

ELECTION OF AN ALTERNATIVE LIMIT

FIRST YEAR EMPLOYEES

All first year employees must complete:

I have never elected an alternative limit under section 403(b) at a previous institution. (You may elect an alternative limit if appropriate.)

I have previously elected Alternative
 A
 B
 C

EMPLOYEES ELECTING ALTERNATIVE LIMIT

For calendar year 20____, I elect to have the Alternative indicated below (pursuant to Section 415(c) of the Internal Revenue Code apply:

"ALTERNATIVE A" For the year in which the participant is separated from the employer's service, contributions may equal the maximum permitted under Section 403(b) rules, computed on the basis of up to but not exceeding the last ten years of actual service with the employer, even though the contributions exceed 25% of compensation. However, such contributions cannot exceed \$30,000. This option may be elected only once in an individual's lifetime.

"ALTERNATIVE B" For any year, a contribution can be made equal to the least of:
(1) the exclusion allowance under section 403(b);
(2) 25% of includable compensation (salary after reduction), plus \$4,000; or
(3) \$15,000

"ALTERNATIVE C" For any year, a contribution can be made equal to the maximum permitted under Section 415 general limitations without regard to the traditional contribution limits of Section 403(b).

Name (print)

Social Security Number

Signature

Date

IMPORTANT NOTE: Contribution limits include employer contributions. Elective contributions are limited to the IRC § 402(g) limit in effect. The election of an alternative limit will preclude the election of any other alternative limit in future years. The election of an alternative limit is a one-time election which applies to all future employers of an individual. However, for any future year, a choice may be made between the limits of Alternative B or C and the general limits on a year by year basis. An individual may only elect Alternative A in the year of separation from employment. However, such an employee may, with a new employer, make tax-deferred contributions in future years subject to the general limitations. The college cannot be responsible for individual elections. You should contact your tax advisor concerning the consequences of making this election.

**NORTH ARKANSAS COLLEGE OPTIONAL RETIREMENT PLAN
SALARY REDUCTION AGREEMENT**

- This is the INITIAL INVESTMENT ELECTION AGREEMENT
- This is a CHANGE TO A PREVIOUS INVESTMENT ELECTION AGREEMENT

THIS AGREEMENT is made between _____ (the "Employee") and North Arkansas College (the "College") as follows:

Effective for amounts payable to Employee beginning _____, 20____, the employee's regular salary will be reduced by the amount(s) indicated below. The Employee will allocate the contributions among the funding vehicles approved by the College under the Plan.

- First year employees check here (must complete Election of Alternative Limit form.)
- I elect not to contribute to the Supplemental Retirement Plan at this time.
- I elect to contribute to the Supplemental Retirement Plan with an Employee contribution of:

_____ % reduction of annual salary (before tax)

**UNMATCHED EMPLOYEE
CONTRIBUTIONS**

- TIAA-CREF Reduction
(before tax)
- VALIC
(before tax)
- American-Express
(before tax)

*Totals

Percentage of Pay

I have received information regarding the investment options provided by the companies above and have reviewed and understand the information in the prospectus(es) of the company(ies) selected. I authorize the College to direct employee contributions to the selected investment company(ies) as designated above.

I understand that I must complete a separate application form for each investment company and that the selection of each investment option is my responsibility. I also understand that while the College authorized the investment options, the authorizations are not an endorsement of any option or recommendations regarding the amount to contribute under any option.

Contributions will automatically cease when amounts exceed the limitations of Section 403(b) or 415 or the Internal Revenue Code. The College will refund contributions made in excess of my exclusion allowance without any adjustment for interest, dividends, or share price changes, which have accrued on allowable contributions. Unless otherwise elected, the percentage reduction in effect under this agreement will automatically be renewed for the following year unless specifically cancelled or replaced by a new agreement. The Alternative Election Form must be signed if the amounts elected exceed the 403(b) General Limit.

This Agreement is legally binding and irrevocable for both the College and Employee with respect to amounts payable to Employee while the Agreement is in effect. Either party may change this Agreement at least 30 days prior to the new effective date. I also understand that it is my responsibility to contact my Human Resources/Personnel Office regarding any changes.

I understand that I can make changes in the allocation of salary reduction amount(s) between various investment options at any time and that this election cancels out any previous election. Allocation of fund balances after contribution between investment options must be made directly with the investment companies by Employee. If due to IRC limitations, the above amount cannot be contributed, the above allocation will be reduced, and such reduction will pro rata among each investment company.

I understand that the above contribution amounts should not in any way produce a total contribution that exceeds the employee's statutory exclusion allowance under Section 403(b) of the Internal Revenue Code (IRC), the limitations of Section 415 of the IRC, or the limitations of Section 402(g) of the IRC, as applicable.

(Employee Signature)

(Social Security Number)

(Date)

North Arkansas College Representative

(Title)