

# WEALTHCARE SAVER HIGH-YIELD HSA SUPPLEMENT TO HEALTH SAVINGS ACCOUNT CUSTODIAL AGREEMENT

This WealthCare Saver High-Yield HSA Supplement (the “Supplement”) to the Health Savings Account Custodial Agreement (the “Agreement”) between you and WealthCare Saver<sup>1</sup>, (the “Custodian”), establishes the instructions and procedures by which Custodian will place the funds allocated to your Deposit Account if you participate in the WealthCare Saver High-Yield HSA (the “High-Yield HSA”) as your Deposit Account option. This Supplement should be read in conjunction with the Agreement and the Health Savings Account (HSA) Interest Rate Schedule, which are available in the Portal or can be requested, and which are incorporated herein by reference. Capitalized terms used in this Supplement, but not defined herein, have the meanings set forth in the Agreement. The following instructions are standing instructions that supersede all prior instructions with regard to allocation of the Deposit Account and will remain in effect for as long as you participate in the High-Yield HSA until rescinded or superseded by new written instructions that are documented and agreed upon by you and Custodian pursuant to the provisions herein. Please review this Supplement carefully. Participation in the High-Yield HSA described in this Supplement is voluntary.

**Neither this Supplement, nor the Agreement, nor any other communication from the Custodian, is intended to be legal, tax or financial advice. The custodian is not making any recommendation as to your Deposit Account and you should not rely on any Custodian communications in making decisions about your Deposit Account, including participating in the High-Yield HSA. You should consult a professional advisor for legal, tax, or financial advice.**

## 1. High-Yield HSA

By participating in the High-Yield HSA, you acknowledge that you have read and agree to the Agreement and this Supplement and that you have instructed Custodian to administer your Deposit Account in accordance with the Agreement and this Supplement. Custodian may change the terms of the Agreement and this Supplement at any time with prior notice to you and you agree to all changes by continuing to participate in the High-Yield HSA. If you do not wish to agree to those changes, you may choose to transfer your High-Yield HSA funds to alternative Deposit Account options available with Custodian, close your Deposit Account and transfer the funds to another custodian of your choice, or close and liquidate your Deposit Account. Any applicable Deposit Account closure fees will be listed in the Deposit Account Fee Schedule. You should consult a professional advisor for legal, tax, or financial advice.

By participating in the High-Yield HSA, the balance of your Deposit Account (including both the balance, if any, as of the date you agree to this Supplement and future contributions) will automatically be allocated to the High-Yield HSA. The balance of your High-Yield HSA will be held by Custodian, on an omnibus basis with the balances of all other High-Yield HSA owners (the “Participating HSA Owners”) in the following manner: (i) up to 8% will be held by Custodian in a demand deposit bank account for the benefit of Participating HSA Owners for the purposes of facilitating daily transactional requirements of Participating HSA Owners (the “Transactional Account”); and (ii) the remainder will be held in an interest-bearing group Annuity Contract issued by Pacific Life Insurance Company (“Pacific Life”) to Custodian for the benefit of the Participating HSA Owners (“Annuity Contract”).

**You will be credited interest on your High-Yield HSA at a rate determined by us as stated in the Health Savings Account (HSA) Interest Rate Schedule.** Participating HSA Owner Interest accrues and is credited monthly by Custodian into your High-Yield HSA on a compounding annual percentage rate based on the average daily balance of your High-Yield HSA for the period you have the High-Yield HSA as your Deposit Account. If you direct a change to your Deposit Account option prior to 3:45pm CT, the new applicable interest rate will be effective the same calendar day; if you direct a change to your Deposit Account option after 3:45pm CT, the new applicable interest rate will be effective the next calendar day. The applicable Participating HSA Owner Interest that you will be credited is stated in the Health Savings Account (HSA) Interest Rate Schedule. For current interest rate information for your High-Yield HSA, please refer to the Health Savings Account (HSA) Interest Rate Schedule disclosure document.

**You own the funds in your High-Yield HSA. If at any time you no longer wish to participate in the High-Yield HSA described in this Supplement, you may choose to transfer your High-Yield HSA funds to alternative Deposit Account options available with Custodian, close your Deposit Account and transfer the funds to**

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<sup>1</sup> Alegeus Technologies, LLC, d/b/a WealthCare Saver, is licensed with the IRS as a Non-Bank Custodian.

