



Instructions for Opening an HSA (Health Savings Account) Account

To open an HSA account with Directed IRA, you'll need:

- HSA New Account Application
- Attach Copy of Driver's License or Passport
- Custodial Account Agreement
- HSA Disclosure Statement
- Privacy Notice
- Fee Schedule

Directed IRA is a tradename of Directed Trust Company

INSTRUCTIONS

Complete the enclosed Account Application and Agreement forms online or mail or fax back to Directed Trust Company. Review and retain the Custodial Account Agreement, Disclosure Statement, Privacy Notice and Fee Schedule for your records.

RETURN INSTRUCTIONS

Return the completed forms to Directed IRA by any of the following methods:

Regular Mail:

3033 N. Central Ave., Ste. 415
Phoenix, AZ 85012

Fax:

(602) 899-9641

Email:

Clients@directedIRA.com

****Forms can also be completed via Adobe E-Sign at directedira.com****

QUESTIONS? Call our Client Services team at (602) 899-9396

Read and keep these Instructions, Custodial Account Agreement, Disclosure Statement, Privacy Notice and Fee Schedule for your records. Make a copy of your completed Application before sending it to Directed IRA. All of these documents explain what you can expect from Directed IRA as the Custodian and what is expected of you as an IRA Account Owner. They constitute your agreement with Directed IRA for the Health Savings Account (HSA).

April Plan Establishment & Contribution Deadline

Your signed Application must be received by Directed IRA in its offices on or before tax-filing due date, with no extensions (generally April 15), in order for the IRA to be eligible to receive contributions for that tax year.

Contribution checks must also be postmarked to Directed IRA on or before the Account Owner's tax-filing date (with no extensions).

Health Savings Account Overview

All Directed IRA plans are self-directed by you as the Account Owner. Please consult with tax and investment professionals at each step in the management of this Health Savings Account.

Use this form to establish a Health Savings Account if you wish to make annual cash contributions (deductible and/or non-deductible) to the HSA.

If you are making a rollover deposit of assets other than cash, please complete Directed IRA Transfer/Rollover Request form to provide details and to provide your written rollover designation.

INVESTMENTS: NOT FDIC INSURED ■ NO GUARANTEE ■ MAY LOSE VALUE

[Secure File Upload](#)

Email Forms to:
Clients@directedira.com

Send Mail to:
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Phoenix, AZ 85012

Fax:
(602) 899-9641

Directed IRA is a tradename of Directed Trust Company, an Arizona Corporation



Health Savings Account (HSA) New Account Application

IMPORTANT INFORMATION

In order to help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each client who opens an account. When you open an account, we will ask for your name, physical address, date of birth, Social Security number, and other information that will allow us to identify you. We may also ask to see your driver's license or other forms of identification.

1. Account Owner Information *Indicates a required field.

*First Name: _____ *MI: _____ *Last Name: _____

*Social Security Number: _____ *Date of Birth: _____/_____/_____

Gender: Female Male **Citizenship:** U.S. Other (specify) _____

If applicable, name of referring organization, individual or promotion code: _____

2. Contact Information *Indicates a required field.

*Mailing Address: _____
(If PO Box, provide physical address below)

*City: _____ *State/Province: _____ *Country: _____ *Zip Code: _____

*Primary Phone: _____ Type: Cell Home Business

Other Phone: _____ Type: Cell Home Business

†Email Address: _____

† Your email address will be used to communicate information about your account. In addition, we will notify you via email when your statements and invoices are available to view electronically, you will need to register for online access to view these documents.

Check this box **ONLY** if your Physical address is the same as your mailing address

Physical Address: _____
(Required if different from mailing address or if PO Box is provided above)

*City: _____ *State/Province: _____ *Country: _____ *Zip Code: _____

3. HSA Account Information

I have a qualifying high deductible health insurance plan (HDHP).

Additional information on HSAs may be found in several IRS sources including IRS Publication 969, *Health Savings Accounts and Other Tax Favored Health Plans*; IRS Publication 502, *Medical and Dental Expenses*; IRS Notice 2004-2 and Notice 2004-50.

Coverage Type: Individual/Self-Coverage Family Coverage

Plan Effective Date: _____ Deductible Amt: \$ _____

4. Authorized Party -Informational Only (Optional)

I authorize the following person to discuss/receive information regarding my account. They will NOT have investment or transaction authority. I understand that I may revise the Authorized Party on my account at any time by giving written notice to Directed IRA.

First Name: _____ MI: _____ Last Name: _____

*Social Security Number: _____ *Date of Birth: _____ / _____ / _____

*Used for phone verification purposes only.

Gender: Female Male Relationship: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Phone No.: _____ Email Address: _____

Interested Party Account Authorization: (Check all that apply)

- Discuss my Account via phone, email or fax
- Receive Account Notifications via email (*email address required above*) and view my account information online.

5. Paperless Statements

ALL Statements will be sent quarterly via the email address provided above. You will need to register for online access to view these documents.

- Please check box **ONLY** if you prefer to receive paper versions of your statement and invoices. Please be aware that there is a \$20 annual fee for paper statements. We will continue to use your email to communicate information about your account.

6. Rollover or Transfer Information

If you will be transferring or rolling over funds from your current financial institution, please complete the **Transfer Request Form** located at www.directedira.com. You can only rollover or transfer funds from another HSA or Archer MSA account.

7. Uninvested Cash

I have reviewed the Uninvested Cash section of the Custodial Account Agreement and Disclosure Statement, and I hereby direct Directed Trust Company to deposit all undirected and uninvested cash from any source, including but not limited to contributions, transfers, proceeds from asset sales and income and distributions from assets held in the custodial account. Uninvested Cash shall be deposited with banks and will be insured by the FDIC up to the federal deposit insurance limits (currently \$250,000, per account holder) and any excess amount will not be insured by the FDIC. However, I acknowledge and agree that Directed Trust Company makes no representations or warranties as to the financial status of any depository bank or its ability to satisfy its obligations to the Account Owner. Directed Trust Company shall receive and retain interest on uninvested cash pursuant to the Custodial Account Agreement. I further understand and agree that my account has a minimum cash requirement and that fees are applicable to accounts that fall below the required minimum, as outlined in the Custodial Account Agreement, Disclosure Statement and Fee Schedule. I also understand and agree that Directed Trust Company may require me to give at least 7 days' notice of my intent to withdraw funds from my custodial account.

8. Beneficiary Designation

I hereby designate the person(s) named herein as primary and/or contingent beneficiary (ies) to receive my interest in this IRA according to the terms of the Custodial Account Agreement, hereby revoking any such prior designations made by me. **(Attach additional sheets if necessary.)**

Please refer to the terms under the Custodial Account Agreement for further information regarding disbursement of retirement funds after death to beneficiaries listed below.

I understand that in general, I can name anyone as my IRA beneficiary. However, if my legal residence is in a community property state, my state’s law may give my spouse rights to some or all of my IRA or require spousal consent to name a non-spouse as an IRA Beneficiary. [IRS Publication 555 Community Property](#) (AZ, CA, ID, LA, NV, NM, TX, WA, WI). My spouse will complete the Spousal Consent form. Please contact Directed Trust Company for the Spousal Consent form or visit www.directedira.com.

A. Married Participants

I am married and hereby make the following election (Select i. or ii.)

i. Spouse is 100% Primary Beneficiary: I have named my spouse as my primary beneficiary. However, in the event my spouse does not survive me, I name the secondary beneficiary (ies) as listed in Section C. You must complete your spouse’s information in Section C below.

ii. Spouse is NOT 100% Primary Beneficiary: I hereby name my primary beneficiary (ies) as listed in Section C below. If my legal residence is in a community property state and I have designated someone other than my spouse as the primary beneficiary, my spouse will complete and sign the Spousal Consent Form and have his or her signature witnessed by a notary public. Please contact Directed Trust Company for the Spousal Consent form or visit www.directedira.com.

B. Unmarried Participant

I am NOT married and hereby designate the beneficiary (ies) shown in Section C below. I understand that if I become married in the future, my spouse will be my primary beneficiary unless I complete a new Beneficiary Designation Form and my spouse consents to my designation.


