

# IU Retirement Savings Plan

## Salary Deferral Agreement

Name: \_\_\_\_\_ Indiana University ID #: \_\_\_\_\_

Campus Phone #: \_\_\_\_\_ Department: \_\_\_\_\_ Campus: \_\_\_\_\_

**1. Salary Deferral Amount.** I request to defer the following amount from eligible compensation, effective as of \_\_\_\_\_, 20\_\_\_\_, as an elective deferral in accordance with and subject to the IRS rules and regulations (**TO STOP CONTRIBUTIONS, SELECT #4 BELOW**):

\_\_\_\_\_% of my eligible compensation per pay period.

IRS maximum amount (Internal Revenue Code (IRC) §457(b)(2)) deferred over remaining pays in the calendar year.

Remit salary deferrals to the following investment company(s).\* If only one vendor is checked, all salary deferral contributions will go to that vendor. If split, total % must equal 100%.

\_\_\_\_\_ % TIAA-CREF                      \_\_\_\_\_ % Fidelity

*\*Participant must have an established IRC §457(b) account with each vendor selected above.*

**2. Pay Cycle:**         26 Pay                                       12 Pay                                       10 Pay

**3. Catch-up Contributions.** Two separate catch-up contribution provisions permit a participant to defer more than the annual elective deferral limit *if the participant qualifies*. If I qualify, I request to defer the following amount as a catch-up contribution:

Age 50 or Over                       \_\_\_\_\_                      OR                       IRS maximum amount (IRC §414(v)(2))

Age 62, 63, or 64                       \_\_\_\_\_                      OR                       IRS maximum amount (IRC §457(b)(3))

**4. Termination of Agreement.**

I hereby terminate my salary deferral agreement. I acknowledge that termination of my salary deferral agreement will become effective as soon as administratively possible, but in no event will termination of my salary deferral agreement be retroactively effective.

### Employee Acknowledgement

- I authorize Indiana University to remit the salary deferral amount(s) designated above to the designated investment vendor(s) as elective deferrals to the IU Retirement Savings Plan (Plan), an IRC §457(b) plan.
- I acknowledge this agreement applies only to compensation not yet paid or made available to me.
- I acknowledge this agreement will take effect as of the beginning of the pay period containing the effective date in Section (1.), or as soon as administratively feasible thereafter, and will remain in effect until I change (revoke or modify) it. I may change this agreement only by providing a new salary deferral agreement to my campus Human Resources office no later than 30 days prior to my next pay day.
- I acknowledge that Indiana University may revoke or modify this agreement at any time to comply with applicable IRS limits.
- I acknowledge that Indiana University does not warrant the performance or the appropriateness of any investment or the tax consequences or excludability and will not be responsible for any penalties or tax consequences resulting from this agreement.
- I acknowledge that the Plan does not allow for withdrawals while employed at Indiana University.
- I am aware of the fees and expenses charged by the designated investment vendor(s).
- I acknowledge that elections to defer the maximum amount possible are processed over the remaining pays in a calendar year without taking into account mid-year terminations of employment or decrease in base salary.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_.

HR Use Only: Accepted by: \_\_\_\_\_ Date: \_\_\_\_\_

*Please make a copy for your records and return original to Human Resources*

## INTERNAL REVENUE CODE CONTRIBUTION LIMITS

### Annual Dollar Limit on Elective Deferrals (IRC §457(b)(2))

Internal Revenue Code (IRC) §457(b)(2) limits the amount of salary deferral contributions (elective deferrals) that can be contributed to the IU Retirement Savings Plan and to all IRC §457(b) plans in which an employee participates in any calendar year. (Please note that elective deferrals made to the IU Tax Deferred Annuity Plan are not limited by IRC §457(b)(2).)

The annual dollar limit is the lesser of 100 percent of the employee's compensation for the calendar year or the "applicable dollar amount." The "applicable dollar amount" is \$16,500.

### Age 50 or Older Catch-up Contributions (IRC §414(v)(2))

For participants who are at least age 50 before the end of the plan year, the current dollar limits on elective deferrals are increased. The additional amount of elective deferrals that are permitted to be made by an eligible participant is the lesser of (i) the participant's compensation for the year reduced by any other elective deferrals of the participant for the year or (ii) the "applicable dollar amount." The applicable dollar amount is \$5,500.

Age 50 or older catch-up contributions will not be taken into account in applying the annual dollar limit on elective deferrals (IRC §457(b)(2)).

### Age 62, 63, or 64 Catch-Up Contributions (IRC §457(b)(3))

For *one* or *more* of the participant's last three taxable years ending before he or she attains age 65, the participant may increase the annual dollar limit on elective deferrals to an amount not exceeding the lesser of: (i) twice the "applicable dollar amount"; or (ii) the "underutilized limitation."

The "underutilized limitation" is equal to the sum of: (i) the annual dollar limit on elective deferrals for the taxable year; plus (ii) the annual dollar limit on elective deferrals (disregarding any catch-up) for any prior taxable year(s) less the elective deferrals made for such year(s).

In determining the "underutilized limitation" for prior years, the plan disregards any IRC §414(v) catch-up contributions, both for calculation of the annual dollar limit on elective deferrals in a prior year and in establishing the amount of elective deferrals made in the prior year.

A participant may not elect to apply the IRC §457(b)(3) catch-up rule more than once, regardless of whether the participant utilizes the catch-up rule in less than all of the three taxable years ending before the participant attains age 65. This restriction on the use of the IRC §457(b)(3) catch-up rule also applies if the participant rejoins the plan or participates in the plan after retirement. It does not prevent more than one election by an employee covered by IRC §457(b) plans of different employers.

The "one-time use" restriction does not prohibit a participant from making an IRC §457(b)(3) catch-up election applicable to each of the three years prior to age 65. This restriction only means a participant who elects to utilize the IRC §457(b)(3) catch-up rule has one three-year period within which to exercise the rule.

### Use of Multiple IRC Catch-Up Contribution Provisions Restricted

A participant may not make both an age 50 or older catch-up contribution (IRC §414(v)) and an age 62, 63, or 64 catch-up contribution (IRC §457(b)(3)) to the plan in the same year.