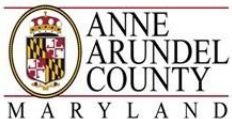


2018 401(a) Information Session For Plan Enrollment Options



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WHY ARE YOU HERE TODAY?

- Bill No. 95-17 created the Employee Retirement Savings Plan. This is a voluntary alternative to the Employees' Pension Plan that you are all currently enrolled in.
- The Employee Retirement Savings Plan is a defined contribution plan for employees hired on or after July 1, 2018 who are **eligible for enrollment in the Employees' Retirement Plan** and for employees hired on or after December 1, 2014 who are not yet vested in the Employees' Pension Plan.
- You have been identified as an employee eligible to make a one-time irrevocable election to transfer from the Employees' Pension Plan to the new Employee Retirement Savings Plan.
- There is a six month period to make the election to transfer to the Employee Retirement Savings Plan from July 1, 2018–December 31, 2018.
- Our goal today is to educate you about your current defined benefit plan and the new defined contribution plan to assist you in deciding whether to stay in the defined benefit plan or transfer to the new defined contribution plan.

SELECTING YOUR RETIREMENT PLAN: DEFINED BENEFIT OR DEFINED CONTRIBUTION



DEFINED BENEFIT PLAN

- A **defined benefit pension plan** is a type of pension plan in which the County provides a **lifetime** monthly allowance to the Participant that is predetermined by a formula based on the employee's final average earnings, tenure of service and/or age, rather than depending directly on individual investment returns.
- A defined benefit plan is 'defined' in the sense that the benefit formula is defined and known in advance.



BENEFITS OF A DB PLAN

- Provides a lifetime allowance for the Participant (can't "outlive" your pension);
- Permits lifetime surviving spouse allowance if elected at the time of retirement;
- Provides a "disability" lifetime allowance for those who qualify; and
- Doesn't require participant to monitor investment performance.



DB PLAN LIMITATIONS

- The highest benefits are paid to Participants who remain employed at least until retirement eligibility.
- Must vest with 5 or 10 years (8 years for certain Participants) to be eligible for the minimum benefits.
- Separation from employment prior to vesting period would only provide a return of member contributions and interest (Tier 1 only).
- Limited Portability—may be portable to other Maryland state, county and municipal plans under certain conditions.

PENSION ELIGIBILITY



NORMAL RETIREMENT

- 30 years of credited service (can use D/L); or,
- Age 60 with five (5) years of actual plan service plus transferred service (cannot use D/L to reach 5 years);
- Age 60 with ten (10) years of actual plan service plus transferred service **if hired after July 1, 2015** (cannot use D/L to reach 10 years);
- Age 60 with ten (10) years of actual plan service plus transferred service for elected County Council members elected on or after December 1, 2014 (cannot use D/L to reach 10 years);
- Age 60 with eight (8) years of actual plan service plus transferred service if elected or appointed on or after December 1, 2014 (cannot use D/L to reach 10 years).



EARLY RETIREMENT (REDUCED BENEFIT)

Age 50+ **and** with 20+ years of credited service (can use D/L to reach 20).
Benefit will be reduced from the **smaller of** age to 60 or service to 30
years, whichever provides the lesser reduction.

EMPLOYEE PLAN TIER 1 BENEFIT



TIER 1

(Contributory Plan—4%)

2% of your FABP* multiplied by your years of credited service, to the nearest 1/12th of a year. The pension will not exceed 60% of your FABP except for credited service for disability leave and credited pre-plan military service.

FABP x .02 x service credit = annual pension

Benefit Example:

2.0% x \$65,000 x 30 years = **\$39,000** per year

2.0% x \$65,000 x 10 years = **\$13,000** per year

*FABP = Final Average Base Pay

EMPLOYEE PLAN TIER 2 BENEFIT



TIER 2

(Non-Contributory Plan)

1% of your FABP multiplied by your years of credited service, to the nearest 1/12th of a year. The pension will not exceed 60% of your FABP except for credited service for disability leave and credited pre-plan military service.

