Santa Clara University

HOW TO SET UP AN ACCOUNT

THE 3 RULES FOR SETTING UP A HSA:

1. You must enroll in the Blue Cross high deductible (HSA compatible) PPO health plan
2. If over 65, you must waive enrollment in Medicare A and B
3. You cannot be claimed as a dependent on another person’s tax return

HOW TO SET UP THE HSA:

1. Complete the Individual Application and Beneficiary Form
2. Choose fee schedule: $6.25 Standard (all inclusive) or $2.50 Value (a la carte) Plan. The Value Plan monthly fee of $2.50 will be paid by SCU.
3. Calculate the Maximum Contribution Amount:

   Health plan annual deductible ÷ 12
   X
   Number of months in the year remaining from plan effective date
   =
   Allowable contribution amount

   Example:

   You have a $1,200 annual deductible and you began your high deductible insurance plan on July 1, 2004. The math works like this:

   $1200 ÷12 = $100 x 6 (since July is exactly 6/12 of the year) = $600

4. Submit all completed forms with a “wet signature” to Human Resources Department:

5. This is a tax favored account. Contributions can be made pre-tax via payroll deduction or if funded with after tax dollars (a check etc.) deducted from an individual’s tax return (above the line).
WHICH PLAN IS RIGHT FOR YOU?
Choosing the Sterling HSA plan that is best for your individual needs depends on how you’ll use your HSA account. We offer two plans with different features, but the same commitment to Sterling service for both. Both accounts require a one-time $35 account set-up fee which will be paid by SCU:

- **The Sterling Standard Plan** offers the most comprehensive array of services, including review of insurance company Explanation of Benefits and payment of bills to your health care providers. This plan maximizes your level of service for the low monthly fee of $8.75 per month, of which $2.50 will be funded by SCU. Your cost will be $6.25 per month.

- **The Sterling Value Plan** is for account holders who prefer to use their HSA account largely as a tax advantaged savings vehicle and who will rarely pay medical bills from the account. This plan includes review of insurance company Explanation of Benefits. Payment of bills to your health care provider is available for a small fee. SCU will fund the $2.50 monthly fee. Additional fees will be paid by account holder on a per service basis.

**STERLING SERVICE COMMITMENT**
Both account types offer the Sterling promise of a simple, reliable and personal approach to paying for health care while saving for the future and our money back guarantee. Our services include:

- **Education** about HSA’s and assistance with account set-up for employers and individuals.
- **Payment of health care bills** after careful review of your Explanation of Benefits to insure that Sterling account holders never pay more than they should.
- **Self-directed investment options** for funds in your account.
- **Quarterly account statements and tax report information** for account holders and employers.
- **Personalized customer service** via phone, email, fax or mail.
- **Money Back Guarantee.** If for any reason our account holders become dissatisfied with Sterling HSA services, we will refund to them all monthly account management fees paid up to one year.

**CHOOSE FROM TWO SERVICE PACKAGES – FEE SCHEDULE COMPARISON**

<table>
<thead>
<tr>
<th>Core Services</th>
<th>Sterling Value Plan</th>
<th>Sterling Standard Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Management</td>
<td>$2.50 (per month)</td>
<td>$8.75 (per month)</td>
</tr>
<tr>
<td>Medical Bill Paying</td>
<td>$5.00 (per transaction)</td>
<td>Included</td>
</tr>
<tr>
<td>Debit Card Issuance</td>
<td>$5.00 (per card)</td>
<td>Included</td>
</tr>
<tr>
<td>Debit Card Usage</td>
<td>$1.50 (per transaction)</td>
<td>Included</td>
</tr>
<tr>
<td>Electronic Payroll Deduction</td>
<td>Included</td>
<td>Included</td>
</tr>
</tbody>
</table>

**CURRENT INTEREST RATES EARNED ON STERLING HSA ACCOUNTS**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $ 1,000</td>
<td>1.00%</td>
</tr>
<tr>
<td>Between $1,000 and $5,000</td>
<td>2.00%</td>
</tr>
<tr>
<td>Over $5,000</td>
<td>3.00%</td>
</tr>
</tbody>
</table>

Account holders may self-direct their investment. Administrative fees apply on funds not held by Sterling HSA.
### Information About You

**Stop! Please read:**

We cannot establish an account unless you complete Section One entirely and print clearly.

