Health Savings Account Enrollment Booklet for Individuals and Families

Take Charge of Your Health

Your Money And Your Future

Take Charge of Your Health, Your Money and Your Future

Would you like to have more control over your health care dollars?

Pay for current and future health expenses with tax-free dollars?

Save money for your future health care costs?

With the new health savings account (HSA) from Wells Fargo and compatible high-deductible health plan (HDHP), you can do it all! Flexible, affordable and easy to use, an HSA is a tax-advantaged* account that empowers you to take charge of your health, your money and your future.

HSA Benefits

More control over your health care dollars

You're in charge of your health…shouldn't you be in charge of how you spend your health care dollars, too?

With an HSA, you are. Your HSA works in conjunction with a compatible high-deductible health plan. You decide how much money (up to certain limits) you want to contribute each year. Higher contribution limits, allowable catch-up contributions and the ability to save money for future health care expenses make the HSA more flexible than other tax-advantaged accounts, such as medical savings accounts (MSAs), flexible spending accounts (FSAs) and health reimbursement arrangements (HRAs).

Your health coverage provider has selected Wells Fargo, one of the nation's leading financial institutions, to be the preferred financial services company to administer HSAs for eligible individuals. Wells Fargo holds your HSA contributions exclusively for your benefit, ready for you to use whenever you have qualified health care expenses to pay for you, your spouse or your dependent children.

**All tax references are at the federal level. State taxes vary. Please consult with your tax advisor.*

Tax savings

Who doesn't appreciate a tax-free way to pay — and save?

With a Wells Fargo HSA, your contributions, earnings and eligible withdrawals are all tax-free. You can deduct the money you contribute to an HSA on your federal tax return, even if you don't itemize deductions. As long as your withdrawals are used to pay for qualified health care expenses, you won't pay taxes on them. You must keep supporting receipts and records to show the Internal Revenue Service you used the funds to pay qualified health care expenses.

With an HSA, you decide:

- How much to contribute (within certain limits)
- How much to use for health care expenses
- Which health care expenses to pay from the account
- Whether to pay for health care expenses from the account or save the account for future use
- What type of investments to grow your account

Long-term savings

An HSA covers more than your health expenses today…it helps you plan for the future, too.

Just like an IRA or 401(k), you have the opportunity to make your HSA grow by investing your contributions in your choice of Wells Fargo investment funds. You can choose from a variety of mutual fund investment options — from conservative to aggressive — to match your personal financial goals and investment style. And with Wells Fargo's flexible account access, you can change your investment fund elections at any time. Best of all, your unused account balance rolls over from year to year. Accumulated funds in your HSA grow tax-free, so you can save for future health care expenses.

Convenience

Need new eyeglasses? Need to visit your health care provider for a sports injury?

From doctor visits to prescription drugs, you can use the money in your HSA to pay for a variety of health care-related expenses — and with the Wells Fargo HSA, payment is easy and convenient. Wells Fargo offers online account management, so you can review your account information 24 hours a day, seven days a week. You can also use our toll-free telephone service and speak with customer service representatives between 7 a.m. and 8 p.m. CST Monday – Friday.

Ownership

No one knows what your family's future may bring — job changes, new health plans, perhaps an out-of-state move.

With an HSA, you don't have to worry — your account is entirely owned by you. Your account balance is yours to take with you wherever you go.

Tax-free savings

Your unused HSA balance rolls over from year to year. The contributions and investment gains you make continue to grow and can be used tax-free for qualified health care expenses later in life, when your health care needs may be greater.

How Does an HSA Work?

Consider the following examples:

Ben enrolled in an HSA-eligible high-deductible health plan in January with family coverage for himself, his wife and his two children. His deductible is $2,000, so his HSA contributions cannot exceed $2,000 for the year. Ben decides to contribute $2,000 into his HSA.

Alicia enrolled in an HSA-eligible high-deductible health plan in January with individual coverage for herself. Her deductible is $2,600, so her HSA contributions cannot exceed $2,600 for the year. Alicia decides to contribute $2,600 into her HSA.

Ben's health plan features:		
Family coverage:	$2,000 deductible	
Maximum out-of-pocket:	$10,200	
Ben's coverage:	**In-network**	**Out-of-network**
Coinsurance coverage:	80%	70%
Employee pays:	20%	30%
Preventive care:	100% coverage *(deductible does not apply)*	
Pharmacy coverage:	subject to deductible	

Alicia's health plan features:		
Individual coverage:	$2,600 deductible	
Maximum out-of-pocket:	$5,100	
Alicia's coverage:	**In-network**	**Out-of-network**
Coinsurance coverage:	80%	70%
Employee pays:	20%	30%
Preventive care:	100% coverage *(deductible does not apply)*	
Pharmacy coverage:	subject to deductible	

