

THE DEFERRED COMPENSATION PLAN OF
ANNE ARUNDEL COUNTY, MARYLAND

Amendment and Restatement
Generally Effective as of January 1, 2020

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ARTICLE I
INTRODUCTION AND PURPOSE OF PLAN

1.1 ESTABLISHMENT OF PLAN. The Employer established the Deferred Compensation Plan of Anne Arundel County, Maryland (the "Plan"), effective as of October 1, 1979, and amended and restated the Plan, generally effective as of January 1, 1989. The Plan was further amended by Amendment No. 1, effective January 1, 1999, to provide that all assets and income of the Plan be held for the exclusive benefit of Participants and Beneficiaries in trust or in a custodial account or annuity contract described in section 401(f) of the Internal Revenue Code, and again was amended and restated generally effective April 1, 1999. The Employer amended and restated the Plan effective January 1, 2002, to reflect the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and to make certain other changes, and amended again, generally effective January 1, 2009, to reflect the provisions of the Pension Protection Act, the Worker, Retiree and Employer Recovery Act of 2008, and the Heroes Earnings Assistance and Relief Tax Act of 2008, and to make certain other changes. The Employer hereby amends and restates the Plan, generally effective January 1, 2020, unless otherwise provided herein, to reflect the provisions of the Setting Every Community Up for Retirement Enhancement Act of 2019 (the "SECURE Act"), and to permit the waiver of required minimum distributions for 2020 under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and to reflect other design changes. The Plan shall be maintained for the exclusive benefit of covered employees and is intended to comply with the eligible deferred compensation plan requirements under section 457 of the Internal Revenue Code of 1986, as amended, and regulations thereunder, and other applicable law.

1.2 PURPOSE OF PLAN. The purpose of this Plan is to enable Employees who become covered under the Plan to enhance their retirement security by permitting them to enter into agreements with the Employer to defer a portion of their Compensation and receive benefits at retirement, death, upon attaining age 59 ½, or in the event of financial hardship due to unforeseeable emergencies. Participation in this Plan shall not be construed to establish or create an employment contract between the Employer and the Employer.

ARTICLE II
DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings as set forth in this Article unless a different meaning is clearly required by the context.

2.1 ADMINISTRATOR means the Employer.

2.2 BENEFICIARY means the person, persons, or legal entity entitled to receive benefits under this Plan which become payable if a Participant dies.

2.3 CODE means the Internal Revenue Code of 1986, as amended, and includes any regulations thereunder.

2.4 COMPENSATION means the total amount of remuneration earned by an Employee for personal services rendered to the Employer for the calendar year, including amounts deferred under this Plan and any other deferred compensation plan and any accumulated sick pay, vacation pay or back pay.

2.5 CUSTODIAL AGREEMENT means the agreement by and between the Employer and the Custodian establishing a custodial account (or trust or annuity contract) described in Section 7.2(a).

2.6 CUSTODIAN means the custodian (or trustee or annuity contract issuer) appointed by the Employer and named in the Custodial Agreement, and any successor and/or additional custodians (or trustees or annuity contract issuers) appointed by the Employer.

2.7 DEFERRAL means the annual amount of Compensation that a Participant elects to defer pursuant to a properly executed Voluntary Salary Deferral Agreement.

2.8 DEFERRED COMPENSATION ACCOUNT means the account established and maintained on behalf of a Participant as provided in Section 7.3.

2.9 ELIGIBLE EMPLOYEE means any person who performs services for the Employer as an employee for whom Compensation is paid, including elected and appointed officials.

2.10 EMPLOYER means Anne Arundel County, Maryland, and any agencies or instrumentalities thereof.

2.11 INCLUDABLE COMPENSATION, as defined in Code section 457(e)(5), means, for an Employee's taxable year, the Employee's earned income, wages, salaries, and fees for professional services actually rendered in the course of employment with the Employer (including, but not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses) and excluding the following:

a. Employer contributions to a plan of deferred compensation which are not includible in the Participant's gross income for the taxable year in which contributed, or Employer contributions under a simplified employee pension plan to the extent such contributions are deductible by the Participant, or any distributions from a plan of deferred compensation;

b. Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

c. Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

- d. Other amounts which received special tax benefits.

Notwithstanding the preceding, "Includible Compensation" shall include any elective deferral (as defined in Code section 402(g)(3)) and any amount which is contributed or deferred by the Employer at the election of the Participant and which is not includible in the gross income of the Participant by reason of Code sections 125, 132(f)(4), or 457 (including Deferrals under the Plan). Includible Compensation shall be determined without regard to any community property laws.

2.12 INVESTMENT OPTIONS means any regulated investment companies registered under the Investment Company Act of 1940, any common trust funds or collective investment fund qualified under sections 401 and 501 of the Code, and any other investment vehicle (including, but not limited to, limited partnership interests) which the Employer permits under the terms of the Plan.