C. Beneficiary Designation(s)

<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	<input type="checkbox"/> Spouse <input type="checkbox"/> Non-Spouse	1) Name: <i>If naming spouse as primary beneficiary, do so here.</i>		Relationship:
	<input type="checkbox"/> Trust <input type="checkbox"/> Other Entity	Date of Birth: (MM/DD/YYYY)	Social Security Number: _____	Share Percentage %
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	<input type="checkbox"/> Spouse <input type="checkbox"/> Non-Spouse	2) Name:		Relationship:
	<input type="checkbox"/> Trust <input type="checkbox"/> Other Entity	Date of Birth: (MM/DD/YYYY)	Social Security Number: _____	Share Percentage %
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	<input type="checkbox"/> Spouse <input type="checkbox"/> Non-Spouse	3) Name:		Relationship:
	<input type="checkbox"/> Trust <input type="checkbox"/> Other Entity	Date of Birth: (MM/DD/YYYY)	Social Security Number: _____	Share Percentage %
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	<input type="checkbox"/> Spouse <input type="checkbox"/> Non-Spouse	4) Name:		Relationship:
	<input type="checkbox"/> Trust <input type="checkbox"/> Other Entity	Date of Birth: (MM/DD/YYYY)	Social Security Number: _____	Share Percentage %

The total percentage for each level of beneficiary, both primary and contingent, must equal 100%. For example: if you are designating 3 beneficiaries with rights to equal portions of the account, the amount should reflect 33.33%, 33.33% and 33.34%. If your beneficiary designation request for each level of beneficiary does not total 100%, Directed IRA will correct any excess or short-fall percentage allocation by applying the ration of the percentage actually allocated among the beneficiaries at each level.

Participant Signature (REQUIRED) (notary signature not required)

I have completed, understand and agree to all pages of this Beneficiary Designation form. This designation supersedes all prior designations. Subject to and accordance with the terms of the Custodial Account Agreement, I am making the above beneficiary designation(s) for my vested account in the event of my death. I have received a copy of the Custodian Account Agreement which outlines Beneficiary Designations under Article VIII (12).

 _____
Participant's Signature Date

9. How do you want Account Fees Paid? (Choose One)

- Deduct all Account Fees from the cash available in my account. If you are transferring funds from another financial institution account fees will be deducted when funds are received by Directed Trust Company.
- Charge all Account Fees to the credit/debit card below.

Be advised that a minimum cash balance of \$500 must be maintained at all times. *Please see Custodial Account Agreement and Fee Schedule for more information on Billing and Fee Collection.*

Credit Card Information

Card Type: VISA MasterCard AMEX Discover

Name on Card: _____


Card Number: _____

Exp. Date (mm/yy): _____ / _____ CVV (security code on back of card): _____

*Check this box **ONLY** if the billing address associated with this card is the same as your mailing address listed above.*

Billing Address: _____

City: _____ State: _____ Zip Code: _____

 Authorized Signature: _____ Date: _____

9. Participant Acknowledgement & Signature

I, the undersigned Participant (Account Owner), hereby establishes a Health Savings Account (HSA) under the HSA Custodial Account Agreement, which is incorporated within this application by this reference. I designate Directed IRA as Custodian of this Health Savings Account and make the following declarations.

I understand the eligibility requirements for the type of Health Savings Account deposit I am making and I state that I do qualify to make the deposit. I assume complete responsibility for: 1) Determining that I am eligible to contribute to a Health Savings Account 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.

I have read, understand and agree to all of the terms as set forth in the Health Savings Account New Account Application, Custodial Account Agreement, HSA Disclosure Statement and the Fee Schedule (collectively, "Plan Documents,") and I have retained a copy of the Plan Documents, including a copy of this completed Application. The Plan Documents are also available to me at the Directed IRA web site at www.directedira.com.

I acknowledge that a minimum cash balance requirement may apply to my Account, as stated on the Fee Schedule. If this requirement is not met, I understand additional fees may apply. I also understand that fees are not prorated upon establishment or termination, and I consent to have my conversations with Directed IRA recorded.

Please complete, sign and return this Application with your contribution (if applicable) and application fee payment. Be sure to keep a copy for your records. Please print or type. All fields must be completed. If not applicable, please indicate by printing "N/A" or "None" where appropriate.



Account Owner Signature

Date (required)

When the plan has been accepted by Directed IRA, the Account Owner will be sent an account establishment confirmation email showing the account number and account information. Trading or Direction of Investment(s) may be delayed until a Directed IRA account number has been assigned and the account has been funded by the Account Owner.

10. Duties

Directed IRA performs the duties of an independent custodian of assets for self-directed individuals and business retirement accounts and does not provide investment advice, sell investments, or offer any tax or legal advice. Clients or potential clients are advised to perform their own due diligence in choosing any investment opportunity as well as selecting any professional to assist them with an investment opportunity. Investments are not FDIC insured and are subject to risk, including loss of principal.

11. Return Instructions

Return the completed application to Directed IRA by one of the methods listed below. If submitting contribution or payment of account fees by check you MUST mail in your application along with payment.

Don't Forget to Attach a Copy of Your Driver's License or Passport

INVESTMENTS: NOT FDIC INSURED ■ NO GUARANTEE ■ MAY LOSE VALUE

[Secure File Upload](#)

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Health Savings Custodial Account Agreement

Form 5305-C (Rev. October 2016)
Department of the Treasury
Internal Revenue Service

DO NOT FILE
with the Internal Revenue Service
Keep for your Records

Custodian: Directed Trust Company

This Health Savings Custodial Account Agreement (hereinafter called the "Agreement") with Stretch Provisions is made between Directed Trust Company, an Arizona Corporation, dba Directed IRA (hereinafter called the "Custodian" and each individual who executes an Adoption Agreement, incorporating the terms of this Agreement (hereinafter called the "Account Owner" or "you"), for the purpose of establishing Health Savings Trust Account (hereinafter called the "Custodial Account" or "Account") under section 223(a) of the Internal Revenue Code to provide for his or her retirement and for the support of his or her beneficiaries after death. Pursuant to this Agreement the Custodian provides financial services solely in the capacity of a directed custodian. The Custodian named on the Adoption Agreement, has given the Participant the disclosure statement, attached hereto, required under Regulation Section 1.408-6.

The Account Owner and the Custodian make the following agreement:

Article I

1. The custodian will accept additional cash contributions for the tax year made by the account owner or on behalf of the account owner (by an employer, family member, or any other person). No contributions will be accepted by the custodian for any account owner that exceeds the maximum amount for family coverage plus the catch-up contribution.
2. Contributions for any tax year may be made at any time before the deadline for filing the account owner's federal income tax return for that year (without extensions).
3. Rollover contributions from an HSA or an Archer Medical Savings Account (Archer MSA) (unless prohibited under this agreement) need not be in cash and are not subject to the maximum annual contribution limit set forth in Article II.
4. Qualified HSA distributions from a health flexible spending arrangement or health reimbursement arrangement must be completed in a trustee-to-trustee transfer and are not subject to the maximum annual contribution limit set forth in Article II.
5. Qualified HSA funding distributions from an individual retirement account must be completed in a trustee-to-trustee transfer and are subject to the maximum annual contribution limit set forth in Article II.

Article II

1. For calendar year 2011, the maximum annual contribution limit for an account owner with single coverage is \$3,050. This amount increases to \$3,100 in 2012. For calendar year 2011, the maximum annual contribution limit for an account owner

with family coverage is \$6,150. This amount increases to \$6,250 in 2012. These limits are subject to cost-of-living adjustments after 2012.

2. Contributions to Archer MSAs or other HSAs count toward the maximum annual contribution limit to this HSA.
3. For calendar year 2009 and later years, an additional \$1,000 catch-up contribution may be made for an account owner who is at least age 55 or older and not enrolled in Medicare.
4. Contributions in excess of the maximum annual contribution limit are subject to an excise tax. However, the catch-up contributions are not subject to an excise tax.

Article III

It is the responsibility of the account owner to determine whether contributions to this HSA have exceeded the maximum annual contribution limit described in Article II. If contributions to this HSA exceed the maximum annual contribution limit, the account owner shall notify the custodian that there exist excess contributions to the HSA. It is the responsibility of the account owner to request the withdrawal of the excess contribution and any net income attributable to such excess contribution.

Article IV

The account owner's interest in the balance in this custodial account is nonforfeitable.

Article V

1. No part of the custodial funds in this account may be invested in life insurance contracts or in collectibles as defined in section 408(m).
2. The assets of this account may not be commingled with other property except in a common trust fund or common investment fund.
3. Neither the account owner nor the custodian will engage in any prohibited transaction with respect to this account (such as borrowing or pledging the account or engaging in any other prohibited transaction as defined in section 4975).

