



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

JUN 29 2007

David Spalding, COO
MII Life, Inc.
1200 Yankee Doodle Road
Eagan, MN 55121

Re: MII Life, Inc. Nonbank Trustee/Custodian Application

Dear Mr. Spalding:

Please find enclosed a notice of approval that is in response to an application dated February 1, 2007 that was submitted by your authorized representative.

Pursuant to provisions of a Power of Attorney and Declaration of Representative, or other proper authorization currently on file with the Internal Revenue Service, we have sent a copy of the notice to John R. Hickman, Esq. of Alston & Bird LLP.

If you have any questions, please contact Mr. Calvin Thompson (Badge No. 50-07262) at (202) 283-9596.

Sincerely,

Carlton A. Watkins

Carlton A. Watkins, Manager
Employee Plans Technical Group 1

Enclosure:
Notice of Approval



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MII Life, Inc.
1200 Yankee Doodle Road
Eagan, MN 55121

EIN: 41-6019132

Ladies and Gentlemen:

In a letter dated February 1, 2007, as supplemented by letters dated March 22, April 4, June 13, 15, 21, and 28, 2007, MII Life, Inc. applied to the Service for written approval that it may serve as a passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223.

Section 220(d)(1)(B) of the Code (dealing with Archer MSAs (medical savings accounts)) provides, in pertinent part, that the trustee of a medical 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. Q & A-10 of Notice 96-53, 1996-2 C.B. 219 provides, in pertinent part, that persons other than banks, insurance companies, or previously approved individual retirement account (IRA) trustees or custodians may request approval to be a trustee or custodian in accordance with the procedures set forth in section 1.408-2(e) of the Income Tax Regulations.

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 sections 220 and 223 of the Code. 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 a trustee or custodian.

MII Life, Inc.

Based on all the information submitted to this office and all the representations made in the application, we have concluded that MII Life, Inc. meets the requirements of section 1.408-2(e) of the regulations and, therefore, is approved to serve as a passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Code and health savings accounts described in section 223.

This letter authorizes MII Life, Inc. to act only as a passive nonbank trustee or custodian within the meaning of section 1.408-2(e)(6)(i)(A) of the regulations, that is, 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 MII Life, Inc. to act as a passive trustee or custodian does not authorize it to pool accounts in a common investment fund (other than a mutual fund) within the meaning of section 1.408-2(e)(5)(viii)(C) of the regulations. MII Life, Inc. may not act as a passive 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 MII Life, 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. For example, one such form is Form 990-T for IRAs that have \$1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

MII Life, 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 its application. Further, the continued approval of MII Life, Inc. to serve as a passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Code and health savings accounts described in section 223 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 an 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.

MII Life, Inc.

This letter constitutes a notice that MII Life, Inc. may serve as a passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Code and health savings accounts described in section 223 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 or retirement plan. The Internal Revenue Service does not review or approve investments nor recommend retirement plans.

This notice of approval is effective as of the date of this letter and will remain in effect until withdrawn by MII Life, Inc. or revoked by the Service. This notice of approval does not authorize MII Life, Inc. to accept any fiduciary account before this notice becomes effective.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

If you have any questions, please contact Mr. C. Thompson (Badge No. 50-07262) at (202) 283-9596.

Sincerely,

Carlton A. Watkins

Carlton A. Watkins, Manager
Employee Plans Technical Group 1