

Health Savings Account Enrollment Materials



www.HSAadministrators.com

10800 Midlothian Turnpike, Suite 240 | Richmond, VA 23235 | Phone: 888-354-0697 | Fax: 804-726-1570

Take control of your health care expenses.

Who Should Have An HSA?

- ❖ Healthy individuals or families. If you and your family rarely use your health insurance you can pay a lower premium and put the difference in your HSA. It's use it or keep it!
- ❖ Often, individuals with chronic conditions can benefit from an HSA.
- ❖ People who want to build a savings account for future use can establish a tax free method with an HSA.
- ❖ Individuals looking at retirement. This account can be used for eligible medical expenses even after enrolling in Medicare. In fact, Medicare deductibles and Part B and Part D premiums can be paid tax free from the account.
- ❖ Taxpayers looking to reduce their Federal and State income taxes.
- ❖ Those wishing to supplement their retirement income. Account holders can withdraw for any non-medical expense just like a pension or IRA plan. (The HSA early withdrawal penalties are waived after age 65.)

Plan Details

- ❖ You **cannot** be covered by: your spouse's health insurance plan, Tricare, or Medicare.
- ❖ You cannot participate in normal Flexible Spending Account (a Limited Healthcare Flexible Spending Account and a Childcare FSA are allowed).
- ❖ No minimum contribution is required.
- ❖ Withdrawals from Vanguard – submit reimbursement request form – no need to send receipts.
- ❖ Withdrawals from Fulton Bank – Use debit card or optional checks.

Tax Advantages

- ❖ Your contributions through a Section 125 payroll withholding are pre-tax.
- ❖ Any additional contributions you make direct to your account are tax deductible.
- ❖ Withdrawals for eligible medical expenses are tax-free. This includes medical, dental, and vision expenses.
- ❖ Withdrawals for any other non-medical reasons are allowed but are taxable and subject to a 10% penalty. (Penalty does not apply after age 65.)

Annual HSA Contribution Limits

	<i>2011</i>
<i>Single Account</i>	\$3,050
<i>Family Account</i>	\$6,150
<i>Catch up (age 55 and older)</i>	\$1,000

- ❖ Catch up provision if you are age 55 by December 31 of the tax year.
- ❖ Maximum includes employer contribution.
- ❖ Note: Unless you meet the requirements outlined below, your contribution must be prorated based on the number of full months in the tax year that your insurance is in force. Divide the maximum, including any catch-up, by 12 then multiply by the number of full months your insurance will be in force during the current tax year.
- ❖ If you become eligible for an HSA anytime on or before December 1 of any year you can contribute as if you were eligible for the entire year. This is true as long as you continue to be covered by a qualified high deductible health plan (HDHP) for 12 full months after the December of the year in which you became eligible for an HSA.

Investment Options

Vanguard No-load mutual funds are available through Health Savings Administrators – no minimums.

- ❖ Choice of 22 Vanguard® no-load mutual funds
- ❖ Low expense ratios
- ❖ No transaction or redemption fees
- ❖ Not FDIC insured

OR

Debit Card from Fulton Bank in Virginia Beach

- ❖ Interest paid on balances of \$100 or more
- ❖ APY varies based on account balance
- ❖ APY subject to change – see website for details
- ❖ FDIC insured
- ❖ Optional checks available


How Do You Get Started?

- ❖ Select your HSA high deductible insurance coverage.
- ❖ Complete the attached HSA enrollment form or enroll online at www.HSAadministrators.com.
- ❖ Select your investment option – Vanguard Fund or Fulton Bank debit card.

Vanguard® No-Load Mutual Funds

Available at Health Savings Administrators, are 22 Vanguard® funds each having distinct investment management objectives, strategies, risks and policies. The Vanguard® Group provides investors with access to some of the leading money managers from around the world. They utilize a multi-manager approach to investing to provide greater diversification within each portfolio. Read the current prospectus on funds that interest you (available at www.vanguard.com) for more information prior to investing.

Securities offered through The Vanguard Group, Member NASD SIPC. Security products: **Not insured by FDIC or any Federal Government Agency; May Lose Value; Not a Deposit of or Guaranteed by the Bank or any Bank Affiliate.**

