above-named IRA holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional.

I hereby give the IRA holder any interest I have in the funds or property deposited in this IRA and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Custodian.

\_\_\_\_\_  
(Signature of Spouse) \_\_\_\_\_ (Date) \_\_\_\_\_ (Signature of Witness) \_\_\_\_\_ (Date)

**5 Important: Please read before signing.**

I understand the eligibility requirements for the type of HSA deposit I am making and I state that I do qualify to make the deposit. I have received a copy of the 5305-C Plan Agreement and Disclosure Statement. I understand that the terms and conditions which apply to this Health Savings Account are contained in this Application and the HSA Plan Agreement. I agree to be bound by those terms and conditions.

I assume complete responsibility for 1. determining that I am eligible for an HSA each year I make a contribution; 2. ensuring that all contributions I make are within the limits set forth by the tax laws; and 3.-the tax consequences of any contribution (including rollover contributions) and distributions. I have read and agree to the terms of the Equity Trust Company Fee Schedule.

\_\_\_\_\_  
(HSA Account Beneficiary) \_\_\_\_\_ (Date) \_\_\_\_\_ (Witness) \_\_\_\_\_ (Date)

\_\_\_\_\_  
(Authorized Signature of Custodian) \_\_\_\_\_ (Date)

**DO NOT FAX**

# HEALTH SAVINGS CUSTODIAL ACCOUNT

Form 5305-C under Section 223(a) of the Internal Revenue Code.

FORM (August 2004)

The Account Beneficiary whose name appears on the attached Application is establishing a Health Savings Account under section 223(a) of the Internal Revenue Code for the purpose of paying qualified medical expenses, as defined under section 223(d)(2), of the Account Beneficiary.

The Account Beneficiary has assigned the Custodial account the sum indicated on the Application.

The Account Beneficiary and the Custodian make the following agreement:

## ARTICLE I

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

## ARTICLE II

1. For calendar year 2004, the maximum annual contribution limit for an Account Owner with single coverage is the lesser of the amount of the deductible under the HDHP but not more than \$2,600. For calendar year 2004, the maximum annual contribution limit for an Account Owner with family coverage is the lesser of the amount of the deductible under the HDHP but not more than \$5,150. These limits are subject to cost-of-living increases after 2004. Eligibility and contribution limits are determined on a month-to-month basis.
2. Contributions to Archer MSAs or other HSAs count toward the maximum annual contribution limit to this HSA.
3. For calendar year 2004, an additional \$500 catch-up contribution may be made for an Account Owner who is at least age 55 or older and not enrolled in Medicare. The catch-up contribution increases to \$600 in 2005, \$700 in 2006, \$800 in 2007, \$900 in 2008, and \$1,000 in 2009 and later years.
4. Contributions in excess of the maximum annual contribution limit are subject to an excise tax. However, the catch-up contributions are not subject to an excise tax.

## ARTICLE III

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

## ARTICLE IV

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

## ARTICLE V

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

## ARTICLE VI

1. Distributions of funds from this HSA may be made upon the direction of the Account Owner.
2. Distributions from this HSA that are used exclusively to pay or reimburse qualified medical expenses of the Account Owner, his or her spouse, or dependents are tax-free. However, distributions that are not used for qualified medical expenses are included in the Account Owner's gross income and are subject to an additional 10 percent tax on that amount. The additional 10 percent tax does not apply if the distribution is made after the Account Owner's death, disability, or reaching age 65.
3. The Custodian is not required to determine whether the distribution is for the payment or reimbursement of qualified medical expenses. Only the Account Owner is responsible for substantiating that the distribution is for qualified medical expenses and must maintain records sufficient to show, if required, that the distribution is tax-free.

## ARTICLE VII

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

1. If the beneficiary is the Account Owner's spouse, the HSA will become the spouse's HSA as of the date of death.

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

## ARTICLE VIII

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

## ARTICLE IX

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

## ARTICLE X

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

## ARTICLE XI

- 11.01 *Definitions:* In this part of this Agreement (Article VII), the words "you" and "your" mean the Account Beneficiary. The Account Beneficiary is the person who establishes the Custodial account. The words "we," "us" and "our" mean the Custodian. The word "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations.
- 11.02 *Notices and Change of Address:* Any required notice regarding this HSA will be considered effective when we send it to the intended recipient at the last address which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.
- 11.03 *Representations and Responsibilities:*

- (a) We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this Agreement (e.g., attorney-in-fact, executor, administrator, investment manager), however, we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We shall not be responsible for losses of any kind that may result from directions, actions or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act by your authorized agent. You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information shall be deemed correct and accurate, and we shall have no further liability or obligation for such documents, statements, other information or the transactions described therein.