Ben	Amount in Ben's HSA	Amount Ben pays from his HSA	Amount paid by Ben's health plan	Ben's remaining out-of-pocket expense	Amount left in Ben's HSA to carry over to next year
Scenario 1 During the year, Ben and his family have in-network health care expenses of $5,200 that are not considered preventive care. Ben chooses to pay these expenses from the balance in his HSA. Because his deductible is $2,000, the health plan covers 80% of the remaining $3,200, or $2,560. This leaves $640 (20%) as Ben's out-of-pocket expense.	$2,000	$2,000	$2,560	$640	$0
Scenario 2 During the year, Ben and his family have in-network health care expenses of $1,200 that are not considered preventive care. Since his total expenses are less than his deductible, Ben is responsible for all the expenses. Ben chooses to pay these expenses from the balance in his HSA.	$2,000	$1,200	$0	$0	$800 (plus earnings)

Alicia	Amount in Alicia's HSA	Amount Alicia pays from her HSA	Amount paid by Alicia's health plan	Alicia's remaining out-of-pocket expense	Amount left in Alicia's HSA to carry over to next year
Scenario 1 During the year, Alicia has in-network health care expenses of $1,000 that are not considered preventive care. Because her deductible is $2,600, Alicia is responsible for all of these costs. She chooses to pay only $600 of these expenses from the balance in her HSA, because she wants to start saving for her future health care needs.	$2,600	$600	$0	$400	$2,000 (plus earnings)
Scenario 2 Alicia is very healthy during the year and has no health care expenses except for regular checkups and screenings, which are all considered preventive care. Since her plan covers preventive care at 100% and it does not apply to her deductible, Alicia is able to carry over her entire $2,600 HSA balance into the next year.	$2,600	$0	$0	$0	$2,600 (plus earnings)

* These examples are for illustrative purposes only. Individual situations will vary depending on the specifics of your HDHP and your individual contributions.

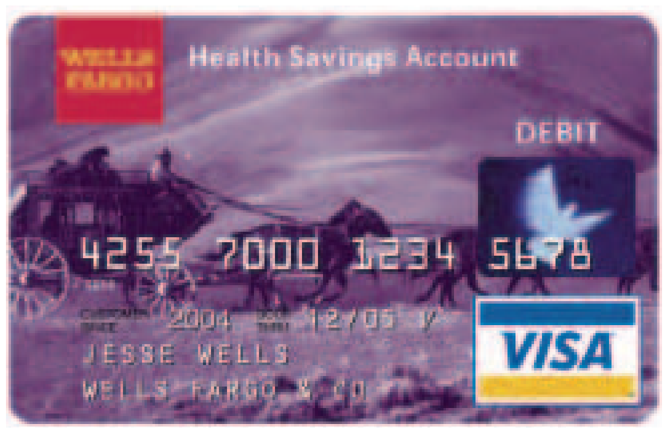
Using Your HSA

Paying for health care expenses is easy with the Wells Fargo Health Savings Account.

When you pick up a prescription or need to pay for other qualified health care expenses, simply use your card.* Your card works at all eligible providers that accept Visa debit cards.** As long as you have the necessary funds in your account, there's no need to pay co-payments or other expenses out of pocket, and no need to submit manual claims forms for reimbursement. If you choose not to use the card, you can submit a reimbursement request by mail or toll-free fax and be reimbursed within 7 to 10 business days.

* To ensure that all of your health insurance carrier's reductions are applied to your provider's charges, you may want to use your card to pay the balance due on your provider's final invoice rather than at the time of your appointment.

** Provider acceptance and billing methods may vary.



Qualified Health Care Expenses

The money in your HSA can be used for qualified health care expenses for yourself, your spouse or your dependent children, even if your spouse and dependents are not covered by the same high-deductible health plan. Qualified health care expenses include co-payments and deductibles at doctors, pharmacies, medical labs, dentists and orthodontists, medical supply stores, chiropractors, hospitals, vision centers, podiatrists and more.

You can also use HSA funds for eyeglasses and contact lenses, mail order prescriptions, online prescriptions and eligible over-the-counter (OTC) medications and bills from providers for "Patient Balance Due" amounts. For a complete listing of IRS-allowable health care expenses, visit our Web site and follow the links to the list of IRS-qualified expenses.

Best of all, the money in your HSA can be used to pay for eligible out-of-pocket health care expenses now — or in the future. The choice is yours — for each expense, you can pay from your HSA or save the money in your account for future health care expenses.

- *If you use funds from your HSA to pay for something other than a qualified health care expense, you will be required to pay income tax and a ten percent additional tax on that amount unless you are disabled or age 65 or older. You will need to include that amount as regular income when you file your taxes.*

Eligibility:

To be eligible to make a tax-deductible contribution to an HSA, you must be enrolled in an HSA-eligible high-deductible health plan (HDHP) offered by your health insurance provider.

- A HDHP is a comprehensive health plan with an annual deductible of at least $1,000 for an individual and $2,000 for two or more family members. The annual out-of-pocket expenses in the HDHP cannot exceed $5,100 for an individual and $10,200 for a family (amounts indexed for inflation).
- You cannot have any other health insurance coverage that is not subject to the HDHP limits except worker's compensation, property insurance, insurance for a specific disease (such as cancer coverage), insurance that pays a fixed amount per day of hospitalization, dental, vision, long-term care, accidents and disability.
- You cannot be enrolled in Medicare or be a dependent on another person's tax return.
- You cannot have received VA medical benefits at any time over the past three months.

