



Health Savings Custodial Account Agreement

This Custodial Agreement ("Agreement") is made between Trust Administrators, Inc. ("TAI") and the individual ("account owner") who signs TAI's HSA Enrollment Form. Account owner has designated TAI as custodian for their Health Savings Account ("HSA") under Internal Revenue Code ("Code") section 223(a). This Agreement is intended to comply with Form 5305-C drafted by the Internal Revenue Service ("IRS").

The account owner is establishing the 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.

Article I

1. The custodian, TAI, will accept 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) must be in cash and is not subject to the annual contribution limit set forth in Article II.

Article II

1. For calendar year 2004, the maximum annual contribution limit for an account owner with single coverage is the lesser of the amount of the deductible under the HDHP but not more than \$2,600. For calendar year 2004, the maximum annual contribution limit for an account owner with family coverage is the lesser of the amount of the deductible under the HDHP but not more than \$5,150. These limits are subject to cost-of-living adjustments after 2004.
2. For 2005, an HDHP has (1) an annual deductible of at least \$1,000 and a maximum of \$2,650 for individual coverage and at least \$2,050 for family coverage and a maximum of \$5,250. These are in-network amounts. Out of network deductibles could be higher; and (2) the maximum out-of-pocket expenses are capped at \$5,100 for individual coverage and \$10,200 for family coverage. Eligibility and contribution limits are determined on a month-to-month basis.

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 exists 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 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 account owner is the beneficiary'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 signature appears on TAI's HSA Enrollment Form.

Article XI

Account owner may utilize TAI's reimbursement service for reimbursement to account owner or for direct payment to medical providers for both qualified and nonqualified medical expenses of the account owner, their spouse or dependents pursuant to TAI's claims submission requirements. Amounts paid to any person or entity will not exceed the account balance of the account owner. Neither TAI nor the employer, if the HDHP is sponsored by an employer, shall be responsible to advance funds on behalf of said account owner.

Article XII

It is understood that TAI provides ministerial services and is not rendering legal or tax advice to account owner. TAI provides only general guidance to account owner regarding qualified and nonqualified medical expenses based on commonly understood HSA rules and Code section 213(d). Such information shall be furnished to account owner regarding TAI's claim service. It is further understood that TAI may find it necessary to share personal health information ("PHI") with insurance carriers, TAI affiliates, plan sponsors and others in connection with its services. Accordingly, account owner agrees to indemnify and hold TAI harmless from and against any liability, damage or cost, including attorney's fees, for providing HSA guidance or PHI unless such information or act involves gross negligence or willful misconduct.

Article XIII

It is understood that account owner and TAI shall cooperate with the other in providing documents or other information necessary for each party to perform its obligations under this Agreement.

Article XIV

Account owner's funds are held in a collective trust used by TAI to pay claims on behalf of account owners and other employee benefit plan participants whose plans are administered by TAI. The account is retained at Mechanics Bank, Oakland, California. Other financial institutions may be used as needed or replaced without notice to account owner. It is the responsibility of the account owner to invest surplus HSA funds as account owner determines. Any terms and conditions of any investment services or products provided by TAI, whether directly or indirectly, are incorporated herein by reference.

Article XV

Account owner may terminate this Agreement for any reason with 30 days written notice to TAI unless the account is part of a group plan sponsored by an employer in which case termination shall occur with 60 days written notice.

TAI may resign or terminate services at any time and for any reason by giving the account owner 30 days written notice. Upon resignation, account owner may designate another HSA custodian or trustee to whom funds shall be transferred. In the event account owner has not named a successor custodian or trustee, TAI shall pay remaining funds to the account owner.

If this Agreement is terminated, employee terminates employment or TAI resigns, TAI may withhold HSA funds to pay its fees, expenses, or taxes assessed against the HSA or other charges and penalties related to the account such as penalties for early withdrawal of investments if offered through TAI.

TAI may unilaterally elect to liquidate any HSA necessary to make distributions or for compliance with the above paragraph. Account owner agrees that TAI shall not be held liable for its actions which may adversely affect account owner.

Article XVI

TAI may amend this Agreement when necessary to conform to rules or regulations issued by government agencies, including retroactive application, without consent of the account owner. Any other amendments shall require approval of the account owner. Account owner is deemed to have consented to amendments if account owner fails to comment in writing within 30 days of TAI's written notice regarding any amendment.

Article XVII

Disputes regarding TAI's performance or duties as the HSA custodian are to be resolved judicially, in its sole discretion, and shall be binding on account owner. TAI shall collect from the HSA all court costs, attorney's fees and related costs along with reasonable compensation for time spent performing its custodial duties in connection with any litigation.

Article XVIII

This Agreement shall inure to the benefit of and be binding upon, the assigns or successors in interest of TAI, whether by sale, merger, gift, or other means of transfer.

Article XIX

Construction of this Agreement, and the rights and liabilities of the parties, shall be governed by the laws of the State of California and federal law where applicable. This document is deemed executed in Oakland, California.

Article XX

This Agreement contains the entire agreement of the parties and supersedes any prior written or oral agreements between them concerning the subject herein. There are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter contained in this Agreement which are not fully expressed herein.

Article XXI

If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.