



# HSA Enrollment Form

**Important HSA eligibility Information:**

- If you or your spouse have a general-purpose Flexible Spending Plan (FSA), you are not eligible to receive or make HSA contributions.
- If you anticipate/plan on enrolling in Medicare and/or Social Security during the calendar year, there is important information you need to know. Please see your HR Department before signing up for an HSA and [www.medicare.gov](http://www.medicare.gov) for more information (Click on sign up/change plan, How do I get Parts A & B; Part A & B sign up periods and scroll to bottom of page regarding HSAs).
- IRS annual limits can be found on our resource web page: <https://www.basiconline.com/regulations-resources/>

**Employee must complete this form and return to their employer.**

All fields are required. Please type in fillable PDF or print clearly.

Company Name				Company City/State	
First Name			Last Name		
Address					
City			State		Zip
Date of Birth			SSN		
Email					
Individual ID (if known)			Phone		
Pay Frequency			Hire Date		

**HSA Election**

	Annual Amount	# of Pays	Per Pay Period Amount	Date of First Deduction
Employee Contribution	\$		\$	
Employer Contribution	\$		\$	
<b>*Employer and participant contributions cannot exceed IRS contribution limits</b>				
HDHP Coverage Level	<input type="checkbox"/> Single <input type="checkbox"/> Family		Effective Date	
<b>2022 tax year maximum aggregate annual HSA contribution limits:</b>				
2022: Single Coverage \$3650    2022: Family Coverage \$7300				
Catch up contributions: \$1000 (for individuals age 55 and older)				

Your contributions will be withdrawn from your pay each pay period. If your employer maintains a cafeteria plan that permits HSA contributions, your contributions will be made with pre-tax dollars. You may also make contributions outside of your employment. If you would like to contribute immediately, please go to your employee web portal to do so.

You will receive one BASIC Card for your benefit account. You may request **one additional card** for your spouse or dependent free of charge. Additional cards (3+) may incur a fee. Cards are mailed to your home address 7-10 days after your enrollment has been processed. It will be enabled for disbursements from your HSA once BASIC has validated your identity and you have logged into the online service to accept the Terms of Use.

By signing you are agreeing to the terms and conditions of the CUSTODIAL AGREEMENT AND DISCLOSURE STATEMENT and DESIGNATION OF REPRESENTATIVE BY ACCOUNTHOLDER.

Signature \_\_\_\_\_ Date \_\_\_\_\_

## **Health Savings Account (HSA) Custodial Agreement and Disclosure Statements**

As used in this Health Savings Account ("HSA") Custodial Agreement and Disclosure Statement (the "Agreement"), "you" and "your" refer to the individual whose name and identity you are confirming through this Consumer Driven Account System (as defined in Section 11.05) and who will be the account holder and beneficiary of the HSA. References to "Custodian", "us", "we" and "our" refer to the State Bank of Cross Plains for HSAs administered by BASIC. References to "TPA" or "BASIC" refer to BASIC Benefits, LLC, which is serving as the "Designated Representative" and "HSA Administrator."

This Agreement is a contract between you and us regarding each party's rights and responsibilities with regard to your HSA. You are establishing this HSA, as defined in the Internal Revenue Code ("Code") Section 223(d), exclusively for the purpose of paying or reimbursing qualified medical expenses of you, your spouse, and your dependents. In addition to any other representations in this Agreement, you represent that, unless this HSA is used solely to make rollover contributions, you are eligible to contribute to this HSA; specifically, that you (i) are covered under a high deductible health plan ("HDHP"), (ii) are 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), (iii) are not enrolled in Medicare, and (iv) cannot be claimed as a dependent on another person's tax return. By establishing an HSA in accordance with the terms of this Agreement, the parties hereby agree to the terms and conditions set forth in this Agreement, including any amendments to this Agreement. The HSA Application is incorporated by reference into this Agreement. In the event of a contradiction among the documents governing your HSA, this Agreement will prevail.

With regard to your HSA, we will serve as the Custodian, as defined in Section 223(d)(1) of the Code, and BASIC will provide certain administrative services. In addition to this Agreement, we have separately entered into a *Health Savings Account Placement and Services Agreement* with BASIC which sets forth and allocates, among other things, how duties and services related to your HSA will be allocated between us, as the Custodian, and BASIC, as the HSA Administrator.

We will maintain custody of, and the TPA will administer, the Cash Account (as defined in Section 11.05) portion of your HSA. The TPA will separately administer any other portion of the HSA, including the Investment Account (as defined in Section 11.05).