Discovering Financial Health

Your Wells Fargo HSA can be a powerful tool for helping you save and invest for your future health care expenses.

Every year, you decide how much to set aside for your health care expenses and then whether to pay for your health care expenses from your HSA or save the money in your account for future use. The unused money in your account plus earnings roll over from year to year, helping you build your future health care nest egg.

While the many ins and outs of investing could fill volumes, you don't have to know it all to get started. In fact, there are just a few basics you'll need to know to get enrolled in your HSA. And, if you're already familiar with investing in a 401(k), choosing investments for your HSA works the very same way.

Investments offered by your plan

HSA investments are made through mutual trust funds that generally fall into these categories: money market, fixed income, stock or asset allocation.

What is a mutual fund?

A mutual fund is a collection of many individual investments — money market, fixed income and stock — managed by a professional fund manager.

Mutual funds have different goals

Mutual funds pool the money of investors with common — or mutual — goals. Which mutual fund you choose to invest in will depend largely on your investment goals. Some mutual funds hold only one type of investment — a stock fund, for instance, holds stock, and might have the goal of growing investors' money as much as possible. Other mutual funds hold a variety of stock, fixed income and money market investments, and might have the goal of providing investors with a steady stream of income.

All investments carry risk

All investments carry a certain amount of risk, and some investments are more risky than others. In most cases, the greater the risk a particular investment carries, the greater its potential return. The ratio of an investment's potential risk to its potential for return is called its risk/return profile.

UNDERSTANDING RISK

Money Market

Money market, or "cash equivalent" funds can be quickly turned into cash without losing much, if any, of their principal value. Money market funds typically include certificates of deposit (CDs), money market funds, and U.S. Treasury Bills.

Fixed Income

Fixed income investments usually refer to bonds. When you buy a bond, you are lending money to a company or government entity. Bonds are also called fixed income investments because the issuers promise to pay the investor a set amount of interest.

Stock

When you buy stock, you are buying a piece of ownership in a company. Historically, stocks have provided the highest return over the long term. However, they also tend to fluctuate in value more frequently than other types of investments.

After five years, Alicia from our example has saved more than $10,000 in her HSA for her future health care expenses. She will also benefit from investment earnings and continues to review her investment choices regularly to help reach her goal of paying for her health care in retirement.

Mutual funds help you manage risk

One powerful way to manage risk is through diversification. Diversification is when you spread your money out among many different types of investments. Because mutual funds hold many individual securities, they give you the benefit of built-in diversification.

When do you plan to use the money in your HSA?

Your investment strategy should also depend on when you plan to use the money. Short-term investing (for example, you expect to use the money within the next year) generally calls for a conservative investment strategy. Longer-term investing (for example, you plan to accumulate the money in your HSA for future health care needs which may be more than five years away) could allow for a more moderate to aggressive investment strategy.

Which funds are right for you?

Once you understand the basics of investing, you'll need to determine which funds are right for you. There is no magic formula; only you can determine which types of funds are right for your personal savings goals.

Features

of Your Health Savings Account (HSA)

An HSA is a tax-advantaged health savings account that allows you to set aside money to pay for eligible out-of-pocket health care expenses now or in the future. Here is what you need to know about your Wells Fargo HSA to take full advantage of all the benefits it has to offer.

Contributions

How much can I contribute?

A deposit of $100 is needed to open your Wells Fargo HSA. Yearly maximum contribution levels are set by the federal government. For 2005, you can contribute money up to either the amount of the deductible for your HDHP or $2,650 for an individual or $5,250 for a family, whichever is less. You may contribute to your account until the April 15 tax deadline following the year for which you want to make contributions.

What if I am not covered by an HDHP for the whole year?

Contribution maximums are based upon the number of months that you are eligible to make an HSA contribution. If your annual deductible is $1,200, you can contribute $100 for each month in the calendar year that you are enrolled in an HDHP and otherwise meet the eligibility requirements. If you are eligible to make a contribution for three months, then your contribution limit would be $300. You could make this contribution at any time during the year up to as late as April 15 of the next year.

How can contributions be credited to my HSA?

You or others can make lump-sum contributions of any amount at any time, up to the deductible for your HDHP or the maximum limit, whichever is less. Use the **HSA Contribution and Rollover Form*** to make a deposit to your Health Savings Account.

Can my spouse and I both establish an HSA?

Yes. If both you and your spouse individually meet the criteria for making an HSA contribution, you can both make HSA contributions. However, if both you and your spouse are covered by the same family coverage, you will need to allocate the HSA contribution limit between the two of you. If you and your spouse have separate insurance coverage, then each of you will need to calculate your own HSA limit and open separate HSAs. Separate insurance coverage means that your insurance doesn't cover your spouse and your spouse's insurance doesn't cover you.