FABP x .01 x service credit = annual pension

Benefit Example:

1.0% x \$65,000 x 30 years = **\$19,500** per year

1.0% x \$65,000 x 10 years = **\$6,500** per year

DISABILITY BENEFITS IN THE EMPLOYEES' PENSION PLAN



SERVICE AND NON-SERVICE CONNECTED DISABILITY

- Service connected: determined to be totally and permanently disabled as the result of bodily injury that occurred in the performance of your job and are unable to perform your job.
 - Benefit equals 66 2/3% of your FABP.
- Non-Service connected: determined to have a total and permanent disability that prevents you from performing your job; must be eligible for disability benefits under Social Security.
 - Benefit equals the greater of your accrued benefit or 25% of your FABP.

DEATH BENEFITS IN THE EMPLOYEES' PENSION PLAN



LINE OF DUTY DEATH BENEFIT

If your death is a direct result of the active performance of your job

- Benefit equals the greater of your accrued benefit at the date of death or 50% of your FABP.

NON-LINE OF DUTY DEATH BENEFIT

If you die before you terminate employment with the County

- Benefit for a vested member: Lump sum equal to your employee contributions and interest plus 50% of your FABP; or a lifetime payment equal to the 100% J&S benefit option.
- Benefit for a non-vested member: Lump sum payment equal to accumulated contributions and interest plus 50% of your FABP.



THINGS TO CONSIDER

- Will you stay with Anne Arundel County Government long term?
- Do you typically move between employers frequently?
- Is this your second career? Do you have a pension elsewhere?
- Should you obtain advice from a financial professional?
(County cannot provide advice)

DEFINED CONTRIBUTION PLAN

- A **defined contribution plan** is a type of retirement plan in which the employer, employee or both make contributions on a regular basis. Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts (through employee contributions and, if applicable, employer contributions) plus any investment earnings or losses on the money in the account.
- In defined contribution plans, future benefits fluctuate on the basis of investment earnings or losses.
- Defined contribution plan benefits are portable: benefits paid into or accrued in an employer-sponsored plan and can be transferred to a new employer's plan or distributed to an individual who is leaving the workforce.

PLAN FEATURES



Plan Eligibility



Contribution Limits



Contribution Types



Company Contributions



Vesting Schedule

You are eligible for enrollment in the Employees Retirement Savings Plan because:

- You are a member of the Employees' Retirement Plan who was hired on or after December 1, 2014; AND
- You have not yet met the vesting requirements of the Employees' Retirement Plan.

You have 6 months—from July 1, 2018–December 31, 2018—to elect to transfer from the Employees' Retirement Plan to the Employee Retirement Savings Plan.

PLAN FEATURES



Plan Eligibility



Contribution Limits



Contribution Types



Company Contributions



Vesting Schedule

New hires will have 30 days from their hire date to make an irrevocable election to participate in the plan. If so, they will also complete a Anne Arundel County enrollment form provided by T. Rowe Price.

PLAN FEATURES



Plan
Eligibility



Contribution
Limits



Contribution
Types



Company
Contributions



Vesting
Schedule

You must contribute:

Plan requires for a **4%**
participant contribution

PLAN FEATURES



Plan
Eligibility



Contribution
Limits



Contribution
Types



Company
Contributions



Vesting
Schedule

You can make:

- **Employee Contributions**
(i.e. the 4% deferral required)
- **Rollover contributions**
- **Contributions transferred**
from the Employees' Retirement
Plan (DB pension plan) between
7/1/2018–12/31/2018

PLAN FEATURES



Plan
Eligibility



Contribution
Limits



Contribution
Types



**Company
Contributions**



Vesting
Schedule

County Contribution:

County will provide an amount equal to **8%** of your compensation

PLAN FEATURES



Plan
Eligibility



Contribution
Limits



Contribution
Types



Company
Contributions



Vesting
Schedule

County Contribution:

The County contributions will be vested **20% per year with a 5 year graded** schedule as follows:

Vested percentage	Years of service
20%	1 year
40%	2 years
60%	3 years
80%	4 years
100%	5 years

You are always **100% vested** the employee contributions portion of your account.