<table>
<thead>
<tr>
<th>□</th>
<th>Mr.</th>
<th>□</th>
<th>Mrs.</th>
<th>□</th>
<th>Ms.</th>
<th>□</th>
<th>Dr.</th>
</tr>
</thead>
</table>

Name of Account Holder (First, MI, Last Name) | SSN or EIN (Taxpayer ID #) |
---|---|

Date of Birth (mm-dd-yyyy) | ☐ Drivers License / ☐ Passport Number |

Mailing Address

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>Zip</th>
</tr>
</thead>
</table>

Telephone | Email |
---|---|

Contact me via: | ☐ Email | ☐ Regular Mail | ☐ Daytime Telephone | ☐ Evening Telephone |

### Information About Your Health Plan

You must be covered by a HSA compatible health plan. Please check single or family based on your health plan enrollment. Family is anything more than account holder only.

<table>
<thead>
<tr>
<th>Blue Cross PPO</th>
</tr>
</thead>
</table>

Name of Insurance Carrier

<table>
<thead>
<tr>
<th>($S) $1,200</th>
<th>($F) $2,400</th>
</tr>
</thead>
</table>

☐ Single Annual Deductible | ☐ Family Annual Deductible |

Effective Date of Plan (mm-dd-yyyy)

### Information About Your Employer

Santa Clara University

### Information About Your Dependents

If you have more than three dependents, make a copy of this page and continue filling in dependent information in this area on the copy.

<table>
<thead>
<tr>
<th>□</th>
<th>M</th>
<th>□</th>
<th>F</th>
</tr>
</thead>
</table>

Name of Spouse or Domestic Partner (First Name, MI, Last Name) | SSN or EIN (Taxpayer ID#) | Date of Birth (dd-mm-yyyy) |
---|---|---|

Name of Dependent (First Name, MI, Last Name) | ☐ Son | ☐ Daughter | ☐ Other |
---|---|---|---|

Name of Dependent (First Name, MI, Last Name) | SSN (if applicable) | Date of Birth (dd-mm-yyyy) |
---|---|---|

Name of Dependent (First Name, MI, Last Name) | SSN (if applicable) | Date of Birth (dd-mm-yyyy) |
5 Subscriber Contributions

**Method of Payment** (Check one)  
☐ Payroll Deduction*  ☐ Check**  ☐ Bank Draft***

**Monthly Contribution Amount**  
Annual Deductible / # of months  
**Example:** Single coverage $1,200/12 = $100* (if enrolled 1/1)  
**Example:** Two Party or Family Coverage $2,400/12 = $200* (if enrolled 1/1)

Maintenance Fee  
Value Plan (paid by SCU)  
OR  
Standard Plan ($6.25 per month)*

Total Monthly Contributions

*If payroll deduction is chosen, contributions will be made on a per pay period basis (24 pay periods per year)  
** Please make your checks payable to Sterling HSA  
*** Please attach a voided check for all Direct Deposits (ACH)

6 Custodial Agreement

This Subscriber Application Form, when signed by me and accepted by Sterling Health Services, Inc., acknowledges my receipt of the Sterling Health Services, Inc. Custodial Agreement and my agreement to be bound by the terms and conditions of the Custodial Agreement that may be amended from time to time. I further agree that I will be bound by any conditions or limitations regarding my Custodial Account established by Sterling HSA. By signing this Subscriber Application Form, I consent to the sharing of financial and other information between me and Sterling HSA and among Sterling HSA’s various affiliates. I acknowledge that summary information regarding Health Savings Accounts is available for informational purposes at “www.SterlingHSA.com”