**For Additional Guidance.** It is in your best interest to seek the guidance of a tax or legal professional before completing any HSA establishment documents. Your first reference for questions concerning your HSA should be the Code Section 223, other relevant Code sections, and all additional IRS guidance; IRS publications that include information about HSAs; any additional provisions or amendments to such documents; and this Agreement. For more information, you can also refer to the instructions to your federal income tax return, your local IRS office, or the IRS's website at [www.irs.gov](http://www.irs.gov).

### **Article I Contributions**

**1.01** We will accept cash contributions for the tax year made by you or on your behalf (by a family member or any other person) through the C Benefit Account System or on your behalf by your employer through arrangements with the HSA Administrator.

**1.02** Contributions for any tax year may be made at any time before the deadline for filing your federal income tax return for that year (without extensions).

**1.03** Rollover or transfer contributions from an HSA, Individual Retirement Account, or an Archer Medical Savings account (Archer MSA) are permitted subject to applicable rules.

**1.04** All funds deposited to the Cash Account by you or on your behalf will be held in an omnibus account maintained by us, at a bank of our choosing. We are the named custodian of the omnibus account. The HSA Administrator will establish a notional account in your name for purposes of maintaining a record of the funds deposited to your HSA on your behalf. You authorize us, as Custodian, and BASIC, as the HSA Administrator, to act without further inquiry in accordance with written instructions bearing your name.

**1.05** Deposits will be considered made when received by us. You will forward your HSA contributions to us by using the Application, as defined below. Unless otherwise agreed, we will not accept contributions made directly to us by you.

**1.06** We may refuse, limit or return any contributions received for deposit on your behalf.

**1.07** At any time and without restrictions (other than the qualifying rollover guidelines), you may transfer or rollover your HSA account balance to another HSA administrator or custodian.

## **Article II Contribution Limit**

**2.01** Contributions to your HSA are subject to a maximum annual limit, based on whether you have elected single or family coverage under your HDHP. For calendar year 2022, the maximum annual contribution limit for an individual with single coverage is \$3,650, and the maximum annual contribution limit for an HSA accountholder with family coverage is \$7,300. These limits are subject to cost-of-living adjustments. Eligibility and contribution limits are determined on a month-to-month basis.

**2.02** Contributions to Archer MSAs or other HSAs count toward the maximum annual contribution limit to this HSA.

**2.03** An additional \$1,000 catch-up contribution may be made if you are at least age fifty-five (55) or older and not enrolled in Medicare.

**2.04** 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 Excess Contributions**

It is your responsibility to determine whether contributions to this HSA have exceeded the maximum annual contribution limit described in Article II. If contributions to this HSA or any combination of your HSAs exceed the maximum annual contribution limit, you shall remove the excess contributions. It is your responsibility to timely request the withdrawal of the excess contribution and any net income attributable to such excess contribution. Regardless of which year excess contributions were made, a withdrawal of excess contributions will be reported as having occurred in the tax year of such withdrawal.

## **Article IV Nonforfeitable**

Your interest in the balance in this HSA is nonforfeitable.

## **Article V Prohibitions**

**5.01** No part of the custodial funds in this HSA may be invested in life insurance contracts or in collectibles as defined in Section 408(m) of the Code.

**5.02** The assets of this HSA may not be commingled with other property, except in a common trust fund or common investment fund.

**5.03** Neither you nor we will engage in any prohibited transaction with respect to this HSA (such as borrowing or pledging the account or engaging in any other prohibited transaction as defined in the Code Section 4975).

## **Article VI Distributions**

**6.01** Debit Card payments and distributions of funds from this HSA may be made upon your direction. The TPA will administer any distributions and will facilitate the issuance of a Debit Card, which may be issued by or in the name of the Custodian or a third-party financial institution with which the TPA has separately contracted.

**6.02** Distributions from this HSA that are used exclusively to pay or reimburse your qualified medical expenses, or qualified medical expenses of your spouse or dependents are tax free. However, distributions that are not used for qualified medical expenses are included in your gross income and are subject to an additional twenty percent (20%) tax on that amount. The additional twenty percent (20%) tax does not apply if the distribution is made after your death, disability, or reaching age sixty-five (65).

**6.03** We are not required to determine whether the distribution is for the payment or reimbursement of qualified medical expenses. Only you are responsible for substantiating that the distribution is for qualified medical expenses and you must maintain records sufficient to show, if required, that the distribution is tax free.

## **Article VII Disposition of HSA**

If you die before the entire interest in the HSA is distributed, the entire account balance will be disposed of as follows:

**7.01** If the beneficiary is your spouse, the HSA shall become your spouse's HSA as of the date of your death.

**7.02** If the beneficiary is not your spouse, the HSA shall cease to be an HSA as of the date of your death. The fair market value of the HSA is taxable to the non-spouse primary beneficiary in the tax year that includes such date.

**7.03** If the beneficiary is your estate or if there is no beneficiary, the fair market value of the HSA as of the date of your death is taxable on your final personal income tax return.