Article VI

1. Distributions of funds from this HSA may be made upon the direction of the account owner.
2. Distributions from this HSA that are used exclusively to pay or reimburse qualified medical expenses of the account owner, his or her spouse, or dependents are tax-free. However, distributions that are not used for qualified medical expenses are included in the account owner's gross income and are subject to an additional 20 percent tax on that amount. The additional 20 percent tax does not apply if the distribution is made after the account owner's death, disability, or reaching age 65.
3. The custodian is not required to determine whether the distribution is for the payment or reimbursement of qualified medical expenses. Only the account owner is responsible for substantiating that the distribution is for qualified medical expenses and must maintain records sufficient to show, if required, that the distribution is tax-free.

Article VII

If the account owner dies before the entire interest in the account is distributed, the entire account will be disposed of as follows:

1. If the beneficiary is the account owner's spouse, the HSA will become the spouse's HSA as of the date of death.
2. If the beneficiary is not the account owner's spouse, the HSA will cease to be an HSA as of the date of death. If the beneficiary is the account owner's estate, the fair market value of the account as of the date of death is taxable on the account owner's final return. For other beneficiaries, the fair market value of the account is taxable to that person in the tax year that includes such date.

Article VIII

1. The account owner agrees to provide the custodian with information necessary for the custodian to prepare any report or return required by the IRS.
2. The custodian agrees to prepare and submit any report or return as prescribed by the IRS.

Article IX

Notwithstanding any other article that may be added or incorporated in this agreement, the provisions of Articles I through VIII and this sentence are controlling. Any additional

article in this agreement that is inconsistent with section 223 or IRS published guidance will be void.

Article X

This agreement will be amended from time to time to comply with the provisions of the Code or IRS published guidance. Other amendments may be made with the consent of the persons whose signatures appear below.

Stretch Provisions

Article XI and any Article thereafter, may be used for any additional provisions also referred to as Stretch Provisions of this Agreement. The Stretch Provisions added hereinafter must comply with applicable requirements of state law and the Internal Revenue Code and may not imply that they have been reviewed or preapproved by the IRS.

Article XI

1. **Applicable Law; Terminology:** This Custodial Agreement shall be governed by the laws of the jurisdiction where the Custodian is organized. The term Account Owners also includes the Account Owner's Beneficiary, where appropriate throughout this Agreement.
2. **Annual Accounting:** The Custodian shall, at least annually, provide the Account Owner or Beneficiary (in the case of death) with an accounting of the Custodial Account. Such accounting shall be deemed to be accepted by the Account Owner or the Beneficiary, if the Account Owner or Beneficiary does not object in writing within 60 days after the mailing of such accounting statement.
3. **Amendment:** The Account Owner irrevocably delegates to the Custodian the right and power to amend this Agreement. Except as hereafter provided, the Custodian will give the Account Owner 30 days prior written notice of any amendment. In case of a retroactive amendment required by law, the Custodian will provide written notice to the Account Owner of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The Account Owner shall be deemed to have consented to any such amendment unless the Account Owner notifies the Custodian to the contrary within 30 days after notice to the Account Owner and requests a distribution or transfer of the balance in the Custodial Account.
4. **Resignation and Removal of Custodian:**
 - (a) The Custodian may appoint a successor trustee or custodian to serve under this Agreement or under another governing agreement selected by the successor trustee or custodian and neither the Account Owner nor the successor shall be required to execute any written document to complete the transfer of the Custodial Account to the successor trustee or custodian. The successor trustee or custodian may rely on any information, including beneficiary designations, previously provided by the Account Owner to the Custodian.

(b) The Custodian shall also provide annual tax reporting to the IRS.

(c) The Custodian may resign and demand that the Account Owner appoint a successor trustee or custodian of this IRA by giving the Account Owner written notice at least 30 days prior to the effective date of such resignation. The Account Owner shall then have 30 days from the date of such notice to designate a successor trustee or custodian, notify the Custodian of the name and address of the successor trustee or custodian, and provide the Custodian with appropriate evidence that such successor has accepted the appointment and is qualified to serve as trustee or custodian of an individual retirement account.

(1) If the Account Owner designates a successor trustee or custodian and provides the Custodian evidence of the successor's acceptance of appointment and qualification within such 30-day period, the Custodian shall then deliver all of the assets held by the Custodian in the Custodial Account (whether in cash or personal or real property, wherever located, and regardless of value) to the successor trustee or custodian.

(2) If the Account Owner does not notify the Custodian of the appointment of a successor trustee or custodian within such 30 day period, then the Custodian may distribute all of the assets held by the Custodian in the Custodial Account (whether in cash or personal or real property, wherever located, and regardless of value) to the Account Owner, outright and free of trust, and the Account Owner shall be wholly responsible for the tax consequences of such distribution.

In any event, the Custodian may expend any assets in the Custodial Account to pay expenses of transfer (including re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to the successor trustee or custodian or the Account Owner, as the case may be. In addition, the Custodian may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, the Custodian shall pay over any remainder of the reserve to the successor trustee or custodian or to the Account Owner, as the case may be.

5. Uninvested Cash:

Directed Trust Company will receive and retain a reasonable rate of interest not to exceed 3.75% per annum of the average daily balance on Account Owner's uninvested cash as further compensation for the services it renders to Account Owner. This shall be deducted from the cash balance prior to the crediting of any rate higher than the reasonable rate of interest as stated above to the Account Owner's custodial account at the end of each month. The account is only eligible to earn interest if it is open as of the interest crediting date, and any interest that may accrue on the account during a month that the account is closed prior to the interest crediting date to Directed IRA as an additional fee.

6. Custodian's Fees and Expenses:

(a) Account Owner agrees to maintain a monthly minimum account cash balance of \$500. If Custodial Account has a cash balance of \$499 or less, and no other assets, the Custodial Account may be closed at Directed IRA's sole discretion. The Account Termination fee of \$200 will be deducted from the Custodial Account balance and any remaining cash balance will be mailed to Account Owner in the form of a check paid directly to Account Owner as; 1. A 60-day rollover if the Account Owner qualifies; or 2. As a distribution. If distributed as a 60-day rollover, the Account Owner will have 60 days to deposit all or a portion of the funds into an IRA or another qualified retirement plan.

(b) We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) in accordance with a fee schedule provided by the Custodian to the Account Owner for maintaining your Account. We reserve the right to modify fees and charge any additional fee after giving you 30 days' notice. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this Account. Any commissions or other costs directly attributable to the assets in your Account will be charged to your Account.

(c) The Custodian shall be entitled to fees for distributions from, transfers from, and terminations of this IRA. The Custodian shall invoice Custodial Account directly for these services. If insufficient funds are in Custodial Account, Custodian will charge fees to credit/debit card maintained on file, or billed to Account Owner directly for these services, and Account Owner agrees to pay such fees. The Custodian may change its fee schedule at any time by giving the Account Owner 30 day's prior written notice.

(d) The Account Owner agrees to pay any expenses incurred by the Custodian in the performance of their duties in connection with the Custodial Account. Such expenses include, but are not limited to, administrative expenses, such as legal and accounting fees, and any taxes of any kind whatsoever that may be levied or assessed with respect to such account.

(e) All such fees (including Custodial Fees), taxes, and other administrative expenses charged to the account shall be collected either from the assets in the account or from any contributions to or distributions from such account, or charged to the credit/debit card maintained on file with Custodian, if not paid by the Account Owner, but the Account Owner shall be responsible for any deficiency.

(f) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the assets of the Custodial Account, the Custodian reserves the right to withhold any payment from the Custodial Account, to request a court ruling to determine the disposition of the Custodial Account assets, and to charge the Custodial Account for any expenses incurred in obtaining such legal determination.

7. Withdrawal Requests: All requests for withdrawal shall be in writing on a form provided by the Custodian. Such written

notice must also contain the reason for the withdrawal and the method of distribution being requested.

8. Age 70 1/2 Default Provisions: If the Account Owner does not choose any of the distribution methods under Article IV of this Agreement by the April 1st following the calendar year in which the Account Owner reaches age 70 1/2, distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Regulation section 1.401(a)(9)-9. However, no payment will be made until the Account Owner provides the Custodian with a proper distribution request acceptable to the Custodian. Upon receipt by the Custodian, of such a distribution request, the Account Owner may switch to a joint life expectancy in determining the required minimum distribution if the Account Owner's spouse was the sole beneficiary as of the January 1st of the distribution calendar year and such spouse is more than 10 years younger than the Account Owner.

9. Death Benefit Default Provisions:

(a) If the Account Owner dies before his or her required beginning date and the beneficiary does not select a method of distribution described in Article IV, Section 3 by December 31st following the year of the Account Owner's death, then distributions will be made pursuant to the single life expectancy of the Designated Beneficiary determined in accordance with IRS regulations. However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the Custodial Account.

(b) If the Account Owner dies on or after his or her required beginning date, distribution shall be made in accordance with Article IV, Section 4. However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the Custodial Account.

