

# Health Savings Accounts

## Employee Guide



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# Frequently Asked Questions for employees/HSA owners

Associated Bank is pleased to offer Health Savings Accounts (HSA) in connection with your employer-sponsored qualified High Deductible Health Plan (HDHP). An HSA gives you two key benefits:

- You gain flexibility in managing health care expenditures for you and your family.
- You can save funds tax-free for future health care expenses, or even for retirement.

The HSA consists of two parts: your individual HSA and a High Deductible Health Plan (HDHP). The HDHP is similar to traditional health insurance coverage, but it has higher deductibles. The HSA is an individual, tax-free account that you establish with Associated Bank, to which you and your employer may contribute money you can use to pay for medical expenses not covered by the HDHP. To open an HSA and receive the tax advantages, federal law says you must be enrolled in an HDHP and not be enrolled in other forms of low-deductible health insurance (explained later).

This booklet describes the basic features of the HSA, how it operates and how you can gain the maximum advantage. *This booklet only summarizes key features and your rights as a participant.* Your HDHP is governed by the terms and conditions set forth in the certificate of coverage or plan document issued by your benefits administrator. Your HSA is governed by the terms of your custodial agreement and the rules issued by Associated Bank. If a conflict exists between any plan documents, contracts, rules, regulations or laws and this booklet, the plan document, contract, rule, regulation or law will apply.



## Setting up an HSA

### Who can set up an HSA?

To be eligible for a Health Savings Account, an individual must:

- Be covered by a qualified High Deductible Health Plan (HDHP).
- Not be covered by another form of “low deductible” health insurance (such as through your spouse’s employer). See “Can I be covered under another health plan and still set up an HSA?” for further information.
- Not be claimed as a dependent on someone else’s tax return.
- Not be covered by Medicare (Part A, Part B or Part D).

While company owners can sign up for an HSA, certain owners may not be able to contribute to the HSA on a pretax basis. Please contact your benefits administrator if you have questions about HSA eligibility.

### When can I set up an HSA?

You can set up an HSA when you enroll in your employer’s High Deductible Health Plan, or after you become covered by an HDHP. Your HR/benefits department will direct you on how to establish the HSA.

### What is a qualified High Deductible Health Plan?

A qualified High Deductible Health Plan (HDHP) is a health plan that:

- Provides coverage for medical expenses.
- Has a minimum annual deductible that meets IRS-stated amounts. (These amounts are indexed for inflation and may increase each year.)
  - Minimum of \$1,250 for single coverage and \$2,500 for family coverage in 2013.
  - Minimum of \$1,200 for single coverage and \$2,400 for family coverage in 2012.
- Does not pay any medical expenses, including co-pays, office visits or co-insurance, until the applicable deductible is satisfied, other than for preventative care.
- Has maximum out-of-pocket expenses that do not exceed the IRS-specified amounts. (These amounts are indexed for inflation and may increase each year.)
  - Maximum of \$6,250 for single coverage and \$12,500 for family coverage, except for out-of-network claims, in 2013.
  - Maximum of \$6,050 for single coverage and \$12,100 for family coverage, except for out-of-network claims, in 2012.

## Can I be covered under another health plan and still set up an HSA?

If you are covered by another health plan (e.g., through your spouse's employer), that health plan must meet all of the criteria for a qualified High Deductible Health Plan. If you are enrolled in a health plan that does not meet the criteria for a High Deductible Health Plan, you may not set up an HSA and you must stop contributing to any HSA you do have. You may be covered by the following types of plans without losing the right to set up an HSA:

- Dental
- Vision
- Short- and long-term disability
- Life and accident
- Long-term care
- Certain Health Flexible Spending Arrangements (also called Section 125 or Pretax Medical Reimbursement Accounts)
  - Insurance for specific types of diseases or illnesses (e.g., cancer plans)
  - Hospital indemnity plans
  - Limited Purpose FSA (dental and vision only)
  - Post-deductible HRAs

For you to participate in a Health Flexible Spending Arrangement and an HSA at the same time, the Health Flexible Spending Arrangement, whether provided by your or your spouse's employer, must typically be limited to reimbursing dental expenses, vision care expenses and/or medical expenses that exceed your HDHP deductible. Check with your or your spouse's benefits administrator to determine if you can participate in any Health Flexible Spending Arrangement offered by your or your spouse's employer.

