

STATE OF NEBRASKA
OFFICE OF THE TREASURER
LONG TERM CARE SAVINGS PLAN
PARTICIPATION AGREEMENT FOR FINANCIAL INSTITUTIONS

This Participation Agreement (the “Agreement”) is entered into by and between _____ (the “Participating Financial Institution”) and the State of Nebraska, acting by and through its duly elected Treasurer (herein the “Treasurer”).

WHEREAS, pursuant to the Long-Term Care Savings Plan Act, Neb. Rev. Stat. §§ 77-6101 to 77-6105 (herein the “Act”), the Nebraska Legislature created the Nebraska Long-Term Care Savings Plan (herein the “Plan”); and

WHEREAS, the Treasurer is authorized by the Act to enter into agreements with certain financial institutions to receive contributions to the Plan in the form of account deposits; and

WHEREAS, the Participating Financial Institution desires to receive contributions to the Plan in the form of account deposits.

NOW THEREFORE, in accordance with the terms of the Act, the Participating Financial Institution and the Treasurer agree as follows:

1.) **Qualifying Institution.** The Participating Financial Institution warrants and represents that: (a) it is a state-chartered or federally chartered bank, savings bank, building and loan association, savings and loan association, or credit union, or a subsidiary of such a bank, association, or credit union; and (b) that it is in good standing with applicable regulatory authorities and not in receivership.

2.) **Long-Term Care Savings Accounts.** In accordance with the terms of this Agreement, the Participating Financial Institution is hereby authorized to establish Long-Term Care Savings Accounts (herein the “Account” or “Accounts”) which shall be entitled to all the benefits set forth in the Act and which shall be subject to all the conditions and obligations set forth in the Act and determined by agreement between the Participating Financial Institution and the Participant. As set forth in Neb. Rev. Stat. § 77-6102, a “Participant” means an individual who has established an Account with the Participating Financial Institution.

3.) **Deposit Account Agreement.** For each Account established by the Participating Financial Institution, the Participating Financial Institution shall require that the Participant sign an Account Agreement. Said Account Agreement shall designate the Account as a Nebraska Long Term Care Savings Plan Account, shall include all information as is otherwise reasonably required by the Participating Financial Institution to establish a deposit account and shall include at least the following information regarding the Participant: name, address, phone number, date of birth, and social security number.

Further, at the time an Account is established, the Participating Financial Institution shall provide to the Participant a copy of the “Frequently Asked Questions” attached hereto as **Exhibit A**. Each Account shall be established solely in the name of the Participant without any joint owner. Notwithstanding the foregoing, the Account Agreement shall grant to the Participant the following rights exercisable during the Participant’s lifetime:

- (a) The right to transfer the Account to the Participant’s spouse or a person to which the participant has an insurable risk at any time by written direction of the Participant, to be effective upon such spouse signing an Account Agreement naming the spouse as the Participant;
- (b) The right to terminate the account and receive the balance in the Account (together with all accrued interest, if applicable) as of the date of termination, subject to a possible 10% penalty for withdrawals for nonqualified expenses;
- (c) The right to include a “pay on death” designation with regard to the Account;
- (d) The right to make regular contributions (up to the lifetime maximum as set forth in the Act) and regular withdrawals from the Account in accordance with the terms of the Act.

In the event of a transfer of the Account to the Participant’s spouse or to a person to which the participant has an insurable risk, the recipient shall become the Participant for all purposes after the date of the transfer, provided, however that for purposes of determining whether the recipient has contributed the maximum permitted amount to the Account, the funds in the transferred account shall not be treated as contributed by the recipient. Upon the death of the Participant the Participating Financial Institution shall pay over the balance remaining in the Account to the “pay on death” designee(s) on the Account. In the absence of such designation, the balance in the Account shall be administered as part of the deceased Participant’s estate.

4.) Reporting and Record Keeping. Before March 15th the Participating Financial Institution shall report under its name and routing number to the Treasurer the year-end balance and calendar year contributions of the Account; and the name, address, and social security number of the Participant. In addition, the Participating Financial Institution shall send to each Participant a statement or statements activity on the Account for the calendar year and, with regard to each Account, on or before the date upon which IRS Form 1099s are due to be mailed to Participants, a statement showing the total contributions made to the Account during the calendar year and the total earnings on the Account during the calendar year. The Participating Financial Institution agrees that its account records which relate to the Accounts, including, without limitation, Account Agreements and periodic and year-end statements, shall be subject to audit and review in accordance with applicable law. The reporting requirements set forth herein may be eliminated in part or modified by written agreement among the parties in the event and at such time as alternative forms are developed for reporting of contributions and withdrawals from the Accounts.