2.13 NORMAL RETIREMENT AGE means age sixty-five (65), or such other date as is elected by the Participant by written instrument delivered to the Administrator; provided, however, that no date may be elected by the Participant which is (a) except as provided below, earlier than the earlier of age sixty-five (65) or the age at which employees have a right to retire and receive, under the basic defined benefit pension plan of the Employer (or, if the Participant is not eligible to participate in a defined benefit pension plan, a money purchase pension plan in which the Participant participates), immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age, or (b) later than age seventy and one-half (70 1/2). Notwithstanding the preceding, a Participant who is a qualified police or firefighter, as defined under Section 415(c)(2)(H)(ii)(I) of the Code, may have an earlier Normal Retirement Age than as described in (a) of the preceding sentence; provided, however, in no event may such Participant's Normal Retirement Age be earlier than age forty (40). For this purpose, the first submission of a Voluntary Salary Deferral Agreement to the Administrator on which the Participant elects to make Deferrals pursuant to the catch-up provisions of Section 4.1(b) of the Plan shall be deemed to be delivery of a written election by the Participant specifying the Participant's Normal Retirement Age as the earlier of (i) January 1 of the fourth Plan Year following the Plan Year in which such Deferral first becomes effective, or (ii) any earlier Normal Retirement Age required under applicable law. In no event may a Participant have more than one Normal Retirement Age under all Code section 457(b) plans sponsored by the Employer.

2.14 OPEN ENROLLMENT DATE means, the first day of each calendar month, and any other dates as may be established by the Administrator.

2.15 PARTICIPANT means an Eligible Employee or former Eligible Employee who has been enrolled in this Plan and who retains the rights to benefits under the Plan.

2.16 PLAN means the Deferred Compensation Plan of Anne Arundel County, Maryland, as it may be amended from time to time.

2.17 PLAN YEAR means the twelve (12) consecutive month period beginning each January 1 and ending the following December 31.

2.18 PRIOR PLAN means any deferred compensation plan which is an eligible deferred compensation plan as defined in section 457 of the Code which this Plan amends and restates.

2.19 RECORDKEEPING AGREEMENT means the agreement by and between the Employer and any recordkeeper appointed by the Employer.

2.20 REQUIRED BEGINNING DATE means the date by which distributions are required to begin, as defined in Section 5.1.

2.21 ROLLOVER CONTRIBUTION ACCOUNT means that portion of a Participant's Account which is attributable to contributions made under Section 3.2.

2.22 SEVERANCE FROM EMPLOYMENT means the severance of a Participant's employment with the Employer including retirement, termination and death. Any Participant who is granted a leave of absence by the Employer will not be treated as incurring a Severance from Employment as long as the leave of absence is approved by the Employer. If an approved leave of absence is terminated by the Employer or Employee without the resumption of the employment relationship, the Participant shall be treated as incurring a Severance from Employment under this Plan as of the date of termination of such leave.

2.23 UNFORESEEABLE EMERGENCY means a severe financial hardship to the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code section 152(a)) or (to the extent permitted under Code section 457(b), as modified by the Pension Protection Act of 2006) the Participant's Beneficiary, (b) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster), (c) the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in Code section 152(a)), or (d) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an "Unforeseeable Emergency" will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved:

- (i) Through reimbursement or compensation by insurance or otherwise,
- (ii) By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
- (iii) By cessation of deferrals under the Plan.

The need to send a Participant's child to college or the desire to purchase a home shall not be considered an Unforeseeable Emergency. The determination of what constitutes an Unforeseeable Emergency shall be made by the Administrator in accordance with the terms of the Plan, the Code and the applicable regulations and rulings. The amount of payment will be limited to the amount reasonable needed to satisfy the emergency need.

2.24 VOLUNTARY SALARY DEFERRAL AGREEMENT means the agreement between a Participant and the Employer to defer receipt by the Participant of Compensation not

yet paid or otherwise made available to the Participant. Such agreement shall state the Deferral amount to be withheld from a Participant's paycheck and whether such Deferrals are Roth Elective Deferrals and shall become effective as of the date Deferrals commence in accordance with Section 3.1, or as of the date Deferrals change in accordance with Section 4.4, as applicable.

ARTICLE III
PARTICIPATION IN THE PLAN

3.1 ENROLLMENT. Each Eligible Employee may become a Participant as of the date of his or her employment begins by enrolling in the Plan before that date. An Eligible Employee who does not become a Participant as of the date his or her employment begins may become a Participant as of any subsequent Open Enrollment Date by enrolling before any such date. An Eligible Employee enrolls in the Plan by completing a Voluntary Salary Deferral Agreement and submitting it to the Administrator. Any person elected or appointed to a term of office with the Employer shall be deemed to begin employment at the time he or she assumes office. Subject to the following paragraph, Deferrals will commence as of the first full pay period beginning on or after the date the Eligible Employee becomes a Participant, or as soon as administratively practicable thereafter.