## **Article VIII Provision of Information**

You agree to provide us and/or BASIC, as the HSA Administrator, with such information as may be necessary to prepare any reports or returns required by the IRS. BASIC, as the HSA Administrator, will prepare and submit any reports or returns as prescribed by the IRS. BASIC will provide you with periodic reports of contributions made to your HSA, distributions from your HSA, and your HSA balance.

## **Article IX Controlling Provisions**

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 the Code Section 223 will be void.

## **Article X Effective Date**

You or someone on your behalf may establish an HSA with us through a process facilitated by the TPA. Your HSA will be effective as of the date the TPA determines that it is effective. You will be sent notice of your HSA's effective date. Note: The effective date of your HSA for the TPA and the Custodian's purposes may differ from the effective date for tax related purposes. You should contact qualified tax or legal counsel regarding the effective date of your HSA.

## **Article XI Other Provisions**

**11.01 Delegation of Responsibility.** We will maintain custody of your HSA assets held in cash with us (the "Cash Account"). The TPA will separately administer any HSA assets that may be invested through a different custodian and/or platform (the "Investment Account"). We have delegated responsibility for certain recordkeeping and administration of the Cash Account to the TPA. The TPA shall receive and forward contributions to your HSA and make distributions from your HSA. **All of your questions, comments, and instructions should be directed to the TPA through its website or by other means made available to you through the TPA.** You have appointed the TPA your Designated Representative to serve as HSA Administrator in the separate agreement titled "Designation of Representative by Accountholder." When you provide instructions to the TPA regarding your HSA, the TPA will pass those instructions on to us.

**11.02 Notices and Change of Address.** Any required notice regarding your HSA will be considered effective when sent to the intended recipient via e-mail or, at our discretion, via U.S. Mail to the last electronic or other mailing address maintained for you by the TPA in its records. Any notice to be given to the TPA or the Custodian will be considered effective when actually received. You or the intended recipient must notify the TPA if you change your e-mail address or other mailing address. In the event of your death, your spouse or account beneficiary must notify the TPA of any corresponding change in e-mail or other mailing address. Any notice you provide to the TPA or the Custodian will be considered effective when actually received. All notices must be in writing unless our policies or procedures provide for oral notices.

**11.03 Representations and Responsibilities.** You represent and warrant that any information you and/or your agents provide to us or the TPA regarding your HSA with respect to this Agreement is complete and accurate. Further, you agree that any directions you give the TPA or action you take will be proper under this Agreement, and that the TPA and the Custodian are entitled to rely upon any such information or directions. If the TPA fails to receive directions from you regarding any transaction, or if the TPA receives ambiguous directions regarding any transaction, or the TPA and/or the Custodian in good faith believe that any transaction requested is in dispute, the TPA and the Custodian both reserve the right to take no action until

further clarification acceptable to them is received from you or the appropriate government or judicial authority. Neither the TPA nor the Custodian shall be responsible in the event of any failure or interruption of services resulting from the act or omission of any third-party service provider used to give such direction and shall not be responsible for any losses. Neither the TPA nor the Custodian shall be responsible for losses of any kind that may result from your directions to either the TPA or the Custodian or your actions or failures to act, and you agree to reimburse the TPA and the Custodian for any loss they may incur as a result of such directions, actions or failures to act.

Neither the TPA nor the Custodian shall be responsible for any penalties, taxes, judgments or expenses you incur in connection with your HSA. Neither the TPA nor the Custodian have any duty to determine whether your contributions or distributions comply with the Code, Treasury Regulations, IRS Rulings or this Agreement. The TPA and the Custodian have the right to require you to provide, on a form provided by or acceptable to the TPA, 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 the TPA or the Custodian 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.

You acknowledge that establishment of your HSA is completely voluntary on your part and that, to the best of your knowledge, your employer does not (i) limit your ability to move funds to another HSA beyond restrictions imposed by the Code; (ii) impose conditions on utilization of HSA funds beyond those permitted under the Code; (iii) make or influence the investment decisions with respect to funds contributed to an HSA; (iv) represent that the HSA is an employee welfare benefit plan established or maintained by the employer; or (v) receive any payment or compensation in connection with the HSA.

The TPA may permit you to appoint, through written notice acceptable to us, an authorized agent (in addition to your Designated Representative) to act on your behalf with respect to this Agreement (e.g., attorney-in fact, executor, administrator, investment manager); however, neither the TPA nor the Custodian have any duty to determine the validity of such appointment or any instrument appointing such authorized agent. Neither the TPA nor the Custodian shall 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 the TPA and the Custodian for any loss they may incur as a result of such directions, actions or failures to act by your authorized agent. You will have thirty (30) days after you receive or the TPA makes available to you any documents, account information or other information from the TPA to notify the TPA in writing of any errors or inaccuracies reflected in these documents, account information or other information. If you do not notify the TPA within thirty (30) days, the documents, account information or other information shall be deemed correct and accurate, and the TPA and the Custodian shall have no further liability or obligation for such documents, account information, other information or the transactions described therein.