<table>
<thead>
<tr>
<th>Account Holder Signature</th>
<th>Date</th>
</tr>
</thead>
</table>

7 Debit Card (Optional)

Please issue a Sterling HSA Debit Card to the following: (The card will carry a maximum initial value of $500.00)

<table>
<thead>
<tr>
<th>Last Name</th>
<th>First Name</th>
<th>Middle Initial</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Account Holder Signature</th>
<th>Date</th>
</tr>
</thead>
</table>
### Santa Clara University
#### Beneficiary Designation Form

**Account Holder Name**

Please check one of the following options:

**X Initial Beneficiary Designation:** I designate the individual(s) or entity below as my primary and/or contingent beneficiary(ies) of this HSA.

- **Replace Beneficiary(ies):** I designate the individual(s) or entity below as my primary and/or contingent beneficiary(ies) of the account named above and hereby revoke all prior beneficiary(ies) designations, if any, made by me.

- **Add Beneficiary(ies):** I designate the individual(s) or entity below as my primary and/or contingent beneficiary(ies) of the above account. This list supplements, but does not replace, the beneficiary(ies) previously designated by me on the date specified. (When adding beneficiaries, if the share % of previously designated beneficiary(ies) changes, restate all beneficiary(ies) and the corresponding share % if the previous percentages are no longer correct.)

**Beneficiary(ies):**
The individual(s) or entity named in the below table shall be my primary and/or contingent beneficiary(ies). If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary. If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the account. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally. If primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro-rated basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my account.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Birth</th>
<th>Relationship</th>
<th>Social Security #</th>
<th>Primary/Contingent</th>
<th>%</th>
</tr>
</thead>
</table>
Santa Clara University
Beneficiary Designation Form

(page 2 of 2)

Spousal Consent:

Please check one of the following options:

- **I am not married** - I understand that if I become married in the future, I must complete a new Beneficiary Designation form.

- **I am married** - I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign below.

I am the spouse of the above-named Account Holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse’s property and financial obligations. Due to the important tax consequences of giving up my interest in this account, I have been advised to see a tax professional. I hereby give the Account Holder any interest I have in the funds or property deposited in this account and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Custodian.

______________________________   __________________________
Signature of Spouse                  Date

Account Holder Authorization:

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

______________________________   __________________________
Account Holder Signature           Date

______________________________   __________________________
Signature of Witness               Date
Sterling Health Services, Inc.
Custodial Agreement

This Custodial Agreement (“Agreement”) is made between Sterling Health Services, Inc. (“Custodian”) and the individual (“Depositor”) who signs the SterlingHSA Enrollment Form. Depositor is establishing a Health Savings Account (“HSA”) under Section 223 of the Internal Revenue Code (the “Code”). Depositor has made an initial cash contribution to the SterlingHSA Health Savings Account (“Custodial Account”) described in the SterlingHSA Enrollment Form or other relevant document. This initial cash contribution, any additional contributions, and any earnings thereon are subject to the terms of this Agreement.

ARTICLE I

1. Custodian may accept additional cash contributions on behalf of Depositor in any tax year of Depositor. Depositor, Depositor’s employer, or any other person or entity may make such additional contributions on Depositor’s behalf. Depositor acknowledges that the total contributions for any single tax year of Depositor are limited to the maximum allowable as a deduction under section 223 of the Code unless the contribution is a rollover contribution described in section 223 of the Code.

2. Depositor shall comply with all applicable laws and regulations and all other conditions or limitations established by Custodian regarding the Custodial Account, including, but not limited to, the method or timing of contributions.

3. Depositor acknowledges sole responsibility for determining the amount of eligible contributions. Custodian shall have no responsibility for determining whether such contributions comply with the requirements and limitations of the Code or advising Depositor regarding the same.