If you are enrolled in Medicare or Medicaid, you are not eligible to contribute to an HSA. If you have coverage under Tricare (military insurance), you are not eligible for an HSA. On the other hand, being eligible to receive V.A. benefits will not make you ineligible to open an HSA—but actually receiving V.A. benefits (including prescription drugs) makes you ineligible to contribute to your HSA for up to three months. Please check with your V.A. benefits caseworker for confirmation when receiving such benefits.

## Can I set up an HSA if my spouse and/or dependents are covered under another health plan?

Yes, as long as you, the HSA account owner, are covered by a qualified HDHP and are not covered by any other form of low deductible insurance, your spouse and your dependents may still be able to participate in other health insurance (e.g., through your spouse's employer's insurance plan), without affecting your HSA eligibility. You may also use your HSA funds to pay for the qualified medical expenses of your spouse and dependents – even if they are covered under another health plan.

## Contributing to your HSA

### How do I put money into my HSA?

After enrolling in the HSA, you work with your HR/benefits department to choose how much money you will contribute to your HSA. Your employer may then deduct that amount from your paycheck on a pretax basis, and forward the money to Associated Bank to be deposited into your HSA. Contributions can also be made through online transfers with Associated's Online Banking, direct deposit from another financial account, mobile banking or at one of our branches. Please see the Summary Plan Description and/or Plan Documents for your employer's pretax plan for more information on pretax contributions, including information on changing your contribution amount.

Your employer may also contribute money to the HSA. These contributions are not taxable as federal earned income, but any HSA contributions may be subject to state income tax. Please consult your tax advisor to determine the potential tax advantages of your HSA.

If you are setting up an HSA on an individual basis, Associated Bank will help you determine a contribution schedule with simple options for making contributions on a regular basis.

### How much money can I put into my HSA?

#### General contribution limit

The maximum contribution in 2013 is \$3,250 for single coverage, and \$6,450 for family coverage. The maximum contribution in 2012 is \$3,100 for single coverage and \$6,250 for family coverage. The total amount contributed by you and your employer cannot exceed this maximum. If your spouse has his or her own HSA, the following special rules apply:

- If you and your spouse each have single High Deductible Health Plan coverage, you may each contribute up to the maximum single coverage limit to your respective HSAs.
- If you or your spouse has single High Deductible Health Plan coverage, and the other person has family HDHP coverage, you and your spouse together may contribute no more than the maximum family coverage limit, divided between your HSAs as you agree.
- If you and your spouse both have family High Deductible Health Plan coverage, you and your spouse together may contribute no more than the maximum family coverage limit, divided between your HSAs as you agree.

#### Full contribution rule

If your HDHP coverage starts mid-year, you may make the full HSA contribution (single or family, whichever applies) for that entire year – provided:

- You are HSA eligible on December 1 of that tax year; and
- You remain HSA eligible through the entire next calendar year (January through December).

If you do not remain HSA eligible through the entire next calendar year (other than due to death or disability), you must work with your tax advisor to report any excess contributions made in both the current and prior tax years.

### Catch-up contribution limit

The catch-up contribution limit is \$1,000. If you are at least age 55 by the end of the calendar year and not covered by Medicare, you may make an additional catch-up contribution to your HSA. Similarly, if your spouse is at least age 55 by the end of the calendar year and meets the HSA eligibility requirements, he or she may also make a catch-up contribution to his or her own HSA. Your spouse must have an individual HSA to make a catch-up contribution; you may not make a catch-up contribution on behalf of your spouse to your HSA.

## What happens if I put too much money into my HSA?

You are responsible for making sure you do not exceed the maximum HSA contribution limit. If, at the end of the year, you have contributed too much to the account, you must report the excess amount to the IRS on your federal income tax return and pay income taxes on that amount. You will also have to pay excise taxes on the excess amount, unless you withdraw the excess and any earnings attributable to that excess before that year's IRS deadline. (Visit [HSA.AssociatedBank.com](http://HSA.AssociatedBank.com) to obtain a withdrawal form if you find yourself in this situation.) Please contact your tax advisor for more information on the taxation of excess HSA contributions.

## Your HSA – account questions

### Will my HSA deposit account earn interest?

Yes, you will earn interest on your HSA balance. Rates are variable and may be changed at Associated Bank's discretion; you will be informed of your current interest rate when you open your HSA. After that, you can check rates by contacting Associated Bank.

### Will I receive a bank statement for my HSA?

Yes, Associated Bank will send you a monthly statement of deposits and withdrawals whenever there is activity in the account for that month. You may choose to enroll in paperless e-statements through Associated Bank's Online Banking access. If you have chosen to participate in Associated Bank's Health Savings Investment Account, you will also receive quarterly statements for those mutual fund assets.

