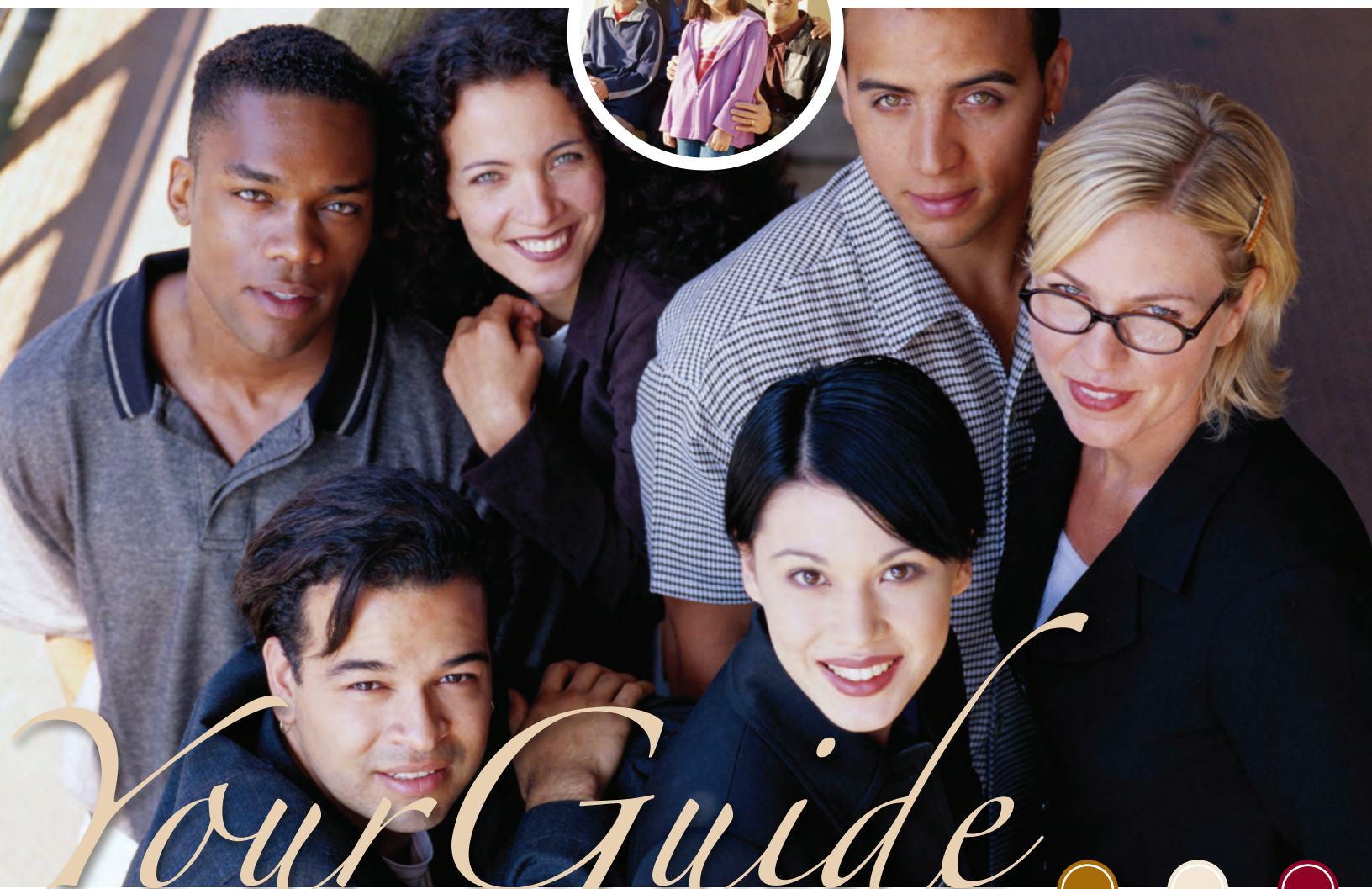


INVEST TODAY FOR A HEALTHY FUTURE!



