

# Health Savings Account (Share Draft)

## Account Agreement

This Account Agreement (“Agreement”) provides information regarding your account with Elements Financial Federal Credit Union (“Credit Union”). This Agreement is in addition to any and all other membership, loan, or service agreements and disclosures you may receive in connection with obtaining additional accounts, loans or services with the Credit Union.

**1. Binding Effect:** By signing the Account Application, you agree to the terms and conditions of this Account Agreement, the Account Application, the Truth-in-Savings Disclosure, the Rate and Fee Schedule, accompanying this Agreement, the Credit Union’s by-laws and policies, and any amendments to these documents. You further agree that the Credit Union is not acting in the capacity of trustee or fiduciary agent and is merely providing account services.

**2. Account Limitations:** Due to the fact that a Health Savings Account (HSA) represents a unique legal relationship with unique limitations, the Credit Union will not provide the following products, services or account access channels to these accounts: HSAs will not be permitted to enter into credit or lending contracts. Share drafts or checks are available upon request on Elements Financial Health Savings Accounts. **Effective 4/15/15 HSA prepaid debit cards will not function in ATMs or at non-health related merchants such as gas stations.** Additional prepaid debit cards will only be issued to additional individuals who are 16 years or older and must be requested by the account owner. Health Savings Accounts are not eligible for our Overdraft Privilege (ODP) program. HSAs are individually owned accounts and cannot be owned jointly. HSAs may not be overdrawn. Per IRS tax code, if a prohibited transaction such as an overdraft charge posts to an HSA, the account no longer qualifies for HSA status.

**3. Verification of Eligibility:** The Credit Union requires a signed HSA Application at the time of account opening in order to establish eligibility for a Health Savings Account. The Credit Union is not responsible for determining eligibility for a health savings account; it is the sole responsibility of the member/account holder to determine their own eligibility. For Health Savings Accounts the Credit Union requests a beneficiary to be named at the time of opening the account. Your signature on the Account Application authorizes the Credit Union to check your account, employment history, and obtain credit reports from third parties, including credit reporting agencies to verify your eligibility for the accounts and services you request.

**4. USA Patriot Act New Account Verification:** 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, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver’s license or other identifying documents. For applications received by mail/Internet, you may be contacted by a credit union representative to verify the information supplied on your application.

**5. Disposition of Account on Death:** For HSAs, the Credit Union will request that a beneficiary be named at account opening. In the event that a beneficiary is not named or is deceased at the time of the owner’s death the remaining funds will be transferred in this order: first to the surviving spouse, then to any surviving children, and then to the estate of the owner. This order is important due to IRS governing rules around transferring HSA funds

at death. Please see a tax professional or IRS HSA Publication 969. The Credit Union will coordinate with the appropriate person to accomplish this transfer. The Credit Union may restrict access to the account until authorized parties are established

**6. Account Verification Service:** The Credit Union will use an account verification service to verify the information contained on your Account Application. The Credit Union reserves the right to deny any application based on the results of negative information received through this service. If your application is denied, we will provide you with the name, address and telephone number of the account verification service that provided us with the information.

**7. Account Types:** Health Savings Accounts are individual accounts and cannot be owned jointly. Only that individual may deposit, withdraw, transfer funds, or close the account. The owner may request additional prepaid debit cards in the name of their immediate family but the owner understands that they are assuming total account liability by making the request. All transactions performed by the additional named card holder are viewed to be made by the owner and it is the owner’s responsibility to comply with all IRS Health Savings Account limitations including maximum contribution limits that may be unique to that owner.

**8. Rights and Responsibilities:** The owner acknowledges their respective responsibilities under the Internal Revenue Service rules governing Health Savings Accounts. All disbursements and deposits will be made in accordance with these respective governing rules. The Credit Union has no obligation to monitor or administer these accounts for compliance therein and will not be held liable for non-compliance. All withdrawals will be coded as a normal medical HSA distribution and will be reported to the IRS as such annually. All deposits will be reported as a regular contribution and will be reported to the IRS as such annually. Withdrawals and deposits made in error by the member/account holder are the responsibility of the member/account holder; the Credit Union has no obligation to correct errors made by the member/account holder unless and until the member/account holder gives a written declaration that the debit was indeed a mistaken distribution or the credit was a mistaken contribution. All electronic Point of Sale (POS) credits will be automatically treated as a regular contribution unless and until the member/account holder gives a written declaration that the credit was indeed a return of a mistaken distribution. It is the responsibility of the member/account holder to insure compliance with the applicable IRS Health Savings Account regulations and to maintain records and receipts accordingly.

The Credit Union at its option, may (a) suspend or terminate the account, (b) require a court order to act, and/or (c) require that all parties agree in writing to any transaction or change in ownership for the account. If any deposited item is returned unpaid, or if the account is overdrawn, the member/account holder is liable to the Credit Union for the amount of any returned item, overdrawn amount or unpaid amount or charges, regardless of how it was caused or who benefited from the transaction.