As required by Code section 457(b)(4), Compensation may generally be deferred under the Plan for a calendar month only if an election providing for the Deferral has been made by the Participant prior to the first day of the month following the month in which the Compensation is paid or made available. Notwithstanding the preceding, an election to defer accumulated sick pay, vacation pay or back pay that is payable to a Participant before he or she has a Severance from Employment may be made by the Participant at any time prior to the date on which such accumulated sick pay, vacation pay or back pay is currently available, as defined in regulations under Code section 401(k). Also, notwithstanding the preceding, Compensation may be deferred by a newly-hired Eligible Employee during his or her first calendar month of employment if he or she makes a Deferral election prior to the first day he or she performs services for the Employer.

3.2 ACCEPTANCE OF ROLLOVERS/TRANSFERS TO PLAN. Any Participant may transfer to the Trust any "Rollover Contributions" (as defined herein). A Participant's Rollover Contribution shall be credited to and held in the Participant's Rollover Contribution Account. A Participant's Rollover Contribution Account shall be one hundred percent (100%) vested in the Participant at all times.

a. Distributed Amounts Which Are Rolled Over. The term "Rollover Contribution" means an amount contributed to the Plan on or before the sixtieth (60th) day after the day the contributing Participant received it from one or more of the following, but only if the amount received by the Employee is a distribution which is eligible for rollover to the Plan under Code section 402(c)(4):

(i) another eligible deferred compensation plan described in Code section 457(b) which is maintained by an eligible employer described in Code section 457(e)(1)(A);

(ii) a qualified retirement plan under Code section 401(a) or 403(a) (excluding after-tax contributions);

(iii) an annuity contract described in Code section 403(b) (excluding after-tax contributions); or

(iv) an individual retirement account or annuity described in Code section 408(a) or (b) that is eligible to be rolled over and would otherwise be includible in gross income; or

(v) an individual retirement account or annuity under a SIMPLE plan described in Code section 408(p) that is eligible to be rolled over and would otherwise be includible in gross income after the two-year period beginning on the date on which the participant first participated in the SIMPLE plan.

If a Participant is permitted to roll over amounts into the Plan under this subsection, the Plan shall provide separate accounting for the amounts so rolled over. Notwithstanding the foregoing, the Plan will not accept a rollover of any after-tax employee contributions.

b. Direct Rollovers. The term "Rollover Contribution" also means assets representing a Participant's nonforfeitable interest in one or more of the following, which assets have been transferred directly from the trustee (or other fiduciary) of such other plan, account or annuity to the Trustee of this Plan; provided, however, that such direct transfer constitutes a direct rollover under Code section 402:

(i) another eligible deferred compensation plan described in Code §457(b) which is maintained by an eligible employer described in Code section 457(e)(1)(A);

(ii) a qualified retirement plan under Code section 401(a) or 403(a) (excluding after-tax contributions);

(iii) an annuity contract described in Code section 403(b) (excluding after-tax contributions);

(iv) an individual retirement account or annuity described in Code section 408(a) or (b) that is eligible to be rolled over and would otherwise be includible in gross income; or

(v) an individual retirement account or annuity under a SIMPLE plan described in Code section 408(p) that is eligible to be rolled over and would otherwise be includible in gross income after the two-year period beginning on the date on which the participant first participated in the SIMPLE plan.

If a Participant is permitted to directly roll over amounts into the Plan under this subsection, the Plan shall provide separate accounting for the amounts so directly rolled over.

The Administrator may reject any Rollover Contribution which is not qualified to be a Rollover Contribution to the Plan under the foregoing or under the Code. The Administrator may make all investigations necessary to determine whether any amounts submitted as a Rollover Contribution may be received. The Plan will not accept a direct rollover of any after-tax employee contributions.

c. The Plan will accept direct rollovers of DROP funds from DROP participants of the Anne Arundel County DROP Program.

ARTICLE IV
DEFERRAL OF COMPENSATION

4.1 MAXIMUM DEFERRAL.

a. Primary Limitation. A Participant's Deferral amount in any calendar year (including any Roth Elective Deferrals) shall not exceed the lesser of the Applicable Dollar Amount or 100 percent (100%) of the Participant's Includable Compensation for the year. "Applicable Dollar Amount" means the limit as set forth in section 457(e)(15)(A) of the Code and as adjusted pursuant to section 457(e)(15)(B) of the Code (\$20,500 in 2022). The Applicable Dollar Amount shall be adjusted automatically each calendar year to reflect increases in cost-of-living in accordance with Code sections 457(e)(15) and 415(d).

b. Pre-Retirement Catch-up Limitation. For each of the last three (3) taxable years ending before a Participant's attainment of Normal Retirement Age, the maximum Deferral amount shall be lesser of: (i) twice the Applicable Dollar Amount, or (ii) the sum of (1) the primary limitation amount determined under Section 4.1(a) for the current year, and (2) that portion of the primary limitation amount not utilized in prior taxable years in which the Participant was eligible to participate in the Plan, beginning in 1979. A Participant may use a prior year only if the Deferrals under the Plan in existence during that year were subject to a ceiling on Deferrals.