By performing services under this Agreement we are acting as your agent. You acknowledge and agree that nothing in this Agreement shall be construed as conferring fiduciary status upon us. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this Agreement, or as required under the Code and the Regulations promulgated thereunder with respect to HSAs.

You represent to us that any loss sustained in your HSA will not affect your retirement income standard; and if a mandatory distribution arises, you will have the ability through your HSA and/or other retirement accounts to meet any mandatory distribution requirements.

You agree to release and indemnify, hold harmless and defend us from any and all claims, damages, liability, actions, costs, expenses (including, without limitation, attorneys' fees) and responsibility for any loss resulting to the HSA, to you or to any beneficiary or incurred by us, in connection with or by reason of any sale or investment made or other action taken (or omitted to be taken) pursuant to and/or in connection with any investment directed by you or your investment advisor or resulting from serving as the custodian hereunder.

You agree to reimburse or advance to us, on demand, all legal fees, expenses, costs, fines, penalties and obligations incurred or to be incurred in connection with the defense, contest, prosecution or satisfaction of any claim made, threatened or asserted pertaining to any investment or action you or your investment advisor directed through the custodian, including, without limitation, claims asserted by you, any state or federal regulatory authority or self regulatory organization.

To the extent written instructions or notices are required under this Agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

(b) Prohibited Transactions. You understand that certain transactions are prohibited in HSAs and qualified retirement plans under Section 4975 of the Internal Revenue Code. You further understand that the determination of a prohibited transaction depends on the facts and circumstances that surround the particular transaction. We will make no determination as to whether any HSA investment is prohibited. You further understand that should your HSA engage in a prohibited transaction, you will incur a taxable distribution as well as possible penalties. You represent to us that you have consulted or will consult with your own tax or legal professional to ensure that none of your HSA investments will constitute a prohibited transaction and that your HSA investments will comply with all applicable federal and state laws, regulations and requirements.

(c) Unrelated Business Income Tax (UBIT). Since your HSA is a tax-exempt organization under federal tax law, if your HSA earns income from an investment which utilizes debt-financing or which is derived from a business regarded as not related to the exempt purpose of your HSA, it may be subject to the so-called "unrelated business income tax" if it is in excess of permitted deductions. For example, income from an HSA investment in a partnership generally will result in unrelated business taxable income. In the event that your direction of investment of HSA assets results in taxable income (unrelated or debt-financed) pursuant to Sections 511-514 of the Internal Revenue Code in excess of the \$1,000 exclusion (as that amount may be adjusted) for any taxable year, you agree to prepare or have prepared the required Form 990-T tax return, an application for employer identification number (if not previously obtained), and any other documents that may be required, and to submit them to us, for filing with the Internal Revenue Service, at least five days prior to the date on which the return is due for such taxable year, along with an appropriate payment directive authorizing the custodian to execute the forms on behalf of your HSA and to pay the applicable unrelated business income tax from your HSA.

(d) Passive Custodian Provides No Investment Advice. We do not provide legal or tax services or advice with respect to your HSA investments; and you release and indemnify and agree to hold harmless and defend us in the event that any investment or sale of your HSA assets pursuant to a Direction of Investment form violates any federal or state law or regulation or otherwise results in a disqualification, penalty, fine or tax imposed upon you, your HSA, or us.

(e) Investment Conforms to All Applicable Securities Laws. You represent to us that if any investment by your HSA is a security under applicable federal or state securities laws, such investment has been registered or is exempt from registration under federal and state securities laws; and you release and waive all claims against us for our role in carrying out your instructions with respect to such investment.

You acknowledge that the foregoing representation is being relied upon by us in accepting your investment directions and you agree to indemnify us with respect to all costs, expenses (including attorneys' fees), fines, penalties, liabilities, damages, actions, judgments and claims arising out of such investment and/or a breach of the foregoing representation.

