



Salary Reduction Simplified Employee Pension (SARSEP)

Custodial Account information & Elective Deferral Authorization

This form provides an opportunity to participate in ARC's self-directed retirement program. Known as SARSEP, this arrangement allows you to save money, lower your income tax, and prepare for your future.

Even if you choose not to participate, you may still be eligible to receive an employer contribution and would benefit from specifying a place to direct it. You may change or cancel your deductions at any time by submitting a revised copy of this form to ARC Human Resources.

Please complete the sections below.

Participation

| | |
|--------------------------|---|
| <input type="checkbox"/> | Yes, defer a portion of my compensation and direct this withholding to my retirement account. |
| <input type="checkbox"/> | Revise my existing elective deferral information as specified below. |
| <input type="checkbox"/> | No, I do not wish to participate in elective deferrals in the SARSEP plan at this time. |

Amount¹

| | | | | |
|--------------------------|--|--|------------------------|---|
| <input type="checkbox"/> | Fixed dollar amount: | | per payroll period, or | <i>The sum of your employee and a potential employer contribution can not exceed 25% of your annual compensation. See footnote¹ below for details.</i> |
| <input type="checkbox"/> | Percentage of earnings: | | per payroll period | |
| <input type="checkbox"/> | Also withhold the amount specified above from any potential bonus | | | |

Start Date

| | | |
|--|--|--|
| The deferral election specified above shall take effect on: | | <i>No sooner than the first day of the first pay period beginning of this authorization.</i> |
|--|--|--|

Financial Custodian²

| | | | |
|---------------------------------|--|--------------------------|--|
| Institution Name: | | | |
| Deposit Mailing Address: | | | |
| Custodian Phone Number: | | Website or Email: | |
| Account Number: | | Fund Name: | |
| Printed Employee Name: | | | |
| Signature: | | Date: | |

¹ The sum of your deferral and a potential employer contribution can not exceed 25% of your annual compensation. In prior years, ARC's non-elective employer contribution has been between 2%-5%. Because all participants receive the same percentage, you should avoid deferring more than the IRS allows.

Note: The total amount you defer plus any amount that ARC may contribute cannot exceed the smaller of (1) 25% of your compensation (net of any pretax deductions contributions); or (2) \$22,500 for 2023 (plus, for employees age 50 or over, a catch up amount up to \$7,500).

² A custodian is the financial institution that holds and manages your money. Examples include Vanguard, Fidelity, and Charles Schwab. When establishing your account, your custodian should provide instructions about depositing new funds.

Salary Reduction Simplified Employee Pension

Pros:

- Reduces your taxable income
- Leaves you in full control of your deferred money's destination and means of investment
- Allows a high limit of how much you can choose to contribute

Cons:

- You must establish and manage your own retirement account
- Employer contributions are discretionary and not assured every year
- Program is uncommon and may be unfamiliar to inexperienced financial managers

A non-elective contribution is a payment made by the employer to an employee-sponsored retirement plan. Employees benefit from non-elective contributions because the contributions that the employer makes towards the retirement plan increases the contribution limit beyond what they can achieve on their own. However, any contributions are made at the discretion of the employer and may change at any time.



The IRS limits each participant's elective deferral contributions to \$23,500 in 2025 (\$23,000 in 2024 and \$22,500 in 2023) or 25% of their compensation, whichever is less.

"Catch-up" contributions are not subject to this limit. The overall contribution limit (including both employer and employee contributions, but excluding catch-up contributions) is the same as the SEP limit, above.

The IRS no longer allows the establishment of new SARSEP plans, but arrangements established before 1997 can remain in operation as long as all plan requirements are maintained. ARC's plan remains in effect because of this provision.

For Further Information:

<https://www.irs.gov/retirement-plans/plan-sponsor/salary-reduction-simplified-employee-pension-plan-sarsep>