This catch-up limitation is available to a Participant during one three-year period only. If the Participant uses the catch-up limitation and then postpones retirement or returns to work after retirement, the catch-up limitation shall not be available again.

c. Alternative Catch-up Limitation. Any Participant who has attained age fifty (50) before the close of the Plan Year and who has contributed the maximum amount permissible under Section 4.1(a) may make catch-up contributions in accordance with, and subject to the limitations of, Code section 414(v) as described in Section 4.2. A Participant may not make catch-up deferrals under this provision simultaneously with the provision outlined in subsection (b) of this Article.

d. Coordination With Other Plans. If a Participant participates in more than one Code section 457(b) plan, the maximum deferral under all plans shall not exceed the Applicable Dollar Amount (subject to modification by the catch-up limitation described in (b) or (c) above). Sections 4.1(a) and 4.1(b)(1) shall not apply to a qualified governmental excess benefit arrangement (as defined in Code Section 415(m)(3)) and benefits provided under such an arrangement shall not be taken into account in determining whether any other plan is an eligible

deferred compensation plan.

4.2 AGE 50 AND OLDER CATCH-UP DEFERRALS. As described in Section 4.1(c), Participants who are eligible to make Deferrals under this Plan and who are at least age fifty (50) shall be eligible to make catch-up deferrals ("Catch-Up Deferrals") in accordance with, and subject to the limitations of, Code section 414(v) (as added to the Code by the Economic Growth and Tax Relief Reconciliation Act of 2001).

a. For purposes of this Section, a Participant who is projected to attain age fifty (50) before the end of a calendar year is deemed to be age fifty (50) as of the January 1 of that year.

b. Except as provided herein, the term "Catch-Up Deferrals" means elective deferrals which are made to the Plan, pursuant to an eligible Participant's written election and subject to such uniform administrative rules as the Administrator shall establish, which exceed an "applicable limit," defined as:

(i) any limit under Code section 457(b)(2) or 457(e)(15) on Deferrals which are permitted to be made (without regard to section 414(v) of the Code and this Section of the Plan) with respect to the Participant to the Plan; or

(ii) any limit on Deferrals which are permitted to be made (determined without regard to section 414(v) of the Code and this Section of the Plan) with respect to the Participant to the Plan under the terms of the Plan that is not required under the Code.

If an eligible Participant's elective deferrals exceed an "applicable limit" listed above that is determined on a calendar or taxable year basis, such elective deferrals may be herein considered a Catch-Up Deferral at the time of deferral, but only to the extent that the deferrals, when combined with all other Catch-Up Deferrals made with respect to the Participant for the taxable year, do not exceed the lesser of (a) the applicable dollar amount determined under Code section 414(v)(2)(B) (five thousand five hundred dollars (\$5,500) for 2012), or (b) the excess of the Participant's compensation (determined as described in Code section 415(c)(3)) for the Participant's taxable year over the sum of the Participant's elective deferrals, as defined in Code section 414(u)(2)(C) but excluding any contributions made under this Section 3.3, for the Participant's taxable year.

If an eligible Participant's elective deferrals exceed an "applicable limit" listed above that is determined on a Plan Year or limitation year basis, and not on a calendar or taxable year basis, such elective deferrals shall be herein considered a Catch-Up Deferral as of the last day of the relevant Plan Year or limitation year, as applicable, but only to the extent that the deferrals, when combined with all other Catch-Up Deferrals made with respect to the Participant for the Participant's taxable year in which occurs the last day of the relevant Plan Year or limitation year, as applicable, do not exceed the lesser of (a) the applicable dollar amount determined under Code section 414(v)(2)(B), or (b) the excess of the Participant's compensation (determined as described in Code section 415(c)(3)) for the Participant's taxable year over the sum of the Participant's elective deferrals, as defined in Code section 414(u)(2)(C) but excluding any contributions made under this Section 3.3, for the Participant's taxable year.

c. Any Catch-Up Deferrals made under this Section will be credited to the Salary Reduction Contribution Account of the Participant. Such Catch-Up Deferrals shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Code sections 457(b)(2) and 457(e)(15). All Catch-up Deferrals shall be one hundred percent (100%) vested at all times.

d. The Employer shall have the right to amend or revoke a Participant's Catch-Up Deferral election if necessary to ensure that the Participant's total Catch-Up Deferrals for the Plan Year do not exceed the limits described in this Section 3.3.

e. No Catch-Up Deferrals shall be permitted to be made by a Participant under this Section 3.3 for any year in which the special catch-up limitation on the amount of permitted Deferrals under Code section 457(b)(3) and Section 4.1(b) of this Plan is used in respect of the Participant.

