

HEALTH SAVINGS ACCOUNT *Program Summary*

General Definition: A Health Savings Account (HSA) is a trust or custodial account which is created exclusively for the benefit of the HSA holder, and which is generally used to pay qualifying medical expenses. Qualifying contributions are excluded from federal income taxes, and distributions from an HSA are tax-free as long as they are used for qualifying medical expenses (as defined by the IRS).

BACKGROUND

- Health Savings Accounts (HSAs) were established in the Medicare / Prescription Drug Bill signed into law by President Bush in December 2003.
- They were effective as of January 1, 2004.
- HSAs succeed Medical Savings Accounts, for which a legislated sunset date of December 31, 2003 existed.
- Enhanced features in comparison to a Medical Savings Account include:
 - ◇ Reduced qualifying deductible limits required for underlying “High Deductible Health Plans”
 - ◇ No employer size restrictions (previously, MSAs could only be offered by small employers)
 - ◇ More flexible funding (previously, either employees or employers, but not both, could fund accounts; additionally, funding through salary reduction under a cafeteria plan is allowable for HSAs)
- Key HSA features relative to Flexible Spending Accounts include:
 - ◇ **Portability:** Can travel with an employee from job to job
 - ◇ **Fund Accumulation:** Funds can accumulate without an annual use-it-or-lose-it requirement, enabling contributions and earnings to accrue tax-free until death if desired.

HEALTH SAVINGS ACCOUNT SUMMARY

- To qualify for a Health Savings Account (HSA), the account holder must:
 - (a) Be covered by a Qualified High Deductible Health Plan (QHDHP), and
 - (b) Not be covered by a health plan, other than a QHDHP, which provides any of the same benefits as the QHDHP.
- Qualifying High Deductible Health Plan (QHDHP) generally means a health plan which satisfies the following requirements regarding deductibles and expenses for tax year 2005:
 - (a) For single employee coverage, the deductible must not be less than \$1,000, with annual out-of-pocket expenses not exceeding \$5,100, or
 - (b) For family coverage, the deductible must not be less than \$2,000, with annual out-of-pocket expenses not exceeding \$10,200.
- The annual contribution limit is the lesser of:
 - (a) The annual deductible, or \$2,650 for single employee coverage
 - (b) The annual deductible, or \$5,250 for family coverage.

1/12th of these limits may be contributed for each month of the tax year for which the account-holder participates in a QHDHP on the first day of the month.

- Both the qualifying high deductible plan requirements and the annual contribution limits are indexed to inflation, and are subject to change in subsequent years.
- If both spouses are covered by health insurance plans, special contribution rules apply.
- Account holders may make contributions through April 15th of the following year.
- Contributions can be made until the age of 65, and continue to accrue interest tax-free without minimum annual withdrawal requirements until death.
- Annual “catch-up” contributions can be made between the ages of 55 and 65 (\$600.00 in 2005, increasing to \$1,000 in 2009). When applicable, catch-up contributions may be made on behalf of both the account holder and his/her spouse.
- Plan participants are responsible for determining the eligibility of both their contributions and withdrawals.
- Distributions made for purposes other than qualifying medical expenses are included in gross taxable income (or, in the event of death, the gross income of the designated beneficiary, unless the beneficiary is the account-owner’s spouse). A non-qualifying distribution made before the age of 65 is subject to an additional tax of 10%.
- An excise tax of 6% is imposed upon any excess contribution made to an HSA, and applies for each year the excess contribution remains in the HSA.
- Upon death, the HSA is distributed as follows:
 - ◊ If the designated beneficiary in the account-holder’s spouse, the HSA becomes the surviving spouse’s HSA, and is not included in the spouse’s taxable income.
 - ◊ Otherwise, the HSA is liquidated, and is taxable to the beneficiary (or the estate).

For further information, please call Larry Deegan at 847/273-1649.