(f) Custodian Not Responsible for Insurance. We will not bear or assume any responsibility to notify you, secure or maintain fire, casualty, liability or other insurance coverage on any personal or real property held by your HSA with respect to any promissory note or other evidence of indebtedness. It is incumbent upon you as the HSA owner to arrange for such insurance as you determine necessary or appropriate to protect your HSA assets and to direct us in writing as to the payment of any premiums therefor. Furthermore it is your responsibility to determine that payment has been made upon your written request by verifying same with your HSA statements.

We will not be responsible for notification or payments of any insurance premiums, real estate taxes, utilities, or other charges with respect to any investment held in your HSA, unless you specifically direct us to pay the same in writing and sufficient funds are available to pay same from your HSA. Furthermore, it is your responsibility to determine that payment has been made from the custodial account. You must utilize an appropriate payment directive form available from us within a sufficient period of time for such direction to be accomplished in accordance with the custodian's normal business practices (without regard to whether we have undertaken efforts to comply with such directive).

11.04 *Service Fees:* We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover or termination fee) for maintaining your HSA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your HSA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your HSA at our discretion. We reserve the right to charge any additional fee upon 30 days notice to you that the fee will be effective. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this HSA.

Any brokerage commissions attributable to the assets in your HSA will be charged to your HSA. You cannot reimburse your HSA for those commissions.

Fees are generally based upon the fair market value of the assets held in the HSA; provided that where such assets are nonmarketable investments or do not have a readily available market value, the fees shall be based upon cost or the estimated fair market value of such assets, whichever is greater. If an entity in which HSA assets are invested is subject to bankruptcy, reorganization, receivership or similar proceedings, the fee based upon such asset will not be less than \$50.00. Publicly traded securities shall be valued at their fair market value. If cost is not reflective of fair market value with respect to the assets held in your HSA, you may provide us with a qualified independent valuation of such assets for purposes of determining an appropriate fee; and we will give consideration to such independent valuation. Our determination shall be binding and conclusive for purposes of HSA fees based upon value.

We may perform sub-accounting, record-keeping, administrative and/or other services related to the HSA. We may receive fees up to \$40.00 per month per account and/or reimbursement of expenses from financial institutions and/or money market funds with which HSA funds have been deposited or invested for these services.

#### 11.05 *Investment of Amounts in the HSA:*

(a) In General. You have exclusive responsibility for and control over the investment of the assets of your HSA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your beneficiary(ies) shall have the right to direct the investment of your HSA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 11.03 of this article). We will not exercise the voting rights and other shareholder rights with respect to investments in your HSA unless you provide timely written directions acceptable to us according to our then current policies and procedures.

You will select the type of investment for your HSA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in HSAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

(b) Custodian Acting in Passive Capacity Only. We are acting solely as a passive custodian to hold HSA assets and we have no discretion to direct any investment in your HSA. Accordingly, we are not a fiduciary (as said term is defined in the Internal Revenue Code, ERISA, or any other applicable federal, state or local laws) with respect to your HSA account. However, we may receive a commission in connection with the unsolicited purchase or sale of a publicly-traded security.

It is not our responsibility to review the prudence, merits, viability or suitability of any investment directed by you or your investment advisors or to determine whether the investment is acceptable under ERISA, the Internal Revenue Code or any other applicable law. We do not offer any investment advice, nor do we endorse any investment, investment product or investment strategy; and we do not endorse any investment advisor, representative, broker, or other party selected by you. We have no responsibility to question any investment directions given by you or by any investment advisor or representative appointed by you.

It is your responsibility to perform proper due diligence with regard to any such representative, investment advisor, broker or other party. We will follow the directions of any such investment advisor, representative, broker or other party selected by you provided you furnish us with written authorization and documentation acceptable to us, and the custodian will be entitled to all the same protections and indemnities in our reliance upon and execution of the directives of such investment advisor or other party as if such directives were given by you.

We shall be under no obligation or duty to investigate, analyze, monitor, verify title to, or otherwise evaluate any investment directed by you or your investment advisor, representative or agent; nor shall we be responsible to take any action should there be any default with regard to any investment.

Any review performed by us with respect to an investment shall be solely for our own purposes of determining the administrative feasibility of the investment and neither such review nor its acceptance should be construed in any way as an endorsement of any investment, investment company or investment strategy. We also have the right not to effect any transaction/ investment which we deem to be beyond the scope of our administrative capabilities or expertise.

