



The "Retirement Contribution Transmittal Guidelines" provides instruction for remitting and reporting your Foursquare Retirement Plan contributions. Here is a brief description of the different sources of Contributions on the Monthly Data Report.

**ELECTIVE DEFERRALS** – contributions voluntarily deducted from a participant's salary

**Pre-tax:** The participant elects to have his or her salary reduced by retirement plan contributions deducted from Gross Pay, before any taxes have been applied, thus enjoying an immediate "tax break" by lowering the current taxable income.

Quarterly Payroll Tax reports are adjusted accordingly. At the end of the year, Form W-2 reports Gross Income, Net Income, and the total amount of Retirement Contributions deducted. An additional deduction is not taken when filing the Form 1040; the participant's taxable income has already been decreased in each pay period. These contributions, plus any investment earnings, are subject to taxation upon distribution from the Plan.

**Post-tax:** The correct term is actually "after-tax". The participant elects to have his or her salary reduced by retirement contributions deducted from Net Pay, that is, after all taxes have been deducted.

These contributions are not reported on Quarterly Payroll Tax reports, nor on Form W-2 since they are made *after taxes have been paid*. A tax deduction cannot be taken when filing the Form 1040. These contributions are not subject to taxation upon distribution from the Plan, however, the investment earnings are considered taxable income.

**NON-ELECTIVE DEFERRALS** – contributions made on the behalf of a participant by the employer

These contributions are not reported on Form W-2, nor are the contributions deductible when filing the Form 1040. They are, however, subject to taxation upon removal from the Plan, as are the investment earnings on these contributions.

**Church Match:** This is a retirement contribution, made on the behalf of a participant that *matches the voluntary salary reduction contribution* to the Foursquare Retirement Plan. Contributions are reported under this category *only* when matching above described elective deferrals to the Foursquare Retirement Plan.

**Church Discretionary:** These are retirement contributions made on the behalf of a participant. There is no "matching formula"; the local church elects to make the contribution whether or not its participants make retirement contributions to the Plan. Report contributions under this category if your church makes retirement contributions based on annual salary, seniority or position (anything *other than* participant voluntary salary reduction contributions to the Foursquare Retirement Plan).