



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

FEB 27 2006

HealthEquity, Inc.
5151 East Broadway Boulevard
Suite 510
Tucson, AZ 85711

EIN: 52-2383166

Ladies and Gentlemen:

In a letter dated September 29, 2004, as supplemented by additional letters and facsimiles dated November 29, 2004, December 1, 2004, April 12, 2005, May 10, 2005, May 31, 2005, August 8, 2005, December 1, 2005, December 22, 2005, and February 23, 2006, your authorized representative requested a written notice of approval that HealthEquity, Inc. may act as a passive nonbank trustee or custodian of health savings accounts as described in section 223 of the Internal Revenue Code.

Section 223(d)(1)(B) of the Code provides, in pertinent part, that the trustee of a health savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Section 223(d)(4)(E) provides, in general, that rules similar to section 408(h) (dealing with custodial accounts) also apply to health savings accounts.

The Income Tax Regulations at section 1.408-2(e) contain the requirements that such other person must comply with in order to act as trustee or custodian, for purposes of section 408(h) of the Code and consequently for purposes of section 223. One of the requirements of section 1.408-2(e) states that such person must file a written application with the Commissioner demonstrating, as set forth in that section, its ability to act as trustee or custodian.

Based on all of the information submitted to this office and all the representations made in the application, we have concluded that HealthEquity, Inc. meets the requirements of section 1.408-2(e) of the regulations and therefore, is approved to act as a passive nonbank trustee or custodian of health savings accounts described in section 223 of the Code.

Floyd
SEI: EP:RA:TL
2/27/06

This letter authorizes HealthEquity, Inc. to act as a passive nonbank trustee or custodian. When HealthEquity, Inc. acts as a passive nonbank trustee or custodian (within the meaning of section 1.408-2(e)(6)(i)(A) of the regulations), it is authorized only to acquire and hold particular investments specified by the trust instrument or custodial agreement. It may not act as a passive trustee or custodian if under the written trust instrument or custodial agreement it has discretion to direct investments of the trust (or custodial) funds.

This letter while authorizing HealthEquity, Inc. to act as a trustee or custodian does not authorize it to pool accounts in a common investment fund (other than a mutual fund) within the meaning of 1.408-2(e)(5)(viii)(C) of the regulations. HealthEquity, Inc. may not act as a trustee or custodian unless, it undertakes to act only under trust instruments or custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because HealthEquity, Inc. has failed to comply with the requirements of section 1.408-2(e) of the regulations or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations.

HealthEquity, Inc. is required to notify the Commissioner of Internal Revenue, Attn:SE:T:EP:RA, Internal Revenue Service, Washington, D.C., 20224, in writing, of any change which affects the continuing accuracy of any representations made in the application. Further, the continued approval of HealthEquity, Inc. to act as a passive nonbank trustee or custodian of health savings accounts as described in section 223 of the Code, is contingent upon the continued satisfaction of the criteria set forth in section 1.408-2(e) of the regulations.

This approval letter is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on an approval letter issued to another member of the same controlled group. Furthermore, any entity that goes through acquisition, merger, consolidation or other type of reorganization may not necessarily be able to rely on the approval letter issued to such entity prior to the acquisition, merger, consolidation or other type of reorganization. Such entity may have to apply for a new notice of approval in accordance with section 1.408-2(e) of the regulations.

This letter constitutes a notice that HealthEquity, Inc. may act as a passive nonbank trustee or custodian of health savings accounts as described in section 223 of the Code and does not bear upon its capacity to act as a trustee or custodian under any other applicable law. This is not an endorsement of any investment. The Internal Revenue Service does not review or approve investments.

This notice of approval is effective as of the date of this letter and will remain in effect until withdrawn by HealthEquity, Inc. or revocation by the Service. This

notice of approval does not authorize HealthEquity, Inc. to accept any fiduciary account before this notice becomes effective.

In accordance with a Power of Attorney (Form 2848) on file in this office, a copy of this letter is being sent to your authorized representative.

If you have any questions concerning this letter, please contact Joseph Badinelli, ID Number 50-00238, SE:T:EP:RA:T2, at (202) 283-9604.

Sincerely yours,

(signed) JOYCE E. FLOYD

Joyce E. Floyd, Manager
Employee Plans Technical Group 2