Least Risk  Most Risk	Vanguard® Prime Money Market Fund Investor Shares	VMMXX
	Vanguard® GNMA Fund Investor Shares	VFIIX
	Vanguard® LifeStrategy Income Fund	VASIX
	Vanguard® Total Bond Market Index Fund Admiral Shares	VBTLX
	Vanguard® LifeStrategy Conservative Growth Fund	VSCGX
	Vanguard® Wellington™ Fund Admiral Shares	VWENX
	Vanguard® LifeStrategy Moderate Growth Fund	VSMGX
	Vanguard® STAR Fund	VGSTX
	Vanguard® Windsor™ II Fund Admiral Shares	VWNAX
	Vanguard® LifeStrategy Growth Fund	VASGX
	Vanguard® 500 Index Fund Admiral Shares	VFIAX
	Vanguard® Total Stock Market Index Fund Admiral Shares	VTSEX
	Vanguard® Social Index Fund Investor Shares	VFTSX
	Vanguard® Selected Value Fund Investor Shares	VASVX
	Vanguard® Morgan™ Growth Fund Admiral Shares	VMRAX
	Vanguard® International Growth Fund Admiral Shares	VWILX
	Vanguard® Mid-Cap Index Fund Admiral Shares	VIMAX
	Vanguard® Total International Stock Index Fund Investor	VGTSX
	Vanguard® Extended Market Index Fund Admiral Shares	VEXAX
	Vanguard® Strategic Equity Fund	VSEQX
	Vanguard® Small-Cap Index Fund Admiral Shares	VSMAX
	Vanguard® Mid-Cap Growth Fund Investor Shares	VMGRX

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Fees

Account Set-up Fee	\$10.00
Administration Fee	\$36.00 per year
Mutual Fund Specific Fees	Account maintenance fee- .0008 per quarter times account balance, capped at \$20,000 account balance per fund. Mutual Fund Account maintenance fees will be deducted from account balance quarterly.
Debit Card Specific Fees	Fulton Bank Debit Card account fee - \$ 2.00/ month for balances under \$2,500.

Option 1: I choose to apply for and invest in the HSA Vanguard Fund Account. I have received and read the Supplemental Terms, Conditions and Disclosures for HSA Vanguard Fund Accounts, which includes important disclosures concerning non-deposit investment products, as well as the current prospectus for the fund in which I am investing (available at the "Investments - Mutual Funds" section of our website or by contacting the fund directly) and I agree to be bound by their terms. I have carefully considered the fund's investment objectives, risks, fees and expenses, which are contained in the prospectus.

I understand that:

1. The available mutual funds (i) are not bank deposits, nor insured by the FDIC, (ii) are not obligations of, endorsed by, or guaranteed by Fulton Bank or any other bank or savings institution, (c) are not guaranteed by the federal government or any federal governmental agency, and (d) will fluctuate in value and may be sold for more or less than the amount invested.
2. Investing in a Fulton Bank Vanguard Fund is not a requirement and that investing in mutual funds involves risks, and that I may instead choose to invest in a Fulton Bank HSA Debit Card Account and earn interest from Fulton Bank.
3. Fulton Bank is not a registered investment advisor, nor is it acting in the capacity of a registered investment advisor with respect to the offering of Fulton Bank HSA Vanguard Fund Accounts. Furthermore, I understand that under no circumstances is Fulton Bank offering any of the mutual funds available for the HSA Vanguard Fund Accounts, that Fulton Bank is not making any representations or warranties with respect to any of the available funds, and that Fulton Bank disclaims any and all liability, contingent or otherwise, for the performance of the available mutual funds.
4. Past fund performance is no guarantee of future results.
5. Share price, yield and return will vary and I may have a gain or loss when I sell my shares.

I have authority and the legal capacity to purchase mutual fund shares, am of legal age, and believe each such investment is suitable for me. It is my responsibility to obtain and read the prospectus of any fund into which I exchange.

I understand that I must designate one fund as my Primary Fund and that all subsequent contributions to and withdrawals from my Vanguard Fund will be made through this fund. My Primary Fund selection is indicated below: (Please choose **only one fund** from the choices on our web page):

Primary Fund Name: _____ **Symbol** _____

OR

Option 2: I choose to apply for and invest in the Fulton Bank HSA Debit Card Account. I have received and read the Supplemental Terms, Conditions and Disclosures for HSA Debit Card Accounts and I agree to be bound by its terms. I authorize Fulton Bank to investigate my credit, either directly or through any agency, and to obtain a credit report on me from any credit bureau. I understand that Fulton Bank will retain this Enrollment Form and any other credit information, even if my application is not approved. If approved, I request a Debit Card (the Visa Check Card) to access the HSA Debit Card Account and I agree not to use the Debit Card in any illegal activity.

Check here to order optional checks for your HSA Debit Card Account

Terms and Conditions and Fees

By signing below, I agree to the following provisions:

1. I certify that I am covered by a qualified High Deductible Health Plan (HDHP) as defined by the Internal Revenue Code (Code), I am not covered by a health plan, other than a HDHP, which provides any of the same benefits as the HDHP, I am not entitled to benefits under Medicare, and I may not be claimed as a dependent on another person's tax return.
2. I hereby appoint Fulton Bank as custodian for my Health Savings Account (HSA) and I authorize Fulton Bank to provide the information on this Enrollment Form to Health Savings Administrators, LLC and its successor(s), if any, so that they can provide administrative services for my HSA. Administrative services include, but are not limited to, providing enrollment assistance, processing contributions, processing distributions (payments or reimbursements), and submitting tax reports. I acknowledge that the administrative services provided by Health Savings Administrators and its successor(s), if any, are separate and apart from the custodial services provided by Fulton Bank.
3. I agree to an Initial Set Up Fee of \$10.00 and an Annual Administration Fee (for administrative services) of \$36.00 for my HSA. I understand that other fees will be assessed and that those fees depend on the investment option I have selected. I agree to the fees for the HSA Debit Card Account that are disclosed in the Supplemental Terms, Conditions and Disclosures for HSA Debit Card Accounts. I understand that those fees include, but are not limited to, a Monthly Maintenance Fee (for custodial services) of \$2.00 if my balance falls below \$2,500 during the month. I agree to the fees for the Vanguard Fund that are disclosed in the Supplemental Terms, Conditions and Disclosures for HSA Vanguard Fund Accounts. I understand that those fees include, but are not limited to, a quarterly fee of .0008 times the account balance. I recognize that my employer may pay some or all fees. Should I terminate my employment, I will be responsible for payment of all prevailing fees.

Terms and Conditions and Fees Continued

4. I authorize Fulton Bank to act on my behalf for all transactions, to honor all distributions (payments or reimbursements) requested by me, and to debit from my HSA any unpaid fees that are due.
5. I am responsible for determining my eligibility for making contributions to my HSA, for ensuring that those contributions are within the limits set forth by the Code, and for all tax consequences of any contributions and any distributions (payments or reimbursements).
6. **I have received and read a copy of (a) this Enrollment Form, (b) the Health Savings Account Custodial Account Agreement, (c) the Additional Provisions for Health Savings Accounts, which includes the Arbitration Provision referred to above (with an explanation of how and when the Arbitration Provision will become effective if I do not reject it) and a Privacy Statement and Consumer Privacy Notice (with an explanation of how and when Fulton Bank shares nonpublic personal information with affiliates unless I direct it not to do so), (d) the Supplemental Terms, Conditions and Disclosures for HSA Debit Card Accounts (even if this is not the investment option I chose), and (e) the Supplemental Terms, Conditions and Disclosures for HSA Vanguard Fund Accounts (even if this is not the investment option I chose). I understand that the terms and conditions that apply to this HSA are contained in those documents. I agree to be bound by those terms and conditions.**

Signature and Date Required Below

Under penalties of perjury, I certify that the Social Security Number shown on page one of this Enrollment Form is my correct taxpayer identification number, I am a U.S. person (including a U. S. resident alien), and that (check appropriate box):

- I am not subject to backup withholding either because I am exempt from backup withholding, or because I have not been notified by the IRS that I am subject to backup withholding as a result of failure to report all interest or dividends, or because, the IRS has notified me that I am no longer subject to backup withholding.
- I am subject to backup withholding

I understand the eligibility requirements for the type of HSA contribution I am making and confirm I qualify to make the contribution. I hereby hold Fulton Bank, Health Savings Administrators, LLC and their officers, employees, agents and subcontractors harmless from any liability for effecting transactions and interpreting the tax status of all contributions and distributions (payments and reimbursements). Purchases made with the Debit Card will be reported by Fulton Bank as "normal distributions." I understand I should not use my Debit Card or checks for non-qualifying or non-medical purposes and that I am responsible for any IRS penalties. I understand that I am responsible for any and all tax consequences should I submit an HSA withdrawal form for any non-qualifying or non-medical transaction.

Signature _____

Date ____ - ____ - ____

THE AGREEMENT GOVERNING MY HEALTH SAVINGS ACCOUNT WILL INCLUDE AN ARBITRATION PROVISION UNLESS I ACT WITHIN 30 DAYS TO REJECT THE ARBITRATION PROVISION. ARBITRATION WOULD HAVE A SUBSTANTIAL EFFECT ON MY RIGHTS IN THE EVENT OF A DISPUTE BETWEEN YOU AND ME. FOR EXAMPLE, IN A DISPUTE SUBJECT TO ARBITRATION, I WILL NOT HAVE A RIGHT TO A JURY TRIAL OR TO BRING OR PARTICIPATE IN A CLASS ACTION.

Calculations

One Time Set Up Fee	\$ 20.00
Annual Administration Fee	\$ 36.00
Initial Contribution - (only if sent with this form).. Include applicable tax year	\$
Total of Fees and Initial Contribution	\$

Please have your employer mail this form, along with any fees or contribution, to:

Fulton Bank – c/o Health Savings Administrators, LLC – 10800 Midlothian Turnpike Suite 240 – Richmond, VA 23235

Copy of Photo ID Required by Banking Guidelines

The Patriot Act requires you to send a copy of the account holder's driver's license or photo ID with your application. If an additional person will have signature authority on the account they must also send a copy of their driver's license or ID. Here are some tips to making a readable copy of the driver's license:

- Set your copier to enlarge
- If the copier has the photo option, use that feature
- Choose lighten and adjust as needed.