4.3 MINIMUM DEFERRAL. Each Employee who becomes a Participant must agree to defer a minimum of five dollars (\$5.00) per week.

4.4 MODIFICATIONS TO AMOUNT DEFERRED. A Participant may change Deferrals with respect to Compensation not yet paid or made available on each Open Enrollment Date, and at such other times as may be permitted by the Administrator, by submitting a new properly executed Voluntary Salary Deferral Agreement to the Administrator. Such change shall take effect as soon as administratively practicable subject to the restrictions regarding the effective date of Deferral elections described in Section 3.1. Changes to the rate of payroll deduction Deferrals are subject to the amount limitations specified in the Plan.

4.5 REVOCATION OF DEFERRAL. Any Participant may revoke his or her election to have Compensation deferred by so notifying the Administrator in writing or online in accordance with the Administrator's procedures. The Participant's full Compensation on a non-deferred basis will then be restored as soon as administratively practicable, but no earlier than the first pay period beginning on or after receipt of such written or electronic notice by the Administrator. Notwithstanding this Section, the Participant's benefits under the Plan shall be paid only as provided in Article V of this Plan.

4.6 DURATION OF DEFERRAL ELECTION. Once a Deferral election has been made by the Participant, the election shall continue in effect until the Participant modifies the Deferral in accordance with Section 4.4, revokes the Deferral in accordance with Section 4.5, or has a Severance from Employment.

4.7 USERRA. Notwithstanding anything in the Plan to the contrary, contributions and service credit with respect to qualified military service will be provided in accordance with Code section 414(u).

4.8 EXCESS DEFERRALS.

a. Return of Excess Deferrals. Except as provided in (b), below, in accordance with any guidance issued by the Internal Revenue Service, any amount deferred by a Participant in any taxable year hereunder which causes the limits described in Section 4.1 to be exceeded shall be distributed to the Participant, with allocable net income, as soon as

administratively practicable after the Administrator determines that the limits described in Section 4.1 have been exceeded.

b. Excess Deferrals Arising From Application of the Individual Limitation. Notwithstanding (a) above, Participant Deferrals to the Plan which cause the limits described in Section 4.1 to be exceeded as a result of the Participant's participation in plans other than eligible Code section 457(b) plans maintained by the Employer may, but are not required to be, returned to the Participant, with allocable net income, as soon as administratively practicable after the Administrator determines that the limits described in Section 4.1 have been exceeded.

ARTICLE V DISTRIBUTION OF BENEFITS

5.1 DISTRIBUTION UPON SEVERANCE FROM EMPLOYMENT.

a. General Rule. A Participant is entitled to receive a distribution from his or her Deferred Compensation Account upon his or her Severance from Employment. The Participant may elect to receive his or her distribution in any form of payment permitted under Section 5.6. The Participant will elect the time at which distribution will be made or begin, subject to the provisions of paragraph (b).

b. Required Beginning Date. In no event may distribution of a Participant's Deferred Compensation Account begin later than the April 1 following the calendar year in which the Participant attains age seventy-two (70 ½ for Participants who attained age 70 ½ prior to January 1, 2020) or retires, whichever is later.

c. Uniformed Services. Effective for years beginning after December 31, 2008, for a Participant shall be treated as having had a severance from employment during any period the Participant is performing service in the uniformed services described in Code section 3401(h)(2)(A), in accordance with section 105 of the HEART Act and any subsequent guidance issued thereunder. Further, if a Participant elects to receive a distribution from the Plan in accordance with section 105(b)(1)(B)(i) of the HEART Act, the Participant may not make elective deferral contributions for a period of six (6) months beginning on the date of the distribution, in accordance with section 105(b)(1)(B)(ii) of the HEART Act and any subsequent guidance issued thereunder.

d. Reemployment following Severance. If a Participant who had a Severance from Employment is reemployed, and the Participant is receiving installment payments at the time of reemployment, the installment payments shall be suspended until the Participant subsequently becomes entitled to receive a distribution from the Plan pursuant to the terms of this Article V.

5.2 IN-SERVICE DISTRIBUTION DUE TO UNFORESEEABLE EMERGENCY. A Participant may request an in-service distribution due to severe financial hardship by submitting a written request to the Administrator accompanied by evidence to demonstrate that the circumstances being experienced qualify as an Unforeseeable Emergency. The Administrator shall have the authority to require such evidence as deemed necessary to determine if a distribution is warranted. If an application for a hardship distribution due to an Unforeseeable

Emergency is approved, the distribution shall be limited to an amount sufficient to meet the emergency plus any estimated tax liability. The allowed distribution shall be payable in a lump sum as soon as practicable after approval.

5.3 IN-SERVICE DISTRIBUTION OF CERTAIN SMALL ACCOUNTS.

Notwithstanding anything in this Section 5.3 to the contrary, a Participant may make a one-time election to receive a lump sum distribution of his or her benefits prior to Severance from Employment if (a) the total amount held under the Plan for the Participant does not exceed the dollar limit under Code section 411(a)(11)(a) (\$5,000 in 2022), (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution of the total amount payable to the Participant under the Plan.