**9. Deposit Rules:** If any endorsement or any other markings made by you or any prior endorser on a deposited item cause delay or error in processing the item for payment, you will be responsible for any loss incurred by the Credit Union due to the delay or error. In handling items for deposit or collection, the Credit Union reserves the right to send any item for collection. The Credit

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Union shall have the right to place a check hold upon deposit (please refer to the Credit Union's Funds Availability Policy within the Truth in Savings disclosure) or charge back against your account all previously deposited items or other items endorsed by you that are returned to the Credit Union unpaid, regardless of whether the amount of the item has been available for your use. You waive any notice on nonpayment, dishonor or protest regarding any items received by the Credit Union for credit to your account or for collection.

**10. Account Rates and Fees:** The Credit Union's payment of earnings on your account shall be subject to the terms set forth in the Rate and Fee Schedule pertaining to account rates, fees, and payment and balance requirements. The Credit Union may charge you fees for accounts and services provided by the Credit Union, as set forth on the Rate and Fee Schedule. You agree that the Credit Union may change the Rate and Fee Schedule at any time, and you will be notified of such changes as required by law. Your Health Savings Account will be subject to our normal fee schedule and will be charged accordingly. Please be aware that any fees charged to your account are not considered medical withdrawals and will not be reported to the IRS, as such. However, if you have already contributed the maximum amount allowed to the account for the year, you will not be able to replenish the account either.

**11. Abandoned Accounts:** Funds may be transferred to the appropriate state in accordance with unclaimed property law if the account becomes abandoned/unclaimed as defined by the law.

**12. Termination of Membership:** You may terminate your account(s) at any time by notifying us by phone, in writing or verbally at one of our branches. You agree to reimburse the Credit Union for any payment or overdraft that occurs after the termination of your membership.

**13. Account Termination:** We may terminate or close your account(s) at any time by giving you notice of termination. The Credit Union reserves the right to close your account without prior notification if: (1) a forgery or fraud has been reported or committed involving your account(s); (2) the ownership of the account(s) is disputed; (3) your prepaid debit card is lost or stolen; (4) you have excessive returned unpaid items which are not covered by overdraft protection; (5) you have abused or misrepresented your account(s).

**14. Change of Address:** If you have a change of name or change of address, it is your responsibility to update this information by notifying the Credit Union. The Credit Union is only required to communicate with you at the most recent address you have provided to us.

**15. Limitation of Liability:** The Credit Union assumes no responsibility beyond the exercise of ordinary care. The Credit Union's actions will constitute the exercise of ordinary care if such actions are consistent with applicable state law, Federal Reserve regulations and operating letters, clearinghouse rules, and general banking practices followed in the area served by the Credit Union. The Credit Union will not be liable for items lost in transit. If the Credit Union does not properly complete a transaction according to this Agreement, the Credit Union will be liable only for your losses or damages not to exceed the amount of the transaction.

**16. Amendments:** Except as otherwise prohibited by applicable law, the terms of this Agreement are subject to change at any time. The Credit Union will notify you of any changes in terms, rates or fees as required by law. The Credit Union reserves the right to waive any term contained in this Agreement; provided, however, that any such waiver shall not affect the Credit Union's right to enforce that term in the future.

**17. Recovery of Fees and Expenses:** You agree to be liable to the Credit Union for any loss, cost or expense that the Credit Union incurs as a result of your failure to comply with the terms of this Agreement. You authorize the Credit Union to deduct any such loss, cost or expense from your account or secondary account without prior notice to you. In the event the Credit Union brings a legal action to enforce this Agreement or to collect any amount due under this Agreement, the Credit Union shall be entitled to payment of its reasonable attorney fees and costs, including fees and costs on any appeal, in bankruptcy proceedings, and in post-judgment collection actions.

**18. Governing Law:** This Agreement is governed by the bylaws of the Credit Union, federal laws and regulations, and the laws of the State of Indiana, including applicable principles of contract law. To the extent applicable, you agree that any legal action regarding this Agreement shall be brought in Marion County, Indiana.

**19. eBranch Internet Banking Authorization:** You wish to subscribe to the services and authorize us, and any third party acting on our behalf, to serve as your agent in processing payments to targeted merchants and/or transfers to and from targeted accounts pursuant to your payment and/or transfer instructions, and you authorize us to post such payment to your designated account(s). You understand that we may not make certain payments and/or transfers if sufficient funds are not available in your designated account. This authorization is in force until revoked by you or us in writing and is subject to the "Service Terms and Conditions" as amended from time to time. Bill payment services are only available with share draft/checking accounts.

**20. HSA Prepaid Debit Card:** You agree that the prepaid debit card to be issued to you is the property of the Credit Union. You agree to use it in the manner specified by the Credit Union and to surrender it immediately upon demand. You agree that the Credit Union may change the terms of this Agreement, including the Disclosures and Conditions of Use, at any time. You will be notified of any changes to the terms of this agreement as required by law. The new terms and Disclosures and Conditions of Use will then apply to your use of the prepaid debit card. The Credit Union may cancel your prepaid debit card at any time by giving you written notice, and you may cancel your card at any time by surrendering the card to the Credit Union. Cancellation of the prepaid debit card by either the Credit Union or you will not relieve you of your obligation to pay the Credit Union any amounts you may owe.