Disclaimer: American Chartered Bank believes that all of the information presented in this document is completely accurate as of the date of publication. Final decisions regarding program eligibility, etc. are the responsibility of the individual account holder. Please confer with your tax advisor for assistance.

HEALTH SAVINGS ACCOUNT
Account Opening Process

Establish Eligibility: Individual account-holders are responsible for determining their eligibility to open a health savings account, and are asked to affirm this eligibility in the Account Application Document. A summary of the eligibility criteria based on information available to American Chartered Bank is provided in the HSA Review Document. Account applicants are strongly urged to confirm their eligibility with their tax accountant, attorney, or benefits consultant prior to opening an account.

Determine Usage Requirements / Type of Account Desired: American Chartered Bank offers two account options, a transaction account with tiered interest rates, or a certificate of deposit. The rates currently offered on transaction accounts (which are subject to change) are:

Deposit Balances	Annual Percentage Yield
≤ \$1,000	0.40%
> \$1,000 and ≤ \$5,000	0.70%
> \$5,000 and ≤ \$10,000	1.00%
> \$10,000	2.00%

Additional account features include:

- ◇ No minimum balance requirement or monthly maintenance fee
- ◇ Check and/or debit card availability (\$18.00 check order fee payable with application; debit card subject to credit approval)
- ◇ Free Online Banking, including bill pay (requires separate registration)

The rates and features of transaction accounts are summarized in the HSA Disclosure Document.

Current CD rates may be obtained by visiting www.americanchartered.com. Individuals selecting this option must indicate their desired CD term in the Account Application Document. The rate paid will be the rate in effect upon receipt of a completed Health Savings Account Application by American Chartered Bank.

Complete Required Account-Opening Documentation: A Checklist Document is included in the Account Opening Documentation. We recommend that anyone opening accounts should use this document as a guide to ensure all needed forms are properly completed.

Forward Completed Account Application to American Chartered Bank: A mailing address is provided at the bottom of the Checklist Document. The opening deposit should be included with the application, together with the \$18.00 check order fee, if checks are desired.

Subsequent Deposits: We expect most accounts with recurring deposits will be funded via employer payroll deductions. American Chartered Bank offers full direct deposit capabilities, enabling these deposit transactions to be fully automated.

Taxable Withdrawals: Account-holders are required to request non-medical expense-related withdrawals using a special Withdrawal Request Document. As noted in the form, taxable withdrawals may be made either in person at any American Chartered Bank location, or by mailing a completed Withdrawal Request Document to us at:

Health Savings Account Administrator
American Chartered Bank
1199 E. Higgins Road
Schaumburg, Illinois 60173

TRUTH IN SAVINGS

Rate information – Your interest rate and annual percentage yield may change.

Frequency of rate changes – We may change the interest rate on your account at any time.

Determination of rate – At our discretion, we may change the interest rate on your account.

Compounding and crediting frequency – Interest will be compounded every month. Interest will be credited to your account every month.

Effect of closing an account – If you close your account before interest is credited, you will not receive the accrued interest.

Daily balance computation method – We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

Accrual of interest on non-cash deposits – Interest begins to accrue no later than the business day we receive credit for the deposit of non-cash items (for example, checks).

Rate Information:

Tier 1: If your daily balance is \$1,000.00 or less, the interest rate paid on the entire collected balance will be 0.40% with an annual percentage yield (APY) of 0.40%.

Tier 2: An interest rate of 0.70% will be paid only for that portion of your daily collected balance that is greater than \$ 1,000.00 up to \$ 5,000.00. The annual percentage yield for this tier will range from 0.40% to 0.64% depending on the balance in the account.

Tier 3: An interest rate of 1.00% will be paid only for that portion of your daily collected balance that is greater than \$ 5,000.00 up to \$ 10,000.00. The annual percentage yield for this tier will range from 0.64% to 0.83% depending on the balance in the account.