By performing services under this Agreement, we are acting as your agent. You acknowledge and agree that neither the TPA nor the Custodian are services to you or your HSA as a fiduciary under the Employee Retirement Income Security Act of 1974 ("ERISA") Section 3(21), under any comparable and applicable provisions of state or local law, or under the Investment Advisor's Act of 1940, and nothing in this Agreement shall be construed as conferring fiduciary status upon either the TPA or the Custodian. Neither the TPA nor the Custodian shall 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 applicable guidance with respect to HSAs. You agree to indemnify and hold the TPA and the Custodian harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs and expenses, including attorneys' fees, arising from or in connection with this Agreement. To the extent written instructions or notices are required under this Agreement, the TPA and/or the Custodian may accept or provide such information in any other forms permitted by law, including through electronic mediums.

#### 11.04 Service Fees.

The TPA may charge a separate fee for administration and other services related to your HSA. You authorize the TPA to charge you separately for those fees, or to deduct the amount of the fees or expenses from the assets in your HSA. Your employer may also agree to pay these fees on your behalf. The amount of fees payable may be set forth in a separate fee schedule which may be part of your HSA Application or the Designation of Representative by Accountholder. In all cases, if your HSA is closed because your account balance does not exceed \$25 for twelve (12) consecutive months, the TPA may charge a closing fee equal to the lesser of \$25 or the remaining balance in your HSA.

#### 11.05 Definitions and How your HSA Operates.

1. "BIN Sponsor" shall mean the entity which initiates Debit Card settlement from the Distribution Account.
2. "Cash Account" shall mean the portion of the HSA held with us, i.e., the account into which HSA dollars are swept from the Contribution Account and held until swept into the Investment Account or Distribution Account. The Cash Account balance is utilized for authorizing distribution requests and purchases with a Debit Card.
3. Your HSA funds in the Cash Account will be separately accounted for, credited to your HSA balance, and insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 or the maximum limit allowable by law pursuant to FDIC insurance coverage rules. If you currently have deposit accounts held with us, FDIC insurance will cover the total of your accounts up to \$250,000. For information about FDIC insurance coverage, see the "Your Insured Deposits" information at FDIC's website: <http://www.fdic.gov/deposit/deposits/insured/>. Funds invested in the Cash Account are used by us in our general banking business, which may generate income for the TPA and the Custodian; such income is considered part of the fees for the services of the TPA and the Custodian.
4. "Cash Account Minimum Threshold" shall mean the minimum balance that must be held in the Cash Account before HSA dollars may be moved between the Cash Account and the Investment Account or further contributions will be swept to the Investment Account, which such amount is set by the TPA.
5. "Contribution Account" shall mean an account, or accounts, into which contributions are deposited by the TPA, and from which HSA dollars are swept into the Cash Account.
6. "Debit Card" shall mean the card issued to you to access funds in your HSA.
7. "Distribution Account" shall mean an account, or accounts, from which distributions, rollovers and transfers are made to you, and into which HSA dollars are swept from the Cash Account.
8. "Investment Account" shall mean an account, or accounts, into which HSA dollars are swept from the Cash Account. The Investment Account is not held or administered by us. It will be held by a third-party identified by the TPA and with whom you and the TPA have separately contracted for investment services. **We are not the custodian of the Investment Account.**
9. "Minimum Auto-Sweep Amount" shall mean the minimum amount of money required to move HSA dollars from the Cash Account to the Investment Account once the Cash Account Minimum Threshold is met. The Minimum Auto-Sweep Amount does not apply to sweeps from the Investment Account to the Cash Account.
10. "Consumer Driven Account System" shall mean the online and/or mobile system, application, or secure website available through a link provided by the TPA which provides you access to your Cash Account information, Investment Account information, and is used to process your HSA transactions.

**How your HSA Operates.** The TPA will receive contributions (including rollovers, transfers, and mistaken distributions) from you and/or your employer and transfer them to the Contribution Account and as such contributions are verified and reconciled, they will be swept to the Cash Account. If Accountholder has elected the investment feature for the HSA and the balance of the Cash Account exceeds the Cash Account Minimum Threshold by an amount equal to or greater than the Minimum Auto-Sweep Amount, the TPA will sweep the excess funds above the Cash Account Minimum Threshold to the Investment Account.

