

**SALARY REDUCTION AGREEMENT
403(b) TAX SHELTERED ANNUITY OR CUSTODIAL ACCOUNT**

The Del Mar College District (referred to as the "College") and the Employee named below agree as follows:

1. **Salary or Wage Reduction.** The Employee's compensation shall be reduced by \$ _____ on a monthly basis effective _____. This is called the "salary reduction amount".
2. **Contribution to Annuity or Custodial Account.** The Employee directs the College to pay the salary reduction amount on behalf of the Employee to *(insert name of company and product name, if applicable)* _____ to purchase an annuity contract or to be deposited to a custodial account which qualifies under Section 403(b) of the Internal Revenue Code of 1986, as amended, to provide retirement benefits to the Employee. The salary reduction amount shall be paid in equal installments at the end of each pay period during the academic year.
3. **Binding Agreement.** This Agreement shall be legally binding and irrevocable as to the College and the Employee, except that either party may amend or terminate this Agreement.
4. **Amendment.** The Employee may increase, decrease, or discontinue the Salary Reduction Agreement. The employee must complete and submit a new Salary Reduction Agreement to change the salary reduction amount. The agreement must be submitted by the 15th of a month in order to go into effect the 1st of the following month. The amount of the salary reduction established by this agreement will remain the same from month to month until a new salary reduction agreement has been submitted.
5. **Limitations.** The College shall not be obligated to pay any amount under this Agreement in excess of the amount then due from the College to the Employee. **The Employee is responsible for determining that the salary reduction amount does not exceed the limitations imposed by the Internal Revenue Code.**
6. **Additional Terms.** The terms on the back of this form are incorporated here and are a part of this Agreement.

(Print) Employee's Name	Date	Employee's Signature
-------------------------	------	----------------------

Employee's Colleague ID#

Accepted by Del Mar College District

By: _____ Date: _____

ADDITIONAL TERMS AND CONDITIONS

1. This Agreement shall not be construed to modify the compensation or other terms of the Employee's employment by the College except to the extent specifically provided. This Agreement shall not obligate the College to continue the employment of the Employee beyond the period for which he or she would otherwise be employed, or restrict the rights of the College or the Employee to terminate the Employee's employment. If this Agreement is terminated, the terms of Employee's employment by the College shall be those which would apply in the absence of this Agreement.

2. If the Employee is paid on a twelve-month basis for services rendered during a period of less than twelve months, and if the Agreement is adopted or amended effective other than on September 1st, the salary reduction amount shall apply only to compensation for services rendered after the effective date, and this Agreement shall not affect compensation subsequently paid for services rendered before the effective date. If the Employee's employment is terminated, this Agreement shall automatically and simultaneously terminate, and no additional payments shall be made by the College under this Agreement. If an Employee is compensated by payment of wages rather than salary, references in this Agreement to "salary" shall be deemed to refer to wages.

3. Withdrawals of an Employee's salary reduction amount contributed after December 31, 1988, earnings on such salary reduction amounts, and earning on the December 31, 1988 account values shall not be withdrawn unless the Employee has:
 - a. Attained age 59 ½;
 - b. Separated from service with the College;
 - c. Become disabled;
 - d. Died; or
 - e. Sustained approved financial hardship (permits withdrawal of salary reduction amounts made after 1988 but not earnings thereon and pre-1989 salary reduction amounts plus earnings).

4. The Employee is responsible for complying with the minimum required distribution provisions of Section 403(b)(10) and Section 401(a)(9) of the Internal Revenue Code of 1986, as amended.