**another custodian of your choice, or close and liquidate your Deposit Account. Any applicable Deposit Account closure fees will be listed in the Deposit Account Fee Schedule. You should consult a professional advisor for legal, tax, or financial advice.**

## **2. Pacific Life**

The group Annuity Contract is issued to Custodian by Pacific Life and held by Custodian for the benefit of the Participating HSA Owners. The Annuity Contract issued by Pacific Life is subject to applicable Massachusetts insurance law and regulation and is backed by the general account of Pacific Life. Pacific Life is an insurance company organized under the laws of Nebraska and regulated by the Nebraska Department of Insurance. For more information on Pacific Life, go to [www.pacificlife.com](http://www.pacificlife.com).

The value of the Participating HSA Owners' beneficial interests under the Annuity Contract will equal the aggregate amount paid into the Annuity Contract plus interest credited (and less the amounts withdrawn). Pacific Life credits interest to the Annuity Contract value at a rate which it declares from time to time and which it guarantees will never be less than an annual effective rate of fifty basis points (50 bps or 0.5%). The initial declared rate is 3.84% per annum under the Pacific Life Annuity Contract, dated June 2, 2022. The declared rate is subject to annual adjustment, following twelve months from the effective date of the contract. An additional crediting rate may be declared mid-year if daily contributions into the Annuity Contract exceed the greater of \$50 million or 10% of the value of the Annuity Contract the prior day; the additional declared rate would apply only with respect to new contributions that are paid into the Annuity Contract after the additional crediting rate is declared through the Annuity Contract anniversary. The annual declared rate and any additional declared rates are not the effective interest rate paid to Participating HSA Owners; the effective interest rate paid to Participating HSA Owners is set forth in the Health Savings Account (HSA) Interest Rate Schedule. Any annual or mid-year declared rate under the Annuity Contract may be lower or higher than the initial declared rate or any subsequent declared rate, but it will never be less than an annual effective rate of fifty basis points (50 bps or 0.5%). There is no guarantee that the annual declared rate under the Annuity Contract will exceed fifty basis points (0.5%). Custodian and Pacific Life may terminate the Annuity Contract at any time, subject to certain conditions. In the event of a restriction on Custodian under the Annuity Contract that may impact Participating HSA Owners, including termination of the Annuity Contract, Custodian will provide advance notice to Participating HSA Owners of alternative available options, including the right to liquidate and close their High-Yield HSA.

**Pacific Life is an insurance company organized under the laws of Nebraska and regulated by the Nebraska Department of Insurance. Nevertheless, no assurance can be given that Pacific Life will not encounter financial difficulties that make it unable to honor its obligations to its policyholders. In such event you may lose all or some of the balance in your High-Yield HSA. Custodian shall have no liability for any such loss. Before agreeing to this Supplement, please remember the Annuity Contract is not insured by the FDIC, NCUA, or any other Federal government agency. All guarantees under the Annuity Contract are supported by Pacific Life's general account.**

**The Annuity Contract has not been registered under any securities law in reliance upon the exemption for insurance and annuity contracts under Section 3(a)(8) of the Securities Act of 1933 (the "1933 Act") and similar state securities laws, nor has any High-Yield HSA been registered as a security under the 1933 Act or similar state securities laws or as an investment company under the Investment Company Act of 1940. However, no assurance can be given that registration is not required under such laws. The Annuity Contract is an unregistered group annuity contract which is issued by, and any guarantees are subject to the claims-paying ability of, Pacific Life. Custodian is not a bank or registered investment adviser under the Investment Advisers Act of 1940 and is giving no investment advice to Participating HSA Owners in any way. You should consult with your own advisors for investment advice, including the placement of your Deposit Account into the High-Yield HSA.**

**YOUR HIGH-YIELD HSA AND THE ANNUITY CONTRACT WILL NOT BE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) OR THE NATIONAL CREDIT UNION ADMINISTRATION (NCUA). ADDITIONALLY, YOUR DEPOSIT ACCOUNT AND THE ANNUITY CONTRACT ARE NOT ELIGIBLE FOR INSURANCE COVERAGE BY THE SECURITIES INVESTOR**

**PROTECTION CORPORATION (SIPC). THE ANNUITY CONTRACT IS SUBJECT TO THE CREDIT RISK OF PACIFIC LIFE AND MAY RESULT IN A LOSS OF THE PRINCIPAL AND ACCRUED INTEREST IN YOUR HIGH-YIELD HSA.**