Tier 4: An interest rate of 2.00% will be paid only for that portion of your daily collected balance that is greater than \$ 10,000.00. The annual percentage yield for this tier will range from 0.83% to 1.90% depending on the balance in the account. (For illustrative purposes only, the 1.90% APY assumes a balance of \$100,000. There is no maximum balance for this account type.)

Rates effective as of January 1, 2005.

FEES

- There is no minimum balance requirement or monthly maintenance fee.
- If you choose to use checks for the purposes of making tax deductible medical payments, a \$19.00 check order fee is payable at the time of application.
- Please see the Common Features section of the “Your Deposit Account” brochure for information concerning fees and transaction limitations, if any, that may apply to this account.

HEALTH SAVINGS ACCOUNT
Custodial Agreement

The depositor whose name appears on the attached Application is establishing a Health Savings Account (HSA) under Section 223(a) of the Internal Revenue Code ("Code") for the purpose of paying qualified medical expenses, as defined under Section 223(d)(2) of the Code, of the Depositor. The Depositor has assigned the custodial account the sum indicated on the Application.

ARTICLE I

The Custodian may accept additional cash contributions on behalf of the Depositor for the tax year. The total cash contributions are limited to the maximum allowed under Section 223(b) of the Code for the tax year unless the contribution is a rollover contribution described in Section 223(f)(5) of the Code.

ARTICLE II

The Depositor's interest in the balance in the custodial account is non-forfeitable.

ARTICLE III

No part of the Custodial Funds may be invested in life insurance contracts, nor may the assets of the Custodial account be commingled with other property, except in a common trust fund or common investment fund.

ARTICLE IV

If the Depositor dies before his or her entire interest is distributed to him or her, the entire remaining interest will be disposed of as follows:

1. If the beneficiary is the Depositor's spouse, the HSA shall become the spouse's HSA as of the date of death.
2. If the beneficiary is not the Depositor's spouse, the HSA shall cease to be an HSA as of the date of death, and the fair market value of the account shall be taxable to the beneficiary (or the estate) in the taxable year which includes such date.

ARTICLE V

1. The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required by the Code and related regulations.
2. The Custodian agrees to submit any reports to the Internal Revenue Service and the Depositor prescribed by the Internal Revenue Service.

ARTICLE VI

This Agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the HSA Holder whose signature appears on the Application and the Custodian.

ARTICLE VII

1. **Definitions:** In this part of the Agreement (Article VII), the words "you" and "your" refer to the Depositor. The Depositor is the person who establishes the custodial account. The words "we," "our," and "us" refer to the Custodian. The Custodian must be a bank, as defined in Section 408(n), insurance company, or other person who has the approval of the Secretary of the Treasury to act as Custodian. The word "Code" means the Internal Revenue Code.
2. **Notices and Changes of Address:** Any required notice regarding this HSA will be considered effective when we mail it to the last address of the intended recipient which we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You must notify us of any changes of address.
3. **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 any action you take will be proper under this Agreement, and that we are entitled to rely upon any such information or directions. 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 losses 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.
4. **Service Fees:** We have the right to charge an annual service fee or other designated fees (e.g., a transfer, withdrawal or termination fee) for maintaining your HSA. In addition, we have the right to be reimbursed for all reasonable 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 thirty (30) days notice to you prior to the date that the fee will become effective.
5. **Investment of Amounts in the HSA:** Your HSA assets shall be invested in an American Chartered bank Health Savings Account, and shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by or flow from the bylaws of our organization, and all Federal and State laws and regulations which apply to us.
6. **Beneficiaries:** You may designate one or more person(s) or entity(ies) as beneficiary(ies) of your HSA. This designation can only be made on a form prescribed by us, and it will only be effective when it is filed with us during your lifetime. Unless specified otherwise in writing by you, each beneficiary

designation you file with us will cancel all previous ones. The consent of a beneficiary shall not be required for you to revoke a beneficiary designation. If you do not designate a beneficiary, your estate will be the beneficiary.