Your Guide

to Enrolling in Your HSA Investment Program





Tax-Free
Savings



Searching
for a solution to today's
rising health care costs?
We have the answer you have been looking for...

Tax-Free
Contributions



Health Savings Accounts

Tax-Free
Disbursements



What's Inside?

- Overview of the HSA*Today*™ Investment Program
- HSA*Today*™ Model Portfolios
- Investment Strategy Questionnaire
- Investment Disclaimer
- HSA*Today*™ Investment Enrollment Form

Please review this Investment Guide before enrolling
in your HSA Investment Portfolio

What Are the Benefits of Investing Your HSA Funds?

Whether you are a current HSA account holder or you are just now enrolling, it's a good idea to consider investing some of your account funds.

Many Americans will depend on personal savings and investments during retirement. Using your Health Savings Account as a long-term investment vehicle is an excellent way to add to your retirement strategy.

Tax-Free Investments

All contributions and earnings in your HSA are considered tax-free by the IRS and will not be taxed unless you withdraw them for non-medical reasons.

Portability

There is no use-it-or-lose-it rule associated with HSAs. HSAs are owned by the account holder and roll over year after year. Even if you change jobs, the money in the account is yours to keep.

Flexibility

You can change the amount you want to invest and the way the funds are invested. And you can always access the money in your account if the need arises.

Multiple Investment Options

You can pick from one of four investment models or create your very own custom investment portfolio.



Save Today for a Healthy Future™

Overview

The HSA Today™ Investment Program offers qualified account holders a diverse range of investment alternatives to choose from, along with four professionally-managed model portfolios that support varied investment objectives and risk tolerance. Account holders should be aware that this investment program is intended for long-term investments only and not to be used for short-term cash availability.

How Do I Know Where to Invest?

Review the Investment Strategy Questionnaire in this guide. Results from this questionnaire are not meant to tell you which investments to choose. This questionnaire is meant to help you understand your objectives and thoughts about investment risks so that you can select the investments that are right for you. You should use this information plus any investment advice available to you to make your investment decisions.

What Fund Research is Available?

You should read the prospectus and fund fact sheet for each fund. Fund analysis, ratings, quotes, and prospectus information are available at www.morningstar.com or other investment research websites. You can also contact the funds directly to get a copy of the prospectus or other fund information.

Who's Eligible for the Investment Program?

You must have an HSA with F&M Bank with at least \$2,500 before you are eligible to invest in mutual funds. Once this minimum account balance has been met, you can open a mutual fund portfolio and begin to invest.

How Can I Access My Online Investment Options?

Go to www.myHSAToday.com/fmbankmn and login using your username and password.

How Much Does It Cost?

Your mutual fund investment portfolio has a \$36 annual fee along with a \$3.95 per trade fee. All fees are deducted from your investment trade amount.

The Model Portfolios

Conservative Growth Model

The Conservative Growth Model seeks modest long-term growth by investing 35%–55% of its portfolio in equity investments, with the remaining portion in fixed income holdings. While intended to exhibit the least amount of volatility among the four models, investors choosing this model should understand that accounts will fluctuate in value and could lose money. A significant portion of this model's modest return will come from its fixed income holdings. Investors should have a time horizon of four years or more. An account invested using the Conservative Growth Portfolio model could be subject to a loss of 8% or more in any given year, depending on the severity of weak stock market conditions.

Balanced Growth Model

The Balanced Growth Model seeks long-term growth by investing 50%–70% of its portfolio in equity investments, with the remaining portion in fixed income holdings. This model portfolio offers an opportunity for modest capital appreciation, as well as some current income derived from its significant fixed income holdings. Investors choosing this model should have a time horizon of six to eight years or more, and be willing to accept some volatility in their annual returns. An account invested using the Balanced Growth Portfolio model could be subject to a loss of 12% or more in any given year, depending on the severity of weak stock market conditions.