**Please note that it is possible to overdraw your account;** you are responsible for making sure funds are available before you make withdrawals. Overdraft/NSF fees may be assessed. Please see the Consumer Deposit Account Fee Schedule for current fees.

### Where can I access my account information?

To view your current balance or account activity, go to [HSA.AssociatedBank.com](http://HSA.AssociatedBank.com) and click Account Access to access Associated Bank's Online Banking, access Mobile Banking or call 800-992-2651.



## Who should I contact for more information on my debit card or if I lose my debit card?

Call Associated Bank at 800-992-2651.

## What happens to any money left in my HSA at the end of the year?

Any unused money simply remains in your HSA to pay for future qualified medical expenses and may earn interest.

## Associated's Health Savings Investment Account

### What is a Health Savings Investment Account?\*

If you accumulate more than \$500 and don't intend to use it immediately, Associated offers a self-directed option to invest your money in mutual funds with various life-stage offerings with Associated Bank as custodian. Under arrangements between Associated Bank and the fund companies, you will not incur any front-end or back-end sales charges. Account management is also available online, 24 hours a day, seven days a week. Visit [HSA.AssociatedBank.com](https://HSA.AssociatedBank.com), and click "Funds List" to learn more.

\*Investors should read the prospectus carefully and consider the fund's investment objectives and risks before investing. Links to prospectuses are available at [HSA.AssociatedBank.com](https://HSA.AssociatedBank.com) or by contacting the fund directly. Mutual fund performance data and ratings represent past performance and are not a guarantee of future results. **Funds in the Health Savings Investment Account are NOT deposits or obligations of, insured or guaranteed by Associated Banc-Corp or any other bank or affiliate, are NOT insured by the FDIC or any agency of the United States, and involve INVESTMENT RISK, including POSSIBLE LOSS OF VALUE.** Contract administration services are provided by Associated Trust Company, N.A. to Associated Bank, N.A., for which an HSA Investment Account is charged \$7.50 per quarter. Associated Trust Company, N.A. is an affiliate of Associated Banc-Corp.

### Is there a charge to open a Health Savings Investment Account?

There is no fee to open a Health Savings Investment Account as part of your Associated Bank HSA. You will be assessed a \$7.50 quarterly fee, which is automatically deducted from your Investment Account.

### How do I open an investment account?

You can access all the forms for the Health Savings Investment Account online at [HSA.AssociatedBank.com](https://HSA.AssociatedBank.com). The completed Health Savings Investment Account – Initial Enrollment Form is needed to open a Health Savings Investment Account and make the initial deposit. Return the completed form to the Health Savings Investment Support Area, using the contact information on the form. Your account will be established, and a Personal Identification Number (PIN) will be mailed to you. After you have the PIN, you can change your investment elections online. You can also contact Customer Care at 800-992-2651 to have the form mailed to you.

## How do I move additional funds to/from my investment account?

You may transfer funds back and forth between the HSA and Health Savings Investment Account by using the Health Savings Investment Account – Transfer Form. Return the completed form to the Health Savings Investment Support Area, using the contact information on the form. All contributions and distributions must be made directly to/from the HSA. Funds may be invested only by transferring funds to the investment account. To access your funds, you must first transfer funds from the investment account to the HSA. Allow up to three business days from the time the bank receives the request for completion.

## Using your HSA funds

### What can I use my HSA funds for?

You can use the funds in your HSA to pay for qualified medical expenses, as defined by the IRS, incurred by you, your spouse and your dependents. Generally, medical care expenses include amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Expenses solely for cosmetic reasons generally are not expenses for medical care. Also, expenses that are merely beneficial to one's general health (for example, vacations) are not expenses for medical care.

### Who determines if an expense is a qualified medical expense?

Because the IRS considers HSAs to be “individual accounts,” you, the account owner, are the one who must determine if a particular medical expense is a qualified medical expense that can be reimbursed from your HSA. While you can contact your benefits administrator or your tax advisor for assistance, it is ultimately your responsibility to determine whether a particular expense qualifies. In the event of an IRS audit, you will be required to present proof (generally in form of receipts) that HSA funds were used to pay for qualified medical expenses. For additional information, please visit [www.IRS.gov](http://www.IRS.gov).