10. Responsibilities: Account Owner represents and warrants that all information and instructions given to the Custodian by the Account Owner is complete and accurate and agrees that the Custodian shall not be responsible for any incomplete or inaccurate information provided by the Account Owner or Account Owner's beneficiary (ies). Account Owner and Account Owner's beneficiary (ies) agree to be responsible, jointly and severally, for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledges that no tax advice has been provided by the Custodian.

11. Investment Provisions: All contributions shall be invested and reinvested by the Custodian as directed by the Account Owner. As provided in Article XII Section 1; Self-Directed IRA Provisions. It is understood and acknowledged by Account Owner that the Custodian shall assume no responsibility, expressed or implied, for any loss or diminution of account and Account Owner indemnifies and holds harmless Custodian, without limitation, against any and all losses, costs, expenses or liabilities of any nature whatsoever incurred as a result of Custodian's and/'s execution of Account Owner's investment instructions. Account Owner agrees that any cash in the account as to which the Account Owner has not given investment direction may remain uninvested, or may be deposited in interest bearing accounts of financial institutions, which may include the Custodian itself, United States government securities and securities that are insured or guaranteed by the United States government. The Custodian shall have no duty other than to follow the written investment directions of the Account Owner, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Account Owner.

12. Designation of Beneficiary:

(a) Except as may be otherwise required by the laws of the applicable state, in the event of the Account Owner's death, the balance in the account shall be paid to the beneficiary or beneficiaries designated by the Account Owner on a beneficiary designation form acceptable to and filed with the Custodian. The Account Owner may change the Account Owner's beneficiary or beneficiaries at any time by filing a new beneficiary designation with the Custodian. If no beneficiary designation is in effect, if none of the named beneficiaries survive the Account Owner, or if the Custodian cannot locate any of the named beneficiaries after reasonable search, any balance in the Custodial Account will be payable to the Account Owner's estate.

(b) If the Custodian permits, in the event of the Account Owner's death, any beneficiary may name a subsequent beneficiary (ies) to receive the balance of the Custodial Account to which such beneficiary is entitled upon the death of the original beneficiary by filing a Subsequent Beneficiary Designation Form acceptable to and filed with the Custodian. Payments to such subsequent beneficiary (ies) shall be distributed in accordance with the payment schedule applicable to the original beneficiary or more rapidly if the subsequent beneficiary requests. In no event can any subsequent beneficiary be treated as a designated beneficiary of the Account Owner. The preceding sentence shall not apply with respect to the subsequent beneficiary (ies), if any, designated by the original spouse beneficiary where the Account Owner dies before his or her required beginning date. In that case, the original spouse beneficiary shall be treated as the Account Owner. If the balance of the Custodial Account has not been completely distributed to the original beneficiary and such beneficiary has not named a subsequent beneficiary or no named subsequent beneficiary is living on the date of the

original beneficiary's death, such balance shall be payable to the estate of the original beneficiary.

13. Responsibility for Tax Consequences

I assume all responsibility for any tax consequences and penalties that may result from making contributions to, transactions with, and distributions from my Account. I am authorized and of legal age to establish this Account and make investment purchases offered by the Custodian. I assume complete responsibility for: 1) Determining that I am eligible for an account transaction that I direct the custodian to make on my behalf; 2) Insuring 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).

14. Valuation Reporting Policy

Each account statement issued reflects the reported value of the account assets, all transactions that have been processed and all fees (if any) that have been charged. Custodian reports the value of account assets provided to it by the Account Owner and/or investment sponsor. The Custodian does not conduct appraisals and does not seek to verify any values provided to it by the Account Owner or other third parties. A value listed on an account statement is deemed accepted by the Account Owner if the Account Owner does not dispute it in writing within 60 days of the statement being issued.

On an annual basis (or in the instance of a taxable event), Directed Trust Company requests updated valuation information from the Account Owner, of assets of the Account classified as alternative assets, as of December 31 each year. This information is due to the Custodian no later than January 15 of the following year. If the Account Owner fails to provide this information on an annual basis, Directed Trust Company may require that the asset be removed from the Account by transfer or distribution. If the Account Owner does not remove the asset from the Account as directed, Directed Trust Company may distribute the asset to the Account Owner at the last reported value or resign as Custodian of the Account and distribute the entire Account to the Account Owner.

15. Recorded Phone Line

Directed Trust Company reserves the right to record phone line conversations that may be used for record-keeping, training and quality-assurance purposes. All recorded phone line conversations are the property of Directed Trust Company and will be maintained at the sole discretion of Directed Trust Company. By signing the New Account Application and/or the Custodial Account Agreement, the Account Owner gives Directed Trust Company consent to record and play back such calls as necessary for business purposes, and also acknowledges that recorded phone line conversations are the property of Directed Trust Company.

16. Electronic Notices, Communications, Signatures, and Records

To the extent written instructions or notices are required under this Custodian Account Agreement, Depositor

acknowledges and agrees that all notices will be provided through an electronic medium and the Account shall be subject to the provisions of the Uniform Electronic Transactions Act, as passed in the state where the Custodian is organized, and the federal Electronic Signature in Global and National Commerce Act (ESIGN Act, as contained in 15 U.S.C. 7001), as those laws pertain to electronic communications, electronic signatures, and electronic storage of Account records. In lieu of the retention of the original records, Custodian may cause any, or all, of its records, and records at any time in its custody, to be photographed, scanned, or otherwise reproduced to permanent form, and any such photograph, scanned copy, or reproduction shall have the same force and effect as the original thereof and may be admitted in evidence equally with the original. If Account Owner requires Custodian to maintain original hard copy records, the Account Owner shall make a specific request in writing to Custodian for each record the Account Owner wants maintained in original physical form. Such request must be made before the requested documents are first sent to the Custodian. A special annual fee shall apply for the records maintained in original physical form.

17. Governing Law and Arbitration

This Agreement and all amendments hereto shall be governed by and construed in accordance with the laws of the state of Arizona, applicable to contracts made and to be performed therein. The parties agree that, upon the request of any party hereto, whether made before or after the institution of any legal proceeding, all claims and disputes of every type and matter which may arise between the Account Owner and the Custodian shall be submitted to binding arbitration before a panel of arbitrators (as described below), of and pursuant to the rules of the American Arbitration Association ("AAA"); that such arbitration hearings and proceedings shall take place only in Arizona or another site selected by the Administrator in its sole discretion; that this arbitration provision and the arbitration shall be administered by the AAA pursuant to and construed and enforced under the Federal Arbitration Act (title 9 of the United States Code) ("FAA"); however, if the FAA is inapplicable for any reason, such arbitration shall be conducted pursuant to Arizona law; that there shall be no class action, class or consolidated arbitration; that the prevailing party in any claim or dispute of any type between the Account Owner and the Custodian, or as the case may be, shall recover reasonable attorneys' fees, costs and expenses, including without limitation, arbitration filing fees, arbitrators' fees, and other arbitration fees; and that this arbitration agreement shall govern any disputes involving Account Owner and the Custodian, as the case may be, notwithstanding any provisions, including and without limitation venue or arbitration provisions, contained in any agreement signed by Custodian in its custodial capacity. Any arbitration proceeding shall be conducted by a panel of three neutral arbitrators selected by the parties unless the parties agree otherwise. If arbitration is requested as described

above, the parties expressly waive any right to institute or conduct litigation or arbitration before any other body or tribunal. The parties further agree that if a party is required to enforce this arbitration agreement against the other party and/or to compel the other party to arbitration pursuant to this agreement, the prevailing party shall recover from the other party reasonable attorneys' fees, costs and expenses so incurred. Arbitration shall be final and binding upon the parties.

**ARTICLE IX
SELF-DIRECTED IRA PROVISIONS**

1. Investment of Contributions: As provided in Article VIII, Section 11, at the direction of the Account Owner, the Custodian shall invest all contributions to the Custodial Account and earnings thereon in investments, provided that such investments that are considered administratively feasible by the Custodian. The Custodian shall have no duty other than to follow the written investment directions of the Account Owner, shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Account Owner under any circumstances.

2. Indemnification. The Custodian shall have no duty other than to follow the written investment directions of the Account Owner, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Account Owner under any circumstances. Account Owner agrees to indemnify Custodian for any losses, costs, or fees (including reasonable attorney's fees) that are incurred by Custodian as a result of the foregoing provision. The responsible duties of the Custodian are to report tax information for the IRA to the IRA and to execute orders made by the Account owner.

3. Registration: All assets of the Custodial Account shall be registered in the name of the Custodian; "Directed Trust Company FBO (Account Owner Name) (Account Type).