* This and other forms are available online at www.wfhbs.com/hsa or by calling our customer service representatives at 866-890-8309 between 7 a.m. and 8 p.m. CST Monday - Friday.

Can I make catch-up contributions if I am age 55 or older?

Yes. You can make an additional contribution amount of $600 in 2005, which increases $100 each year until it reaches $1000 in 2009.

Can someone other than myself make contributions to my HSA on my behalf?

Yes. Others can contribute to your account and you can still deduct the contributions.

Account Management

How do I track the balance in my account or access other account information?

You can access your account information 24 hours a day, seven days a week at www.wfhbs.com/hsa where you can view account balances and information, change investment options, process transactions, download forms and link to a list of covered expenses.

You can also access Wells Fargo's automated toll-free telephone service at 866-890-8309 and talk with customer service representatives between 7 a.m. and 8 p.m. CST Monday - Friday.

You will also receive personalized reports in the mail on a quarterly basis.

Fees

Are there administrative fees associated with an HSA?

With Wells Fargo as your HSA trustee, there are no HSA set-up fees, no transaction fees and no change fees. All you pay is a nominal monthly administrative fee of $4.25.

This fee covers:

- Debit card;
- Processing of manual claims;
- Online account management and customer service.

This fee will be withdrawn from your HSA each month.

Health Savings Account (HSA)
Investment Options

RISK & RETURN CHARACTERISTICS	FUND	TICKER
Most Conservative	**Wells Fargo Advantage Government Money Market Fund A** Seeks to provide current income while preserving capital and liquidity by investing primarily in short term U.S. Government obligations, including repurchace agreements.	WFGXX
	Wells Fargo Advantage Total Return Bond Fund A Seeks total return, consisting of income and capital appreciation, by investing primarily in a broad range fo investment-grade bonds, including U.S. Government, corporate, mortgage- and asset-backed, and money market securities.	MBFAX
	Wells Fargo Advantage Moderate Balanced A Seeks to provide a combination of current income and capital appreciation by diversifying investment of its assets among stocks and bonds. The Fund is designed for investors seeking long-term capital appreciation within a balanced style fund.	WFMAX
	Wells Fargo Advantage Growth Balanced A Seeks to provide a combination of current income and capital appreciation by diversifying investment of its assets among stocks and bonds.	WFGBX
	Wells Fargo Advantage Asset Allocation A Seeks to earn a high level of total return, consistent with the assumption of reasonable risk.	SFAAX
Most Aggressive	**Wells Fargo Advantage Diversified Equity A** Seeks to provide long-term capital appreciation by diversifying its investments among different equity investment styles. The Fund utilizes different styles to reduce the risk of return volatility associated with a single investment style.	NVDAX

For more information on Wells Fargo Funds, visit **www.wellsfargofunds.com** or call 1-800-222-8222.*

NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

*Representatives can assist with general information about Wells Fargo funds but are not able to provide advice about which funds you should invest in for your HSA. If you have questions about your HSA, please call the toll-free number on the previous page.
Wells Fargo Funds Management, LLC, a wholly-owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for the Wells Fargo Funds. Other affiliates of Wells Fargo & Company provide subadvisory and other services for the Funds. The Funds are distributed by Stephens Inc. Member NYSE/SIPC.Wells Fargo & Company and its affiliates are not affiliated with Stephens Inc.
An investment in a Wells Fargo money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although Wells Fargo money market funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund.
For more complete information about the Wells Fargo Funds, obtain a current prospectus by calling 800-222-8222 or by contacting your investment professional. Consider the investment objectives, risks, charges and expenses of the investment carefully before investing. This and other information about Wells Fargo Funds can be found in a current prospectus. Please read the prospectus carefully before investing.

Fund Performance Chart (as of September 30, 2005)

Once you know the asset categories you want to invest in, you'll want to choose specific funds. The following pages feature valuable information that will help you make an informed decision.

The Fund Performance Chart lists returns for the investment funds currently offered in your HSA. The chart allows you to review how each fund has performed over different periods of time.

	3-Month Total	1-Year Total	3-Year Annualized	5-Year Annualized	10-Year or Since Inception Annualized*
Wells Fargo Advantage Government Money Market Fund A	**0.70%**	**2.09%**	**1.09%**	**1.85%**	**3.35%**
Wells Fargo Advantage Total Return Bond Fund A	**-0.83%**	**2.21%**	**3.83%**	**6.55%**	**6.57%**
Wells Fargo Advantage Moderate Balanced A	**2.16%**	**7.32%**	**8.98%**	**3.40%**	**7.48%**
Wells Fargo Advantage Growth Balanced A	**3.70%**	**10.58%**	**12.89%**	**2.46%**	**8.79%**
Wells Fargo Advantage Asset Allocation A	**2.12%**	**11.03%**	**13.67%**	**1.49%**	**8.24%**
Wells Fargo Advantage Diversified Equity A	**4.83%**	**14.27%**	**16.68%**	**-0.47%**	**8.49%**

* Returns are since inception for funds that are less than ten years old.