We have no duty or obligation to notify you with respect to any information, knowledge, irregularities or our concerns relating to your investment or your investment advisor, broker, agent, promoter or representative, except as to civil pleadings or court orders received by us.

We shall use reasonable efforts to acquire or sell investments in accordance

with your directions within a reasonable period of time after we have received an investment direction and we shall make reasonable efforts to notify you if we are unable or unwilling to comply with an investment direction. Subject to the foregoing, we shall remit funds as directed, but has no responsibility to verify or assure that such funds have been invested to purchase or acquire the asset selected by you.

- (c) **Investment Documentation.** In directing us with respect to any investment, you must utilize our Direction of Investment form suitable to such investment.

We shall be fully protected in acting upon any instrument, certificate, paper or transmission believed to be genuine and to be signed or presented by the proper person or persons whether or not by facsimile or other form acceptable to the custodian, and the custodian shall be under no duty to make any investigation or inquiry as to any statement contained in any such communication, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.

You authorize and direct us to execute and deliver, on behalf of your HSA, any and all documents delivered to us in connection with your HSA investments; and we shall have no responsibility to verify or determine that any such documents are complete, accurate or constitute the documents necessary to comply with your investment direction.

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

- (e) **Un-Invested Cash Funds.** You direct us to sweep available free credit balances automatically into an FDIC insured bank account until such time as further direction is received from you or your designated representative(s).

You also authorize us to transfer any such funds to a different FDIC insured bank account without any further approval from you.

- 11.06 **Beneficiary(ies):** If you die before you receive all of the amounts in your HSA, payments from your HSA will be made to your beneficiary(ies).

You may designate one or more persons or entities as beneficiary of your HSA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Unless otherwise specified, each beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of your HSA. If you do not designate a beneficiary, or if all of your primary and contingent beneficiary(ies) predecease you, your estate will be the beneficiary.

If your surviving spouse acquires the interest in this HSA by reason of being the death beneficiary at your death, this HSA shall be treated as if the surviving spouse were the Account Beneficiary.

- 11.07 **Termination of Agreement, Resignation, or Removal of Custodian:** Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your HSA to another financial organization. If you do not complete a transfer of your HSA within 30 days from the date we mail the notice to you, we have the right to transfer your HSA assets to a successor HSA custodian or trustee that we choose in our sole discretion, or we may pay your HSA to you in a single sum. If we transfer your HSA, the existing HSA documents will govern your HSA relationship with the new custodian or trustee unless the successor custodian/trustee notifies you in writing of any changes and/or requires new HSA documents to be signed by you. We shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this Agreement is terminated, we may charge to your HSA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to, one or more of the following:

- any fees, expenses or taxes chargeable against your HSA;
- any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your HSA.

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.

We may establish a policy requiring distribution of the entire balance of your HSA to you in cash or property if the balance of your HSA drops below the minimum balance required under the applicable investment or policy established.

- 11.08 **Successor Custodian:** If our organization changes its name, reorganizes, merges with another organization (or comes 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 the

type of organization authorized to serve as an HSA trustee or custodian.

- 11.09 **Amendments:** We have the right to amend this Agreement at any time. Any amendment we make to comply with the Code and related Regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent.

- 11.10 **Withdrawals or Transfers:** All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

- 11.11 **Transfers from Other Plans:** We can receive amounts transferred to this HSA from the custodian or trustee of another HSA. In addition, we can accept rollovers of an eligible amount from an Archer MSA. However, we reserve the right not to accept any transfer or rollover.

- 11.12 **Liquidation of Assets:** We have the right to liquidate assets in your HSA if necessary to make distributions or to pay fees, expenses, taxes, federal tax levies, penalties or surrender charges properly chargeable against your HSA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree not to hold us liable for any adverse consequences that result from our decision.

- 11.13 **Restrictions on the Fund:** Neither you nor any beneficiary may sell, transfer or pledge any interest in your HSA in any manner whatsoever, except as provided by law or this Agreement.

The assets in your HSA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.

