

Oregon University System Tax Deferred Investment 403(b) Program
2006-07 SALARY REDUCTION AGREEMENT

PERSONAL INFORMATION (please print):

Employee Last Name	First Name	MI	Social Security Number (required)
Street Address			Date of Birth
City	State	Zip Code	Contact Info (phone / email)

ACTION REQUESTED ON THIS AGREEMENT (Check only one box.):

- New Enrollment.** Employee must submit an account application to the company(ies) selected. Applications are obtained directly from the company.
- Change/Restart monthly amount or investment companies.** Indicate the new monthly dollar or percentage amount below for all companies, even those not changed.
- Discontinue contributions.** List all companies and amounts, indicate "zero" amount for company(ies) to be discontinued.

EFFECTIVE DATE (earnings effective the first day of): _____ (month/year)

DEFERRAL AUTHORIZATION: Employee authorizes salary reduction by the amount indicated and authorizes the Oregon University System (OUS) to transmit funds to the company(ies) designated. Employee understands that maximum contributions are limited by IRC 403(b), and that limits apply to contributions made through OUS and all other employers. Employee selects the following annual salary deferral option(s) at OUS. **This agreement supersedes all prior agreements.**

Please check all options that apply (A,B,C) and enter your annual deferral amounts. Refer to the chart on the back of this form for more information about maximum annual limits.

- A. **General Limit.** IRC 402(g) Maximum of \$15,000 for 2006; \$15,500 for 2007 \$ _____
- B. **Catch-up for Age 50+.** IRC414(v) May add additional \$5,000 for 2006; \$5,000 for 20 \$ _____
- C. **Catch-up with 15 years of Full Time Service.** IRC402(g)(7) See back of form. \$ _____
 A new form must be submitted each calendar year to continue the 15-year catch-up election.

Total Annual Salary Reduction: \$ _____

COMPANY DESIGNATION(S): List ALL companies and either a monthly dollar or a percentage amount for each one. Salary deferrals will continue unchanged until a new Salary Reduction Agreement is submitted, unless you elect option C above.

Company (ies)	Monthly Dollar Amount *	OR	Monthly Percent Amt **
1.			
2.			
<i>Include all companies and amounts, including those that have not changed. Current salary reductions will be stopped for companies not listed.</i>	<i>* Fixed dollar amounts are not deducted in July and Aug for academic year (10 paychecks) employees' summer session pay, nor from deferred pay (12 month option) disbursements..</i>		<i>** Percentage amounts are taken from all months in which salary is paid.</i>

ACKNOWLEDGEMENT OF RESPONSIBILITIES: Both OUS and Employee acknowledge and understand that Employee has total responsibility for deciding whether to defer income and for instructing to whom OUS is to provide the deferred income for investment purposes. Employee assumes full responsibility for the results of his or her investment choices including the contribution limitations under the U.S. Internal Revenue Code. Pursuant to state law, OUS' only responsibility is to offer Employee a mechanism to defer income and to forward amounts deferred to certain insurance and investment companies specified by Employee for the benefit of the employee. The instructions on the reverse side of this form are an integral part of this agreement and provide essential information for understanding OUS' Tax Deferred Investment Program and for completing the Salary Reduction Agreement.

Employee's Signature _____ **Date** _____ **Institution** _____

Prepared By (if other than the employee) _____ **Address** _____

By _____ **Date** _____

STATE OF OREGON, acting by and through the OREGON UNIVERISTY SYSTEM

Send this completed form to the appropriate institution:
 EOU-Human Resources, One University Blvd, La Grande OR 97850-2899 SOU-Human Resources, 1250 Siskiyou Blvd, Ashland OR 97520
 OIT-Human Resources, 3201 Campus Dr, Klamath Falls OR 97601-8801 UO-Human Resources, 5210 University of Oregon, Eugene OR 97403-5210
 WOU-Human Resources, 345 N Monmouth Ave, Monmouth OR 97361 OUS-Chancellor's Office, PO Box 488, Corvallis OR 97339-0488
 OSU-Human Resources, 122 Kerr Admin Bldg, Corvallis OR 97331-2132 PSU-Human Resources, PO Box 751, Portland OR 97207

**OREGON UNIVERSITY SYSTEM
SALARY REDUCTION AGREEMENT INSTRUCTIONS (2006-07)**

GENERAL: All tax-deferred investment (TDI) new enrollments, restarts, changes, and stops require completion of the Salary Reduction Agreement (SRA). The completed SRA shall be returned to the appropriate institution at the address shown on the form. The SRA is an agreement between the employee and the Oregon University System (OUS). The income deferral is in the form of a voluntary salary reduction from gross pay. The salary reduction amount is invested with a financial institution (Company) in an account in the employee's name. OUS contracts with companies that offer plans qualifying under provisions of IRC 403(b). These plans are either tax-sheltered annuities or mutual fund custodial accounts. State and federal income taxes are withheld only on salary after the reduction. Other withholdings, deductions, and contributions, including Social Security taxes, apply to gross pay before the salary reduction. Retirement system contributions are not reduced because of a salary reduction (ORS 243.830). Court ordered deductions from pay (e.g., garnishments) are based on gross pay; they are not affected by income deferral. The SRA is applicable to all OUS compensation earned in any one or more institutions or departments. For assistance in completing this form, employees should consult their investment company or financial advisor to determine the correct deferral amount.

