



# SALARY REDUCTION AGREEMENT (for use with Salary Deferral SEP Plans only)

IMPORTANT: Carefully read all sections of this Salary Reduction Agreement before signing it.

## SECTION A. GENERAL INFORMATION

### EMPLOYER AND PLAN INFORMATION

Name of Plan \_\_\_\_\_  
Name of Employer \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

### EMPLOYEE INFORMATION

Name \_\_\_\_\_ Employee No. \_\_\_\_\_  
Home Address \_\_\_\_\_ SSN \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

## SECTION B. TERMS OF AGREEMENT *To Be Completed By the Employer*

### LIMITS ON ELECTIVE DEFERRALS

Each Employee who is eligible to enroll as a Contributing Participant in this Simplified Employee Pension (SEP) Plan may set aside an amount not in excess of \$\_\_\_\_\_ or \_\_\_\_\_% of his or her pay into the Plan. A participant who is age 50 or older by the end of the Plan Year may be allowed to make additional Catch-Up Contributions. The amounts set aside and contributed to the Plan are called Elective Deferrals.

Employees  may or  may not base Elective Deferrals on cash bonuses.

### CHANGING THIS AGREEMENT

An Employee may change the percentage of pay he or she is setting aside into the Plan as of any enrollment date (which dates are \_\_\_\_\_ and \_\_\_\_\_). Any Employee who wishes to make such a change must complete and sign a new *Salary Reduction Agreement* and give it to the Employer at least 30 days before the change is to become effective.

### TERMINATING THIS AGREEMENT

An Employee may, by giving at least 30 days written notice to the Employer, terminate this *Salary Reduction Agreement* as of the last day preceding any enrollment date (or more frequently, if permitted by the Employer). After terminating this *Salary Reduction Agreement*, an Employee cannot again enroll as a Contributing Participant (by completing and signing a new *Salary Reduction Agreement*) until the first day of the Plan year following the year of termination.

### EFFECTIVE DATE

This *Salary Reduction Agreement* will be effective for the pay period which begins \_\_\_\_\_.

## SECTION C. AUTHORIZATION *To Be Completed By the Employee*

### SALARY REDUCTION AGREEMENT

I, the undersigned Employee, wish to set aside, as Elective Deferrals, the following dollar amount or percentage of my pay into my Employer's SEP Plan by means of payroll deduction: \$ \_\_\_\_\_ or \_\_\_\_\_%.

*NOTE: If you are eligible to defer and you attain (or are deemed to have attained) age 50 before the close of the Plan Year, you may be able to make Catch-Up Contributions under the SEP Plan. Certain limits as required by law must be met prior to being eligible to make Catch-Up Contributions. Your election above will pertain to Elective Deferrals which may include Catch-Up Contributions. See your Employer for the Catch-Up Contribution limit for the year, and additional information.*

I, the undersigned Employee, if permitted by my Employer, wish to set aside \$ \_\_\_\_\_ of a cash bonus, as an Elective Deferral into my Employer's SEP Plan.

I agree that my pay will be reduced in the manner I have indicated above, and that this amount of my pay will be contributed to the Plan. This *Salary Reduction Agreement* will continue to be effective while I am employed, unless I change or terminate it as explained in Section B above. I acknowledge that I have read this entire *Salary Reduction Agreement*, I understand it and I agree to its terms.

### RESTRICTION ON DISTRIBUTIONS AND TRANSFERS

I understand that I should not withdraw or transfer any amounts from my IRA that are attributable to SEP plan Elective Deferrals and income on Elective Deferrals for a particular Plan Year (except for excess Elective Deferrals) until 2½ months after the end of the Plan Year or, if sooner, when my Employer notifies me that the actual deferral percentage limitation test for the Plan Year has been completed. Any such amounts that I withdraw or transfer before this time will be includible in income for purposes of Code sections 72(t) and 408(d)(1).

### SIGNATURES

\_\_\_\_\_  
*Signature of Employee*

\_\_\_\_\_  
*Authorized Signature for Employer*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Date*