INVESTMENT PRODUCTS: • NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Enrollment Instructions

Ready to take charge with an HSA? Enroll now!

Getting started is easy. To set up your new HSA, just follow the checklist below:

Step 1: Your health plan

- ☐ If you have not already done so, complete the necessary forms for your insurance provider to enroll in an HSA-eligible high-deductible health plan (HDHP). You cannot open an HSA unless you are enrolled in a compatible high-deductible health plan.

Step 2: Wells Fargo information and forms

- ☐ **Complete and sign** the **HSA Enrollment Form for Individual and Family Plans** in the back of this booklet. Please include a check for your initial account deposit (minimum $100) payable to Wells Fargo Health Benefit Services. Make sure to include your agent's ID number on the form – ask your agent for this number.
- ☐ If you wish to have reimbursements for health care expenses deposited directly to your bank account, **complete and sign** the **Direct Deposit Form for HSA Reimbursements** and include a copy of a voided check. If you wish to receive reimbursements in the form of a check mailed to your home address, you do not need to complete this form. This form is in the back of this booklet.
- ☐ Make sure you have reviewed the **Health Savings Account (HSA) Overview**, which briefly outlines the rules and regulations associated with your Wells Fargo Health Savings Account. You will receive the complete version of this document along with your confirmation letter.
- ☐ Mail the forms and your initial deposit directly to Wells Fargo Health Benefit Services in the enclosed postage-paid business reply envelope.

That's it!

Your Health Savings Account will soon be ready for you to use to begin taking charge of your health, your money and your future.

Once your account is set up, you will receive a confirmation letter in the mail within seven to 10 business days. This letter will include your Personal Identification Numbers (PINs) for accessing the HSA web site, and instructions on making your investment fund elections. Your Health Savings Account Visa debit cards and instructions will also be mailed within seven to 10 business days. You will also receive a separate mailing with a prospectus for each of the investment options you have chosen.

Health Savings Account (HSA) Enrollment Form for Individuals

WELLS FARGO

Please mail completed form to:
Wells Fargo Health Benefit Services, NW 5613, P.O. Box 1450, Minneapolis, MN 55485-5613

Contact Information

Last Name	First Name	M.I.	Date of Birth	Social Security #

Street Address	City	State	Zip

E-Mail Address	Home Phone # (area code)	Work Phone # (area code & ext.)

Health Insurance Provider	My HSA Contribution Limit	Coverage Effective Date
Wells Fargo		

Broker	Broker ID

Tax Year	HDHP Deductible	Coverage for
Note: All initial funds will be deposited in the tax year in which they are received unless indicated otherwise.		☐ Individual ☐ Family (includes Employee + 1, Employee + Spouse, and Employee + Children,

Account Setup

Minimum Opening Deposit: $ 100.00

Additional Opening Deposit: +

Total Deposit Enclosed: $

(Include a check or money order for this amount)

Administrative Fees: A monthy administrative fee will automatically be deducted from your HSA account on the first day of each month. The amount of this administrative fee is $4.25/month, unless otherwise stated in your plan information.

Note on Investment Fund Elections: The first $100 I contribute will be deposited to a non-interest-bearing cash fund. Thereafter, my contributions will be invested in the Wells Fargo Advantage Government Money Market Fund A until I select other available funds. Once my account is activated, I may select these funds online or by calling my HSA customer service number. I understand that I will receive a prospectus for the funds in which my HSA balances are invested immediately following a deposit into a fund. I understand that investments in any such fund are not obligations of, or endorsed or guaranteed by, Wells Fargo Bank or its affiliates and are not insured by the Federal Deposit Insurance Corporation. I acknowledge that I have full power to direct investments of the accounts. I understand that I may change this direction at any time and that it shall continue in effect until revoked or modified by me.

Please open a health savings account (HSA) in my name. I certify that I am eligible to contribute to an HSA according to federal regulations and tax code §223, and my annual contribution will not exceed the amount permitted for my situation.

The USA PATRIOT ACT OF 2001 requires financial institutions to obtain, verify and record information to confirm the identity of each individual or entity that opens an account. What this means for you: before you open an account, we will ask for your name, address, date of birth (if you are an individual), taxpayer identification number (TIN), and other information that will allow us to identify you. For entities opening new accounts, we will ask you for documentation that may include annual reports, government issued business licenses or partnership agreements.

☐ I certify that the purpose and funds for this account are for a Health Savings Account (HSA).

If no, please explain:

What is the source of the funds maintained in the account:
☐ Employer Funds ☐ Personal Funds ☐ Rollover or transfer ☐ Other – If other, please explain:

How were you referred to Wells Fargo:

I hereby request that *Wells Fargo Health Benefit Services* establish a health savings account (HSA) in my name. I acknowledge that this account will be established according to the *Health Savings Account Disclosure and Trust Account Agreement for Employees and Individuals*. I certify that account deposits will be contributed according to the *Account Setup* detailed above. I also certify that *Wells Fargo Health Benefit Services* is authorized to act in accordance with any future documents bearing my signature. I understand that I may revoke this agreement within seven days in accordance with the terms of the *Health Savings Account Disclosure and Trust Account Agreement for Employees and Individuals*.