Moderate Growth Model

The Moderate Growth Model seeks substantial long-term growth by investing 65%–85% of its portfolio in equity investments, with the remaining portion in fixed income holdings. Investors choosing this model should have a time horizon of eight to 10 years or more, and be willing to accept significant volatility in annual returns. The Moderate Growth Portfolio model is appropriate for longer-term investors seeking higher returns, while using a limited fixed income position to buffer some of the downturns in the stock market. Accounts invested in this model could be subject to a loss of 16% or more in any given year, depending on the severity of weak stock market conditions.

Aggressive Growth Model

The Aggressive Growth Model seeks to maximize long-term growth by investing 80%–100% of its portfolio in equity investments, with any remaining portion in fixed income holdings. Investors choosing this model should have a time horizon of 10 years or more, and be willing to accept a large amount of volatility in annual returns. An aggressive investor is willing to take on a great deal of risk in an attempt to maximize the value of his/her account. An account invested using the Aggressive Growth Portfolio model could be subject to a loss of 20% or more in any given year, depending on the severity of weak stock market conditions.

Investing

Investment Strategy Questionnaire

Once your HSA^{Today}™ Health Savings Account is set up, you need to select an investment strategy. Your score on this questionnaire can help guide you to an investment strategy: conservative, balanced, moderate, or aggressive.

Click the choice that best answers the question for you.

1) In how many years do you estimate that you will begin to need most of the money invested in this account?

- ☐ Within the next three years.
- ☐ From three to seven years.
- ☐ From seven to 12 years.
- ☐ Longer than 12 years.

2) Once you begin making withdrawals from this account, over how many years do you expect to draw down the money in the account?

- ☐ Over five to 10 years.
- ☐ Over less than five years.
- ☐ I'll take it all in one lump sum.
- ☐ Over more than 10 years.

3) You made an investment two months ago, and nothing seems to have fundamentally changed since, but the value of your investment has fallen by 20% already. What do you do?

- ☐ Sell all of your remaining investment.
- ☐ Sell a portion of your remaining investment.
- ☐ Hold on to the investment and sell nothing.
- ☐ Buy more of the investment.

4) Please describe your investment experience and knowledge.

- ☐ I've invested in individual stocks and/or different types of mutual funds before, and I have a very good understanding of how the markets work.
- ☐ I've invested in a mutual fund before, and I know the differences between a stock and a bond.
- ☐ I've invested in a mutual fund before, but didn't really understand what I was doing.
- ☐ I'm a novice to this, and have never invested in mutual funds before.

5) Which best describes how you felt about steep losses you may have experienced in the past?

- ☐ Denial: I was upset but tried not to look at the value, and hoped that eventually it would come back.
- ☐ Concern: I experienced high levels of anxiety and/or frustration and really don't ever want to experience that again.
- ☐ Unflappable: I had a desire to find another aggressive investment to make up the loss.
- ☐ Acceptance: losses are part of investing and the risk I took was reasonable relative to the potential gain.

6) When investing, risk is often defined by the volatility of your account (such as the amount of ups and downs in value that your account experiences). How would you describe your tolerance for such risk?

- ☐ I want to experience a low amount of volatility in my account, even if that means lower returns.
- ☐ I want my investments to grow gradually over time. I am comfortable with a moderate amount of volatility.
- ☐ I don't really care about long-term growth. I don't want to see any volatility at all in my account.
- ☐ I want my investments to grow rapidly over time. I'm willing to accept a significant amount of volatility to achieve this.

7) Which of the following best describes the trade-off you are willing to make with this investment portfolio?

