



HEALTH SAVINGS ACCOUNT AGREEMENT

Account Information
Title and Address

Account Type
(HSA NOW)

Account Number

Table with 5 columns: Account Owner (Please Print), Physical Address, Mailing Address (If Different), City, State, Zip, Date of Birth, Identification # & State of Issuance, Iss Date/Exp Date, Phone (Home), Phone (Work), Occupation, Employer, Employer Address, Employer Contact, Employer Phone

I (account holder) hereby designate the following individual(s) as an additional authorized signer on my Health Savings Account.

Table with 4 columns: Authorized Signer #1 (Please Print), Date of Birth, Authorized Signer #2 (Please Print), Date of Birth

The words I, me and my mean each Account owner who signs below; Bank means (bank name) and Account means the deposit account identified above, which I will use primarily for personal, family or household purposes.

Important Information About Protecting Accounts: 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.

Taxpayer Identification Number (TIN) Certification

Under the penalties of perjury, I certify that: (1) The number shown on this form is the correct taxpayer identification number (or I am waiting for a number to be issued to me), and (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, (b) I have not been notified by the Internal Revenue Service (IRS) that I am currently 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 and (3) I am a U.S. person (including a U.S. resident alien). Cross out item (2) above if, you have been notified by the IRS, that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.

Agreement

By signing below, I acknowledge and agree that this account is and shall be governed by the terms and conditions set forth in the following Bank documents, as amended from time to time, Terms and Conditions, Electronic Fund Transfers, Funds Availability, Privacy Policy and Truth in Savings and Fee schedule and any other documents that the Bank provides to me about my Account and any Account Services, each as amended from time to time.

I authorize and give the Bank permission to request and obtain, from time to time, consumer reports from consumer reporting agencies and other information about me from other third parties that the Bank believes is beneficial to determine my eligibility to open or maintain my Account or receive Account services, to verify the information contained in this Health Savings Account Agreement to manage it's relationship with me or for any other legitimate business purpose.

Yes No

By checking the Yes box above, I certify that I (1) am covered by a qualified High Deductible Health Plan (HDHP), (2) am not covered by any other health plan that is not an HDHP and that provides coverage for any benefit that is covered under the HDHP, with limited exceptions, (3) am not enrolled in Medicare and (4) cannot be claimed as a dependent on another person's tax return.

ELECTRONIC SERVICES

HSA Debit Card Additional HSA Debit Card

By checking the HSA Debit Card box, I have requested and authorized the Bank to issue an HSA Debit card to the owner of the account. By checking the Additional HSA Debit Card box, I have requested and authorized the bank to issue a second HSA Debit Card to the additional signer on the account.

Yes No

By checking the Yes box above, I have requested and authorized the Bank to issue an online banking user identification number to the owner of the account. This will enable me to make transfers to and from this account and to view my account information online.

EMAIL ADDRESS

By signing below I agree to all of the preceding terms and the terms set forth in the Health Savings Account Custodial Agreement.

Table with 4 columns: Acct. Owner (Please Sign), SSN / TIN, Authorized Signer #1 (Please Sign), SSN / TIN, Authorized Signer #2 (Please Sign), SSN / TIN

HSA Custodian's Information

Chittenden Bank (800)-846-6248 Date (Today's Date) Branch (Name & Address) Customer Service Representative

# Health Savings Account Application

HSA ACCOUNT OWNER'S NAME AND PHYSICAL ADDRESS				
HSA ACCOUNT OWNER'S MAILING ADDRESS <i>(if different from physical address)</i>				
SOCIAL SECURITY NUMBER	DRIVER'S LICENSE NUMBER	STATE	ISSUE DATE	EXP. DATE
BIRTH DATE	HOME PHONE NUMBER	BUSINESS PHONE NUMBER		
HSA ACCOUNT NUMBER	CONTRIBUTION DATE	CONTRIBUTION AMT		
CONTRIBUTION TYPE: <input type="checkbox"/> Regular <input type="checkbox"/> Transfer <input type="checkbox"/> Rollover				

HSA CUSTODIAN'S NAME AND ADDRESS
CHITTENDEN BANK
HSA CUSTODIAN'S PHONE NUMBER

### DESIGNATION OF BENEFICIARY (ies)

The following individual(s) or entity 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. If more than one 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 hers heirs shall terminate completely, and the percentage share of the 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	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.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
5.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
6.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%

Check here if this is an amendment to an existing Health Savings Account.

**SPOUSAL CONSENT**

*This section should be reviewed if either the trust or the residence of the HSA Account Owner is located in a community or marital property state and the HSA Account Owner is married. Due to the important tax consequences of giving up one's community property interest, individual's 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 HSA 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.