7. **Termination:** 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 thirty (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 thirty 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 hold back from your HSA a reasonable amount of money that we believe is necessary to cover any one or more of the following:

- Any fees, expenses or taxes chargeable against your HSA;
- Any penalties associated with the early withdrawal of your HSA.

If our organization is merged 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. If we fail to comply with certain Treasury regulations, or we are not keeping the records, making the returns, or sending the statements that are required by forms or regulations, the IRS may, after notifying you, require you to substitute another custodian or trustee.

8. **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 amendments unless, within thirty (30) days from the date we mailed the amendment, you notify us in writing that you do not consent.
9. **Withdrawals:** All requests for withdrawal shall be in writing on a form provided by or acceptable to us, or by Visa Check Card if use of this option is authorized in the Application. 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. Any withdrawals shall be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties and withholding requirements.
10. **Transfer from Other Plans:** We can receive amounts transferred to this HSA from the custodian or trustee of another HSA or Medical Savings Account. However, we also reserve the right to refuse any transfer.
11. **Liquidation of assets:** We have the right to liquidate assets in your HSA if necessary to make distributions, or to pay fees, expenses, or taxes properly chargeable against your HSA. If you fail to direct us 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.
12. **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.
13. **Applicable Law:** 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 the Agreement shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

We shall not be liable to you for any losses, damages, costs, penalties, or expenses you incur as a result of your employer's failure to make the contributions to your HSA required under your employer's health plan. We are not responsible for monitoring your employer's contributions to your HSA, or notifying you of your employer's contributions. You are responsible for contacting your employer regarding its contributions and monitoring those contributions. We will provide monthly statements to you. We shall not be liable to you for any statements, representations, actions or inactions of any insurance agent or agency that sold you an insurance plan in connection with your HSA. An insurance agent or agency is not our partner, agent, affiliate, representative or co-venture.

INSTRUCTIONS

IDENTIFYING NUMBER - The Depositor's social security number will serve as the identification number of his or her HSA. An employer identification number is required only for an HSA for which a return is filed to report unrelated business taxable income. An employer identification number is required for a common fund created for HSAs.

DISCLOSURE STATEMENT

The following is a general explanation of the laws and regulation governing health savings accounts. You may refer to the Internal Revenue Code or a competent tax advisor for more detailed information.

REQUIREMENTS OF AN HSA

- A. **CASH CONTRIBUTIONS:** Your contribution must be in cash, unless it is a rollover contribution.
- B. **MAXIMUM CONTRIBUTION:** The maximum amount of contributions that can be made in 2005 is the lesser of: the annual deductible, or \$2,650 for single coverage; and the annual deductible, or \$5,250 for family coverage. These maximums are indexed to inflation, and adjusted annually.
- C. **NON-FORFEITABILITY:** Your interest in your HSA is non-forfeitable.
- D. **ELIGIBLE CUSTODIANS:** The Custodian of your HSA must be a bank, as defined in Section 408(n) of the Code, insurance company, as defined in Section 816 of the Code, or other person who has the approval of the Secretary of the Treasury to act as Custodian.
- E. **COMMINGLING ASSETS:** The assets of your HSA cannot be commingled with other property except in a common trust fund or common investment fund.

- F. **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 or your employer establish a high deductible health plan, you may be eligible to establish an HSA. Both you and your employer can make contributions to your HSA. Amounts contributed to your HSA are excluded from tax unless they exceed the maximum contribution limits described above.
- B. **TAX-DEFERRED EARNINGS:** The interest 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 qualifying medical expense. Generally, distributions paid due to qualifying medical expenses are excluded from your gross income. Qualifying medical expenses are amounts you pay for medical care (as defined in Section 213(d) of the Code) for yourself, your spouse, and your dependents (as defined in Section 152 of the Code), but only to the extent that such amounts are not compensated for by insurance or otherwise. Distributions made for purposes other than qualifying medical expenses are included in your gross income (or, in the event of your death, gross income of your designated beneficiary unless your designated beneficiary is your spouse). If you receive a distribution that is included in your gross income, you are subject to an additional tax of 10%. This additional 10% tax shall not apply if you have attained age 65 (or, if different, the age specified under section 1811 of the Social Security Act).
- D. **ROLLOVERS:** Your HSA may be rolled over to another HSA of yours, or your HSA account with us may receive rollover contributions, provided that all of the applicable rollover rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property between any of your HSAs. The rollover rules are generally summarized below. These transactions are often complex. If you have any questions regarding a rollover, please see a competent tax advisor.