5.) Point of Contact. The Participating Financial Institution shall establish a point of contact for the long-term care savings plan. Participating Financial Institutions include contact information upon return of this agreement.

6.) Term. This Participation Agreement shall continue until the first to occur of the following: (a) the Long-Term Care Savings Plan is terminated; (b) the Treasurer terminates this Agreement based upon the Participating Financial Institution's failure to comply with any of the terms hereof; (c) the Participating Financial Institution gives written notice of its intent to terminate this Agreement at a time when the Participating Financial Institution does not have any Accounts with a balance greater than zero.

The State Treasurer's office reserves the right to amend this Participation Agreement upon 30 days written notice to each participating financial institution. Participating Financial institutions may withdraw from the Long-Term Care Savings Plan within 30 days from the effective date of the notice by submitting a written notice to the State Treasurer.

IN WITNESS OF THE FOREGOING, the parties have signed this Participation Agreement effective as of the date and year set forth opposite the signature of the State Treasurer as indicated below.

PARTICIPATING FINANCIAL INSTITUTION:

By: _____ Dated: _____

Its: _____

Point of Contact: _____ Title: _____

Phone: _____ Email: _____

STATE OF NEBRASKA

By: _____ Dated: _____

Its: Treasurer

Please sign, and send this executed Participation Agreement to:

Nebraska State Treasurer's Office

Attn: Long-Term Care Savings Plan

Room 2005, State Capitol Bldg. PO Box 94788

Lincoln, Nebraska 68509-4788

Or fax it to: 402-471-4390 Attn: Long-Term Care Savings Plan

EXHIBIT A
STATE OF NEBRASKA
OFFICE OF THE TREASURER
LONG TERM CARE SAVINGS PLAN ACCOUNTS
FREQUENTLY ASKED QUESTIONS

1. *What is a Nebraska long-term care savings plan account?*

A Nebraska long-term care savings plan account is a deposit or investment account established with a participating bank, savings bank, credit union, other financial institution, or subsidiary.

2. *Who can establish a long-term care savings plan account?*

Any individual may establish an account in his or her name.

3. *How much can be contributed to a long-term care savings plan account?*

An individual may contribute up to \$202,600 (indexed for inflation) to a Nebraska Long-Term Care Savings Plan Account during the individual's lifetime. As explained below, a Nebraska income tax deduction is available for contributions of up to \$1,000 per person (\$2,000 per joint return) per year.

4. *How can the money in a long-term care savings plan account be invested?*

The funds can be invested in any form of account offered by the qualified participating financial institution.

5. *Is there a tax advantage to contributing to a long-term care savings plan account?*

Yes. For Nebraska income tax purposes, an individual with a long-term care savings plan account can generally reduce his or her adjusted gross income by the amount of contributions made to such an account, up to a \$1,000 reduction (or up to \$2,000 for a married individual filing a joint return) each year. In addition, all the earnings on the account can generally be excluded from adjusted gross income for Nebraska income tax purposes. NOTE: Contributions and earnings are currently NOT excluded from adjusted gross income for federal income tax purposes.

6. *When can money be withdrawn from a long-term care savings plan account?*

Funds can be withdrawn without penalty from a long-term care savings plan account under the following circumstances:

(a) if the Account owner during the year of the withdrawal, incurred a long-term expenses for themselves or a spouse during the taxable year; or

(b) if the Account owner turns 50 during the year of the withdrawal and uses the funds during the taxable year of the withdrawal to pay or reimburse long-term care insurance premiums. Funds may be withdrawn by the Account owner for any other purposes, BUT a 10% penalty is imposed on the amount withdrawn.

(c) If the Account owner uses the funds during the taxable year of withdrawal to pay or reimburse long-term care insurance premiums for a person to whom they have an insurable interest.

7. What are “long-term care expenses” eligible to be paid from a long-term care savings plan account?

“Long-term care expenses” means the cost of long-term care in a long-term care facility and the cost of care provided in a person’s home when the person receiving the care is unable to perform multiple basic life functions independently.

8. What are “long-term care insurance premiums” eligible to be paid from a long-term care savings plan account?

“Long-term care insurance premiums” means premiums paid for a long-term care insurance policy issued pursuant to the Long-term Care Insurance Act that offers coverage to the individual or the individual’s spouse.