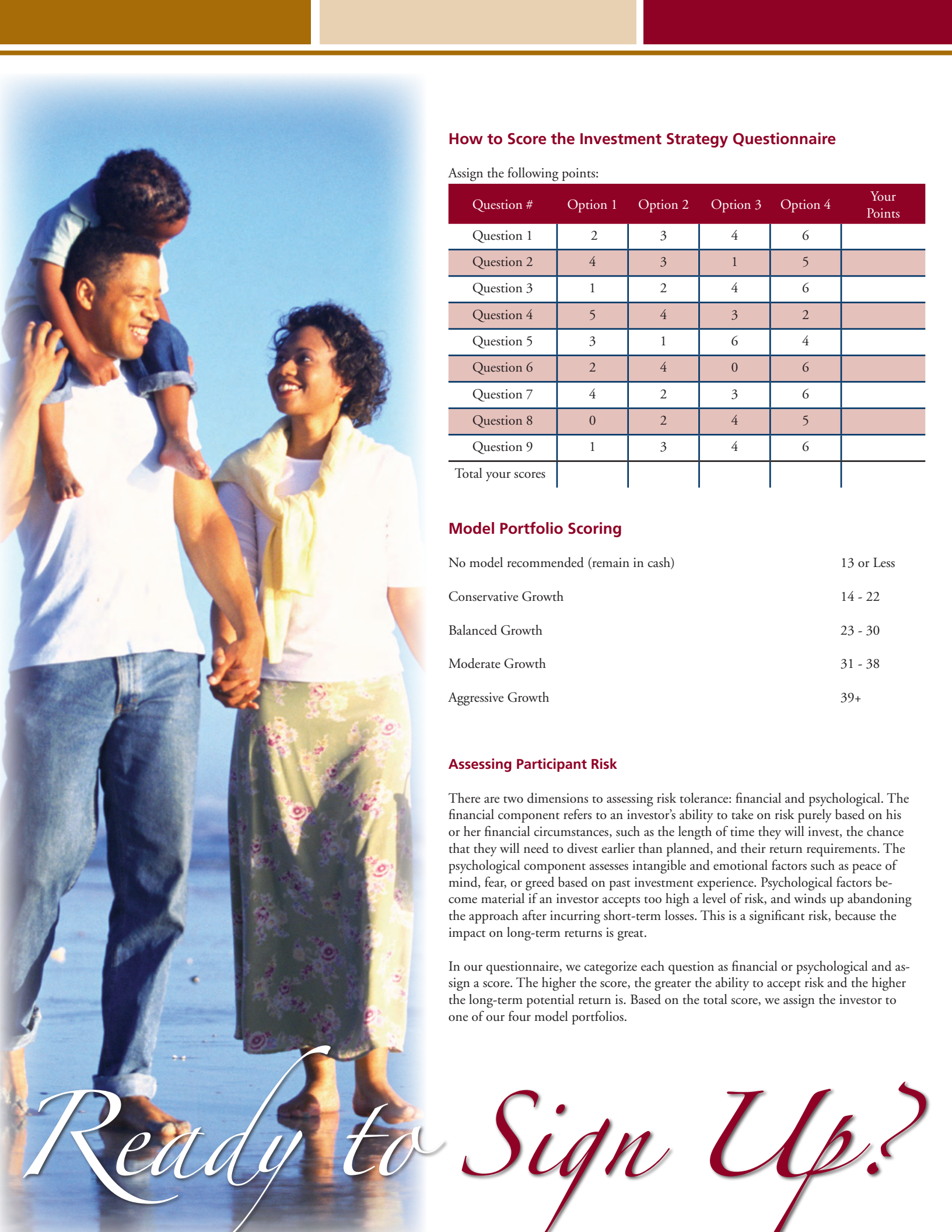
- ☐ I wouldn't mind losing 10%–15% in any given year, as long as I can average a moderate return of about 8%–9% per year over time.
- ☐ I don't want to lose much more than 5% in any year, even if that means I might only average about 5% per year over time.
- ☐ I'd like to see average annual returns of 6%–7% over time, and to do so, I understand that I have to be willing to lose up to 10% in any given year.
- ☐ I really want to average high returns of 10% or more per year, and I am willing to experience a loss of 20% or more in any given year to achieve that.