### **3. Custodian Compensation**

Custodian is responsible for administering the High-Yield HSA and the beneficial interests of the Participating HSA Owners as provided in this Supplement. In addition to other compensation described in the Agreement, Custodian receives as compensation for providing custodial and administrative services for High-Yield HSAs the difference between (i) the interest rate credited by Pacific Life to Custodian as the holder of the Annuity Contract plus the interest Custodian receives on amounts in the Transactional Account and (ii) the interest that is paid to Participating HSA Owners ("Participating HSA Owner Interest"). The Custodian's compensation will vary based on the interest rate credited by Pacific Life to the Annuity Contract, the interest paid on the Transactional Account and the Participating HSA Owner Interest.

If you do not approve of the compensation paid to Custodian or how compensation paid to Custodian is determined, or for any other reason you do not wish to continue to participate in the High-Yield HSA, you should contact us for information on other alternative available options with Custodian or transferring your HSA to another custodian of your choice in accordance with the terms of the Agreement.

**By participating in the High-Yield HSA, you represent that you have reviewed this Supplement, Custodian's direct and indirect compensation, and determined that the compensation Custodian receives is reasonable for the services Custodian provides. You have further determined that such services are necessary for the establishment and maintenance of your High-Yield HSA.**

### **4. Relationship among Participating HSA Owners, Custodian, and Pacific Life**

Custodian is the non-discretionary custodian of your HSA and has been directed by you under this Supplement to allocate the balance of your Deposit Account in the High-Yield HSA between the Annuity Contract and the Transactional Account as set forth above. Custodian holds and administers the Annuity Contract for the benefit of the Participating HSA Owners. The Annuity Contract is a contract between Pacific Life and Custodian on behalf of the Participating HSA Owners and is not considered an asset of the Custodian. Participating HSA Owners have no recourse against Custodian for any breach or default by Pacific Life. Custodian will notify Participating HSA Owners in the event of a default under the Annuity Contract and will forward or make available to Participating HSA Owners copies of all material communications between Custodian and Pacific Life relating to any such default. There is no legal requirement that Custodian pursue claims or recover interest on behalf of any Participating HSA Owners or that any Participating HSA Owners act in concert with other Participating HSA Owners.

Custodian administers the Annuity Contract and Transactional Account and maintains a record of all funds allocated between the Annuity Contract and the Transactional Account as set forth above.

Custodian is not affiliated with Pacific Life. Custodian or a Custodian affiliate may have a separate business relationship between Custodian and Pacific Life outside of this Supplement. Any such business relationship is separate, conducted on its own terms, and unrelated to the existence or terms of this Supplement.

### **5. Termination of this Supplement**

Custodian may terminate your participation in the High-Yield HSA as expressly permitted in this Supplement or elsewhere in the Agreement. If your participation in the High-Yield HSA is being terminated, you will receive advance notice about the termination and alternative options available to you, including liquidation and closing of your HSA. The balance in your High-Yield HSA will be transferred, without penalty, to the alternative option as directed by you.

PACIFIC LIFE INSURANCE COMPANY DOES NOT IN ANY WAY SPONSOR, PROMOTE, ENDORSE, OR MAKE A RECOMMENDATION WITH RESPECT TO, THE HIGH-YIELD HSA AND HAS NOT PASSED ON THE LEGALITY OF, OR THE ACCURACY, ADEQUACY OF THE DESCRIPTIONS AND DISCLOSURES RELATED TO THE HIGH-YIELD HSA. PACIFIC LIFE INSURANCE COMPANY MAKES NO REPRESENTATION WHATSOEVER, WHETHER EXPRESSED OR IMPLIED, AS TO THE ADVISABILITY

OF ALLOCATING TO THE HIGH-YIELD HSA. PACIFIC LIFE INSURANCE COMPANY SHALL NOT BE RESPONSIBLE FOR ANY COMPUTATION WITH RESPECT TO PARTICIPATING HSA OWNERS' HIGH-YIELD HSA BALANCES, THE PARTICIPATING HSA OWNER INTEREST CREDITED TO PARTICIPATING HSA OWNERS' HIGH-YIELD HSA OR THE COMPENSATION PAID TO CUSTODIAN. PACIFIC LIFE INSURANCE COMPANY DOES NOT MAINTAIN ANY INFORMATION REGARDING PARTICIPATING HSA OWNERS INCLUDING THEIR BALANCES AND INTEREST CREDITED.