The TPA will issue distributions (including rollovers, transfers, and mistaken contributions) to you from the Distribution Account or to the BIN Sponsor for Debit Card settlement. When you request a distribution from your HSA that is less than the balance in your Cash Account, the TPA will transfer the distribution amount from the Cash Account to the Distribution Account. When you request a distribution from your HSA that is more than the balance in your Cash Account, the TPA will transfer sufficient funds from the Investment Account to the Distribution Account to cover the amount of the distribution and transfer the distribution amount to the Distribution Account. If Accountholder has elected the investment feature for the HSA, there are HSA funds in the Investment Account, and the Cash Account balance falls below the Cash Account Minimum Threshold, the TPA will sweep funds from the Investment Account, to the extent available, to bring the balance of the Cash Account up to (or as near as funds in the Investment Account allow) to the Cash Account Minimum Threshold.

You have authorized electronic debit and credit entries, if applicable, to your designated checking or savings account. You have also authorized adjustments to these accounts for error corrections. This authorization will remain in effect until the termination of this agreement.

**11.06 Account Information.** Records of your HSA contributions, distributions, investment activity, earnings and balances will be made available exclusively through the Consumer Driven Account System, and the secure access and login procedures for such Consumer Driven Account System shall be established by the TPA. It may be necessary for you to establish separate access credentials for this purpose and complete additional forms.

You agree that all account information from the Custodian, if any, shall be made available exclusively through the TPA and in electronic form. Account information may be viewed at any time by logging into the Consumer Driven Account System. Any notices related to your HSA will be posted on the Consumer Driven Account System, or at our discretion, provided either by email to the email address we have on file for you, or by U.S. Mail to your mailing address we have on file for you. For an additional fee, if applicable, the TPA will send paper account information to your address by U.S. mail. You are responsible to advise the TPA in writing of any change to either your email or mailing address.

Account information, notices and communications will be accessible in a form you can view, save to your computer or print as paper copies. A link will be provided to any software necessary to view, print, and/or save your HSA account information.

The Consumer Driven Account System will have information about your account balance, contributions, distributions, and recent amendments to your Custodial Agreement and Disclosure Statement and Designation of Representative by Accountholder readily available for review. The Consumer Driven Account System will provide a link or links to other websites for you to obtain specific information about the Investment Account component of your HSA.

You agree to check the Consumer Driven Account System no less frequently than monthly to view your HSA account activity and other communications and information and verify that all activity on your HSA account is authorized activity. You are responsible for keeping any access credentials to the Consumer Driven Account System confidential, and neither the TPA nor the Custodian are responsible for any other person's use of your access credentials to access the Consumer Driven Account System.

**11.07 Compensation to the TPA from the Custodian.** As described in the Designation of Representative by Accountholder, and pursuant to the terms of a separate agreement between the Custodian and the TPA, the TPA shall receive certain compensation from the Custodian for assuming recordkeeping and administrative duties on behalf of the Custodian.

**11.08 Custodian and TPA Powers.** Except as expressly provided otherwise in this agreement, the Custodian shall have all of the powers generally conferred on custodians under the laws of the State of Wisconsin. Additionally, the Custodian shall also have the power to perform any and all acts that it deems necessary or appropriate for the proper custodial servicing of your HSA. The Custodian and/or the TPA may adjust the balance of your HSA as necessary to correct administrative errors, including improperly allocated contributions, distributions, earnings or losses. In the event a check or other instrument is returned for insufficient funds, any corresponding contributions to your HSA are also subject to adjustment by the TPA.

**11.09 Beneficiary(ies).** If you die before you receive all of the funds from this HSA, payments from your HSA will be made to your death beneficiary(ies). You may designate one (1) or more persons or entities as death beneficiary of your HSA. This designation can only be made through the Consumer Driven Account System or on a form provided by or acceptable to us, and it will only be effective when it is filed with the TPA during your lifetime. Unless otherwise specified, each death beneficiary designation you make through the Consumer Driven Account System or file with the TPA will cancel all previous ones. The consent of a death beneficiary(ies) shall not be required for you to revoke a death beneficiary designation. If you have designated both primary and contingent death beneficiaries and no primary death beneficiary(ies) survives you, the contingent death beneficiary(ies) shall acquire the designated share of your HSA. If you do not designate a death beneficiary, or if all of your primary and contingent death beneficiary(ies) predecease you, your estate will be the death beneficiary.

You understand that if you designate your spouse as primary death beneficiary or contingent death beneficiary of this HSA, the dissolution, termination, annulment or other legal termination of your marriage will automatically revoke all beneficiary designations, both primary and contingent. After such revocation and until such time as a new beneficiary designation is completed, the HSA shall be treated as if there is no beneficiary designated.