### What if I use my HSA funds to pay for a non-qualified medical expense?

If you are under age 65 and use your HSA funds to pay for a non-qualified medical expense, you will pay income taxes and a 20 percent (10 percent for distributions before 2011) excise tax on that amount. If you are over 65, or become disabled at any age, and use your HSA funds to pay for a non-qualified medical expense, you will pay ordinary taxes (but not excise tax) on that amount. It is your responsibility to pay the taxes and/or penalties on HSA withdrawals used for non-qualified medical expenses and report them on your tax return. Failure to do so may result in additional penalties.



## How do I get money out of my HSA to pay for qualified medical expenses?

When you have a qualified medical expense, you can use your HSA debit card to pay the merchant, pharmacy, doctor or other medical care provider directly. Additional options for reimbursement include making an ATM withdrawal, making a withdrawal at any Associated Bank branch, using Associated's online banking or mobile banking service to pay a medical expense or transfer funds. To receive reimbursement through direct deposit to your account, or to have a check mailed to you, access the online Health Savings Account Qualified Medical Expense Reimbursement Form at [HSA.AssociatedBank.com](https://www.hsa.associatedbank.com) by clicking "Forms." You can print, complete and return the form to the bank.

It is best if you do not use your HSA debit card, or make any other form of payment, when you initially visit your health care provider. Please wait for your medical claims to be processed so all appropriate discounts are applied. However, you can pay for pharmacy services at the initial point of purchase, after any plan discounts have been applied.

Be sure to keep all receipts for qualified medical expenses you pay using your HSA. If you are ever audited by the IRS, you will be required to prove that you used your HSA funds to pay for qualified medical expenses.

## Tax reporting

### Will I have to pay taxes on my HSA?

You will not have to pay federal income taxes on the contributions and interest you earn in your HSA, unless you are no longer HSA eligible. (See "What happens to my HSA if I withdraw from my HDHP?") You will also not have to pay federal income taxes on money you withdraw from your HSA, as long as you use the money to pay for qualified medical expenses. (See "What can I use my HSA funds for?") State income taxes may apply; please discuss with your tax advisor.

**Important:** If your HSA contributions are made through pretax payroll deductions, you may not claim the contributions as a deduction on your tax return. Similarly, if you itemize deductions on your tax return, you may not claim a deduction for those medical expenses that are reimbursed from your HSA.

### What tax forms will I need for filing?

Associated Bank will provide the following tax documents if you have reportable activity:

- The Fair Market Value Statement is provided in January each year. This document shows the balance at the beginning of the tax year, all amounts credited, all amounts debited and the end-of-year balance. This document is a summary of the account activity for the tax year and is not intended to be used for tax filing.
- Form 1099-SA is provided in January each tax year. This document shows the amounts reported as distributions to the IRS. A separate 1099-SA is provided for each type of IRS distribution code.
- Form 5498-SA is provided in late April/early May each tax year. This document shows the amounts reported as contributions to the IRS. This amount reflects all contributions to the HSA and does not differentiate if the contribution was made pre- or post-tax.

Your employer will provide a W-2 Form listing all employer and employee pre-tax contributions in Box 12 with code W. Please contact your tax advisor for more information on filing your taxes.

## Miscellaneous

### What should I do if I change my address?

Notify your employer of your address change, and send us your new address via email by visiting [HSA.AssociatedBank.com](mailto:HSA.AssociatedBank.com) and clicking “Contact Us,” or calling 800-992-2651, or mailing the address change to:

Associated Bank, N.A.  
HSA Department - MS# 7009  
P.O. Box 19097  
Green Bay, WI 54307-9097

### What should I do if my legal name changes?

Request a new application from your employer or local banking office and mail a copy of the legal documents reflecting the name change (e.g., marriage certificate or divorce decree) with the completed forms to:

Associated Bank, N.A.  
HSA Department - MS# 7009  
P.O. Box 19097  
Green Bay, WI 54307-9097

### What happens if I leave my employer?

When you terminate employment, you lose eligibility to participate in your employer’s health plan as an active employee and may be eligible to elect COBRA continuation. However, your HSA belongs to you and is yours to take with you—even if you don’t elect COBRA continuation coverage. To remain eligible to contribute to your HSA, you must continue HDHP coverage through your former employer via COBRA, through a new employer’s qualified HDHP, or through an individual HDHP.

### What happens to my HSA if I withdraw from my HDHP?

Withdrawing from your HDHP means you can no longer contribute to your HSA until you are covered by another HDHP.