Primary Beneficiary Information

Name	Relationship	Social Security #

Address	City	State	Zip

The rights of the beneficiary named above shall be subject to all terms and conditions of the *Health Savings Account Disclosure and Trust Account Agreement for Employees and Individuals* (the "Plan Document") and shall be effective only if received by Wells Fargo Health Benefit Services prior to the death of the account holder. This designation applies to all of the HSA funds that remain undistributed from this account at the account holder's death. If the account holder wishes to name additional primary beneficiaries or contingent beneficiaries, he or she may obtain a form by calling his or her HSA customer service number. If no primary beneficiary survives the account holder, payment of funds shall be made to surviving contingent beneficiaries or if none, in accordance with the terms of the Plan Document. This designation may be changed at any time by filing a written change with Wells Fargo Health Benefit Services.

Signature of Account Holder	Date of Application

Website: www.wfhbs.com/hsa
Phone: 866-890-8309

Wells Fargo Health Benefit Services is a division of Wells Fargo Bank N.A. and provides administrative services to the Health Savings Accounts on behalf of Wells Fargo Bank N.A. as trustee.

8/2005

Direct Deposit Form for Health Savings Account (HSA) Reimbursements

WELLS FARGO

Please use this form to enable Wells Fargo to deposit reimbursements directly into your checking account, or to change or cancel your direct deposit arrangement.

Please mail completed form and a voided check to:
Wells Fargo Health Benefit Services, NW 5613, P.O. Box 1450, Minneapolis, MN 55485-5613

Contact Information

Name of Employer – If sponsored through an employer, otherwise enter "Individual"				Social Security #
Last Name	First Name	M.I.	Home Phone # (area code)	Work Phone # (area code)

As a *Health Savings Account (HSA)* participant, you may choose to have reimbursements directly deposited to your bank account. Direct deposit is a faster and more secure method than standard mailed checks. You will be notified by mail when your claim has been processed and funds have been deposited into your account. With this notice, you will receive the detail of the claim(s) and the amount paid.

Note: Please allow 14 days for direct deposit to be set-up for your account. Once direct deposit is established, all reimbursements will be processed by this method. If you would like to receive a reimbursement by manual check, you will need to cancel your direct deposit agreement by completing the *Direct Deposit Cancellation Request* section below.

Direct Deposit Set-up / Account Change Request

Complete this section to set up new direct deposit service or to change an existing direct deposit account.

Action Requested *(please attach voided check)*:

☐ **Set-up Direct Deposit**	Effective Date of Action	
	Bank/C.U. Routing Number (9 digits)	Personal Account Number (as it appears on check)
☐ **Change Direct Deposit Account**	Effective Date of Action	
	New Bank/C.U. Routing Number (9 digits)	New Personal Account Number (as it appears on check)
	Old Routing Number	Old Account Number

I hereby authorize Wells Fargo Bank to directly deposit my HSA reimbursements to the account identified above and by the attached voided check. I understand that the notice of deposit is not a guarantee that funds have been received by my financial institution. I acknowledge that this authorization is binding and may only be altered or cancelled upon written notification from me to Wells Fargo Health Benefit Services.

Signature of Account Holder	Date

Direct Deposit Cancellation Request

Complete this section only if you are canceling your direct deposit agreement.

☐ **Cancel Direct Deposit**	Effective Date of Action

I elect to cancel my direct deposit agreement with Wells Fargo Health Benefit Services on the Effective Date listed above. I understand that I will thereafter receive my HSA reimbursements in the form of a check mailed to my home address.

Signature of Account Holder	Date

Website: www.wfhbs.com/hsa
Phone: 866-890-8309

Please attach voided check.

HEALTH SAVINGS ACCOUNT (HSA) OVERVIEW

Brief Description

A Health Savings Account is a tax-exempt trust or custodial account established exclusively for the purpose of paying an individual's qualified medical expenses provided that the individual is covered under an HSA compatible high-deductible health plan when contributions are made. Contributions may be accumulated over the years or distributed tax-free to pay or reimburse an individual's qualified medical expenses.

Any person may contribute to an HSA for an individual, including the individual, a family member, or an employer. An employer may permit the individual to elect to make contributions through a pre-tax salary reduction program through a cafeteria plan or through an after-tax deduction of an individual's wages. The total amount of contributions that may be made in a year are limited, depending on whether the individual has self-only or family coverage, an individual's annual deductible amount, an individual's age, whether the individual has contributed to other HSAs or Archer Medical Savings Account, and other legal restrictions. An individual may deduct contributions made after-tax on his or her tax return. Employer contributions are deductible by the employer and excludable from the individual's income.

An HSA grows tax-free – that is, earnings and interest are not taxable income while they are in the HSA and are not reported on an individual's tax return. Distributions from the HSA are not taxable income if they are used exclusively to pay qualified medical expenses. If distributions are used for other purposes, they are included in an individual's gross income and generally subject to an additional 10 percent penalty.

