



## **Annual Leave Payment Deferral Agreement**

### ***Subject to 401(k) or 457 Plan Provisions***

Whereas the employer, hereinafter referred to as “Employer” has established a 401(k) and a 457 Plan, hereinafter referred to as “the Plan” pursuant to Internal Revenue Code Section 401 (k) and 457; and

Whereas I, the employee, have elected to participate in the Plan by deferring a portion of my salary into the Plan, it is hereby agreed as follows:

I have received a copy of the Deferred Compensation Plan and understand the terms and provisions thereof.

That the Deferred Compensation Plan is incorporated into this Participation Agreement and that these together constitute my entire rights and obligations under the Plan.

I hereby request and direct that my salary be reduced as of the effective date designated on the front of this form (this date cannot precede the date this agreement is signed), and that the Employer, its proper officers, agents and employees contribute these deferrals into the plan.

Under applicable Treasury Regulations, I understand that I shall be permitted to increase or decrease the amount deferred per pay period either by amending this Agreement or by entering into a new Agreement with the Employer. I understand that my employer may limit the number of times I am permitted to make a change in any calendar year.

I understand that the Internal Revenue Code limits the amount that I may contribute to a 401(k) or 457 Plan. It is my responsibility to monitor the amount I contribute per pay period to ensure that my total annual deferrals to the Plan do not exceed the amount permitted under the Internal Revenue Code as amended from time to time. Any elective deferral in excess of the applicable limit must be included in my gross income for the year of deferral.

I understand that this Agreement is legally binding and irrevocable as to salary earned while the Agreement is in effect, except that the Employer may reduce the amount of the salary reduction if it is determined that such amount will exceed the limitations of Internal Revenue Code.

That the amount deferred in accordance with this Agreement shall be paid out only in accordance with the provisions of the Deferred Compensation Plan, which specifically prohibits any payouts as long as I continue in employment with the State except in the case of severe financial hardship as determined by the Plan Administrator or at age 59½. Restrictions vary by plan.

This Agreement shall continue in effect until terminated. Either I or my Employer may terminate this Agreement with respect to amounts not yet earned by me by informing the other party in writing. I understand that the Employer will reduce my salary pursuant to the terms of this Agreement only to the extent that the amount of my gross salary for any pay period exceeds the amount I have elected to defer in any pay period.

In consideration of Employer’s compliance with the terms of this Agreement, I agree to hold Employer, its members, officers, agents, employees, successors and assigns harmless from and against any and all liability whatsoever arising out of or in connection with this Agreement, including but not limited to any costs or tax penalties that I may incur as a result of or in connection with the authorization and direction given by me in this Agreement. In addition, the State shall not be responsible for any loss due to investment of funds and assets in said Deferred Compensation Plan account, nor shall the State of Tennessee be required to replace any loss whatsoever which may result from said investments.