## When you withdraw from your HDHP, you have a few choices:

- You can leave the money in the account with Associated Bank. You may continue to use the remaining money in your HSA to pay for qualified medical expenses without paying income taxes on the amount withdrawn. If you withdraw money from the account for non-qualified medical expenses, you must pay ordinary and excise taxes on those amounts. (See “What if I use my HSA funds to pay for a non-qualified medical expense?”)
- You can close the HSA, but you will be required to pay ordinary and excise taxes, if applicable, on the amount used for non-qualified medical expenses. (See “What if I use my HSA funds to pay for a non-qualified medical expense?”)
- If you close the account, you have 60 days to roll the funds into another HSA.

The interest and investment returns you earn after the date you withdraw from the HDHP continue to accumulate free from federal income taxes. However, you will not be allowed to contribute additional funds to the HSA.

## Will my family receive my HSA funds in the event of my death?

You can designate a beneficiary on your HSA when you set up your account. If you choose not to name a beneficiary, your estate will be named. You can change HSA beneficiaries at any time by requesting an HSA Designation of Death Beneficiary form which can be obtained by visiting [HSA.AssociatedBank.com](http://HSA.AssociatedBank.com) and clicking “forms.”

If your HSA beneficiary is your spouse, your HSA may be converted to an HSA in your spouse’s name at your death. He or she will not have to pay any taxes and can use the money in your HSA in accordance with the normal HSA rules. If your HSA beneficiary is not your spouse, the HSA will terminate and the beneficiary will have to pay taxes on the amount in your HSA. If you do not designate a beneficiary, your HSA will terminate and be paid to your estate.

## Where can I go to get more information or help with my HSA?

Contact your HR/Benefits Department or your insurance administrator with questions about your High Deductible Health Plan. Visit [HSA.AssociatedBank.com](http://HSA.AssociatedBank.com) or call 800-992-2651 if you have questions about your Health Savings Account.

## Qualified medical expenses for Health Savings Accounts

To maximize the value of your Health Savings Account (HSA), you must use your account funds for expenses the IRS deems acceptable. Please note that this is not meant to be an all inclusive listing and may contain items which require specific criteria be met before the expense can be considered qualified. For a complete list, see Section 213 of the IRS rules ([www.IRS.gov](http://www.IRS.gov)) or contact the Internal Revenue Service.

When checking whether a procedure or product is qualified, consider the following general definition for medical care expenses before consulting the IRS:

*Medical care expenses include amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Expenses solely for cosmetic reasons generally are not expenses for medical care. Also, expenses that are merely beneficial to one's general health (for example, vacations) are not expenses for medical care.*

### Qualified medical expenses

You can generally include medical expenses you pay for yourself, as well as those you pay for someone who was your spouse or dependent either when the services were provided or when you paid for them.

**Over-the-Counter Medicines** – Due to legal changes, effective January 1, 2011, over-the-counter medication (except insulin) cannot be reimbursed tax-free with funds from your HSA unless the medication was obtained pursuant to a valid prescription under state law. The changes do not affect other over-the-counter products such as medical devices, eye glasses or bandages. For additional information, please see your tax advisor.

Acupuncture	Body Scan	Co-Payments
Adoption	Braille Books & Magazines	Crutches
Alcoholism	Breast Pumps & Supplies	Deductibles
Ambulance Services	Breast Reconstruction Surgery	Dental Treatment
Artificial Limb/Prosthesis	Childbirth Classes	Dentures
Artificial Teeth	Chiropractor Services	Diagnostic Services
Automobile Modifications	Christian Science Practitioner	Disabled Dependent Care Expenses
Bandages	Circumcision	Drug Addiction Treatment
Birth Control Pills	Contact Lenses & Cleaning Solutions	Ear Plugs

*continued >>*

Eye Examination	Medical Monitoring & Testing	Psychologist
Eyeglasses & Cleaner	Devices	Reading Glasses
Eye Surgery	Medical Services	Safety Glasses
Fertility Enhancements/ Infertility Treatments	Nursing Home	Screening Tests
Fluoridation Device	Nursing Services	Smoking Program
Genetic Testing	Nutritionist's Professional Expenses	Special Education
Guide Dog or Other Service Animal	Operations	Special Home for Mentally Handicapped
Hearing Aid & Batteries	Optometrist	Sterilization/Vasectomy
Holistic or Natural Remedies	Orthodontic Services	Supplies to Treat Medical Condition
Hospital Services	Osteopath	Surgery
Immunizations/Vaccines	Oxygen & Equipment	Telephone Equipment & Repair
Inclinator	Patterning Exercises	Television Equipment
Insulin	Physical Exams	Transplants
Laboratory Fees	Physical Therapy	Transportation
Lead-Based Paint Removal	Pregnancy Test	Viagra
Legal Fees	Prescription Drugs	Wheelchair
Medic Alert Bracelet or Necklace	Prescription Sunglasses	Wigs
Medical Conferences	Psychiatric Care	X-Ray Fees
	Psychoanalysis	