ARTICLE II

Depositor’s interest in the balance of the Custodial Account is non-forfeitable.

ARTICLE III

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

ARTICLE IV

1. Depositor may take distributions from the Custodial Account at any time, by any method permitted by Custodian. Depositor agrees to comply with any limitations imposed by Depositor’s employer on distributions made from Custodial Account funds contributed by the employer.

2. Depositor acknowledges that any amounts distributed out of the Custodial Account which are not used exclusively to pay for “qualified medical expenses,” as defined in Section 213(d) of the Code, will be included in Depositor’s gross income and may also be subject to an additional 10% excise tax. Custodian shall have no responsibility for determining whether distributions are used to pay for qualified medical expenses.

3. Depositor assumes full responsibility for determining the tax consequences of any distribution from the Custodial Account, maintaining adequate records of all distributions for tax purposes, and paying any taxes resulting from any such distribution.

4. Upon Depositor’s death, Custodian shall distribute any funds remaining in the Custodial Account to the beneficiary or beneficiaries properly designated by Depositor. Such beneficiary or beneficiaries shall bear the sole responsibility for reporting and paying taxes on any such distribution.

ARTICLE V

1. Depositor agrees to provide Custodian with information necessary for Custodian to prepare any reports required by the Code or other applicable laws or regulations.

2. Custodian agrees to submit reports to the IRS and Depositor, and/or Depositor’s employer if applicable, as required by the IRS.

3. Depositor consents to the disclosure of Custodial Account information to City National Bank (“Bank”) when such disclosure is required to enable Bank to comply with applicable laws or regulations.

ARTICLE VI

This Agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of Depositor and Custodian, in accordance with Article XVII of this agreement.

ARTICLE VII

1. Custodial Account funds, including any earnings thereon will be invested in interest-bearing deposit accounts of Custodian and/or other investments acceptable to Custodian. Custodian, in its sole discretion, may establish different categories or types of accounts based upon Depositor’s maintenance of specified minimum Custodial Account balances and may also establish different investment options for each category or type of account.

2. Custodian’s terms and conditions governing such deposit account are incorporated by reference into this Agreement, but only to the extent that such terms and conditions do not conflict with this Agreement or any applicable provisions of the Code or other laws or regulations. In the event of a conflict, the terms of this Agreement and/or applicable provisions of the Code or other laws or regulations shall be deemed to prevail.

ARTICLE VIII

1. Depositor may elect to take qualified medical expense distributions by utilizing Custodian’s bill-paying service or by debit card transaction. Bank’s agreement governing use of such debit card is incorporated by reference into this Agreement, but only to the extent that such debit card agreement does not conflict with this Agreement or any applicable provisions of the Code or other laws or regulations. In the event of a conflict, the terms of this Agreement and/or applicable provisions of the Code or other laws or regulations shall be deemed to prevail.

2. Depositor agrees to utilize Custodian’s bill-paying service and make debit card transactions only to the extent there are sufficient
collected funds in Depositor’s account. Depositor understands that Custodian has no obligation to make any bill payment at a time when there are insufficient funds in Depositor’s account.

3. Depositor also acknowledges that if additional debit card(s) are issued at the request of Depositor, Depositor shall have sole responsibility for any transactions initiated by such other card holder(s).

**ARTICLE IX**

1. Depositor shall have the right to designate one or more beneficiaries to whom Custodial Account funds shall be distributed upon Depositor’s death. Any such beneficiary designation must be delivered to Custodian prior to Depositor’s death on a form provided by or acceptable to Custodian. Depositor may revoke a beneficiary designation at any time. In addition, a beneficiary designation shall be automatically revoked upon receipt by Custodian of a subsequent beneficiary designation in valid form bearing a later execution date.