- 11.14 **What Law Applies:** This Agreement is subject to all Federal and State Laws. This Agreement shall be construed and interpreted in accordance with the laws of the state of Ohio. Any suit filed against custodian arising out of or in connection with this Agreement, shall only be instituted in the Lorain County Courts in Lorain County, Ohio and you agree to submit to such jurisdiction both in connection with any such suit you may file and in connection with any suit we may file against you arising out of this Agreement.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

- 11.15 **Valuations Policy:** In valuing the assets of the custodial account for record-keeping and reporting purposes we shall use reasonable, good faith efforts to ascertain the fair market value of each asset through utilization of various outside sources available to us and consideration of various relevant factors generally recognized as appropriate to the application of customary valuation techniques.

However where assets are liquid or their value is not readily ascertainable on either an established exchange or generally recognized market, the valuation is by necessity not a true market value and is merely an estimate of value in a broad range of values and its accuracy should not be relied upon by you for any other purposes.

The precision with which a value is assigned is a factor of the nature of the asset and the cost effectiveness of pursuing a more comprehensive appraisal. In certain cases where fair market value is not readily ascertainable and we do not have a recent qualified independent appraisal we may follow an internal protocol for assigning value based on the cost of the asset or we may rely upon a current independent appraisal obtained by you.

We neither provide a guarantee of value nor the appropriateness of the appraisal techniques applied in developing an estimate of value and we assume no responsibility for the accuracy of the valuations presented with respect to assets whose value is not readily ascertainable on either an established exchange or a generally recognized market.

- 11.16 **Form 990-T Filing for UBIT:** Pursuant to Sections 511-514 of the Internal Revenue Code you agree to prepare or have prepared the required Form 990-T tax return, an application for employer identification number (if not previously obtained), and any other documents that may be required, and to submit them for filing with the Internal Revenue Service to the custodian at least five days prior to the date on which the return is due for such taxable year, along with an appropriate payment directive authorizing the custodian to execute the forms on behalf of your HSA and to pay the applicable unrelated business income tax from your HSA on unrelated business income which exceeds the current \$1,000 exclusion.

## INSTRUCTIONS

### IDENTIFYING NUMBER

The Account Beneficiary's social security number will serve as the identification number of his or her HSA. An employer identification number is required only for an HSA for which a return is filed to report unrelated business taxable income. An employer identification number is required for a common fund created for HSAs

# DISCLOSURE STATEMENT

## INSTRUCTIONS

### IDENTIFYING NUMBER

The Account Beneficiary's social security number will serve as the identification number of his or her HSA. An employer identification number is required only for an HSA for which a return is filed to report unrelated business taxable income. An employer identification number is required for a common fund created for HSAs.

### REQUIREMENTS OF AN HSA

- A. **CASH CONTRIBUTIONS** - Your contribution must be in cash, unless it is a rollover contribution.
- B. **MAXIMUM CONTRIBUTION** - The total amount that may be contributed to your HSA for any taxable year is the sum of the limits determined separately for each month. The determination for each month is based on whether, as of the first day of such month, you are eligible to contribute and whether you have individual or family coverage under a high deductible health plan (HDHP). If you have individual coverage, the maximum monthly contribution is 1/12 of the lesser of: (1) 100% of the annual deductible under the HDHP, or (2) \$2,250 (as adjusted for cost-of-living). If you have family coverage, the maximum monthly contribution is 1/12 of the lesser of: (1) 100% of the annual deductible under the HDHP, or (2) \$4,500 (as adjusted for cost-of-living). In addition, if you have attained age 55 before the close of the taxable year, the contribution limit is increased on a monthly basis by an additional amount not to exceed \$500 for 2004, \$600 for 2005, \$700 for 2006, \$800 for 2007, \$900 for 2008, and \$1,000 for 2009 and thereafter. The annual limit is decreased by aggregate contributions to an Archer MSA.
- C. **CONTRIBUTION ELIGIBILITY** - You are an eligible individual for any month if you: (1) are covered under an HDHP on the first day of such month; (2) are not also covered by any other health plan that is not an HDHP and that provides coverage for any benefit covered under the HDHP (with limited exceptions); (3) are not entitled to benefits under Medicare (generally not yet age 65); and (4) are not able to be claimed as a dependent on another person's tax return.

In general, an HDHP is a health plan that satisfies certain requirements with respect to deductibles and out-of-pocket expenses. Specifically, an HDHP has an annual deductible of at least \$1,000 for single coverage and at least \$2,000 for family coverage. In addition, the sum of the annual out-of-pocket expenses required to be paid (deductibles, co-payments and amounts other than premiums) cannot exceed \$5,000 for single coverage and \$10,000 for family coverage. All of these dollar amounts are adjusted for cost-of-living increases.