4. No Investment Advice: I acknowledge that investment decisions are the sole responsibility of the Account Owner and that the Custodian has no duty to review, or to make any recommendations in connection with the acquisition, retention, or disposition of any investments in the Account Owner's Account. The Custodian does not recommend or offer investments and that the Account can only be invested upon the sole authorization and determination of the Account Owner. I understand that I should seek professional assistance from properly licensed financial, legal, and tax professionals and that the Custodian does not offer and should not be relied on for investment, financial, legal, or tax advice. The Custodian does not provide investment advice and does not assume any responsibility for rendering advice with respect to the investment and reinvestment of Custodial Account and shall not be liable for any loss which results from Account Owner's exercise of control over his or her Custodial Account under any circumstances.

5. Prohibited Transactions: Account Owner acknowledges and agrees to abide by the provisions of § 4975 of the Internal Revenue Code and the related Treasury regulations pertaining to "Prohibited Transactions," and acknowledges that adverse tax consequences to the Account Owner would result from any investment or other use of the Custodial Account in a way that constitutes such a Prohibited Transaction. Account Owner assumes full responsibility for and agrees to hold the Custodian harmless for Prohibited Transactions entered into, either knowingly or without knowledge, at the direction of the Account Owner. Without limiting the generality of the foregoing, and notwithstanding anything contained in this Agreement to the contrary, the Account Owner shall not direct the Custodian to lend directly or indirectly any part of the corpus or income of the Custodial Account to; pay any compensation for personal services rendered to the Custodial Account to; make any part of its services available on a preferential basis to; acquire for the Custodial Account any property, other than cash, from; or sell any property to, any Account Owner, any member of an Account Owner's family, or a corporation controlled by any Account Owner through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or of 50 percent or more of the total value of shares of all classes of stock of such corporation.

6. Unrelated Business Income Tax: If the Account Owner directs investment of the Custodial Account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Account Owner to so advise the Custodian and to provide the Custodian with tax returns to file any required returns or reports for the Custodial Account. It shall be the responsibility of the Account Owner to produce such returns and provide to the Custodian the information necessary to file such returns. The Custodian is authorized to file such returns and reports, and to apply assets of the Custodial Account to the payment of any taxes that are owed as a result of such unrelated business taxable income.

7. Disclosures and Voting: The Custodian may deliver, or cause to be executed and delivered, to Account Owner all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to assets credited to the Custodial Account. The Custodian shall not vote any shares of stock or take any other action, pursuant to such documents, with respect to such assets except upon receipt by the Custodian of adequate written instructions from Account Owner.

**ARTICLE X
SEVERABILITY**

If any provision of this Custodial Agreement is found to be illegal, invalid, void or unenforceable such provision shall be severed, and such illegality or invalidity shall not affect the remaining provisions which shall remain in full force and effect.

Acknowledgment

I declare that I have examined this Custodial Account Agreement, including accompanying information, and to the best of my knowledge and belief, it is true, correct, and complete. I acknowledge this Custodian Account Agreement and agree to abide by their terms as currently in effect or as they may be amended from time to time by the IRS or Custodian.

Account Owners Signature: _____ Date: _____

INVESTMENTS: NOT FDIC INSURED ■ NO GUARANTEE ■ MAY LOSE VALUE

[Secure File Upload](#)

Email Forms to:
Clients@directedira.com

Send Mail to:
3033 N. Central Ave. Ste. 415
Phoenix, AZ 85012

Fax:
(602) 899-9641

Directed IRA is a tradename of Directed Trust Company, an Arizona Corporation



Disclosure Statement – Health Savings Account (HSA)

This Health Savings Account (HSA) Disclosure Statement is a summary of the requirements for Directed Trust Company, an Arizona Corporation, tradename Directed IRA, pursuant to Internal Revenue Service (“IRS”) Regulations which require that the information contained herein be given to individuals for whom an HSA is established. By executing the HSA Application, you acknowledge receipt of this Disclosure Statement. The Account Owner has executed the HSA Account Custodial Agreement.

The information provided herein, is not intended to replace the advice of your own tax and legal advisors. You are encouraged to consult with your tax advisor and/or state taxing authorities concerning any tax and/or compliance questions. You are responsible for complying with the laws that apply to your HSA. Directed IRA does not act as your advisor. In addition to the transactions outlined in this Health Savings Account (HSA) Disclosure Statement, the federal government may authorize permissible transactions from time to time. Unless expressly prohibited by the Trustee’s/Custodian’s policies, such additional federally authorized transactions are hereby incorporated by this reference.

Additional information on HSAs may be found in several IRS sources including IRS Publication 969, *Health Savings Accounts and Other Tax Favored Health Plans*; IRS Publication 502, *Medical and Dental Expenses*; IRS Notice 2004-2 and Notice 2004-50.

1. Revocation of Account

The Account Owner may revoke the HSA at any time within seven (7) days after he or she has executed the HSA Application. Upon revocation, the Custodian will return to the Account Owner the amount contributed to the HSA without penalty, service charge or administrative expense. Contributions will be returned plus establishment fees without adjustment for such items as sale commissions or administrative expenses. To revoke the HSA, the Account Owner must personally deliver or mail a written notice of revocation to the Custodian postmarked within seven (7) days of executing the HSA Application. Mail the notice by First Class Mail to the Custodian:

Directed Trust Company
Attn: Revocation
3033 North Central Ave, Suite 415
Phoenix, AZ 85012

2. General Information

What is an HSA?

An HSA is a savings product that offers you a different way to pay for health care. HSAs are established in conjunction with a High Deductible Health Plan (HDHP) and enable you to pay qualifying medical expenses for yourself, your spouse and your dependents on a *tax-free* basis. In general, insurance premiums on an HDHP will be substantially lower than premiums paid for traditional health care coverage. By investing the premium savings in an HSA, you may accumulate

significant savings that you own and control and that may be used to pay for current and future qualifying medical expenses.

What are Qualified Medical Expenses?

Qualified Medical Expenses are those incurred by you, your spouse and your dependents that would generally be eligible to deduct if you itemized deductions on your tax return. IRS Publication 502, *Medical and Dental Expenses*, further explains what expenses qualify. For expenses to be qualified, they must be incurred after you establish an HSA and must not be covered by insurance or otherwise.

3. Eligibility

Who is an HSA eligible individual?

Eligibility is determined on the first day of each month. To be an eligible individual you must meet the following criteria;

HDHP – You must be covered under an HDHP that meets certain requirements concerning the deductible and out-of-pocket expenses.

No other coverage – You may not be covered under an insurance plan that is not an HDHP (with certain exceptions for plans providing certain limited types of coverage).

Not enrolled in Medicare – You may not be enrolled in Medicare.

Not claimed as a dependent – You may not be eligible to be claimed as a dependent on someone else’s tax return.

If you are not an eligible individual for all 12 months of the year, the annual contribution limit may be prorated. For assistance in determining your eligible contribution amount, consult your tax advisor.

What is a High Deductible Health Plan (HDHP)?

Generally, a HDHP is a health plan often referred to as a “catastrophic” health insurance plan. As compared to traditional health insurance coverage, the premiums for an HDHP are less expensive, and the HDHP will not generally pay for health care expenses until the deductible is satisfied. Once the deductible is satisfied, the plan will generally cover the medical expenses.

For purposes of determining contribution eligibility for an HSA, a HDHP must satisfy certain requirements regarding deductibles and out-of-pocket expenses. There are two types of HDHPs for purposes of determining HSA contribution eligibility.

HDHP Self-Only Coverage – Self-only coverage is a HDHP that covers only one eligible individual. For calendar year 2019, HDHP for self-only coverage has a minimum annual deductible of \$1,350 and an annual out-of-pocket maximum (deductibles, co-payments and other amounts, *excluding* premiums) of \$6,750.

HDHP Family Coverage – Family coverage is a HDHP that covers one eligible individual and at least one other person (even if the other person is not eligible for an HSA). For calendar year 2019, HDHP for family coverage has a minimum annual deductible of \$2,700 and the annual out-of-pocket maximum (deductibles, co-payments and other amounts, *excluding* premiums) of \$13,500.

Note: a plan does not fail to qualify as a HDHP merely because it does not have a deductible (or has a small deductible) for preventative care.

In addition to HDHP coverage, what other types of health coverage may an individual have and remain eligible for an HSA?

In addition to a HDHP, you may be covered by permitted insurance. Permitted insurance is insurance where substantially all of the coverage provided relates to liabilities incurred under workers’ compensation laws, tort liabilities, liabilities relating to ownership or use of property (e.g., automobile insurance), insurance for a specified disease or illness, and insurance that pays a fixed amount per day (or other period) of hospitalization.