5.4 IN-SERVICE DISTRIBUTIONS UPON ATTAINMENT OF AGE 59 1/2.

Effective beginning September 1, 2022, a Participant who has reached age fifty-nine and one-half (59 1/2) is entitled to receive a distribution from his or her Deferred Compensation Account prior to his or her Severance from Employment. The Participant will receive his or her distribution in a single payment.

5.5 IN-SERVICE LOAN PROVISIONS. The Plan will permit loans in accordance with the rules and procedures established by the Plan Administrator.

5.6 DISTRIBUTION OPTIONS. The following forms of payment are available under the Plan:

- (a) A lump sum cash payment;
- (b) A partial lump sum cash payment;
- (c) Substantially equal monthly, quarterly, semi-annual, or annual installment payments, to be made:
 - (i) over a fixed period of years; or
 - (ii) in a fixed dollar amount; and
- (d) Rollover all or portion of the account balance to a qualified plan, IRA or annuity in accordance with Section 5.9.

Subject to the approval of the Administrator, once each calendar year, a Participant who is receiving installment payments may elect to stop receiving installment payments, or to change the amount or frequency of such payments. A Participant who has not received a lump sum payment may start or resume installment payments at any time. A Participant may elect monthly installments only if the monthly payment amount would be at least One Hundred Dollars (\$100.00). Distributions, if not paid in a lump sum, must comply with the minimum required distribution rules set forth in Section 5.8.

5.7 DEATH DISTRIBUTION PROVISIONS.

- a. Death After Commencement of Benefits. If the Participant dies after

distribution of his or her Deferred Compensation Account has begun, the remaining portion of his or her Deferred Compensation Account will be distributed to the Participant's Beneficiary according to the method of distribution in effect under Section 5.6. Notwithstanding the foregoing, the Participant's Beneficiary can elect a different form of distribution from the Participant within sixty (60) days following the Participant's death, provided that the new form of distribution does not payout over a longer period of time than the method chosen by the Participant.

b. Death Before Commencement of Benefits. If the Participant dies before distribution of his or her Deferred Compensation Account has begun, the Participant's Beneficiary is entitled to receive a distribution of the Participant's Deferred Compensation Account in a form of payment set forth in Section 5.6. The Beneficiary will elect the form of payment and the time at which distribution will be made or begin, subject to paragraph Section 5.8.

c. Payment to Estate. If the Beneficiary is an estate, payment shall be made to the estate as a lump sum payment.

d. Subsequent Death of Beneficiary. Subject to Section 6.2, if the Participant's Beneficiary dies prior to the distribution of the Participant's entire Deferred Compensation Account, the remainder of the Account will be paid to the Beneficiary's Beneficiary(ies). If the Beneficiary does not have any Beneficiary(ies), any remainder will be paid to the Beneficiary's estate as a lump sum.

5.8 MINIMUM REQUIRED DISTRIBUTIONS.

a. General. This Section 5.8 is included in the Plan to comply with section 401(a)(9) of the Code, as incorporated by section 457(d)(2) of the Code, and the regulations thereunder. To the extent that there is any conflict between the provisions of section 401(a)(9) of the Code and the regulations thereunder and any other provision in the Plan, the provisions of section 401(a)(9) of the Code and the regulations thereunder, including Treasury Regulation section 1.401(a)(9)-1 through 1.401(a)(9)-8, will control. If the Participant's spouse is not the Beneficiary with respect to any distribution of benefits, the method of distribution elected must satisfy the incidental death benefit requirements specified in section 401(a)(9)(G) of the Code. The Plan shall comply with the Final and Temporary Regulations under Code section 401(a)(9); provided, the Plan shall be treated as having complied with section 401(a)(9) and the Final and Temporary Regulations issued thereunder if the Plan complies with a reasonable and good faith interpretation of Code section 401(a)(9). Notwithstanding any other provision of the Plan to the contrary, this Section shall be interpreted in a manner consistent with Sections 114 and 401 of the Setting Every Community Up for Retirement Enhancement Act of 2019 (the "SECURE Act") and subsequent guidance issued thereunder and such guidance is herein incorporated by reference, effective as of the effective dates specified in Sections 114 and 401 of the SECURE Act with respect to the Plan. Also, notwithstanding any other provision of the Plan to the contrary, the Plan Administrator may adopt procedures (e.g., in the form of a Plan Rules document or the like) that sets forth the manner in which the Code Section 401(a)(9) required minimum distribution provisions of the Plan shall be administered. To the extent that the Plan Administrator does so, such procedures shall be deemed an Addendum to this Plan and the terms of the Addendum, rather than this Section, shall control to the extent that the procedures conflict with and/or supplement this Section.