Based on the above, if your spouse acquires the interest in this HSA by reason of being the death beneficiary at your death, this HSA shall be treated as if your surviving spouse were you. If the death 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 your death, the TPA may, in the TPA's complete and sole discretion, make a final distribution to a death beneficiary (other than your spouse) of his or her interest in the HSA. This distribution may be made without the death beneficiary's consent and may be placed in an interest-bearing (or similar) account that TPA chooses. Neither the Custodian nor the TPA are responsible for interpreting or directing beneficiary designations or divisions.

**11.10 Termination of Agreement, Resignation, or Removal of the Custodian.** You may terminate this Agreement at any time by giving written notice to the TPA. If this Agreement is terminated by you, the TPA may charge to your HSA an amount of money necessary to cover any associated costs pertaining to terminating this Agreement.

The TPA may resign and close your HSA for any reason or no reason, effective thirty (30) days after it provides written notice of its resignation to you and TPA's notice shall further serve as notice of resignation by the Custodian to be effective on the same date. Upon receipt of that notice, you must make arrangements to transfer your HSA to another financial organization. In some cases, and in its sole discretion, the TPA may permit you to reinstate your HSA. If you do not reinstate your HSA or complete a transfer of your HSA within thirty (30) days from the date the TPA mails the notice to you, the TPA and the Custodian have the right to transfer your HSA assets to a qualified successor HSA custodian or trustee that TPA chooses in its sole

discretion, or it may pay your HSA to you in a single sum. Neither the TPA nor the Custodian shall 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.

**11.11 Successor Trustee or Custodian.** If the Custodian changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if the 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. If the organization is not the type of organization authorized by law to serve as an HSA trustee or custodian, and the TPA does not otherwise provide for a transfer to a successor HSA trustee or custodian, then you must make arrangements to transfer your HSA to another financial organization. If you do not complete a transfer of your HSA within thirty (30) days from the date the TPA mails the notice to you, the TPA has the right to transfer your HSA assets to a successor HSA custodian or trustee that it chooses in its sole discretion, or it may pay your HSA to you in a single sum.

**11.12 Amendments.** Subject to the TPA's approval, the Custodian has the right to amend this agreement at any time. Any amendment the Custodian makes to comply with federal or state law does not require your consent. You will be deemed to have consented to any other amendment unless, within thirty (30) days from the date of notice of the amendment, you notify the TPA in writing that you do not consent.

**11.13 Distributions.** All requests for distributions or direct transfer to another HSA shall be made via electronic transfer, debit card, or on a form made available through the Consumer Driven Account System or the TPA and acceptable to the Custodian. Distributions shall be subject to all applicable tax and other laws and regulations, including possible early distribution penalties or surrender charges and withholding requirements.

In no event shall the TPA or the Custodian restrict or limit HSA distributions to the payment or reimbursement of your qualified medical expenses. However, the TPA 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.

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

**11.15 Disclaimers.** The HSA established by this Agreement is intended not to constitute an "employee welfare benefit plan" or an "employee pension benefit plan" as defined by ERISA. Regardless of the status of the HSA under ERISA, neither the Custodian nor the TPA is an "employer" or "plan sponsor" of the HSA or of any arrangement or plan of which the HSA is a part. We expressly disclaim responsibility for ERISA's participation, vesting, funding, reporting, disclosure, and fiduciary requirements as they may apply to your HSA, including but not limited to any requirement to provide notices or election forms regarding continuation coverage under ERISA. If and to the extent that the HSA is deemed to be part of an arrangement or plan subject to ERISA, including any determination that the HSA is subject to ERISA's continuation coverage requirements, this agreement may be amended or terminated at our sole discretion as of the effective date of such determination or on such later date, as we deem appropriate.

We will maintain all confidential information in accordance with all applicable banking laws and regulations. The HSA established by this Agreement, however, is not intended to be a "health plan" as defined by final regulations interpreting the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Regardless of the status of the HSA under HIPAA Privacy Rules, we are not a "plan administrator" or "plan sponsor." We expressly disclaim responsibility for the duties imposed upon "covered entities" under HIPAA Privacy Rules, except as may be agreed upon pursuant to a business associate agreement between us and a covered entity or any third party subject to the HIPAA Privacy Rules.

If and to the extent that we are determined to be responsible for HIPAA compliance beyond the duties assumed pursuant to a business associate agreement, this Agreement may be amended or terminated at our sole discretion as of the effective date of such determination or such later date, as we deem appropriate.

HSAs are personal health savings vehicles rather than group employee benefits. Although with respect to this HSA, your employer may have agreed to forward contributions through its payroll system to the TPA. By designating TPA as Designated Representative and HSA Administrator and while TPA is serving in those capacities, you are restricted from moving funds to another HSA custodian or trustee.