In addition, you may have coverage for accidents, disability, dental care, long-term care or other coverage types allowed under the Internal Revenue Code and Regulations.

How many HSAs may an individual have?

There is no limit on the number of HSAs you may have. However, contributions made to all of your HSAs (and Archer Medical Savings Accounts (MSAs)) for any tax year may not exceed your contribution limit.

4. Contributions

Who may make contributions to HSAs?

Contributions to your HSA may be made by you, your employer, or any other person. The total amount for the year from all sources may not exceed your annual contribution limit.

Are there any compensation or income requirements that affect how much may be contributed to an HSA?

No. Eligibility for an HSA does not depend on your earnings.

How must contributions be made?

Except for certain rollovers and transfers, all contributions must be made in the form of money (e.g., cash, check or money order).

What is the contribution limit for individuals whose HDHP is “self-only” coverage?

The maximum annual contribution limit for an individual with self-only coverage is \$3,500 for 2019. These limits are subject to cost-of-living adjustments. If the individual is not an eligible individual for all 12 months of a year, the contribution limit may be prorated. For example, if the individual was an eligible individual for all 12 months for a year, the annual limit is multiplied by 3/12 to determine the prorated maximum contribution amount for that partial year. For more information about prorated contributions for partial year eligibility, please see “When is the maximum annual contribution limit not prorated for partial year eligibility?” below.

What is the contribution limit for individuals whose HDHP is family coverage?

The maximum annual contribution limit for an individual with family coverage is \$7,000 for 2019. These limits are subject to cost-of-living adjustments. If the individual is not an eligible individual for 12 months of a year, the contribution limit may be prorated. For example, if the individual was an eligible individual for all 12 months for a year, the annual limit is multiplied by 3/12 to determine the prorated maximum contribution amount for that partial year. For more information about prorated contributions for partial year eligibility, please see “When is the maximum annual contribution limit not prorated for partial year eligibility?” below.

Are additional contributions permitted for individuals age 55 and older?

An individual who is an HSA eligible individual as of the last month of a year will be treated as eligible as long as the individual is age 55 (or older) before the close of the tax year. The additional amount is \$1,000. For more information about eligible individual's, please see "Who is an HSA eligible individual?". If the individual is not an eligible individual for all 12 months of a year, the contribution limit may be prorated. For more information about prorated contributions for partial year eligibility, please see, "When is the maximum annual contribution limit not prorated for partial year eligibility?" below.

When is the maximum annual contribution limit not prorated for partial year eligibility?

An individual who is an HSA eligible individual as of the last month of a year will be treated as eligible as long as the individual remains HSA eligible for the "testing period". The "testing period" begins with the last month of the year in which the individual first becomes HSA eligible and runs for a full 12 months. For example, if an individual is HSA eligible in December 2018 that individual is treated as an HSA eligible individual for all of 2018 for purposes of HSA contribution limits if that individual remains eligible through December 31, 2019.

If the individual does not remain HSA eligible during the "testing period", the individual may be subject to tax and penalty on the amount that could not have been made but for this last month rule.

May both spouses of a married couple contribute to an HSA?

Yes, if they are both eligible for an HSA, however, special contribution limits may apply.

How do contributions to Archer Medical Savings Accounts (MSAs) affect HSA contributions?

Any contributions made to an Archer MSA reduce the contribution limit permitted to your HSA for the year.

How do qualified HSA funding distributions from Traditional and Roth IRAs affect HSA contributions?

A qualified HSA funding distribution made by the HSA Owner are taken into account in applying the annual limit for HSA contributions. A qualified HSA funding distribution is a distribution from a Traditional or Roth IRA which is contributed as a direct trustee-to-trustee transfer to an HSA. For additional information on qualified HSA funding distributions, please see "May traditional and Roth IRAs be directly transferred to HSAs?" below.

How do qualified HSA funding distributions from Traditional and Roth IRAs affect HSA contributions?

A qualified HSA funding distribution made by the HSA Owner are taken into account in applying the annual limit for HSA

contributions. A qualified HSA funding distribution is a distribution from a Traditional or Roth IRA which is contributed as a direct trustee-to-trustee transfer to an HSA. For additional information on qualified HSA funding distributions, please see "May Traditional and Roth IRAs be directly transferred to HSAs?" below.

When is the deadline for making HSA contributions?

Contributions may be made to your HSA during the tax year and up until the due date for filing your federal income tax return not including extensions. For most people, the tax return due date is April 15.

Are carryback contributions allowed?

Yes. If you make a contribution between January 1 and April 15, tell the Trustee or Custodian which tax year the contribution is for. If you do not indicate otherwise, the Trustee or Custodian will report it to the IRS as a current year contribution (the year received).

May HSA contributions be made after age 65?

At age 65, individuals are generally entitled to enroll in Medicare. Individuals who enroll in Medicare may contribute to an HSA until the month he or she is enrolled in Medicare.

May self-employed individuals contribute to an HSA?

Yes, providing the HSA eligibility requirements are met. Contributions by self-employed individuals are made with after-tax dollars and the amounts are deducted as "above the line" deductions when filing their federal income taxes.

What if more than the allowable contribution amount is contributed to an HSA for a year?

The amount exceeding your allowable limit for a year is an excess contribution and must be removed by your tax return deadline (including extensions) along with the net income attributable to such excess contribution. Failure to remove the excess and earnings will subject you to a 6% penalty tax for each year the excess remains in your HSA. For assistance in determining the net income attributable to your excess HSA contribution, consult your tax advisor and/or Treasury Regulation 1.408-11. If an ineligible employer contribution is made to an HSA, rules other than the excess contribution rules may apply.

How are HSA contributions reported?

Employer contributions made to your HSA are reported on your Form W-2. The Trustee or Custodian reports HSA contributions to the IRS on Form 5498-SA. You report all HSA contributions on IRS Form 8889, when you file your federal income taxes.

Employer Contributions

May an employer make HSA contributions for eligible employees?

Yes. However, contributions from all sources must be aggregated and may not exceed your annual contribution limit. Any amounts exceeding the allowable limit are ineligible and may be subject to the excess contribution rules and penalties if not properly removed. Or, under limited circumstances, other correction methods may apply.

How does employer HSA contributions affect an employee's taxable income?

Employer contributions to your HSA are excluded from your income. The employer HSA contributions are not subject to income tax withholding, or subject to the Federal Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA) or the Railroad Retirement Tax Act.

5. Deductibility

Are HSA contributions tax deductible?

Yes, all contributions made to your HSA (except those, if any, made by your employer) are "above the line" tax deductions. An "above the line" deduction reduces your taxable income by the HSA contribution amount. You do not need to itemize deductions to benefit from the tax deduction. Note: you may not deduct any HSA contributions made by your employer.

6. Transfers and Rollovers

May HSAs receive rollovers from other HSAs or MSAs?

Your HSA Trustee/Custodian may permit you to roll amounts withdrawn from another HSA or Archer MSA into this HSA provided such amounts are rolled over within 60 days of the distribution. Rollovers are not subject to the annual contribution limits. Both the distribution and the rollover deposit are reported to the IRS. However, a rollover is a tax-free transaction when done properly. Only one distribution from an HSA or MSA may be rolled over within a 12 month period.

May HSAs be directly transferred from one Trustee/Custodian to another Trustee/Custodian?

Your HSA Trustee or Custodian may permit you to directly transfer all or a portion of another HSA or from your Archer MSA into this HSA. The direct transfer of assets from an HSA or Archer MSA to an HSA is not subject to the annual contribution limits and federal law does not limit the number of these transactions you may make during any year. A direct transfer is tax-free and not reportable to the IRS.

May Traditional and Roth IRAs be directly transferred to HSAs?

Your HSA Custodian may permit you to do a tax-free transfer of Traditional and Roth IRA assets to this HSA. This transfer, also known as a qualified HSA funding distribution, is subject to HSA contribution limits. You must irrevocably elect to treat such distribution as a qualified HSA funding distribution. Generally, you are limited to one qualified HSA funding distribution from any of your Traditional or Roth IRAs during

your lifetime. If you do not remain HSA eligible during the applicable "testing period" as defined under the Internal Revenue Code, the amount of the qualified HSA funding distribution may be subject to tax and penalty. For assistance in determining to what extent you may be eligible to make a qualified HSA funding distribution, consult your tax advisor.

Can HSAs be transferred as part of a valid divorce decree?