## Non-qualified medical expenses

Baby Sitting	Hair Loss Medications	Shampoos/Soaps
Controlled Substances	Hair Transplant	Special Foods
Cosmetic Supplies	Health Club Dues/Fees	Suntan Lotion/Sunscreen
Cosmetic Surgery	Health Institute	Swimming Lessons
Dance Lessons	Household Help	Teeth Whitening/Bleaching
Diaper Service	Illegal Operations/Treatments	Toothbrush/Toothpaste
Electrolysis	Insurance Premiums	Veterinary Fees
Exercise Equipment	Maternity Clothes	Weight-Loss Program
Face Cream	Medicines & Drugs from Other Countries	
Feminine Hygiene Products	Nutritional Supplements/Vitamins	
Fitness Programs	Personal Trainer	
Future Medical Care	Personal Use Items	
Funeral Expenses		

# HSA – Health Savings Account – Custodial

## Instructions for Establishing a Health Savings Account

All information must be completed in full or the HSA cannot be opened. Access to funds may be limited until receipt of the signed document is received by Custodian.

An acceptable photo identification (ID) must be provided and entered on the form as well as entering the issuer, issue date and expiration date. Generally this will be your Driver's License information. If you do not have a Driver's License, valid photo IDs include State-issued ID card, Passport, Non-resident Alien ID card, Military ID card, Country issued ID card, Tribal Identification card, County-issued ID card, Student ID card, Employment ID with photo, or Matricula Consular Card (for Mexican nationals). If using another form of photo ID, other than a Driver's License, please provide the ID number, issue date and expiration date in the "Other ID" section.

1. Review the Health Savings Custodial Account Agreement and Disclosure Statement (see pages 3 through 6).
2. Complete the Health Savings Account Application (see page 1).
3. Complete the Limited Power of Attorney Authorization, if applicable (see page 2).
4. Print one copy of pages 1-6.
5. Along with a witness, sign and date page 1.
6. If a Limited Power of Attorney Authorization is requested, sign and date page 2.
7. Make a copy of pages 1 & 2, if applicable, and retain the copies for your records, along with pages 3 through 6.
8. Return the original signed copies of pages 1 & 2, if applicable, to the HSA Custodian name and address as listed on page 1.

Although a Limited Power of Attorney Authorization for Health Savings Account (LPOA) form may be provided within the Health Savings Account Application, Account Owner understands it is Account Owner's responsibility to have such LPOA form reviewed by Account Owner's legal counsel to determine whether such form is sufficient for Account Owner's circumstances.



# HEALTH SAVINGS ACCOUNT APPLICATION



<b>HSA OWNER'S NAME AND ADDRESS</b>			<b>HSA CUSTODIAN'S NAME, ADDRESS, AND PHONE</b>		
			Associated Bank, N.A. HSA Department – MS #7009 PO Box 19097 Green Bay, WI 54307-2651 Phone: (800) 992-2651		

NOTE: The name must match the Social Security number with IRS records.

<b>Social Security Number</b>	<b>Home Phone</b>	<b>Business Phone</b>	<b>HSA Number</b>
<b>Date of Birth</b>	<b>E-mail Address</b>		<input type="checkbox"/> Check here if this is an amendment to an existing HSA.
<b>Driver's License (State of Issuance &amp; Number)</b>		<b>DL Issue Date or Code</b>	<b>DL Expiration Date or Code</b>
<b>State</b>	<b>Driver's License Number</b>		
<b>Mother's Maiden Name</b>		<b>Other ID (if DL information is not provided)</b>	
See Instruction page for further information.			
<b>EMPLOYER NAME:</b>			

### CONTRIBUTION TYPE/ELIGIBILITY REQUIREMENTS

By signing below, you are certifying one of the following (check one box):

- If Regular HSA:** I certify that I am covered by a high deductible health plan (HDHP), I am not covered by a health plan that is not an HDHP and that provides coverage for any benefit which is covered under the HDHP, I am not enrolled in Medicare, and I may not be claimed as a dependent on another person's tax return.
- If Rollover HSA:** I certify that the funds being rolled over originated in an HSA or Archer MSA and are eligible for rollover, that no more than 60 days have elapsed since I received the distribution, and that I have not completed a previous HSA rollover within the last 12 months.
- If Transfer HSA:** I certify that I have requested HSA or Archer MSA funds to be directly transferred.