Eligibility to Open and Contribute

To be eligible to contribute, with respect to any month, the individual must be covered under an HSA eligible high-deductible health plan, or HDHP, on the first day of such month. Even if the individual is covered under an HDHP, the individual is not eligible if the individual is also covered by any other health plan that is not an HDHP, with certain exceptions for limited types of coverage explained below. The individual must not be entitled to benefits under Medicare (generally, at age 65) and the individual must not be claimed as a dependent on another person's tax return. The individual must determine whether he or she is eligible to establish or contribute to an HSA.

High Deductible Health Plan. An HSA eligible high-deductible health plan, or HDHP, is a health plan that satisfies certain requirements with respect to annual deductibles and out-of-pocket expenses. Specifically, if the individual has self-only coverage, an HDHP is a health plan that has an annual deductible of at least $1,000 and annual out-of-pocket expenses required to be paid by the individual (that is, deductibles, co-payments and other amounts, but not premiums) not exceeding $5,100. If the individual has family coverage (which means coverage for anyone except the individual only), an individual's annual deductible must be at least $2,000 and annual out-of-pocket expenses required to be paid by the individual (that is, deductibles, co-payments and other amounts, but not premiums) must not exceed $10,200. In the case of family coverage, no amount can be payable from the HDHP until an individual's family has incurred annual covered medical expenses in excess of $2,000. (These dollar amounts are indexed for inflation.) For example, if a family's health plan provides an annual deductible of $2,000 but the plan will pay covered medical expenses if any single member of the family has incurred covered medical expenses during the year of more than $1,000, the plan is not an HDHP.

A plan may be an HDHP even if it does not have a deductible (or has a small deductible) for preventive care. A plan may be an HDHP even if it is a self-insured medical reimbursement plan sponsored by an individual's employer.

If a plan provides more favorable benefits for services provided by its network of providers than for services provided outside of the network, it may still be an HDHP even if the out-of-pocket expense limits for out-of-network services exceed the maximum annual out-of pocket expense limits ($5,100 for self-only coverage and $10,200 for family coverage in 2005)

Coverage under Other Health Plans. Even with coverage under an HDHP, a person is generally not eligible to establish or contribute to an HSA if he or she is also covered under another health plan (whether as an individual, spouse, or dependent) that is not an HDHP. Certain types of coverage are permitted. The individual's eligibility is not affected if the coverage under the other plan (whether through insurance or otherwise) is for accidents, disability, dental care, vision care, or long-term care. In addition, an individual's eligibility is not affected if the individual is covered under an insurance policy if substantially all of the coverage relates to liabilities under workers' compensation laws, tort liabilities, liabilities relating to ownership or use of property (for example, automobile insurance), insurance for a specified disease or illness, or insurance that pays a fixed amount per day (or other period) of hospitalization.

A special temporary rule applies to coverage under a prescription drug plan for months before January 1, 2006. If the individual would be eligible to establish and make contributions to an HSA except that the individual is covered by both an HDHP that does not provide benefits for prescription drugs and a separate health plan or rider that provides prescription drug benefits before the minimum annual HDHP deductible is satisfied (that is, the prescription drug plan is not an HDHP), the individual will be eligible to establish and make contributions to an HSA.

Contributions

Except for rollovers or transfers, contributions must be made in cash. For each month that the individual is covered, contributions may not exceed 1/12 of an individual's annual deductible under an individual's HDHP or, if less, the maximum limit allowed by tax law for the year -- $2,650 for self-only coverage and $5,250 for family coverage in 2005. (These dollar amounts are indexed for inflation.) If the plan has a separate deductible for out-of-network services, the annual contribution limit is the deductible for services within the network.

In addition, if the individual (or his or her covered spouse) is between ages 55 and 65 (the Medicare eligibility age), an additional "catch-up" contribution can be made to the HSA. The catch-up contribution amount for 2005 is $600. This amount will increase in $100 increments each year until it reaches $1,000 in calendar year 2009. Like the annual contribution limit, this additional contribution limit is calculated monthly. The HSA cannot receive contributions after the individual has enrolled in Medicare.

> ***Example.*** *Marie has self-only coverage in an HDHP with an annual deductible of $1,000. She attains age 65 and enrolls in Medicare in July 2005. Marie is no longer eligible for HSA contributions (including catch-up contributions) after June 2005. Her monthly contribution limit is $133.33 ($1,000 plus $600 divided by 12 equals $133.33). Marie's HSA can receive contributions only for the six-month period from January through June. Her contribution limit for 2005 from all sources (herself, a family member and her employer) is $800 ($133.33 times 6).*

An HSA will accept rollover contributions from Archer MSAs and other HSAs. Rollover contributions are not subject to the contribution limits. An HSA will not accept rollovers from an individual retirement account, from a health reimbursement arrangement, or from a health flexible spending arrangement.

The contribution limits are reduced by any amounts contributed to Archer MSAs for the tax year and by any employer contributions paid to an individual's HSAs for the taxable year.