2. Depositor understands that in certain states the consent of Depositor’s spouse may be necessary if Depositor wishes to name a person other than or in addition to Depositor’s spouse as beneficiary or change an existing beneficiary designation. Depositor represents and warrants that any beneficiary designation submitted to Custodian by Depositor satisfies all requirements of applicable law.

3. If Depositor’s surviving spouse is the designated beneficiary of the Custodial Account, he or she may continue the HSA as his or her own, subject to any conditions or limitations contained in the Code or IRS regulations and subject also to the completion of any documentation required by Custodian.

4. In the absence of a valid beneficiary designation on file with Custodian at the time of Depositor’s death or if all of the designated beneficiaries have predeceased Depositor, Custodian shall distribute the Custodial Account to Depositor’s estate.

5. Custodian shall have no duty, obligation, or responsibility to make any inquiry or conduct any investigation concerning the identification, address, or legal status of any individual or individuals alleging the status of beneficiary nor to make inquiry or investigation concerning the possible existence of any beneficiary, claim, or election not reported to Custodian prior to the distribution of the Custodial Account. Custodian shall have no higher duty than the exercise of good faith and shall incur no liability by reason of any action taken in reliance upon erroneous, inaccurate, or fraudulent information reported by any source assumed to be reliable or by reason of incomplete information in its possession at the time of such distribution.

**ARTICLE X**

1. Custodian shall receive fees for services under this Agreement in amounts set forth in its written schedule of fees in effect from time to time. Such fees may include, but are not limited to, administration fees, transaction fees, and distribution fees. Custodian shall have the right to change its fee schedule at any time upon giving Depositor 30 days written notice. Custodian may also establish a different fee schedule for each category of accounts.

2. Custodian shall be authorized to deduct all such fees from the Custodial Account, but may, in its sole discretion, allow to pay such fees from non-custodial funds. Custodian shall also be entitled to payment from the Custodial Account of all expenses and costs reasonably incurred by it in the administration of the account, including, but not limited to, reimbursement for the cost of bill-paying service transactions and debit card transactions, unless such expenses and costs are paid directly by Depositor.

3. Depositor agrees to comply with any minimum transaction amounts set forth in Custodian’s fee schedule, including, but not limited to, minimum contribution amounts.

**ARTICLE XI**

1. Depositor shall have sole responsibility for reporting to the IRS all contributions to and distributions from the Custodial Account and for the tax consequences of all such contributions and distributions, including, but not limited to, rollovers, transfers, excess contributions, and prohibited transactions. Depositor acknowledges that Custodian has not, and will not, provide any tax advice in connection with the Custodial Account and understands that Depositor should consult with Depositor’s tax advisor for any such advice.

2. Depositor shall be responsible for the payment of taxes or penalties of any kind that may be assessed against the Custodial Account.

3. Upon Depositor’s request, Custodian shall make reports to the IRS. Depositor acknowledges that all such reports shall be based on information furnished by Depositor. Depositor expressly agrees to indemnify Custodian for any liabilities, taxes, interest, or penalties Custodian may incur as a result of filing a report based on incorrect or insufficient information provided by Depositor.

4. Custodian shall treat any contribution made between January 1 and April 15 as a contribution for the current taxable year unless Depositor provides written notice to Custodian at the time of such contribution that the contribution is for the preceding taxable year.

**ARTICLE XII**

Custodian shall provide Depositor with a quarterly statement showing the activity in the Custodial Account.

**ARTICLE XIII**

Depositor shall promptly review all confirmations of transactions and statements of activity to ensure that they are accurate. Except as otherwise provided in this Agreement, confirmations of transactions and statements of activity shall be conclusive if Depositor does not object in writing within 10 days after the date such documents are mailed to Depositor. Custodian and its officers and employees shall be forever released and discharged from any liability with respect to any claim arising out of any action or omission reflected on such conclusive confirmation or statement.