PERSONAL INFORMATION : Employee's complete name, Social Security Number, address, date of birth, and contact information.

ACTION REQUESTED: Specify the action requested by checking only one box:

1. "New Enrollment" applies to employees who have never had a SRA with OUS.
2. "Change/Restart" applies to employees who currently have or have had an SRA with OUS and want to make a modification to previously recorded information.
3. "Discontinue" applies to employees who want to stop a salary reduction with one or more company.

No more than one SRA may be in effect at any time, and all prior SRA's are replaced by the most current one on file.

EFFECTIVE DATE: Specify month/year the SRA is to be effective. For the requested action to take effect on the month-end payroll, the Controller's Division must receive the SRA from the campus by the 10th calendar day of the month. The salary reduction shall continue until the agreement is terminated by whichever occurs first: A) Employee terminates employment with OUS; B) Employee files a new SRA; or C) Either party gives advance written notice that the salary deferral is to stop.

DEFERRAL AUTHORIZATION: Maximum deferrals, subject to the IRC 402(g) General Limit, the Age 50 Catch-Up Election, (IRC414(v)), and the 15 Year Service Catch-Up Election (IRC 402(g)(7)) are shown in the table below. Elections B and C are optional. Contact the IRS for publications explaining applicable rules. **Election "B"** permits a participant 50 years or older to defer additional amounts (see table below). **Election "C"** permits a participant with 15 years of OUS service to elect the lesser of: 1) \$3,000; 2) \$15,000 reduced by elective deferrals in prior years under this catch-up rule; or 3) \$5,000 multiplied by years of service and minus all elective deferrals in prior years. If you request "C" in one year, and do not submit a new form in the following year, no catch-up deferral is made: your deferral returns to what you listed for "A", the General Limit. Contact an investment company representative to determine the correct deferral amount for election C.

The employee is fully responsible for all computations in connection with the salary reduction. IRS Publications provide information on the maximum amounts that may be contributed to the plan in any given year. Integration with other plans may be required; participants in 403(b) plans with other employers must aggregate their total annual additions for purposes of IRC 415 (c), not to exceed \$45,000 in 2007. In addition, participants must aggregate their total deferrals with other employers' 403(b) plans, and with the Federal Thrift Savings Plan (if applicable), up to the IRC 402 (g) General Limit shown below. Consult an investment company representative, a financial advisor, or the IRS for advice. **The salary reduction(s), except for the 15-Year Service Catch-Up Election "C", specified on this form will continue until a new SRA is submitted or participation ends. 15-Year Service Catch-up Election "C" must be requested each year.**

Maximum Annual Amounts by Year	A. General Limit 402(g)	B. Age 50-Plus Catch-up IRC414(v)	C. Catch-up for 15 Years of Full-Time Service or More
2003	\$ 12,000	Add: \$ 2,000	<i>May add up to: \$3,000, if eligible. Contact your investment company representative for applicable rules.</i>
2004	\$ 13,000	Add: \$ 3,000	
2005	\$ 14,000	Add: \$ 4,000	
2006	\$ 15,000	Add: \$ 5,000	
2007	\$ 15,500	Add: \$ 5,000	

COMPANY DESIGNATION: Salary reduction amounts may be allocated to one or more OUS approved Company. Specify the monthly dollar amount or percent of monthly gross pay to be deferred for each Company. Include all Companies, including those not being changed. Current salary reductions will be stopped for companies not listed. The minimum monthly salary deferral amount shall be \$25.00 per Company.

ACKNOWLEDGEMENT OF RESPONSIBILITIES: The employee assumes full responsibility for the tax, processing, and investment consequences of the SRA, and releases the State of Oregon, the Board of Higher Education, and OUS employees from any liability for financial loss resulting from any calculations or from selection of a Company or its investment vehicles, from incorrect evaluation of tax-deferred status, from processing delays or errors, from discontinuance of present legislation affecting such benefits, and from incorrect advice received from the Company or its employees or representatives.

EMPLOYEE'S SIGNATURE: The employee authorizes the action requested on the SRA by signing and dating the form. This is accomplished in accordance with the provisions of ORS 243.810 to 243.830. The name of the employee's Institution is required information.