

GARAWAY LOCAL SCHOOL DISTRICT
403(B) PLAN

ROTH 403(b) PLAN
SALARY REDUCTION AGREEMENT

Account Information

Vendor Company Name: _____

Name _____

Address _____

City _____ State _____ Zip _____

Social Security Number _____ - _____ - _____

Check one: New Agreement Change

Salary reduction/deferral amount. This Agreement is effective immediately upon acceptance by the Plan Administrator, and I may modify the Agreement at any time. I authorize the Employer to withhold from my Compensation (and treat as my deferrals) the following amount:

\$_____.

I elect to make catch-up deferrals in the amount of \$_____.

Zero. I hereby terminate my prior Salary Reduction Agreement. [*Note: If you have no Salary Reduction Agreement presently in effect and wish **not** to defer, do not complete this Agreement. Elect "zero" only if you wish to terminate deferrals under a prior Salary Reduction Agreement now in effect.*]

Compensation to which Agreement applies. I elect to make deferrals from the following portion of my Compensation:

Total Compensation. My total Compensation (including bonus and other irregular amounts).

Total Compensation excluding bonus. My total Compensation, but excluding bonus.

Bonus only. My Compensation consisting only of the following bonus amount(s): \$_____ [identify by amount(s), payroll date(s), etc.]. In making this election, I do not intend to change my existing Salary Reduction Agreement (if any) as to Compensation *other than* the bonus described in this Agreement.

Other: Severance Pay _____.

Type of deferral. I elect to make:

Pre-tax deferrals. All of my deferrals as pre-tax deferrals. I understand the amount of deferrals I have elected in this Salary Reduction Agreement will reduce my current Compensation includible in income for the taxable year of the deferral.

Roth (after-tax) deferrals. All of my deferrals as Roth (after-tax) deferrals. I understand the amount of deferrals I have elected in this Salary Reduction Agreement will NOT reduce my current Compensation includible in income and that my deferrals will be includible in income for the taxable year of the deferral.

Split deferral election. A portion of my deferrals as pre-tax deferrals and a portion of my deferrals as after-tax Roth deferrals, as follows (*if you check the "Split deferral election" box, check 1 and only 1 of the 2 boxes below, and complete both blank lines under the checked box*):

\$_____ as pre-tax deferrals, AND \$_____ as Roth (after-tax) deferrals [*Note: in both blanks indicate at least \$_____ and specify a whole dollar amount*].

Deferrals irrevocable once made. I understand: (1) my election regarding the type of deferrals is irrevocable once the employer withholds the deferrals from my paycheck; and (2) any change of election regarding the type of deferrals is effective only for deferrals from paychecks I receive after the Plan Administrator accepts my change of election.

Duty to review pay records. I understand I have a duty to review my pay records (pay stub, etc.) to confirm the Employer properly has implemented my salary reduction election. Furthermore, I have a duty to inform the Plan Administrator if I discover any discrepancy between my pay records and this Salary Reduction Agreement. I understand the Plan Administrator will treat my failure to report any withholding errors for any payroll to which my Salary Reduction Agreement applies, by the cut-off date for the next following payroll, as my affirmative election to defer the amount actually withheld (including zero). However, I thereafter may modify my deferral election prospectively, consistent with the Plan terms.

Authorization

Signature of Employee

Date

Signature of Representative of Plan Administrator

Date

PLEASE RETURN THIS FORM TO THE PLAN ADMINISTRATOR

**Notes on Use
Salary Reduction Agreement**

1. The plan or Plan Administrator, consistent with the plan terms, may impose reasonable effective date rules related to the timing of the participant's execution and delivery of the agreement. A salary reduction agreement remains in effect until the participant changes the election to defer. Add to this Form any specific provisions the plan imposes regarding a delayed effective date of the Agreement (e.g., you must deliver the completed Agreement at least 5 business days before the payroll cut-off date for which the initial agreement or change is effective), or limitations on change (e.g., you may change your agreement up to four times per plan year.).
2. The limitation of deferrals to a whole dollar number may apply to any 401(k) plan, including a safe harbor plan. Treas. Reg. §1.401(k)-3(c)(6)(iii). Similar limitations should be permissible in a 403(b) plan.
3. The effect of the last paragraph, entitled "Duty to review pay records" is unclear. The Revenue Service generally treats the failure to follow a participant's salary reduction election as an operational error in plan administration which requires correction. However, this section may mitigate the error and may limit or reduce the Employer's liability for correction prior to the date the Employer had reason to discover the error. The Revenue Service has not issued any guidance regarding this issue.