**ARTICLE XIV**

Subject to the limitations of applicable laws and regulations, Depositor agrees to indemnify and hold Custodian harmless from and against any liability, damage, or cost, including attorney’s fees, Custodian may incur in connection with (a) any bill-paying service transactions or debit card transactions against any deposit account comprising the Custodial Account and (b) any other liability.
relating to the Custodial Account, unless such liability is caused by Custodian’s gross negligence or willful misconduct.

ARTICLE XV
Depositor may not borrow from the Custodial Account or pledge any portion of the account as security for a loan.

ARTICLE XVI
Depositor may terminate this Agreement by giving 30 days written notice to Custodian.

Custodian may resign at any time for any reason upon 30 days written notice to Depositor. Upon such resignation, Depositor may appoint another qualified HSA custodian to whom the Custodial Account funds shall be delivered. If Depositor has not instructed Custodian to deliver the assets of the Custodial Account to a successor custodian within 30 days of Custodian’s notice of resignation, Custodian shall pay such assets to Depositor.

If this Agreement is terminated or Custodian resigns, Custodian may retain from the assets of the Custodial Account, such sums as are reasonably necessary to pay (a) any fees, expenses, or taxes properly chargeable against the Custodial Account or (b) any penalties associated with the early withdrawal of any savings instrument or other investment of the Custodial Account.

Custodian may liquidate the Custodial Account assets when necessary to make distributions or to pay fees, expenses, or taxes properly chargeable against the account. If, upon a request by Custodian, Depositor fails to direct which Custodial Account assets may be liquidated for these purposes, Custodian, in its sole discretion, will make such determination. Depositor agrees that Custodian shall not be held liable for any adverse consequences resulting from such determination.

ARTICLE XVII
Custodian may amend this Agreement in order to conform to the requirements of applicable regulators and applicable law, or for any other purpose. Any amendments intended to satisfy the requirements of applicable regulators or of applicable law may be made retroactively and without the consent of Depositor. Any other amendments shall require the consent of Depositor. Depositor shall be deemed to have consented to any amendment if Depositor fails to object to the amendment within 30 days after mailing of written notice of the amendment to Depositor.

ARTICLE XVIII
Custodian may appoint one or more agents to assist Custodian in the performance of any of its duties under this Agreement.

ARTICLE XIX
In the event of (a) reasonable doubt concerning the performance of any of its duties under this Agreement or (b) a dispute between persons claiming an interest in the Custodial Account, Custodian may, in its sole discretion, resolve such doubt or dispute by judicial determination, which shall be binding on Depositor and any other persons claiming an interest in the Custodial Account. In such event, Custodian shall collect from the Custodial Account all court costs, attorneys’ fees and other expenses, and reasonable compensation for the time expended by Custodian in the performance of its duties.

ARTICLE XX
Custodian may give a statement, notice, or other communication to Depositor by mailing it to Depositor’s address as set forth in the SterlingHSA Enrollment Form or such other address as Depositor provides to Custodian in writing. Such statement, notice, or other communication shall be deemed given when it is mailed by Custodian or Custodian’s agent.

ARTICLE XXI
This Agreement shall be binding upon and inure to the benefit of any successor or assignee of Custodian, whether by way of sale, merger, consolidation, assignment, or change of name.

ARTICLE XXII
All questions concerning the interpretation of this Agreement shall be decided and construed in accordance with the laws of the State of California, except to the extent federal law supersedes California law.

ARTICLE XXIII
If any provision of this Agreement is or becomes inconsistent with any present or future law or regulation applicable to HSAs, said provision shall be deemed to be modified to conform to such law or regulation. The remaining provisions of this Agreement shall continue in full force and effect.

If any provision of this Agreement should be held invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect and shall not be affected by the invalid or unenforceable provision.

ARTICLE XXIV
This Agreement, and the documents referred to in the introductory paragraph of this Agreement, contain the entire agreement of Custodian and Depositor with respect to the subject matter hereof, and may not be modified orally or in any manner other than as specified in Article XVII.