b. Temporary Waiver under the CARES Act for Calendar Year 2020 and Required Beginning Dates in 2020. Notwithstanding any other provision of the Plan to the contrary, (1) required minimum distributions to a Participant or Beneficiary for the 2020 calendar year will be waived if and to the extent and effective as of the date that the Administrator waives required minimum distributions under the Plan in accordance with Section 2203 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and (2) if all or any portion of a required minimum distribution for 2020 is treated as an eligible rollover distribution but would not have been so treated if Section 2203 of the CARES Act had not been enacted, such distribution shall not be treated as an eligible rollover distribution for purposes of Code Sections 401(a)(31), 402(f), and 3405 (and, thus, the Plan is not required to furnish the Participant any notice, such as a 402(f) notice, concerning tax or rollover treatment in connection with the distribution). This Section is intended as good faith compliance with the CARES Act and shall be interpreted in a manner consistent with Section 2203 of the CARES Act and any guidance issued thereunder and such guidance is herein incorporated by reference, notwithstanding any provision of the Plan to the contrary.

c. Suspension of 2009 Required Minimum Distributions. Notwithstanding the preceding, the Plan permitted a Participant or Beneficiary to affirmatively elect to suspend his or her required minimum distribution for the 2009 calendar year in accordance with Code section 401(a)(9)(H) and applicable guidance issued thereunder. A Participant or Beneficiary who makes an election under this paragraph may only make such election on a prospective basis. Nothing in this subsection shall be interpreted to permit a Participant or Beneficiary who received a distribution from the Plan during the 2009 calendar year to retroactively elect to suspend such distribution.

5.9 DIRECT ROLLOVER PERMITTED. Notwithstanding any other provision of the Plan to the contrary, any Distributee who is to receive an Eligible Rollover Distribution may elect the direct trustee-to-trustee rollover of the distribution to an Eligible Retirement Plan. A direct rollover election must be made pursuant to the procedures established by the Administrator and must specify the Eligible Retirement Plan to which the direct rollover is to be made. If the Distributee elects a direct rollover as permitted hereunder, the Administrator shall make the rollover as elected. For purposes of this Section, the term "Eligible Rollover Distribution" has the meaning given such term in Code section 401(a)(31)(C) and currently means any distribution on or after January 1, 2002 of all or any portion of the balance to the credit of the Distributee, except (a) any distribution that is one of a series of substantially equal periodic payments (not less frequent than annual) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten (10) years or more; (b) any distribution to the extent such distribution is required under Code section 401(a)(9); (c) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); (d) any distribution which is made upon hardship of the Participant; (e) any corrective distribution; and (f) any deemed distribution.

For purposes of this Section, the term Eligible Retirement Plan has the meaning given such term in Code section 401(a)(31)(D) and currently means (a) an individual retirement account described in Code section 408(a), (b) an individual retirement annuity described in Code section 408(b) (other than an endowment contract), (c) an annuity plan described in Code section 403(a), (d) a qualified trust that is a defined contribution plan described in Code section 401(a), the terms of which permit the acceptance of direct rollovers, (e) an annuity contract described in

Code section 403(b) and (f) an eligible plan under Code section 457(b) which is maintained by a State, political subdivision of a State, or any agency or instrumentality of a State or political subdivision of a State. This definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a "domestic relations order", as defined in Code section 414(p)(1)(A)(i).

For purposes of this Section, the term Distributee includes the Participant and the Participant's surviving spouse. In addition, Distributee includes the Participant's spouse or former spouse who is the alternate payee under a "domestic relations order", as defined in Code section 414(p)(1)(A)(i), with respect to the payee's interest under the Plan.

5.10 PLAN TO PLAN TRANSFERS. Notwithstanding any other provisions under the Plan, amounts deferred by a former Participant of the Plan may, instead of being distributed upon Severance from Employment, be transferred to another eligible deferred compensation plan maintained by a state or local government in which the former Participant has become a Participant provided: (a) the plan receiving such amounts provides for acceptance of such transfers, (b) the former Participant whose amounts deferred are being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to the former Participant immediately before the transfer; and (c) any of the following are true: (i) the Participant's Severance from Employment occurs and the Participant is performing services for the entity maintaining the receiving plan, regardless of whether or not such entity is within the same state as the Employer; or (ii) the Employer is the entity which maintains the receiving plan and the Participants whose deferred amounts are being transferred are not eligible for additional annual deferrals in the receiving plan unless they are performing services for the Employer; or (iii) the following three conditions are satisfied:

- (1) all of the assets held by the Plan are transferred;
- (2) the transfer is to another eligible deferred compensation plan maintained by an "eligible employer" within the meaning of Code section 457(e)(1)(A) that is a state entity within the same state as the Employer; and
- (3) the Participants whose deferred amounts are being transferred are not eligible for additional annual deferrals in the receiving plan unless they are performing services for the entity maintaining the receiving plan.

A Participant's request for a plan-to-plan transfer from the Plan shall constitute a certification by the Participant that the above requirements are satisfied.