Some states and localities may have tax laws that are different from the federal laws for HSAs. You should consult with your tax or legal advisor with questions about state and local laws that may affect your HSA.

**11.16 Abandoned HSAs.** Your HSA may be considered abandoned when there is no owner-generated activity (including, but not limited to, deposits, withdrawals, letters, phone calls or address changes), for an extended period of time. In the event that the TPA determines that your HSA has been abandoned, it may close your account and issue a check to your last known address. Funds in abandoned HSAs may also be "escheated" (transferred) to the state of your residence if your HSA is deemed abandoned. The TPA will attempt to contact you before turning over funds to a state. Once the funds are transferred, you may be able to recover the funds from the state. You agree that neither the Custodian nor the TPA are not responsible for any funds that are escheated to a state.

If your HSA balance is \$25 or less for twelve (12) or more consecutive months (as determined by the TPA), the TPA reserves the right to cancel your HSA debit card and close your HSA without notifying you.

### **11.17 Disclosure Statement.**

#### **1. Requirements of an HSA.**

- a. **Cash Contributions.** Regular or annual HSA contributions must be in cash, which may include a check, money order, ACH or wire transfer.
- b. **Maximum Contribution.** Except as provided in paragraph d. below, 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 (1<sup>st</sup>) day of such month, you are eligible to contribute and whether you have individual or family coverage under a HDHP. The maximum monthly contribution is adjusted each year for cost-of-living increases. For calendar year 2021, by way of example, the maximum monthly contribution with self-only coverage under an HDHP is one-twelfth (1/12<sup>th</sup>) of \$3,600. For calendar year 2021, by way of further example, the maximum monthly contribution with family coverage under an HDHP is one-twelfth (1/12<sup>th</sup>) of \$7,200. In addition, if you have attained age fifty-five (55) before the close of the taxable year, and are not enrolled in Medicare, the contribution limit is increased on a monthly basis by an additional amount not to exceed \$1,000. The annual limit is decreased by aggregate contributions to another HSA or to an Archer MSA.
- c. **Contribution Eligibility.** You are an eligible individual for any month if you (i) are covered under an HDHP on the first day of such month; (ii) 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

such as a Limited Purpose Health Flexible Spending Account); (iii) are not enrolled in Medicare; and (iv) are not claimed as a dependent on another person's tax return.

- d. In general, an HDHP is a health plan that satisfies certain requirements with respect to deductibles and out-of-pocket expenses, as adjusted for inflation. For calendar year 2021, for self-only coverage, an HDHP has an annual deductible of at least \$1,400 and the sum of the annual out-of-pocket expenses required to be paid (deductibles, co-payments and amounts other than premiums) cannot exceed \$7,000. For calendar year 2021, for family coverage, an HDHP has an annual deductible of at least \$2,800 and the sum of the annual out-of-pocket expenses cannot exceed \$14,000. All of these dollar amounts are adjusted annually for cost-of-living increases.
- e. **HSAs Established Mid-Year.** If you are an eligible individual during the last month of the taxable year, you will be treated as (i) as having been an eligible individual during each of the months in such taxable year, and (ii) as having been enrolled, during each of the months you are treated as an eligible individual solely by reason of item (i) above, in the same HDHP in which you are enrolled for the last month of such taxable year. Under these circumstances, and subject to the requirement that you remain an eligible individual during the testing period, you may contribute the maximum amount to your HSA as though you were an eligible individual throughout the entire taxable year. The "testing period" means the period beginning with the last month of the taxable year referred to above and ending on the last day of the twelfth (12<sup>th</sup>) month following such month.
- f. If at any time during the testing period you cease to be an eligible individual, then your gross income in the taxable year in which you cease to be an eligible individual will be increased by the amount of all contributions to your HSA which could not have been made but for the rule above in this paragraph d., and you may be required to pay a penalty tax equal to twenty percent (20%) of the amount of such increase. These amounts will not be included in gross income or subject to the twenty percent (20%) penalty tax if you cease to be an eligible individual because of death or because you become disabled (within the meaning of Section 72(m) of the Code).
- g. **No forfeitability.** Your interest in your HSA is nonforfeitable.
- h. **Eligible Custodians.** The custodian of your HSA must be a bank, savings and loan association, credit union, or a person approved by the IRS.
- i. **Commingling Assets.** The assets of your HSA cannot be commingled with other property, except in a common trust fund or common investment fund.
- j. **Life Insurance.** No portion of your HSA may be invested in life insurance contracts.

