

**SALARY REDUCTION AGREEMENT
FOR TAX SHELTERING**

Date: _____

Evangelical Presbyterian Church (church or agency), an organization exempt from tax under Internal Revenue Code Section 501(c)(3) (hereinafter referred to as the "Employer"), and _____ (minister or employee), a common law employee (hereinafter referred to as the "Employee") desire to enter into a legally binding salary reduction agreement with respect to amounts earned after the above effective date as permitted by Code Section 403(b) and the regulations thereunder so that the Employee may exclude from his gross income his Employer's contributions pursuant to this agreement toward the Plan named below.

The Employee and Employer understand that the contributions originate and the tax deferral applies to amounts derived through a reduction of the Employee's salary or through the Employee foregoing a salary increase, and the Employer acts as a conduit for contributions. Under Income Tax Regulations Section 1.403(b)-1(b)(3) the Employee is not permitted to make more than one agreement with the same employer during any taxable year of such Employee; and this agreement is irrevocable with respect to amounts earned while the agreement is in effect. However, the Employee may be permitted to terminate the entire agreement with respect to amounts not yet earned.

If the contributions under this agreement are based on a prescribed percentage of salary rather than a fixed dollar amount, the mere change in the amount of Employer's contributions because of an increase or decrease in salary during the year will not constitute a new agreement.

Effective as of the date above, the Employer and the Employee hereby agree that the annual compensation of the Employee shall be reduced by the following percentage or amount: _____, and the Employer will make contributions to the Employee's retirement income account in the Evangelical Presbyterian Church Voluntary Tax-Sheltered Annuity Plan to provide a tax-sheltered annuity benefit which is fully vested, nonforfeitable and nontransferable. The amount of the Employer's contributions pursuant to this salary reduction agreement shall be the amount by which the Employee's annual compensation is reduced under this agreement.

This agreement will remain in full force and effect during the continued employment of the Employee until it is terminated either by the execution of a new salary reduction agreement or by execution of the Termination clause.

EVANGELICAL PRESBYTERIAN CHURCH
-Employer -

Name of Employee

By: _____

Signature of Employee

Its: _____

Termination Clause

Participant hereby terminates the above Salary Reduction Agreement effective as of the Salary Reduction Termination Date stated below.

Salary Reduction Termination Date: _____
(May not precede the date of signature)

Signature of Participant

Date of Signature