

SALARY REDUCTION AGREEMENT
(NO PART OF THIS FORM NEEDS TO BE MAILED TO THE BENEFITS BOARD)

INSTRUCTIONS: The Employer (local church or church agency) should keep the original of this document and give a copy to the Employee (minister or staff). This Salary Reduction Agreement must be on file at the employers' office before any contribution can be withheld from the employee's wages.

EMPLOYEE INFORMATION:

Name: _____ Member No.: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Date of Birth: _____ Soc. Sec. No.: _____ Telephone No.: _____

EMPLOYER: _____

CONTRIBUTIONS (YOU MAY CONTRIBUTE TO BOTH)

Traditional 403(b) Pre-Tax Salary Deferral (Reduction) Contributions

I hereby authorize my employer to deduct the following dollar or percentage amount per pay period as pre-tax salary deferral contributions: \$_____ or _____%. I understand that this amount can only be changed by submitting a new Salary Reduction Agreement.

Roth 403(b) After-Tax Salary Deferral (Reduction) Contributions

I hereby authorize my employer to deduct the following dollar or percentage amount per pay period as Roth after-tax salary deferral contributions: \$_____ or _____%. I understand that this amount can only be changed by submitting a new Salary Reduction Agreement. I further understand that Roth 403(b) deferrals are different from Roth IRA accounts and that a Roth deferral is irrevocable once the employer withholds the amount from my paycheck.

EMPLOYEE:

I understand that this agreement shall automatically be renewed each year hereafter, unless I notify the Employer in writing that this Agreement is to be either (a) terminated, or (b) renewed with a different stated amount of salary reduction. I may terminate this Agreement at any time with respect to amounts not yet earned. This Agreement shall also terminate at my death or severance of employment with the Employer.

I understand that I am responsible for determining that any salary reductions pursuant to this Agreement do not exceed the maximum allowable contribution under the limits established in the Internal Revenue Code (see IRS Publication 571). I further understand that my deferrals and employer contributions are not available for distributions except when I have a distributable event as defined by the Internal Revenue Service and the Plan rules.

Employee signature: _____ Date ____/____/____

EMPLOYER:

As the employer, we agree to withhold from the employee's salary as noted in this agreement and to remit the participant's contributions to the Church of God Benefits Board as soon as practicable but in no event later than fifteen (15) business days following the month in which contributions are withheld from the employee's pay.

Employer signature: _____ Date ____/____/____

Using an approved voucher and with the appropriate ministerial file number or employee account number included, all contributions should be forwarded by an employer check to the Church of God Benefits Board, Inc. at the address on this form.

Information about the Salary Reduction Agreement

403(b) Plan Contribution Types

All contributions to your 403(b), whether deferred from taxes or after-tax deposits, must be from ministry-earned income and are subject to legal limits. Contact us for the contribution limits.

- **Traditional 403(b) Pre-Tax Salary Deferral (Reduction) Contributions** - This represents a reduction in an employee's pay due to an agreement between the employee and employer. The contribution and earnings on it are tax-deferred for federal income tax purposes until distributed. *These contributions must be made on an employer check.*
 - **Roth 403(b) After-Tax Salary Deferral (Reduction) Contributions** - This represents deductions from an employee's pay due to an agreement between the employee and the employer. Contributions are taxed before going into the plan. Qualified distributions are tax-free and penalty-free. There are restrictions on when distributions may be taken. *Qualified distributions in a Roth 403(b) plan are different than those for a Roth IRA. See our web site or contact us for more information. These contributions must be made on an employer check.*
 - **Employer contributions** - This is a benefit in addition to salary that is paid to the employee's **traditional** 403(b) retirement account. No action is needed by the employee to receive the benefit. The contributions and earnings are tax-deferred for federal income tax purposes until distributed. No employer contributions can be made to the Roth 403(b) accounts. *These contributions must be made on an employer check.*
-

Use of form

You may use this form to: (1) make an initial salary reduction agreement, (2) change the amount of your existing salary reduction contributions, or (3) stop your salary reduction contributions.

General information

Your *Salary Reduction Agreement* is a written, legally binding agreement between you and your employer. It is an agreement whereby you direct your employer to reduce compensation not yet currently available (referred to as "your salary") by a specific percentage or amount. Your employer then sends this amount to the Ministers' Retirement Plan as a tax-sheltered contribution or an irrevocable Roth after-tax elective deferral contribution in accordance with Section 403(b) of the Internal Revenue Code ("Code"). Your employer may also make contributions to the plan in addition to your contributions, but only to your traditional 403(b) pre-tax account.

You may change the percentage or amount of your salary reduction agreement at any time for compensation not yet currently available. Your current *Salary Reduction Agreement* will continue until you sign a new salary reduction agreement.

For most people, it is wise to designate contributions as a percentage of salary rather than a fixed dollar amount. If your salary increases during the year, your contributions will increase automatically without having to make a new agreement.

You may cancel your *Salary Reduction Agreement* at any time with respect to compensation not yet currently available.

Limitations on contributions

The Internal Revenue Code limits the amount of contributions that you may make each calendar year. Failure to comply with the Code Section 402(g) limit on tax-sheltered contributions and/or Roth elective deferrals limits may disqualify the tax-favored status of your account.

For more details regarding contribution limits, please contact the **Church of God Benefits Board** at **(877) 478-7190**.

Execution of the agreement

You and an appropriate business officer of your employer should sign the *Salary Reduction Agreement*. Keep a copy of the agreement with your tax records. Your employer should keep the original agreement. **DO NOT** send the agreement to the Church of God Benefits Board or the Internal Revenue Service.