### 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 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.	Beneficiary's 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	%

### SPOUSAL CONSENT

*This section should be reviewed if either the trust or the residence of the HSA Owner is located in a community or marital property state and the HSA Owner 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 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 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 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)

### SIGNATURES

*Important: Please read before signing.*

I understand the eligibility requirements for the type of HSA deposit I am making and I state that I qualify to make the deposit. I represent and warrant that any information I have given or will give with respect to this Account, is complete and accurate. No tax or legal advice was given to me by the Custodian. I have received a copy of the Application, the 5305-C Custodial Account Agreement, and the Disclosure Statement. I understand that the terms and conditions which apply to this HSA are contained in this Application and the HSA Agreement. I agree to be bound by those terms and conditions.

I authorize the bank to make inquiries to verify the accuracy of the information on the application or to obtain any other information necessary to open the HSA and issue a debit card. I authorize Custodian to provide my HSA account number to my employer.

I acknowledge receipt of the account information/rules by which the account will be governed and the account disclosures.

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.
3. The tax consequences of any contributions (including rollover contributions) and distributions.

(HSA Owner)	(Date)
(Witness)	(Date)
(Authorized Signature of Custodian)	(Date)





**Associated Bank, National Association (“Bank”)**

**LIMITED POWER OF ATTORNEY AUTHORIZATION  
FOR HEALTH SAVINGS ACCOUNT**

The undersigned Account Owner (referred to as “I”, “my”, or “me”) appoints the individual listed below as my Limited Power of Attorney for my Health Savings Account(s) (“Account”). My Limited Power of Attorney may withdraw funds from the Account by any means acceptable to the Bank and obtain Account balances. The Limited Power of Attorney is not granted any other rights or privileges with respect to the Account by this Limited Power of Attorney Authorization For Health Savings Account document. I ratify and confirm all that the Limited Power of Attorney does or causes to be done under these powers. I hold the Bank harmless and also indemnify the Bank against any claims or losses the Bank may suffer arising out of the Bank’s reliance on this appointment and release the Bank from any liability arising from such reliance. This appointment remains in full force and effect until the Bank receives written notice of revocation and has had a reasonable time to act upon such notice.

Although a Limited Power of Attorney Authorization for Health Savings Account (LPOA) form may be provided within the Health Savings Account Application, Account Owner understands it is Account Owner’s responsibility to have such LPOA form reviewed by Account Owner’s legal counsel to determine whether such form is sufficient for Account Owner’s circumstances.

**THERE IS NOT ANY PRESENT OR FUTURE OWNERSHIP OR RIGHT OF SURVIVORSHIP CONFERRED BY THIS DESIGNATION. THE AUTHORITY OF THE LIMITED POWER OF ATTORNEY IS EXERCISABLE NOTWITHSTANDING THE SUBSEQUENT DISABILITY OR INCAPACITY OF THE ACCOUNT OWNER.**

HSA Number: \_\_\_\_\_ Date: \_\_\_\_\_

HSA Owner’s Signature: \_\_\_\_\_

HSA Owner’s Printed Name: \_\_\_\_\_

**Limited Power of Attorney Information**

Limited Power of Attorney Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

LPOA Social Security Number: \_\_\_\_\_

LPOA Mother’s Maiden Name \_\_\_\_\_ LPOA Phone Number \_\_\_\_\_

Driver’s License (DL) State: \_\_\_\_\_ DL Number: \_\_\_\_\_

DL Issue Date or Code: \_\_\_\_\_ DL Expiration Date or Code: \_\_\_\_\_

Limited Power of Attorney’s Specimen Signature: \_\_\_\_\_

**TERMINATION OF LIMITED POWER OF ATTORNEY:**

By signing below, Account Owner terminates this Limited Power of Attorney.

**Signature of Account Owner** (to terminate Limited Power of Attorney) \_\_\_\_\_ Date: \_\_\_\_\_

# HEALTH SAVINGS CUSTODIAL ACCOUNT AGREEMENT

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

FORM (November 2007)

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.
4. Qualified HSA distributions from a health flexible spending arrangement or health reimbursement arrangement must be completed in a trustee-to-trustee transfer and are not subject to the maximum annual contribution limit set forth in Article II.
5. Qualified HSA funding distributions from an individual retirement account must be completed in a trustee-to-trustee transfer and are subject to the maximum annual contribution limit set forth in Article II.