- D. **NONFORFEITABILITY** - Your interest in your HSA is nonforfeitable.
- E. **ELIGIBLE CUSTODIANS** - The Custodian of your HSA must be a bank, savings and loan association, credit union, or a person approved by the Secretary of the Treasury.
- F. **COMMINGLING ASSETS** - The assets of your HSA cannot be commingled with other property except in a common trust fund or common investment fund.
- G. **LIFE INSURANCE** - No portion of your HSA may be invested in life insurance contracts.

### INCOME TAX CONSEQUENCES OF ESTABLISHING AN HSA

- A. **HSA DEDUCTIBILITY** - If you are eligible to contribute to an HSA for any month during the taxable year, amounts contributed to your HSA are deductible in determining adjusted gross income up to the maximum contribution limits discussed above. The deduction is allowed regardless of whether you itemize deductions. Employer contributions to your HSA are excludable from your gross income and you cannot deduct such amounts on your tax return as HSA contributions.
- B. **TAX-DEFERRED EARNINGS** - The investment earnings of your HSA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).
- C. **TAXATION OF DISTRIBUTIONS** - The taxation of HSA distributions depends on whether the distribution is for a qualified medical expense. Generally, distributions paid due to qualified medical expenses are excluded from your gross income. Qualified medical expenses are amounts you pay for medical care (as defined in Internal Revenue Code (IRC) section 213(d)) for yourself, your spouse and your dependents (as defined in IRC section 152), but only to the extent that such amounts are not covered by insurance or otherwise. Distributions made for purposes other than qualified medical expenses are included in your gross income (or, in the event of your death, the gross income of your death beneficiary unless your death beneficiary is your spouse).

- D. **ROLLOVERS** - Your HSA may be rolled over to an HSA of yours, or may receive rollover contributions, provided that all of the applicable rollover rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property between any of your HSAs. The rollover rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover, please see a competent tax advisor.

Funds distributed from your HSA may be rolled over to an HSA of yours if the requirements of IRC section 223(f)(5) are met. A proper HSA to HSA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another HSA to HSA rollover from the distributing HSA during the 12 months preceding the date you receive the distribution. Further, you may roll the same dollars or assets only once every 12 months.

Funds distributed from your Archer MSA may be rolled over to your HSA. Rollovers from an IRA, health reimbursement arrangement (HRA), or a health flexible spending arrangement (FSA) to an HSA are not permitted. A proper MSA to HSA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received.

**Written Election** - At the time you make a proper rollover to an HSA, you must designate to the Custodian, in writing, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

- E. **CARRYBACK CONTRIBUTIONS** - A contribution is deemed to have been made on the last day of the preceding taxable year if you make a contribution by the deadline for filing your income tax return (not including extensions), and you designate that contribution as a contribution for the preceding taxable year. For example, if you are a calendar year taxpayer and you make your HSA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designated it as such.
- F. **DEATH BENEFICIARY ISSUES** - If you die and your death beneficiary is your spouse, your HSA shall become your spouse's HSA as of the date of your death. If your death beneficiary is not your spouse, the value of your HSA on your date of death will be taxable to your death beneficiary in the year you die.

### LIMITATIONS AND RESTRICTIONS

- A. **DEDUCTION OF ROLLOVERS AND TRANSFERS** - A deduction is not allowed for rollover or transfer contributions.
- B. **PROHIBITED TRANSACTIONS** - If you or your death beneficiary engage in a prohibited transaction with your HSA, as described in IRC section 4975, your HSA will lose its tax-exempt status and you must include the value of your account in your gross income for that taxable year.
- C. **PLEDGING** - If you pledge any portion of your HSA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

### FEDERAL TAX PENALTIES

- A. **EARLY DISTRIBUTION PENALTY** - If you receive a distribution that is included in your gross income, you are subject to an additional tax of 10%. This additional 10% tax will apply unless a distribution is made on account of: (1) attainment of age 65 (or, if different, the age specified under section 1811 of the Social Security Act), (2) death, or (3) disability.
- B. **EXCESS CONTRIBUTION PENALTY** - An excise tax of 6% is imposed upon any excess contribution you make to your HSA. This tax will apply each year in which an excess remains in your HSA. An excess contribution is any contribution amount which exceeds your contribution limit, excluding rollover and direct transfer amounts.