I am the spouse of the above-named HSA Account Owner. 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 HSA, I have been advised to see a tax professional.

I hereby give the HSA Account Owner any interest I have in the funds or property deposited in this HSA 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) \_\_\_\_\_

**SIGNATURE**

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

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

I assume complete responsibility for:

1. Determining that I am eligible for an Health Savings Account each year I make a contribution.
2. Ensuring that all contributions I make are within the limits set forth by the tax laws.
3. The tax consequences of any contributions (including rollover contributions) and distributions.

**(Health Savings Account Owner)** \_\_\_\_\_ **(Date)** \_\_\_\_\_

**(Witness)** \_\_\_\_\_ **(Date)** \_\_\_\_\_

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

# HEALTH SAVINGS CUSTODIAL ACCOUNT AGREEMENT

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

FORM (August 2004)

The Account Owner named on the Application is establishing this health savings account (HSA) exclusively for the purpose of paying or reimbursing qualified medical expenses of the Account Owner, his or her spouse, and dependents. The Account Owner represents that, unless this account is used solely to make rollover contributions, he or she is eligible to contribute to this HSA; 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 (with certain exceptions for plans providing preventive care and limited types of permitted insurance and permitted coverage); (3) is not enrolled in Medicare; and (4) cannot be claimed as a dependent on another person's tax return.

The Account Owner has assigned the custodial account the sum indicated on the Application.

The Account Owner 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 XI), the words "you" and "your" mean the Account Owner. The Account Owner 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:* You represent and warrant to us that any information you have given or will give us with respect to this Agreement is complete and accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or expenses you incur in connection with your HSA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement. We have the right to require you to provide, on a form provided by or acceptable to us, proof or certification that you are eligible to contribute to this HSA, including, but not limited to, proof or certification that you are covered by a HDHP. In no event shall we be responsible to determine if contributions made by your employer to your HSA meet the requirements for comparable contributions, the rules of which are set forth in the Code and IRS published guidance.

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 agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorney's fees, arising from, or in connection with this Agreement.

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.

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.

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

11.05 *Investment of Amounts in the HSA:* 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 clearinghouse where the transaction is executed; our policies and practices; and this Agreement. We shall have no discretion to direct any investment in your HSA. We assume no responsibility for rendering investment advice with respect to your HSA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your HSA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash, and we shall have no responsibility to invest uninvested cash unless and until directed by you. 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.

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.

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 an interest in this HSA by reason of being the beneficiary at your death, this HSA (or in accordance with rules established by the IRS the relevant portion thereof) shall be treated as if the surviving spouse were the Account Owner.

If the beneficiary is not your spouse, the HSA (or in accordance with rules established by the IRS the relevant portion thereof) will cease to be an HSA as of the date of death.

Upon learning of the Account Owner's death, we may, in our complete and sole discretion, make a final distribution to a beneficiary (other than the Account Owner's spouse) of his or her interest in the HSA. This distribution may be made without the beneficiary's consent and may be placed in an interest-bearing (or similar) account that we choose.

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. 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.

We may allow the return of mistaken distributions provided there is clear and convincing evidence that the amount(s) distributed from the HSA was because of a mistake of fact due to reasonable cause. In determining whether this standard has been met, we shall have the ability to rely on your representation that the distribution was, in fact, a mistake.

In no event shall we restrict HSA distributions to pay or reimburse only the Account Owner's qualified medical expenses. However, we may, on a case-by-case basis or as a matter of policy, place reasonable restrictions on both the frequency and the minimum amount of distributions from the HSA.

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, 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 applicable Federal and State laws and regulations. If it is necessary to apply any State law to interpret and administer this Agreement, the law of our domicile shall govern.

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.

## GENERAL INSTRUCTIONS

*Section references are to the Internal Revenue Code.*

### **Purpose of Form**

Form 5305-C is a model custodial account agreement that has been approved by the IRS. An HSA is established after the form is fully executed by both the Account Owner and the Custodian. The form can be completed at any time during the tax year. This account must be created in the United States for the exclusive benefit of the Account Owner.

Do not file Form 5305-C with the IRS. Instead, keep it with your records. For more information on HSAs, see Notice 2004-2, 2004-2 I.R.B. 269, Notice 2004-50, 2004-33 I.R.B. 196, Publication 969, and other IRS published guidance.

### **Definitions**

**Identifying Number.** The Account Owner's social security number will serve as the identification number of this HSA. For married persons, each spouse who is eligible to open an HSA and wants to contribute to an HSA must establish his or her own account. An employer identification number (EIN) is required for an HSA for which a return is filed to report unrelated business taxable income. An EIN is also required for a common fund created for HSAs.