Yes, under a valid divorce decree, separate maintenance decrees, or other valid court order, all or part of your HSA may be transferred to your ex-spouse or you may receive all or part of your ex-spouse's HSA.

7. Distributions

What is the tax treatment of an HSA distribution used to pay qualifying medical expenses?

All earnings in the HSA are tax-deferred until distributed. Distributions from your HSA used to pay qualifying medical expenses are tax-free.

When may distributions be taken from an HSA?

The money in your HSA is always yours and you may withdraw it at any time. However, any amounts not used to pay qualifying medical expenses are subject to income tax and an additional 20% IRS penalty (unless the distribution is on account of death, disability or made after reaching age 65 or older). In addition, the Trustee or Custodian may charge you distribution fees and, if you prematurely surrender time deposit(s), loss of earnings penalties.

The HSA may be used to cover those medical expenses that the HDHP does not cover (excluding the premiums for most HDHPs). Note, however, you are not required to take distributions from your HSA to cover those uncovered medical costs.

Is there a deadline for reimbursing current year medical expenses from an HSA?

No. As long as the medical expenses were incurred after you established an HSA, there is no time limit on when you must take a distribution from your HSA to reimburse Qualified Medical Expenses. You will want to make sure you keep proper records to show the distributions were used to reimburse Qualified Medical Expenses, that the expenses were not reimbursed by another source and that the medical expenses were not taken as an itemized tax deduction on a prior year's federal income tax return.

Are HSA distributions used to pay premiums for the HDHP considered qualified distributions?

Distributions from an HSA to pay for HDHP premiums are generally not qualified distributions, however, an exception exists for certain HSA owners over age 65.

What happens when the HSA owner dies?

When you die, if the primary designated beneficiary is your surviving spouse, your HSA becomes an HSA of your surviving spouse. If the primary designated beneficiary is someone other than your surviving spouse, the HSA ceases to be an HSA as of the date of your death and the fair market value of the assets in the HSA as of the date of your death are includable in such person's gross income for the year of your death. If you do not designate any beneficiaries for your HSA, the fair market value of your HSA as of your date of death is includable as income on your final tax return.

How are HSA distributions reported?

The Trustee or Custodian reports distributions from your HSA to the IRS on Form 1099-SA. You also report them on IRS form 8889, *Health Savings Accounts (HSAs)* when you file your federal income taxes.

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The Trustee or Custodian reports distributions from your HSA to the IRS on form 1099-SA. You also report them on IRS form 8889, *Health Savings Accounts (HSAs)* when you file your federal income taxes.

May an HSA be sued as security for a loan?

No. If you pledge all or part of your HSA as security for a loan, the amount pledged is treated as a distribution and is includable in income. This amount is also subject to an additional 20% IRS penalty unless an exception applied due to the HSA owner's death, disability or attainment of age 65 or older.

8. Miscellaneous

Nonforfeitable – Your interest in your HSA is nonforfeitable at all times.

Custodian or Trustee – The Custodian or Trustee of your HSA must be a bank, savings and loan association or credit union as defined in Internal Revenue Code (IRC) section 408(n), a life insurance company as defined in IRC section 816, or another person or entity that has been approved as a nonbank Custodian or Trustee by the Treasury Department.

Investment Restrictions – Money in your HSA may not be used to buy a life insurance policy or invested in collectibles. However, certain gold, silver and platinum coins, bullion and coins issued under state laws are allowable investments.

No Commingling – Assets in your HSA may not be combined with other property, except in a common trust fund or common investment funds.

Tax Filing – You are responsible for filing the applicable IRS forms to report certain activities, taxable income and/or penalties associated with your HSA.

IRS Form – This HSA uses the precise language of IRS Form 5305-B (Trust) and 5305-C (Custodial) and is therefore treated as approved by the IRS. Additional language has been included as permitted by such form. The IRS approval represents a determination as to form and not to the merits of the account.

9. Prohibited Transactions

If you or your beneficiary engage in a prohibited transaction with the account, as described in IRC Section 4975, the account (or the portion of the account engaged in the prohibited transaction) will lose its exemption from tax and then you must include the fair market value of the amount involved in the prohibited transaction in your gross income for the year during which the prohibited transaction occurred in addition to any regular income tax that may be payable. It is your responsibility to determine if a transaction constitutes a prohibited transaction. The Custodian is not responsible for determining if a transaction constitutes a prohibited transaction. The Custodian reserves the right to request certification from you that the direction provided by you does not create a prohibited transaction. If such certification is not forthcoming, the Custodian reserves the right to take whatever action it deems within its discretion to be appropriate, including but not limited to resigning from the account and/or distributing the assets. Not requesting such a certification regarding a transaction is not a determination that a prohibited transaction does not exist.

10. Beneficiaries

You can name one or more beneficiaries to whom the balance of your HSA will be paid when you die. To do so, fill out the designation of beneficiary form provided by the Custodian. Your designation of beneficiaries will not be effective until received and accepted by the Custodian.

You should review your designation periodically, especially if there is a change in your family status such as marriage, divorce, death of a family member or birth or adoption of children. You may change your beneficiary at any time by filling out a new form and sending it to us. You can use a new designation to revoke your prior designation in whole or in part.

If the HSA continues after your death, your beneficiary has the same right to name beneficiaries as you had before your death. If you do not name beneficiaries, or if all your beneficiaries die before you or disclaim, the Custodian will pay your HSA to your spouse first, if he or she survives you. If you have no spouse who survives you, then the money will go to your children who survive you in equal shares. If you have no children who survive you, the assets in your HSA will be paid to your estate.

11. Self-Direction Requirements

Under the Directed Trust Company Health Savings Account (HSA) Account Agreement, you are required to direct the Custodian with respect to the investment of funds in your account. In the absence of direction from you or your authorized agent, the Custodian will not make or dispose of any investments or distribute any funds held in the account, except Custodian may liquidate assets, chose in the Custodian's sole discretion, to pay fees and expenses, including the Custodian's fees and expenses. The Custodian

has no power or duty to question or investigate any investment agent, as to a specific investment or the HSA's overall portfolio, to review any investments held in the account or to make any suggestions to you with respect to the investment, retention, or disposition of any asset in the account. The Custodian will not be liable for any loss of any kind which may result by reason of any action taken by it in accordance with direction from your or your designated agent, or by reason of any failure to act because of the absence of any directions. The Custodian may resign rather than execute an investment direction if it determines in its discretion that the investment would not be administratively feasible.

The assets in your HSA will be invested only in accordance with directions received from you or your designated Investment Agent. Directed Trust Company offers no investment management, recommendations, or investment advice as to which investments may be best for your HSA. As Custodian, Directed Trust Company accepts custody of a wide range of different types of assets. The fact that Directed Trust Company accepts custody of an asset does not constitute an endorsement of that asset or the entity or principals which/who sell or manage such assets. You alone are responsible to do the appropriate investigation of the investment, entity and principals involved before you invest. Likewise, you alone are responsible for continuing oversight for all your investments. Growth in value of the retirement account is neither guaranteed nor projected, and depends entirely on the success of your investment strategy. The profits and/or losses of each individual retirement account are allocated to that account. Your fees are for custodial and administrative services.

12. Approved Form

The Directed Trust Company Health Savings Account (HSA) Account is treated as approved, as to the form, by the Internal Revenue Service since it utilizes precise language of Form 5305-A, currently provided by the Internal Revenue Service, plus additional language permitted by such form. The Internal Revenue Service approval is a determination only as to the form of the account, and does not represent a determination of the merits of the account.

The provisions of the Company Health Savings Account (HSA) Custodial Account Agreement and this Disclosure Statement shall be construed and interpreted under the laws of the State of Arizona.

13. No Tax Advice

This Disclosure Statement together with the Custodial Agreement should answer most questions concerning the HSA. However, the fact that HSA state tax laws vary should be noted by you. If you have additional questions regarding HSAs, you should consult your tax advisor or attorney. Also, you may obtain additional information regarding HSAs from any District

Office of the IRS. See in particular IRS Publication 590A and 590B (Individual Retirement Arrangements). Directed Trust Company does not render tax or legal advice.

14. Uninvested Cash

Directed Trust Company will receive and retain a reasonable rate of interest not to exceed 3.75% per annum of the average daily balance on Account Owner's uninvested cash as further compensation for the services it renders to Account Owner. This shall be deducted from the cash balance prior to the crediting of any rate higher than the reasonable rate of interest as stated above to the Account Owner's custodial account at the end of each month. The account is only eligible to earn interest if it is open as of the interest crediting date, and any interest that may accrue on the account during a month that the account is closed prior to the interest crediting date to Directed IRA as an additional fee.