If the individual or his or her spouse has family coverage, or if both have family coverage, the contribution limit is calculated as though both have family coverage. If each spouse has family coverage under a separate health plan, both are treated as covered under the plan with the lowest deductible. The contribution limit for both spouses is the lowest deductible amount, divided equally between the spouses unless they agree on a different division. Both spouses may make catch-up contributions without exceeding the family coverage limit.

Contributions up to the limits are deductible from gross income of the HSA owner in the taxable year for which they are made, whether or not the taxpayer itemizes deductions. The taxpayer cannot also treat the contributions as an expense for medical care for purposes of calculating a deduction under section 213 of the tax code. An employer's contributions to an employee's HSA are not deductible by the employee but they are excludable from the employee's income in the tax year for which they are made so long as they do not exceed the limits.

Contributions for a tax year can be made in one or more payments at any time prior to the time prescribed by law without extensions for filing an individual's federal income tax return for the year (generally April 15 of the following year), but not before the beginning of the year. Although the annual contribution limit is determined monthly, the maximum contribution may be made on any day during this time.

Contributions made to an HSA are not deductible to the extent they exceed the contribution limits described above. Contributions made by an employer are included in the employee's gross income to the extent that they exceed the limits or if the employee is not eligible to have an HSA. In addition, the individual must generally pay an excise tax of 6 percent of the amount of such excess contributions for each taxable year that they remain in his or her HSA. However, if the excess contributions for a taxable year and the net income attributable to the excess contributions is paid to the individual before the due date for filing his or her tax return (including extensions), the net income is includable in the individual's gross income for the tax year in which the distribution is received and the 6 percent penalty will not apply to the distribution.

Investments and Prohibited Transactions

An HSA may not invest in life insurance or engage in any transaction that is prohibited by the prohibited transaction rules of section 4975 of the tax code. If the individual engages in a prohibited transaction, the HSA will cease to be an HSA and is treated as distributing all assets on the first day of the year. Tax penalties may also apply. An HSA may not be pledged or used as collateral for a loan. It may not be transferred to another person, other than to an individual's spouse or former spouse under a decree of divorce or separate maintenance or a written instrument incident to such a decree. If any amount is pledged as collateral for a loan or transferred to another person (other than to a spouse as described above), that amount will be treated as a distribution in the year the loan or transfer occurs. Tax penalties may also apply.

Distributions and Payments

Tax Treatment. An individual may take distributions or payments from the HSA at any time. Distributions or payments that are used exclusively to pay for qualified medical expenses for the individual or his or her spouse or dependents are excludable from the individual's gross income, even if the individual is not eligible to make contributions to the HSA at the time the distributions are made.

Any distribution or payment not used exclusively to pay for qualified medical expenses for the individual, or his or her spouse or dependents, is includable in gross income. This amount is also subject to an additional 10 percent penalty, except in the case of distributions made after an individual's death, disability or attainment of the Medicare eligibility age (generally age 65). Generally, the individual is not disabled for this purpose unless the individual is unable to pursue any gainful activity for a period which is expected to continue indefinitely (or that will lead to death). The individual cannot treat a distribution or payment that is used to pay qualified medical expenses as an expense paid for medical care for purposes of calculating a deduction under section 213 of the tax code.

Qualified Medical Expenses

Qualified medical expenses are expenses paid by the individual for medical care, as defined in section 213(d) of the tax code, for the individual or his or her spouse or dependents (but not premiums for most health insurance, as explained below), but only to the extent that the expenses are not covered by insurance or otherwise.

To be qualified, a medical expense must be incurred only after the HSA has been established.

Most health insurance premiums are not qualified medical expenses. However, premiums for qualified long-term care insurance, COBRA health care continuation coverage, and premiums for health care coverage while the individual is receiving unemployment compensation are qualified. In addition, for individuals over the age of 65, premiums for Medicare Part A or B, Medicare HMO, and an individual's share of premiums for employer-sponsored health insurance, including premiums for employer-sponsored retiree health insurance, can be paid from the HSA tax-free. Premiums for Medigap or Medicare supplemental policies are not qualified medical expenses.

An individual cannot treat medical expenses that are paid or reimbursed by distributions from an HSA as expenses paid for medical care under section 213 of the tax code. The individual, not the custodian, trustee or employer, must determine whether HSA distributions are to pay for or reimburse qualified medical expenses and must maintain medical expense records to show that distributions have been made exclusively for qualified medical expenses.

Beneficiary

If an HSA owner names his or her surviving spouse as the beneficiary of the HSA, the spouse will be treated as the HSA owner. If the individual names someone other than his or her spouse as beneficiary, the HSA ceases to be an HSA as of the date of the individual's death, and the value of the HSA is included in the beneficiary's gross income for the tax year of the individual's death or, if the beneficiary is the individual's estate, the last taxable year of the individual's estate.

If an individual's beneficiary is not his or her estate, the includable amount is reduced by any payments from the HSA made for his or her qualified medical expenses, if paid within one year after death.

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