**High Deductible Health Plan (HDHP).** For calendar year 2004, an HDHP for self-only coverage has a minimum annual deductible of \$1,000 and an annual out-of-pocket maximum (deductibles, co-payments and other amounts, but not premiums) of \$5,000. For calendar year 2004, an HDHP for family coverage has a minimum annual deductible of \$2,000 and an annual out-of-pocket maximum of \$10,000. These limits are subject to cost-of-living increases after 2004.

**Self-only coverage and family coverage under an HDHP.** Family coverage means coverage that is not self-only coverage.

**Qualified medical expenses.** Qualified medical expenses are amounts paid for medical care as defined in section 213(d) for the Account Owner, his or her spouse, or dependents (as defined in section 152) but only to the extent that such amounts are not compensated for by insurance or otherwise. With certain exceptions, health insurance premiums are not qualified medical expenses. See Notice 2004-25, 2004-15 I.R.B. 727 for transition relief for distributions for qualified medical expenses incurred in calendar year 2004.

**Custodian.** A custodian of an HSA must be a bank, an insurance company, a person previously approved by the IRS to be a custodian of an individual retirement account (IRA) or Archer MSA, or any other person approved by the IRS.

## SPECIFIC INSTRUCTIONS

**Article XI.** Article XI and any that follow it may incorporate additional provisions that are agreed to by the Account Owner and Custodian. The additional provisions may include, for example, definitions, restrictions on rollover contributions from HSAs or Archer MSAs (requiring a rollover not later than 60 days after receipt of a distribution and limited to one rollover during a one-year period), investment powers, voting rights, exculpatory provisions, amendment and termination, removal of custodian, custodian's fees, state law requirements, treatment of excess contributions, distribution procedures (including frequency or minimum dollar amount), use of debit, credit, or stored-value cards, return of mistaken distributions, and descriptions of prohibited transactions. Attach additional pages if necessary.

# DISCLOSURE STATEMENT

## 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) \$2,600. 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) \$5,150. The 2004 limits of \$2,600 and \$5,150 are subject to cost-of-living increases. 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 enrolled in Medicare; and (4) are not 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. 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.
- 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. Finally, current IRS-published guidance indicates that you may make only one rollover contribution to an HSA during a one-year period.

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. **BENEFICIARY ISSUES** - If you die and your beneficiary is your spouse, your HSA (or the relevant portion thereof) shall become your spouse's HSA as of the date of your death.

If the beneficiary is not your spouse, the HSA (or the relevant portion thereof) 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.

## 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 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. **10 PERCENT 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.

# HEALTH SAVINGS ACCOUNT DIRECT DEPOSIT FORM

HSA DIRECT DEPOSIT

Sign up today with your employer!

Please complete this form with an attached voided check from your Health Savings Account, and turn it into your employer's payroll department.

I, \_\_\_\_\_ am requesting a Health Savings Direct Deposit  
of \$ \_\_\_\_\_ from my pay to:

*Chittenden*

Chittenden Office Address:

\_\_\_\_\_  
\_\_\_\_\_

Bank Routing Number: 011600062

Health Savings Account Number: \_\_\_\_\_

Employee's Name (please print): \_\_\_\_\_

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Thank you for choosing a Health Savings Direct Deposit.

Member FDIC



# HSA TRANSFER REQUEST

<b>HSA ACCOUNT OWNER'S NAME AND ADDRESS (Transferring HSA)</b>	<b>CURRENT HSA TRUSTEE'S OR CUSTODIAN'S NAME AND ADDRESS</b>

<b>Social Security Number</b>	<b>Date of Birth</b>	<b>Home Phone</b>	<b>HSA Account Identification and Type (Transferring HSA)</b>	<b>Trustee's or Custodian's Phone Number</b>

<b>FORMER SPOUSE INFORMATION</b>	
<i>Note: This section should be completed if the former spouse is receiving the HSA through a divorce settlement.</i>	
<b>Former Spouse's Name and Address</b>	
<b>Social Security Number</b>	<b>Date of Birth</b>
<b>Phone</b>	

<b>TRANSFER INSTRUCTIONS</b>
Directly transfer <input type="checkbox"/> all or <input type="checkbox"/> part of the HSA identified above in the following manner.  Please make a check payable as follows:  _____ as <input type="checkbox"/> Trustee <input type="checkbox"/> Custodian <small>(Name of Accepting Organization)</small>  of the _____ HSA. <small>(HSA Account Owner's Name)</small>  This transfer <input type="checkbox"/> will <input type="checkbox"/> will not close the HSA.