15. Fee Disclosure, Referral Fees, Fund Custodian

In connection with the HSA, you agree to pay the fees set forth on the accompanying Fee Schedule. The services and fees on the Fee Schedule can be changed or additional fees added from time to time without notice to you.

The Custodian may pay a referral fee, one time or recurring, to brokers, financial institutions, investment sponsors, and other entities or individuals, which/who referred you/your Account to the Custodian.

16. Privacy Disclosure

The mission of the Custodian is to meet the desires of our customers. As a financial services professional entrusted with sensitive information, the Custodian respects the privacy of customers and is committed to treating customer information responsibly. The applicable Customer information Privacy Principles serve as standards for all employees for the collection, use, retention, and security of individual customer information.

17. Information the Custodian Collects About You

The Custodian collects nonpublic information about you from the following sources:

- Information the Custodian receives from you on applications and other forms,
- Information about your transactions with the Custodian, our affiliates, or others.

18. No Disclosures Outside of Exceptions

The Custodian does not reveal specific information about your HSA or other personally identifiable data to outside parties for their independent use unless: 1) the information is provided to help complete a transaction initiated by you; 2) the information is provided to a reputable credit bureau or similar information reporting agency; 3) the information goes to, agents, vendors, and service suppliers in connection with the

services they supply to the HSA; 4) you request or authorize disclosure; and 5) the disclosure otherwise is lawfully permitted or required. The Custodian does not provide account or personal information to outside companies for the purpose of independent telemarketing or direct mail marketing of any non-financial products or services of those companies.

19. Confidentiality and Security

The Custodian restricts access to nonpublic personal information about you and the Custodial Account to those employees, vendors and agents who need to know that information to provide products or services to the HSA. Custodian maintains physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

20. Important Information about Procedures for Opening a New Account

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an Account, you will be asked for your name, address, date of birth, and other information that will allow the Custodian to identify you.

Acknowledgment

By signing the Health Savings Account (HSA) Application document, you acknowledge the opening of the account and agree to be bound by the terms of the Health Savings Account (HSA) Custodial Account Agreement including this Disclosure Statement. You agree to read and abide by this Health Savings Account (HSA) Custodial Account Agreement, including this Disclosure Statement, and the Privacy Notice included herein. Although not a part of the Application process, you authorize the Custodian to make inquiries from any consumer reporting agency or other personal information agency or service, including a check protection service, in connection with this Account, if deemed necessary at a future time.

Account Owner Signature

Date

INVESTMENTS: NOT FDIC INSURED ■ NO GUARANTEE ■ MAY LOSE VALUE

[Secure File Upload](#)

Email Forms to:
Clients@directedira.com

Send Mail to:
3033 N. Central Ave. Ste. 415
Phoenix, AZ 85012

Fax:
(602) 899-9641

Directed IRA is a tradename of Directed Trust Company, an Arizona Corporation



Privacy Notice – What We Do with Your Information

Purpose of this Notice

Financial Companies choose how they share your personal information. Federal law gives consumers the right to limit some, but not all, sharing. Federal Law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What do we Collect?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account balances
- Account transactions and payment history
- Assets and investment experience

When you are no longer our customer, we continue to share your information as described in this notice.

How do we Share Your Information?

All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons Directed Trust Company chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share this?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes - to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We Don't Share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We Don't Share
For our affiliates to market to you	Yes	Yes <input type="checkbox"/> Opt out- Do not share my information
For non-affiliates to market to you	No	We Don't Share



Privacy Notice – Continued

<i>How does Directed Trust Company protect my personal information?</i>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<i>How does Directed Trust Company collect my personal information?</i>	We collect your personal information, for example, when you <ul style="list-style-type: none"> • Open an account or deposit money • Provide account information or give us your contact information • Direct us to buy or sell securities • Use your credit or debit card
<i>Why can't I limit all sharing?</i>	Federal law gives you the right to limit only <ul style="list-style-type: none"> • Sharing for affiliates' everyday business purposes — information about your creditworthiness • Affiliates from using your information to market to you • Sharing for non-affiliates to market to you State laws and individual companies may give you additional rights to limit sharing.
<i>What happens when I limit sharing for an account I hold jointly with someone else?</i>	Your choice will apply to everyone on your account, unless you tell us otherwise.

Questions?

- Call (602) 899-9396 or visit our website www.directedira.com

Want to limit our Sharing?

- Contact us – Speak to one of our representatives today by calling (602) 899-9396

Definitions

<i>Non-affiliates</i>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> • Neither Directed Trust Company nor its affiliates, (if applicable) share your information with non-affiliates for marketing purposes.
<i>Joint Marketing</i>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> • Directed Trust Company does not participate in joint marketing with non-affiliates.

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Fee Schedule

Account Fees

Account Establishment	\$50
Annual Account Fee (All IRA's, SEP's, HSA's, & ESA's,)	\$295
(Qualified & Nonqualified Custodial Accounts).....	\$495

****All accounts must maintain a minimum monthly balance of \$500****

Transaction Fees

Check Fee.....	\$15	ACH Fee	\$15
Domestic Wire Out	\$35	Recurring Distribution (Check/ACH).....	\$15
International Wire Out.....	\$50	Cashier's Check.....	\$50

Directed Trust Company does not charge for incoming ACH or Wire transfers.

Asset Processing Fees (Purchase/Liquidation/Sale/Re-registration/In-kind Transfer)

Private Company, PPM	\$75	Real Estate.....	\$100
Promissory Note	\$50	Precious Metals.....	\$30
IRA/LLC.....	\$50	Tax Lien, Other	\$100

Includes Check/ACH fee. If a Wire is sent, additional fee will apply.

Mail Fees

Priority Mail	\$15
Overnight Mail	\$35
International Mail	\$50

Processing Fees

Next Day Service (All requests must be received by 10 am MST and in good order to be processed the following business day).....	\$150
Same-Day Service (All requests must be received <u>prior</u> to 10 am MST and in good order to be processed the same day)	\$250

Other Fees

Account Research	\$100/hr	Late Payment Penalty ³	\$35
Medallion Stamp.....	\$25	Roth Conversion Fee	\$95
Processing for Returned Wire	\$35	Distressed Asset Maint. Fee ¹	\$100/yr
Processing for Stop payment of Check Sent Out	\$35	IRS Form Facilitation/Preparation Fee	\$100/yr
Returned (NSF) Check	\$25	Legal Action Fee ²	\$150/hr
Paper Statements	\$20/yr	Account Termination.....	\$200

1 Asset subject to dissolution, bankruptcy, receivership, or alternative disposition or status. 2 Relating to production of documents related to subpoena or legal action. 3 For failure to pay any outstanding invoice by provided deadline. Uninvested Cash shall be deposited with banks and will be insured by the FDIC up to the federal deposit insurance limits (currently \$250,000, per account holder) and any excess amount will not be insured by the FDIC. Directed Trust Company shall receive and retain interest on uninvested cash pursuant to the Custodial Account Agreement. See the Uninvested Cash section of your Custodial Account Agreement and Disclosure Statement for more information about the Uninvested Cash fee.

Directed IRA reserves the right to effect changes to this Fee Schedule, including the uninvested cash fee, upon thirty (30) days' prior written notice to the Account Owner.

Fees will continue to accrue and be payable even if the Account contains no assets from which Directed IRA can collect amounts owed by the Account Owner.

The Account Owner is responsible for reporting any inaccuracy of all assessed account fees and must report any inaccuracies to Directed IRA's Client Services within 45 days of the Fee Statement date.

Accounts holding \$499 or less in cash, and no other assets, may be closed at Directed IRA's sole discretion, and the Account Termination fee of \$200 will be deducted from cash balance. The remainder of the account balance will be paid to Account Owner by check. It is Account Owners responsibility to deposit the funds into another qualified retirement plan within 60 day(s), if applicable, or to pay the distribution tax.

Directed IRA may charge the Account Owner, and/or the custodial account, and/or the maintained credit/debit card held on file, and shall be reimbursed by the Account Owner or the custodial account, for any reasonable expense incurred by Directed IRA in connection with any account services or activities that Directed IRA determines are necessary or advisable, or which are expressly directed by the Account Owner, and which are not included in the services provided by Directed IRA for its normal fees. See the Custodial Account Agreement for more details.

All outstanding account fees/balances must be satisfied prior to the completion of an asset transfer out or an account closure.

Certain costs in this Fee Schedule may apply after notification of account closure. Examples include: research/special services costs, such as trailing dividends, check/wire costs, and requests for copies of records. Costs that remain unpaid after account closure will be subject to collections and payment according to the terms of the Custodial Account Agreement.