PLAN FEATURES



Stock Mutual
Funds



Bond Mutual
Funds



Money Market Funds/
Stable Value



Age-Based
Investments

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PLAN FEATURES



Stock Mutual
Funds



Bond Mutual
Funds



Money Market Funds/
Stable Value



Age-Based
Investments



1



PLAN FEATURES



Stock Mutual
Funds



Bond Mutual
Funds



Money Market Funds/
Stable Value



Age-Based
Investments

1



PLAN FEATURES



Stock Mutual
Funds



Bond Mutual
Funds



Money Market Funds/
Stable Value



Age-Based
Investments

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T. ROWE PRICE RETIREMENT FUNDS

Fund of Funds

Combines multiple mutual funds into a single investment

Pre-allocated

Underlying mutual funds allocated based on target year

Automatically Adjusts

Typically become more conservative over time

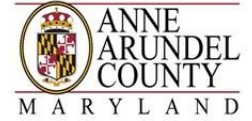
Single Investment

Designed to function as a complete portfolio

The principal value of the Retirement Funds is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire (assumed to be age 65) and likely stop making new investments in the fund. If an investor plans to retire significantly earlier or later than age 65, the funds may not be an appropriate investment even if the investor is retiring on or near the target date. The funds' allocation among a broad range of underlying T. Rowe Price stock and bond funds will change over time. The funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term post-retirement withdrawal horizon. The funds are not designed for a lump sum redemption at the target date and do not guarantee a particular level of income. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility over shorter time horizons.

OPTIONS

RETIREMENT FUNDS



Each Retirement Fund offers a diversified asset allocation designed for investors who will turn 65 and retire in or near the stated year. The chart below can help you understand which Retirement Fund available in your plan is closest to the year you will turn 65.

If you were born:	The fund designed for your age group is:
In 1993 or after	Retirement 2060 Fund
1988 and 1992	Retirement 2055 Fund
1983 and 1987	Retirement 2050 Fund
1978 and 1982	Retirement 2045 Fund
1973 and 1977	Retirement 2040 Fund
1968 and 1972	Retirement 2035 Fund
1963 and 1967	Retirement 2030 Fund
1958 and 1962	Retirement 2025 Fund
1953 and 1957	Retirement 2020 Fund
1948 and 1952	Retirement 2015 Fund
1943 and 1947	Retirement 2010 Fund
In 1942 or before	Retirement 2005 Fund

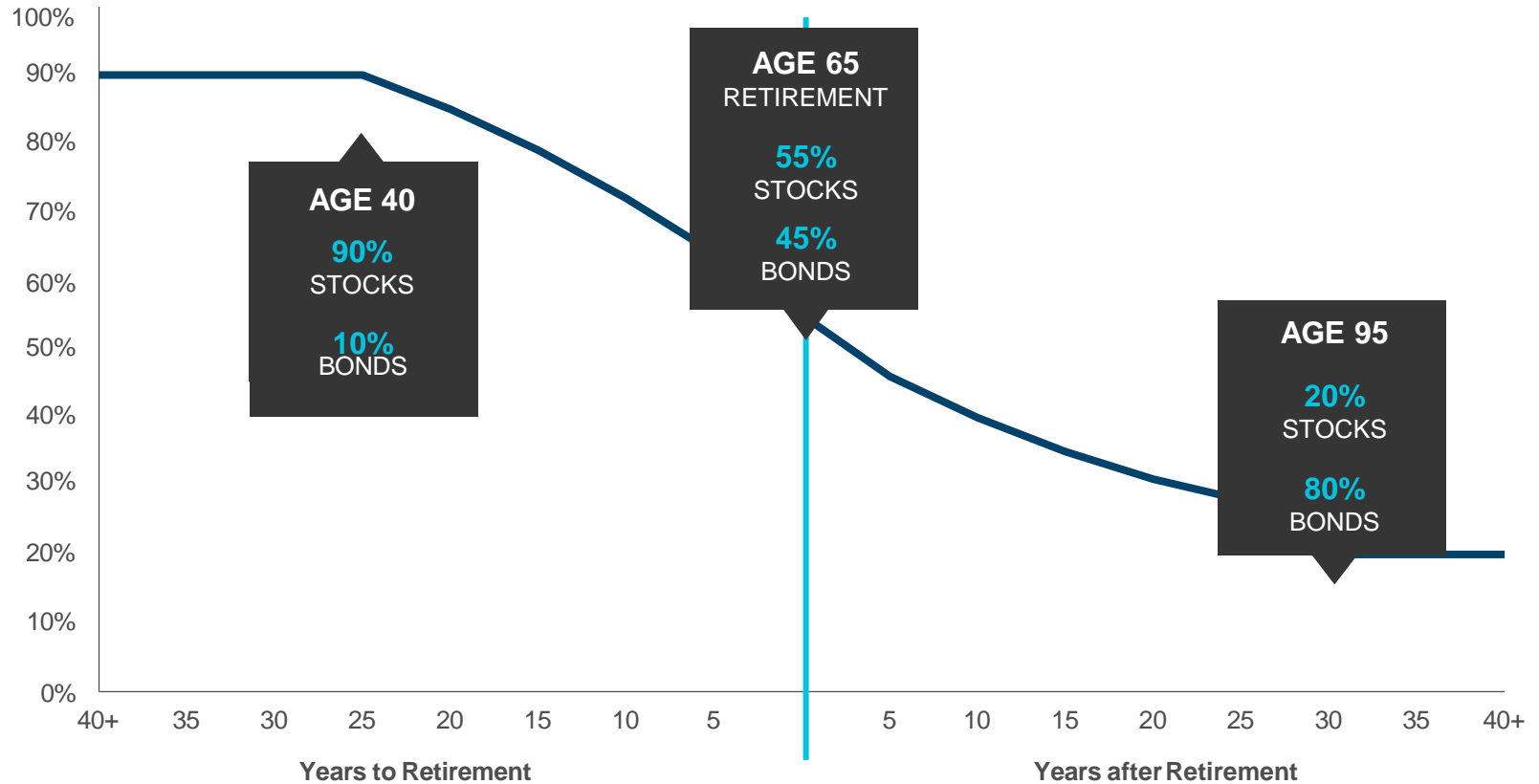
Depending on your risk tolerance, time horizon, and financial situation, you may consider a fund with a different target date.