8) If you could increase your chances of improving your investment returns by taking on some more risk, would you:

- ☐ Be unlikely to take on any more risk at all.
- ☐ Be willing to take a little more risk with some of your overall portfolio.
- ☐ Be willing to take a lot more risk with some of your overall portfolio.
- ☐ Be willing to take a lot more risk with your entire overall portfolio.

9) You've just reached the bonus round of a popular game show, and you've won \$5,000 so far. You must now choose one of the following scenarios. Which do you choose?

- ☐ Do nothing; take the \$5,000 and run.
- ☐ Risk the \$5,000 on a spin with a 50% chance to win \$15,000.
- ☐ Risk the \$5,000 on a spin with a 25% chance to win \$35,000.
- ☐ Risk the \$5,000 on a spin with a 10% chance to win \$95,000.



How to Score the Investment Strategy Questionnaire

Assign the following points:

Question #	Option 1	Option 2	Option 3	Option 4	Your Points
Question 1	2	3	4	6	
Question 2	4	3	1	5	
Question 3	1	2	4	6	
Question 4	5	4	3	2	
Question 5	3	1	6	4	
Question 6	2	4	0	6	
Question 7	4	2	3	6	
Question 8	0	2	4	5	
Question 9	1	3	4	6	
Total your scores					

Model Portfolio Scoring

No model recommended (remain in cash)	13 or Less
Conservative Growth	14 - 22
Balanced Growth	23 - 30
Moderate Growth	31 - 38
Aggressive Growth	39+

Assessing Participant Risk

There are two dimensions to assessing risk tolerance: financial and psychological. The financial component refers to an investor's ability to take on risk purely based on his or her financial circumstances, such as the length of time they will invest, the chance that they will need to divest earlier than planned, and their return requirements. The psychological component assesses intangible and emotional factors such as peace of mind, fear, or greed based on past investment experience. Psychological factors become material if an investor accepts too high a level of risk, and winds up abandoning the approach after incurring short-term losses. This is a significant risk, because the impact on long-term returns is great.

In our questionnaire, we categorize each question as financial or psychological and assign a score. The higher the score, the greater the ability to accept risk and the higher the long-term potential return is. Based on the total score, we assign the investor to one of our four model portfolios.

Ready to Sign Up?

Disclaimer

An investment in a fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money by investing in the fund.

The information contained herein does not suggest or imply and should not be construed, in any manner, a guarantee of future performance and/or investment advice. Past performance does not guarantee future results. Therefore, you should not assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies) presented on this web site, or product made reference to directly or indirectly on this website, or indirectly via link to any unaffiliated third-party website, will be profitable or equal to corresponding indicated performance levels. Returns are historical and based on data believed to be accurate and reliable.

The examples provided are illustrations of asset allocation strategies represented by market indices. Historical performance results for investment indices and/or categories do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for your investment portfolio.

As with other investments, mutual funds are subject to market conditions and other associated risks. There is no guarantee that any specific fund or investment strategy will meet its investment objectives. For a current prospectus of any mutual fund, which contains more complete information, go to the Funds List page and select the prospectus link or contact the fund directly. Before investing, consider the investment objectives, risks, charges, and expenses of the fund under consideration. This and other information can be found in the fund's prospectus. Read the prospectus carefully before you invest.

The Plan Service Provider, Kereon HSA or the Custodian, F&M Bank cannot provide investment advice, opinions, or recommendations regarding investment decisions.

This Investment Options Program is intended for long-term investments only and not to be used for short-term cash availability. A minimum \$2,500.00 Balance is required prior to investing into your select Investment Model. You should maintain a cash balance that will cover your anticipated medical expenses and health plan deductible.