Funds distributed from your HSA may be rolled over to an HSA of yours if the requirements of Section 223(f)(5) of the Code 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. Additionally, you may roll over the same dollars or assets only once every twelve (12) months.

Written Election: At the time you make a proper rollover to an HSA with us, you must designate to the Custodian, in writing, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

Rollovers from a qualified medical savings account to an HSA account are permitted if made in accordance with the applicable rollover laws and regulations for medical savings accounts.

- E. **CARRYBACK CONTRIBUTIONS:** A contribution is deemed to have been made on the last day of the preceding taxable year if you make a contribution by the deadline for filing your income tax return (not including extensions), and you designate the contribution as a contribution for the preceding taxable year. For example, if you are a calendar year taxpayer and you make your HSA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designated it as such.
- F. **BENEFICIARY ISSUES:** If you die and your beneficiary is your spouse, your HSA shall become your spouse's HSA as of the date of your death. If your beneficiary is not your spouse, the value of your HSA on your date of death will be taxable to your beneficiary in the year you die.

LIMITATIONS AND RESTRICTIONS

- A. **DEDUCTION OF ROLLOVERS AND TRANSFERS:** A deduction is not allowed for rollover or transfer contributions.
- B. **SPECIAL TAX TREATMENT:** Capital gains treatment and the favorable five or ten-year forward averaging tax authorized by IRC Section 402 does not apply to HSA distributions.
- C. **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 the taxable year.
- D. **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. **EARLY DISTRIBUTION PENALTY:** If you are under age 65 and receive an HSA distribution, an additional tax of 10% will apply unless the distribution is for a qualifying medical expense. This additional tax will apply only to the portion of a distribution which is includable in your income.
- B. **EXCESS CONTRIBUTION PENALTY:** An excise tax of 6% is imposed upon any excess contribution you make to your HSA. This tax will apply each year in which an excess remains in your HSA. An excess contribution is any contribution amount that exceeds your contribution limit, excluding rollover and direct amounts.

HEALTH SAVINGS ACCOUNT
Account Opening Checklist

Applicant Name: _____

APPLICATION

- Account type selected
- Designated check or Visa Check Card disbursement option (if applicable)
- Signed by account holder
- Signed by Power of Attorney (if designated)
- Signed by witness

BENEFICIARY DESIGNATION

- Beneficiary section complete / designations clear / percentages add to 100%
- Spousal consent section completed and signed (if spouse is not primary beneficiary)
- Signed by account holder
- Signed by witness

SIGNATURE CARD

Account Title- account holder name

Account Number- will be assigned by American Chartered Bank upon application approval

Account Classification- Certificate of Deposit (CD) or Transaction Account

- Signed by account holder
- Signed by Power of Attorney (if designated)

PAYMENT FOR INITIAL CHECK ORDER

- \$19.00 check (enclose with application package)

Please forward completed account application to:

Health Savings Account Administrator
American Chartered Bank
1199 E. Higgins Road
Schaumburg, Illinois 60173

HEALTH SAVINGS ACCOUNT
Application and Eligibility Form

ELIGIBILITY REQUIREMENTS:

To qualify for a Health Savings Account (HSA), the account holder must:

- (1) Be covered by a Qualified High Deductible Health Plan (QHDHP), and
- (2) Not be covered by a health plan, other than a QHDHP, which provides any of the same benefits as the QHDHP

If either of the above requirements is not satisfied, you are not eligible to establish a qualified Health Savings Account. By completing and submitting this signed Application, you affirm your eligibility to establish a Health Savings Account.