For a diversified portfolio that maintains a static asset allocation, consider the Retirement Balanced Fund.

ADJUSTS OVER TIME

RETIREMENT FUNDS GLIDE PATH

As of July 1, 2017



PLAN FEATURES



Withdrawals



Beneficiaries

Under specific circumstances,
you have access to your
vested account balance

PLAN FEATURES



Withdrawals



Beneficiaries

If you are determined to be totally and permanently disabled (under County code) then you are immediately vested in the savings plan and eligible for lump sum distribution.

Also if you die you become immediately vested in the plan and your designated beneficiaries will receive the assets.

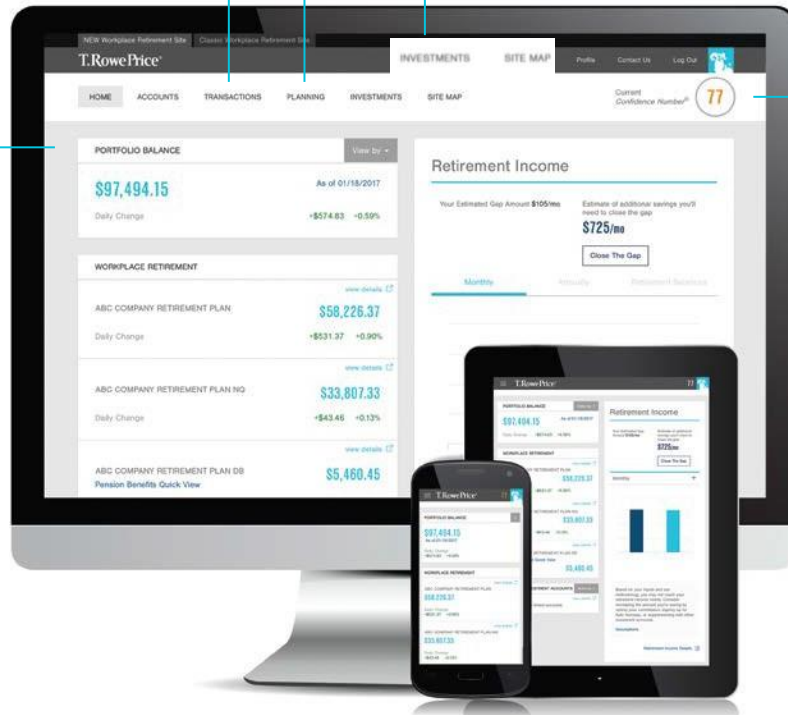
MONITOR YOUR ACCOUNT

Perform transactions

Check in on your progress toward retirement

Research investments

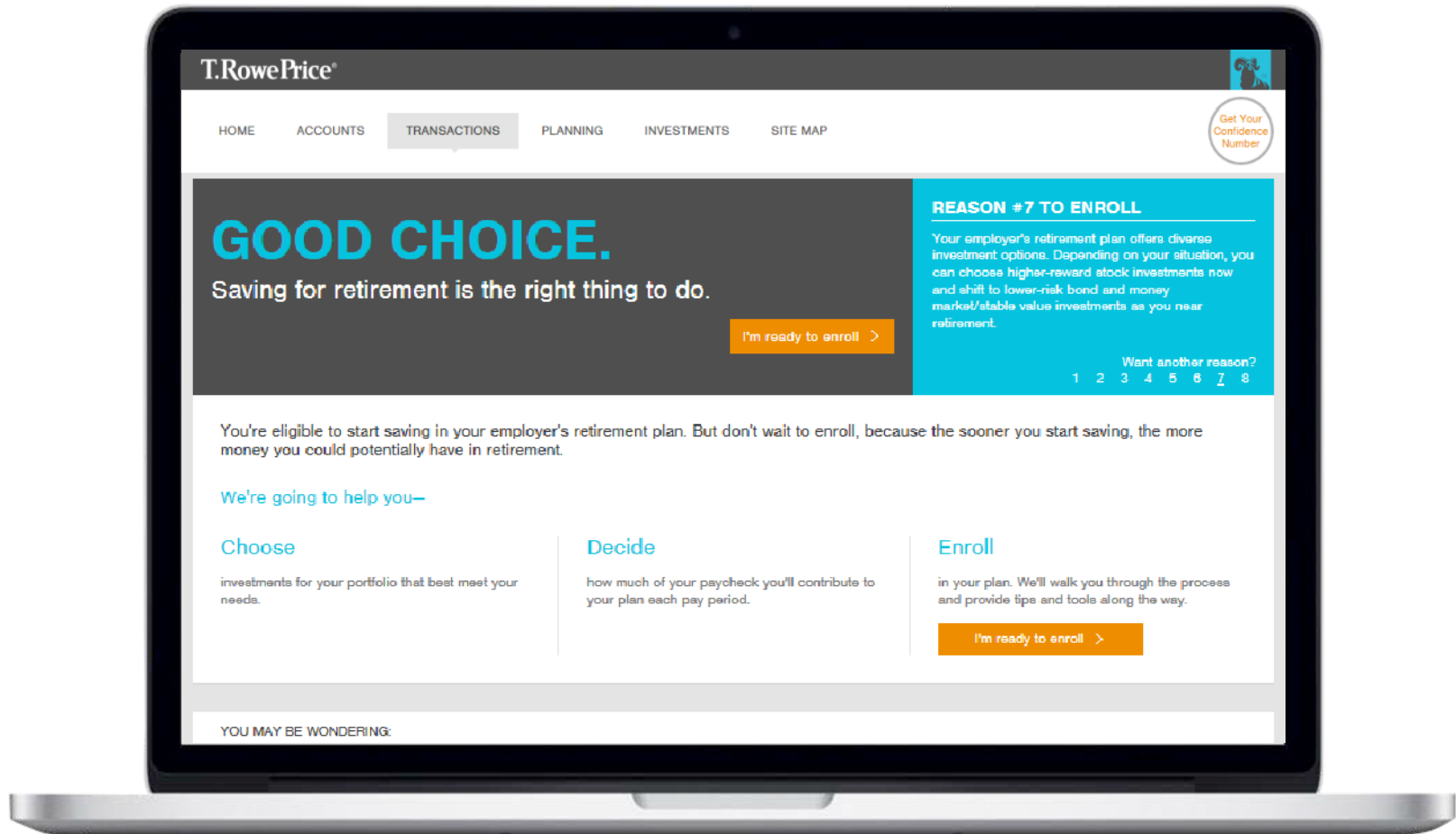
Quickly view and access accounts and balances



Estimate if you're on track for retirement with your *Confidence Number*[®] score

Log in wherever you are, whatever your device

GETTING STARTED





NEXT STEPS

- Review the letter you received with your Present Value, the comparison chart and the information provided to you today regarding defined benefit and defined contribution plans.
- Think about your career goals.
- Talk to a financial advisor.
- If you choose to stay in the Employees' Retirement plan—you do not have to do anything.
- If you elect to transfer from the Employees' Retirement Plan to the Employee Retirement Savings Plan—you need to complete an election form and enrollment form.



Call 1-800-922-9945 to request a fact sheet, a prospectus, or, if available, a summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.