<b>ASSET LIQUIDATION INSTRUCTIONS</b>					
Asset Description	Quantity In HSA	Quantity To Be Transferred	Liquidate Immediately	Liquidate at Maturity	Transfer In Kind
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>SIGNATURE OF HSA ACCOUNT OWNER OR FORMER SPOUSE</b>
I authorize the transfer of the HSA assets in the manner described above and certify that all of the information provided by me is correct and may be relied upon by the Trustee or Custodian.          <hr style="width: 80%; margin-left: 0;"/> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 0;"> <span><small>(HSA Account Owner's or Former Spouse's Signature)</small></span> <span><small>(Date)</small></span> </div>

<b>ACCEPTING HSA TRUSTEE OR CUSTODIAN</b>
Our organization agrees to serve as the new Trustee or Custodian for the account of the above-named individual, and as Trustee or Custodian, we agree to accept the assets being transferred.  Account Identification of Accepting HSA _____  _____ _____ _____ _____  <hr style="width: 80%; margin-left: 0;"/> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 0;"> <span><small>(Authorized Signature of New Trustee or Custodian)</small></span> <span><small>(Date)</small></span> </div>



# HSA ROLLOVER CERTIFICATION

HSA ACCOUNT OWNER'S NAME AND ADDRESS			HSA TRUSTEE'S OR CUSTODIAN'S NAME AND ADDRESS	
Social Security Number	Date of Birth	Home Phone	HSA Account Identification	Trustee's or Custodian's Phone Number

HSA ROLLOVER (For an eligible rollover, all must be answered NO.)	
<p><b>1. TIMELINESS - 60 DAYS</b>          Have more than 60 days elapsed since you received the distribution from the distributing HSA or Medical Savings Account (MSA)? . . . . . <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p><b>2. TWELVE MONTH RESTRICTION</b>          Did you receive any other distributions from the distributing HSA during the preceding 12 months which you also rolled over? . . . . . <input type="checkbox"/> YES <input type="checkbox"/> NO          Have the assets involved in this transaction been previously rolled over from one HSA to another within the past 12 months? . . . . . <input type="checkbox"/> YES <input type="checkbox"/> NO          Have you made a rollover contribution to the HSA during the preceding 12 months? . . . . . <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p><b>3. ELIGIBLE PLAN</b>          Does the rollover deposit consist of funds other than those distributed from either an HSA or Archer MSA? . . . . . <input type="checkbox"/> YES <input type="checkbox"/> NO</p>	

RULES AND CONDITIONS APPLICABLE TO ROLLOVERS	
<p><b>GENERAL INFORMATION</b></p> <p>A rollover is a way to move money or property from one HSA or MSA to another HSA. The Internal Revenue Code limits how many rollovers may be taken, how quickly rollovers must be completed and how the Trustee or Custodian must report the transaction. By properly completing this form you are certifying to the Trustee or Custodian that you have satisfied the rules and conditions applicable to your rollover and that you are making an irrevocable election to treat the transaction as a rollover.</p> <p><b>HSA ROLLOVER</b></p> <p><b>1. Timeliness</b>          The funds you receive from the distributing HSA or MSA must be deposited into another HSA within 60 days after you receive them. When counting the 60 days, include weekends and holidays. Receipt generally means the day you actually have the funds in hand. For example, the 60 days would begin on the day following the day you pick up the check from the Trustee or Custodian or you receive the check in the mail.</p> <p><b>2. Twelve Month Restriction</b>          You are entitled to one distribution per year per HSA which may be rolled over. Twelve (12) months must pass after receipt of one distribution which you roll over before you may take another distribution from the same HSA to roll over. The focus is on distributions out of an HSA. An HSA is created by executing a plan agreement, not by depositing a contribution into a separate investment within an existing HSA.</p> <p>You are entitled to roll over the same assets only once in a twelve (12) month period. Twelve (12) months must elapse between the time you receive a distribution of the assets to be rolled until you receive another distribution of those same assets for rollover purposes.</p> <p>IRS Notice 2004-50; Q&amp;A 55 indicates that only one rollover contribution may be made to an HSA during a one-year period.</p>	

SIGNATURES	
<p>I have read and understand the rollover rules and conditions on this form and I have met the requirements for making a rollover. Due to the important tax consequences of rolling over funds or property to an HSA, I have been advised to see a tax professional. All information provided by me is true and correct and may be relied on by the Trustee or Custodian. I assume full responsibility for this rollover transaction and will not hold the Trustee or Custodian liable for any adverse consequences that may result. I hereby irrevocably designate this contribution of \$_____ in cash and/or property as a rollover contribution.</p>	
_____	_____
(HSA Account Owner)	(Date)
_____	_____
(Witness)	(Date)