PERSONAL INFORMATION:

Social Security Number: _____ Birth Date: _____

Name: _____
(First) (Initial) (Last)

Address Line 1: _____

Address Line 2: _____

City: _____ State: _____ Zip Code: _____

Home Phone #: _____ Business Phone #: _____

Form of Identification: Driver's License State ID Passport ID Number: _____

Issued By: _____ Issue Date: _____ Expiration Date: _____

Mother's Maiden Name: _____

E-Mail Address (optional): _____

ACCOUNT TYPE / OPENING DEPOSIT:

Type of Account Desired: Transaction Account Certificate of Deposit If CD, term (in months): _____

Deposit Type:

Initial Contribution Source / Amount:

Regular – Contribution Year: _____ Account Holder Deposit: _____

Rollover (Please attach rollover form)

Trustee to Trustee Transfer (Please attach transfer form) Employer Deposit: _____

EMPLOYER INFORMATION:

Employer Name: _____

Employer Contact Name: _____

Type of Business: _____

Address Line 1: _____

Address Line 2: _____

City: _____ State: _____ Zip Code: _____

HEALTH SAVINGS ACCOUNT OPTIONS (only available for transaction accounts):

I would like to order checks to be used for normal distributions only.

I would like a free Visa Check Card issued in my name to be used for normal distributions from my Health Savings Account.

Note: Purchases made with either the American Chartered Bank Visa Check Card or American Chartered Bank checks will be reported by the Bank as "normal distributions." I understand that 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 must submit a HSA withdrawal form for any non-qualifying or non-medical transaction, and that the Bank will issue me a check upon receipt of this withdrawal form.

RULES AND CONDITIONS APPLICABLE TO HEALTH SAVINGS ACCOUNTS:

General Information: A HSA is a trust or custodial account which is created exclusively for the benefit of the HSA holder, and which is generally used to pay qualifying medical expenses. If you are eligible, contributions can be made to your HSA by you or your employer. Qualifying distributions from your HSA are tax-free.

Definitions: High Deductible Health Plan (HDHP) generally means, as defined in IRC Section 223(c)(2), a health plan which satisfies the following requirements regarding deductibles and expenses for tax year 2005:

- (a) For single coverage, the deductible must not be less than \$1,000, with annual out-of-pocket expenses not exceeding \$5,100, or
- (b) For family coverage, the deductible must not be less than \$2,000, with annual out-of-pocket expenses not exceeding \$10,200. The maximum amount of contributions in any one year that can be made is the lesser of the annual deductible or \$2,650 for single coverage, and the annual deductible or \$5,250 for family coverage.

AUTHORIZED SIGNER / POWER OF ATTORNEY (POA) (optional, not applicable for CDs):

Since regulations require that only one individual own a HSA, the account owner may want his/her spouse and/or another third party through power of attorney to write checks or use his/her Visa Check Card.

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

Social Security Number: _____ Birth Date: _____

Name: _____
(First) (Initial) (Last)

Type of ID: _____ ID Number: _____ Issue Date: _____

Expiration Date: _____ Mother's Maiden Name: _____

Note: Authorized Signer / Power of Attorney signature required below.

Second Visa Check Card Option:

- I would like a second American Chartered Bank Visa Check Card issued for the POA listed above for my HSA to be used for normal distributions only. By signing this Application below, and per the HSA options selected above, I am requesting that the Bank issue to my spouse or other authorized third party as indicated above a separate American Chartered Bank Visa Check Card to allow them electronic access to my Health Savings Account, and to add their name as an authorized signer of checks to facilitate access to my Health Savings Account. If more than one person signs this application, all such persons agree to be jointly and severally liable for the performance of the obligations set forth in the Visa Check Card Agreement, to be sent with the cards.

SIGNATURES:

American Chartered Bank is hereby appointed to serve as custodian of my Health Savings Account.

