

**NOVI COMMUNITY SCHOOLS
TAX SHELTERED ANNUITY – 403b
SALARY REDUCTION AGREEMENT**

Consult the "Instructions" page for important information about this form, and about certain amendments to the Internal Revenue Code (IRC) that apply to deferrals on and after January 1, 2002.

I. Please Read: An employee may change at any time the salary reduction amount and/or the TSA Vendor to which the money is being sent by completing a new Salary Reduction Agreement. All changes in the amount of salary reduced and/or TSA Vendor will become effective within two weeks of receipt of the Salary Reduction Agreement in the Payroll Office. In addition, a Salary Reduction Agreement may be terminated with respect to compensation not yet earned, provided a Salary Reduction Agreement form is completed to terminate the prior agreement.

Check One: Original Designation Amended Designation Termination of Agreement TSA Vendor Change

II. Tax Sheltered Annuity Salary Reduction Agreement

1. This Agreement is made this _____ day of _____, _____, by and between the School District, hereinafter "Employer", and (please print) _____, hereinafter "Employee."

Effective Date	TSA Vendor	\$ Per Pay Period (to stop an agreement, enter \$0)	Calendar Year Goal (Required)
_____	_____	_____	_____
_____	_____	_____	_____

(Annualized total of all deferrals under this Agreement, in 2002, may not exceed the \$11,000 IRC limit unless supported by eligibility for a catch-up contribution. See your financial advisor or tax consultant for more information.)

- This Agreement shall continue until the Employee completes another Salary Reduction Agreement either amending or terminating this Agreement or upon termination of employment.
- The Employee is solely responsible for compliance with maximum limitations on contributions, including the limits under Sections 403(b), 415(c), 402(g), and 414(v) of the IRC and related regulations. The Employee is hereby advised to consult his/her own financial or tax advisor before signing this Agreement. THE EMPLOYEE AGREES TO INDEMNIFY AND HOLD HARMLESS THE EMPLOYER FROM ANY CLAIMS, DEMANDS, JUDGMENTS, COSTS, OR EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) ARISING OUT OF OR RELATING TO THIS AGREEMENT.**
- I, the Employee, understand that there may be IRS restrictions, limitations on contributions, and tax penalties on early withdrawals. I understand that before completing this Agreement, I should receive professional consultation outside the School District on such issues. I understand that this Agreement is legally binding, and the Employer shall have no liability whatsoever for any loss or damages suffered by the Employee. I have completely read this Agreement and the instructions on the reverse side of this Agreement. I have completed the TSA Vendor enrollment form(s).

Employee Signature: _____ Date: _____

Social Security Number: _____ Date of Birth (if using catch-up): _____ Bldg: _____

Financial Advisor/Agent Name: _____

Company: _____ Telephone: _____

Human Resource: _____ Date: _____ Payroll: _____ Date: _____

INSTRUCTIONS FOR SALARY REDUCTION AGREEMENT

Please complete all sections of the TSA Salary Reduction Agreement. Return original to the Payroll Office. Retain a copy for your records. The following instructions will assist you in completing the form to ensure there are no delays in the effective date and your salary is reduced by the correct amount.

Important IRC Changes in Tax Law and Limits: In 2001, your salary deferrals were limited by the IRC \$10,500 limit and the "Maximum Exclusion Allowance" (MEA) limit. The MEA calculation considered your income, years of service, prior tax-deferred contributions and other factors. **In 2002 and future years, the IRC's MEA rules are eliminated. Instead, deferrals under this Agreement for a calendar year may not exceed the IRC limit under Section 402(g) (\$11,000 in 2002, with \$1,000 increases in the limit yearly through 2006 plus catch-up contributions, if applicable). SEE YOUR FINANCIAL ADVISOR OR TAX CONSULTANT REGARDING THE IRC LIMITATION ON CONTRIBUTIONS TO THE PLAN.**

I. Check One: Check Original if this is the first time you are entering into an agreement or are reestablishing an agreement. Check Amended if you are amending an existing agreement (changing dollar amounts). Check Termination if you are stopping the existing agreement. Check TSA Vendor Change if you are changing the TSA Vendor(s) to which money is being sent.

II. Employer/Employee Agreement: Print your name so that it is legible.

- **Effective Date and Amount**

Enter "ASAP" or the pay period start date (deductions will start the first full payroll period after this date). Enter the total dollar amount for each pay period, up to the maximum annual contribution limits pursuant to the IRC. To stop a current deduction, enter the effective date and \$0 for the amount.

- **TSA Vendor Information**

TSA Vendor: List all TSA Vendors, for "original," "amending," "terminating," or "changing." If you are amending or changing, list all TSA Vendors and show the dollar amount. To delete a TSA Vendor, list all TSA Vendors and show zero dollars for the TSA Vendor(s) being deleted. Do not list specific fund names or investment vehicles within a TSA Vendor.

Amount per Pay Period: Enter the dollar amount per TSA Vendor per pay period. A zero dollar amount is entered when terminating participation with a TSA Vendor or an agreement.

Calendar Year Goal: Enter your total desired dollar contribution amount per TSA Vendor for the calendar year. The total amount entered for all TSA Vendors cannot exceed the IRS annual limits on contributions.

- **Signature and Date**

Items 2-4 provide you with important information on IRS regulations that apply to this TSA Plan and your responsibilities. By signing this form, you are certifying that you have read and understand these items.

- **Financial or Tax Advisor**

If you complete this form with a financial or tax advisor, fill in the advisor's name, company, and telephone number.

TSA VENDOR ACCOUNT APPLICATION/ENROLLMENT FORM(S)

To open an account with any of the approved TSA Vendors, you must complete the appropriate TSA Vendor form(s) and provide the TSA Vendor's form(s) directly to the TSA Vendor or its agent prior to arranging your payroll deduction.

The Participant Understands That:

1. The purpose of the Employer in extending this Agreement is to provide the Employee with an opportunity to benefit from the provisions of the Internal Revenue Code that govern TSA Plans.
2. The Employer makes no recommendation as to whether the Employee should participate in this TSA Plan.
3. The Employer does not warrant any particular tax consequences to the Employee.
4. All computations in connection with the determination of the amount of the salary reduction hereby authorized are the sole responsibility of the Employee.
5. The School District does not endorse TSA Vendors, agents or the investments they offer.