### OTHER

- A. **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 organizations to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

# PRIVACY POLICY

## **EQUITY TRUST COMPANY** *A Leader in Self Directed IRAs*

225 BURNS ROAD • P.O. BOX 1529 • ELYRIA, OHIO 44036  
440.323.5491 • WWW.TRUSTETC.COM

### **Our Commitment to You**

Equity Trust Company has been and remains committed to the strict confidentiality of our clients' personal information. We go to great lengths to ensure the integrity and security of your personal information. At Equity Trust Company we recognize that your relationship with us is based on trust and your trust is taken very seriously. As required by federal law and regulation, we are providing the following policy to you regarding our information practices.

### **Equity Trust Company Privacy Policy**

Equity Trust Company restricts access to your personal and account information to those employees and affiliates who need to know that information to provide products, educational materials, or services to you. For example, Equity Trust Company may provide such information to its affiliate Retirement Education Group which provides educational seminars and materials to individuals related to retirement planning and the use of IRA accounts in retirement planning. We maintain physical, electronic and procedural safeguards to guard your non-public personal information. We do not sell any of your personal or account information to any third party affiliates or non-affiliates and we will not do so [except that we reserve the right to transfer such information in connection with a sale of our business (whether by sale of assets, or a merger, consolidation or other similar transaction), or a reorganization or liquidation of our business whether or not in connection with a filing for bankruptcy under applicable law.]

### **Information Equity Trust Company Collects From You**

At various times, Equity Trust Company collects nonpublic personal information from you, including but not limited to:

- Information we receive from you on applications or other forms; and
- Information about your transactions with us and others.

You typically provide this personal information when you complete an Equity Trust Company account application or when you open an account with an affiliated brokerage firm. This information may include, but is not limited to, your name, address, social security number, investment experience, relationship with broker/dealers, risk tolerance, financial references, investment objective, tax bracket, net worth, annual income and occupational/educational background.

### **What Equity Trust Company Does with Your Personal Information**

Equity Trust Company restricts access to your personal and account information to those employees and affiliates who need to know that information to provide products, educational materials or services to you. We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. We *do not* sell any of your personal or account information to any third party affiliates or non-affiliates; however we may provide such information to any successor custodian/trustee for your account. However, since publicly held securities transactions are effected through a correspondent clearing firm, we do provide certain account information (such as your name, social security number, address, date of birth, and telephone number; and under limited circumstances, net worth, annual income, tax bracket, investment objectives and risk tolerance) and transaction activity to our clearing firm to effect and administer your transaction requests. In addition, certain account information (such as your name, address, account activity and positions) is provided to a service provider with whom Equity Trust Company has contracted to print and mail account statements.

Except as set forth above, we do not disclose any of our customers' or former customers' nonpublic personal information to anyone, except as permitted by law. For example, Equity Trust Company *will* provide your personal information in the following situation:

- Upon request by federal, state or local law enforcement agencies;
- Upon request by the IRS for tax reporting purposes; and
- Upon request by other organizations that protect your privacy.

If you decide to close your account(s) with us or become an inactive customer, we will continue to adhere to the privacy policies and practices as set forth in this notice.

### **Your Privacy with Equity Trust Online**

Equity Trust Company considers your online confidentiality and privacy to be as important as your written documentation. At Equity Trust Company, we use a variety of protections to maintain the security of your online session. For example, we make use of firewall barriers, authentication procedures and data encryption of 128 Bit SSL.

When you visit our website, aggregate, nonpersonal information (i.e., browser type, Internet protocol address, pages visited, and average time spent on our website) may be collected through the use of "cookies." A "cookie" is a persistent client side hypertext transfer protocol file. Cookies are pieces of information that a website can transfer to a visitor's hard drive for recordkeeping purposes. Cookies help web surfing by saving visitor preferences and other information. The use of cookies is a widespread industry standard and thus many major websites use cookies. Most web browsers are initially configured to accept and process cookies. You can configure your browser to refuse cookies. For more information on our online privacy policies, please visit our website.

### **How Equity Trust Company Will Inform You of Changes to Our Policies**

As required by federal law and regulation we will notify you of our privacy policy annually. Equity Trust Company reserves the right to modify this policy at any time and will inform you if any such changes are made.