I agree to be bound by the account rules and regulations applicable to the Health Savings Account established by the Application and Agreement as they may be amended from time to time. I also agree to the Bank's agreements, rules, and regulations, and disclosures applicable to this account and any additional accounts that I establish with the Bank in the future as an individual, custodian, or single trustee; the master signature card agreement governing additional accounts will remain in effect as long as I continually maintain at least one account with the Bank.

I understand the eligibility requirements for the type of HSA deposit I am making, and I state that I do qualify to make the deposit. I have received a copy of the Application and the HSA Custodial Agreement. I understand that the terms and conditions which apply to this HSA are contained in this Application and the Agreement. I agree to be bound by those terms and conditions. Within seven (7) calendar days from the date I open the HSA, I may revoke it by mailing or delivering a written notice to the custodian of the account.

I assume complete responsibility for:

- (1) Determining that I am eligible for a 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 contribution (including rollover contributions) and distributions.

Health Savings Account Holder Date

Signature of Witness (Required) Date

Authorized Signer / POA Signature Date

Printed Name of Witness

SPOUSAL CONSENT

This section should be reviewed if either the trust or the residence of the Account Holder is located in a community or marital property state, and the Account Holder is married. Due to important tax consequences of giving up one's community property interest, individuals signing this section should consult with a competent legal or tax advisor.

CURRENT MARITAL STATUS

- I am not married:** I understand that if I become married in the future, I must complete a new Designation of Beneficiary form.
- I am married:** I understand that if I chose to designate a primary beneficiary other than my spouse, my spouse must sign below.

I am the spouse of the above-named Account Holder. 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 account, I have been advised to see a tax professional. I hereby give the Account Holder any interest I have in the funds or property deposited in this account, 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 (Required)

Date

SIGNATURES:

I understand that I may change or add beneficiaries at any time by completing and delivering the proper form to American Chartered Bank. American Chartered Bank has provided no tax or legal advice to me regarding my beneficiary designation.

Signature of Health Savings Account Holder

Date

Signature of Witness (Required)

Date

**HEALTH SAVINGS ACCOUNT
Signature Card**

Please sign in the appropriate boxes below.

AMERICAN CHARTERED BANK				
ACCOUNT TITLE	DATE	# OF SIG REQ.	ACCOUNT NUMBER	LOC
, HSA		One	CARD 1 OF 2	1-Sch
CLASSIFICATION	ACCOUNT TAX ID	TYPE OF ACCOUNT	OFFICER	ACCEPTED BY
		HEALTH SAVINGS		
HSA ACCOUNT HOLDER ADDRESS			Comments	
HSA ACCOUNT HOLDER SIGNATURE			TAX ID #	
SECOND AUTHORIZED SIGNER / POA SIGNATURE (if applicable)			TAX ID #	
<p>The depositor acknowledges receipt of a copy of the rules or regulations regulating this account and agrees to be bound by them and by any amendments to them. The depositor has read and certifies under provision of perjury to the truthfulness of the tax withholding certificate appearing below. The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding. Signatures shown above are specimen or facsimile signatures of person(s) authorized to effect transactions on this account by the current depository resolution filed with the Bank. If Single Name Account: This account is owned by the party named hereon. If Joint Account: This account is jointly owned by the parties named hereon. Upon the death of any of them, ownership passes to the survivor(s).</p> <p>TAX WITHHOLDING CERTIFICATE: Under penalties of perjury, the depositor certifies (1) that the tax identification number shown on this form is the depositor's correct tax payer identification number and that (2) the depositor is not subject to backup withholding either because (a) the depositor is exempt from such withholding, (b) the depositor has not been notified that the depositor is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the Internal Revenue Service has notified the depositor that the depositor is no longer subject to backup withholding. **Strike the part (2) of this paragraph if the depositor has been notified that the depositor is subject to backup withholding due to underreporting and has not received a notice from the Internal Revenue Service that backup withholding has terminated.</p>				