## ARTICLE II

1. For calendar year 2007, the maximum annual contribution limit for an Account Owner with single coverage is \$2,850. This amount increases to \$2,900 in 2008. For calendar year 2007, the maximum annual contribution limit for an Account Owner with family coverage is \$5,650. This amount increases to \$5,800 in 2008. These limits are subject to cost-of-living adjustments after 2008.
2. Contributions to Archer MSAs or other HSAs count toward the maximum annual contribution limit to this HSA.
3. For calendar year 2007, an additional \$800 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 \$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 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 your death.

Upon learning of your death, we may, in our complete and sole discretion, make a final distribution to a beneficiary (other than your 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 penalty taxes 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 your 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. Access to funds may be limited until receipt of the signed Health Savings Account Application is received by Custodian.

- 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, 2004-1 C.B. 269, Notice 2004-50, 2004-2 C.B. 196, Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, 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 2007, an HDHP for self-only coverage has a minimum annual deductible of \$1,100 and an annual out-of-pocket maximum (deductibles, co-payments, and other amounts, but not premiums) of \$5,500. In 2008, the \$1,100 minimum annual deductible remains the same and the annual out-of-pocket maximum increases to \$5,600. For calendar year 2007, an HDHP for family coverage has a minimum annual deductible of \$2,200 and an annual out-of-pocket maximum of \$11,000. In 2008, the \$2,200 minimum annual deductible remains the same and the annual out-of-pocket maximum increases to \$11,200. These limits are subject to cost-of-living adjustments after 2008.

**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.

**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 \$2,850 (for 2007). If you have family coverage, the maximum monthly contribution is 1/12 of \$5,650 (for 2007). The 2007 limits of \$2,850 and \$5,650 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 by an additional amount not to exceed \$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 and by any qualified HSA funding distributions deposited from an IRA.
- If you become HSA-eligible after the beginning of the year, you may make a full year's contribution up to the statutory contribution limit as long as you maintain eligibility during the testing period. The testing period begins the last month of the initial eligibility year and ends at the end of the 12-month period following that month. If you do not remain eligible for the testing period, you must include the contributions made for the months that you were not otherwise eligible in your gross income and pay a 10 percent penalty tax on the amount.
- 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 eligible 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 \$1,100 (2007) for single coverage and at least \$2,200 (2007) for family coverage. In addition, the sum of the annual out-of-pocket expenses required to be paid (deductibles, copayments, and amounts other than premiums) cannot exceed \$5,500 (2007) for single coverage and \$11,000 (2007) for family coverage. All of these dollar amounts may be adjusted annually 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.
1. **HSA or Archer MSA to HSA Rollovers** – 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 make only one rollover contribution to an HSA during a 12-month period.

Funds distributed from your Archer MSA may be rolled over to your HSA. A proper Archer 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.

2. **Health FSA or HRA to HSA Rollovers** – If allowed under your health flexible spending arrangement (FSA) or health reimbursement arrangement (HRA), you may roll over the lesser of the balance in the health FSA or HRA on (1) September 21, 2006, or (2) the date of the distribution, directly to your HSA. If you do not remain HSA-eligible (for reasons other than death or disability) for 12 months following the month of the rollover, the amount rolled over is subject to taxation and a 10-percent penalty tax. Direct rollovers from health FSAs or HRAs may only be made through December 31, 2011.
3. **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. **QUALIFIED HSA FUNDING DISTRIBUTIONS** – If you are eligible to contribute to an HSA, you may be eligible to take a one-time, tax-free HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. If you do not remain HSA-eligible (for reasons other than death or disability) for 12 months following the transaction, the amount of the transaction is subject to taxation and a 10-percent penalty tax. For further detailed information, you may wish to obtain IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans.
- F. **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.
- G. **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 your estate, the fair market value of the account as of your date of death is taxable on your final return. For other beneficiaries, the fair market value of the account is taxable to that beneficiary 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. **PENALTY TAX** – Effective January 1, 2011, if you receive a distribution that is included in your gross income, you are subject to an additional penalty tax of 20 percent. This additional 20 percent penalty 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 TAX** – An excise penalty tax of six percent is imposed upon any excess contribution you make to your HSA. This additional tax will apply each year in which an excess remains in your HSA. An excess contribution is any amount that is contributed to your HSA that exceeds the amount that you are eligible to contribute, 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.





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