

# Annuity Board of the Southern Baptist Convention

## Salary Reduction Agreement

Please print out this form and return to your employer when completed.

### 1. Participant Information

Participant Name: _____	Social Security No.: _____	
Home Address: _____		
City: _____	State: _____	ZIP Code: _____
Daytime Telephone: ( _____ ) _____		

### 2. Retirement Plans

I want my election to apply to the retirement plans marked below:

Church Annuity Plan     Convention Annuity Plan     Voluntary Annuity Plan     Elective Church Annuity Plan

Other: \_\_\_\_\_

### 3. Participant Election

I, the undersigned participant, hereby elect to:

initially reduce my salary by \_\_\_\_\_ (percentage or amount) of compensation (not to exceed applicable legal limitations). I understand that the amount of such reduction, pursuant to this election, will be withheld from my paychecks and paid by my Employer into my account in the plan.

Make the effective date of this agreement the first day of the next pay period.

Make the effective date of this agreement as of \_\_\_\_\_ mm/dd/yyyy (Date must be prospective.)

cease my salary reduction contributions as of:

the first day of the next pay period.

\_\_\_\_\_ (month and day), \_\_\_\_\_ (year). (Date must be prospective.)

change my existing salary reduction amount to \_\_\_\_\_ (percentage or amount) of compensation (not to exceed applicable legal limitations). I understand that the amount of such reduction, pursuant to this election, will be withheld from my paychecks and paid by my employer into my account in the plan. I further understand that written notice must be given before the effective date of the modification.

Make the effective date of this agreement the first day of the next pay period.

Make the effective date of this agreement as of \_\_\_\_\_ mm/dd/yyyy (Date must be prospective.)

### 4. Participant Signature

This election will remain in effect until I revoke it in writing or until I complete a new salary reduction agreement.

Participant Signature: \_\_\_\_\_ Date: \_\_\_\_\_ mm/dd/yyyy

Employer Signature: \_\_\_\_\_ Date: \_\_\_\_\_ mm/dd/yyyy

Please print out this form and return to your employer when completed.



ANNUITY BOARD

4011 12/01 68M

Rev. 11/01 2117

# Annuity Board of the Southern Baptist Convention

## Information about the Salary Reduction Agreement

---

### Use of Form

You may use this form to: (1) make an initial salary reduction agreement, (2) stop your salary reduction contributions, or (3) change the amount of your existing salary reduction contributions. In addition, you may use this form to make an initial election AND change the amount of your election for a future date during the calendar year.

---

### 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 plan or plans specified in the agreement as a contribution to your account 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 salary reduction contributions.

---

### Deferral of Taxes

Code Section 403(b) treats your employer contributions, if any, as well as contributions made under a Salary Reduction Agreement in the same way; that is, they are tax deferred. Consequently, you do not pay federal income tax on these contributions or the earnings until they are withdrawn from the plan, provided that the contributions do not exceed applicable legal limitations. (For other purposes, such as contribution limits or distribution restrictions, there may be differences under the Code and under the plan in the treatment of direct employer contributions and contributions made under a salary reduction agreement.)

Money contributed under a Salary Reduction Agreement is sent directly to the plan by your employer. This money is not reported as taxable income in Box 1 on your Form W-2. However, it is reported in Box 13 on the Form W-2. See instructions to Form W-2 for more information concerning the reporting requirements for salary reduction contributions to a Code Section 403(b) plan.

Contributions made under a Salary Reduction Agreement are subject to Social Security (FICA) and Medicare taxes for employees who are not ministers for tax purposes. Salary reduction contributions made by ministers for tax purposes are not subject to self-employment taxes (SECA). For more information about who is a minister for tax purposes, see our annual *Ministers Tax Guide* available on our Web site, [www.absbc.org](http://www.absbc.org), or by calling **1-800-262-0511**. You will find more information in our brochure, *Ministerial Tax Issues*. Call the same number for a free copy.

---

### Limitations on Contributions

The Internal Revenue Code limits the amount of salary reduction contributions that you may make each calendar year. Failure to comply with the Code Section 402(g) limit on salary reduction contributions may disqualify the tax-favored status of your account. Effective after December 31, 2001, salary reduction contributions that meet the requirements of Code Section 414(v) are not counted for purposes of determining the Code Section 402(g) limit. Once salary reduction contributions in a calendar year reach the Code Section 402(g) limit, subsequent salary reduction contributions will be treated as contributions under Code Section 414(v), to the extent the requirements for that section are met. The Annuity Board can assist you in determining your annual maximum contribution limits. This is particularly important if you coordinate your salary reduction contributions with your employer’s fiscal budget year or participate in more than one plan.

If you are employed by an agency that is NOT a “church” or “qualified church-controlled organization,” other limitations may affect your maximum contribution limits, such as the limit on compensation. Please contact the Compliance Department if you think that you may be subject to these other limits.

If your employer’s plan provides for a matching contribution, the employer’s matching contribution is based on the plan’s definition of compensation. The plan’s definition may be different from your compensation used for this salary reduction agreement. Contact your employer if you think this applies to you.

---

### Modification of Your Salary

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 salary reduction 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.

---

### 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 Annuity Board or the Internal Revenue Service.