## **2. Income Tax Consequences of Establishing an HSA.**

- a. **Tax Treatment of HSA Contributions.** 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. Any transaction, including a remote transaction -- such as a computer or internet, ATM, or night deposit transaction -- that results in a regular contribution to the HSA is considered a current tax year contribution. However, we may allow you to specify the tax year for a regulator contribution at the time of the contribution.
- b. **Tax-Deferred Earnings.** The investment earnings of your HSA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

- c. **Taxation of Distributions.** The taxation of HSA distributions depends on whether the distribution is for a qualified medical expense. Generally, distributions paid due to qualified medical expenses are excluded from your gross income. Qualified medical expenses are amounts you pay for medical care (as defined in the Code Section 213(d)) for yourself, your spouse and your dependents (as defined in the Code 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 and are subject to an additional twenty percent (20%) tax on the includable amount.
- d. **Rollovers and Transfers.** Your HSA may be rolled over to another HSA of yours, or the TPA may receive rollover contributions, provided that all of the applicable rollover rules and any procedures established by the TPA are followed. Rollover is a term used to describe a tax-free movement of cash or other property between any of your HSAs or other tax favored accounts. The rollover rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover, please see your tax advisor.
- e. Funds distributed from your HSA may be rolled over to another HSA that you own if the requirements of the Code 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 sixty (60) days after the distribution is received. You may not have completed another HSA to HSA rollover from the distributing HSA during the twelve (12) months preceding the date you received the distribution. Further, you may roll over the same dollars or assets only once every twelve (12) months. Finally, current IRS-published guidance indicates that you may make only one rollover contribution to an HSA during a one (1) year period.
- f. Funds distributed from your Archer MSA may be rolled over to your HSA. A proper MSA to HSA rollover is completed if all or part of the distribution is rolled over not later than sixty (60) days after the distribution is received. Rollovers from an IRA to an HSA are also permitted subject to the requirements and limitation under the Tax Relief and Health Care Act of 2006 and IRS guidance issued thereunder.
- g. At the time you make a proper rollover to an HSA, you must designate in writing to the TPA, in a form provided by the TPA, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.
- h. **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 15th, your contribution is considered to have been made for the previous tax year if you designated it as such.

### **3. Limitations and Restrictions.**

- a. **Deduction of Rollovers and Transfers.** A deduction is not allowed for rollover or transfer contributions.
- b. **Prohibited Transactions.** If you or your death beneficiary engage in a prohibited transaction with your HSA, as described in Code 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 and pay all applicable taxes and penalties.
- 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 and may be subject to the additional twenty percent (20%) tax.

### **4. Federal Tax Penalties.**

- a. **Twenty Percent (20%) Penalty.** If you receive a distribution that is included in your gross income, you are subject to an additional tax of twenty percent (20%). This additional twenty percent (20%) tax will apply unless a distribution is made on account of (i) attainment of age sixty-five (65) (or, if different, the age specified under Section 1811 of the Social Security Act), (ii) death, or (iii) disability.
- b. **Excess Contribution Penalty.** An excise tax of six percent (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.

## **5. Other.**

- a. **Important Information about Procedures for Opening and Maintaining your HSA.** 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 individual 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. As part of the ongoing maintenance of your account the TPA and/or the Custodian may require other information or documentation to identify you. You understand that your HSA may be closed if additional verification is not possible. Upon such closure, funds deposited in your HSA will be returned to you, less any fees or expenses chargeable against your HSA. Neither the TPA nor the Custodian shall be liable for any tax consequences or tax withholdings you may incur as a result of the transfer or distribution of your assets.
- b. **Force Majeure.** The TPA and the Custodian will be released without any liability on our part from the performance of our obligations hereunder, to the extent that their performance is prevented by the event of Force Majeure. Force Majeure will mean any event or condition not reasonably within control of the TPA and/or Custodian which prevents in whole or in material part, the performance by the of their obligations hereunder or which renders the performance of such obligations so difficult or costly as to make such performance commercially unreasonable.
- c. The TPA and the Custodian shall not be liable for failure to perform or delay in performance of any of their obligations under this agreement to the extent that such failure or delay results from any act of God, including but not limited to a blizzard, flood, tornado or any other adverse weather conditions; military operation; terrorist attack; widespread and prolonged loss of use of the internet or the world wide web; national emergency; civil commotion; or the order of any government agency or acting government authority or any other cause beyond their reasonable control whether similar or dissimilar to the foregoing causes.
- d. **Our Privacy Policy.** By executing this agreement, you acknowledge receipt of the *State Bank of Cross Plains Privacy Policy*. You agree to receive future notices of any updates to the Privacy Policy at [www.crossplainsbank.com](http://www.crossplainsbank.com), and to review the Privacy Policy no less frequently than annually. See Privacy Policy below.
- e. **Custodian Information.** State Bank of Cross Plains, 1205 W. Main Street, Cross Plains, WI 53528. State Bank of Cross Plains is a Wisconsin, state-chartered bank and wholly owned subsidiary of S.B.C.P. Bancorp, Inc.