This Plan shall accept the transfer of amounts maintained on behalf of a Participant under another eligible deferred compensation plan (as defined in section 457 of the Code) maintained by an "eligible employer" within the meaning of Code section 457(e)(1)(A) provided that: (i) the transfer is permitted under the transferor plan, (ii) the Participant will have deferred in the Plan immediately after the transfer an amount which is at least equal to the amount deferred in the transferor plan immediately prior to the transfer; and (iii) the Participant has severed employment with the employer maintaining the transferor plan, all of the assets held by the transferor plan are transferred and the employer maintaining the transferor plan is a state entity within the same state as the Employer, or the Employer maintains the transferor plan.

5.11 QUALIFIED BIRTH OR ADOPTION DISTRIBUTION. Effective beginning September 1, 2022, a Participant may receive a distribution up to \$5,000 during the 1-year period beginning on the date on which the Participant's child is born or on which the legal adoption by the Participant of an "eligible adoptee" is finalized. An "eligible adoptee" is any individual (other than a child of the Participant's spouse) who has not attained age 18 or is physically or mentally incapable of self-support. The \$5,000 maximum is an aggregate amount of such distributions from all plans maintained by the Employer. A Participant may repay the amount of the distribution to the Plan in accordance with Plan rules and procedures.

5.12 CORONAVIRUS-RELATED DISTRIBUTIONS. For the period beginning January 1, 2020 (or, if later, the date as of which the Plan is administered consistent with this provision with the assistance of the Plan's service providers), through December 30, 2020, and solely to the extent permitted by the Administrator on a uniform and nondiscriminatory basis, a Qualified Individual may take a coronavirus-related distribution from his or her Deferred Compensation Account subject, however, to such uniform rules as to availability, required notice, frequency of withdrawals, minimum withdrawal amounts at any one time, maximum withdrawal amounts for 2020, and the like as the Administrator may establish.

(a) Special Rules.

(i) Definition of "Qualified Individual". A Participant is a Qualified Individual if (1) the Participant is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention, (2) the Participant's spouse or dependent (as defined in Code Section 152) is diagnosed with such virus or disease by such a test, or (3) the Participant experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the Participant due to such virus or disease, or other factors as determined by the Secretary of the Treasury (or the Secretary's delegate), including but not limited to IRS Notice 2020-50.

(ii) Participant Certification. Unless the Administrator has actual knowledge to the contrary, the Administrator may rely on a Participant's certification that the Participant is a Qualified Individual.

(iii) Dollar Limitations. The aggregate amount of all coronavirus-related distributions to a Participant under this Plan and all other eligible retirement plans (as defined in Code Section 402(c)(8)(B)) maintained by the Participant's Employer (and any Affiliated Company of the Employer) for the taxable year shall not exceed \$100,000.

(iv) Tax Treatment. For purposes of Code Sections 401(a)(31), 402(f), and 3405, coronavirus-related distributions shall not be treated as eligible rollover distributions and, thus, the Plan is not required to furnish the Participant any notice (such as a 402(f) notice) concerning tax or rollover treatment in connection with the payment of any coronavirus-related distribution to the Participant. The early withdrawal penalty under Code Section 72(t) shall not apply to any coronavirus-related distribution.

(v) Repayments. If and to the extent permitted by the Administrator in accordance with uniform and nondiscriminatory rules, a Participant who receives a coronavirus-

related distribution and is eligible to make Rollover Contributions to the Plan may, at any time during the three-year period beginning on the day after the date on which the Participant received the coronavirus-related distribution, make one or more contributions to the Plan in an aggregate amount not to exceed the amount of the coronavirus-related distribution that the Participant received. If a Participant makes a repayment in accordance with this Section, the Participant will be treated as having received the coronavirus-related distribution in an eligible rollover distribution (as defined in Code Section 402(c)(4)) and as having transferred the amount to the Plan in a direct trustee-to-trustee transfer within 60 days of the coronavirus-related distribution.

(b) Good Faith Compliance. This Section is intended as good faith compliance with the requirements of the CARES Act and shall be interpreted in a manner consistent with Section 2202 of the CARES Act and any guidance issued thereunder (including, but not limited to, IRS Notice 2020-50) and such guidance is herein incorporated by reference, notwithstanding any provision of the Plan to the contrary.

ARTICLE VI BENEFICIARY INFORMATION

6.1 DESIGNATION. A Participant shall have the right to designate a Beneficiary or Beneficiaries, and amend or revoke such designation at any time, in writing. Such designation, amendment or revocation shall be effective upon receipt of such written designation by the Administrator.

6.2 SPECIAL RULES. The designated Beneficiary or Beneficiaries will receive the balance of the Participant's Deferred Compensation Account upon the Participant's death in accordance with Section 5.6 and the following:

(a) Participants may designate primary and secondary Beneficiaries. A secondary Beneficiary and/or Beneficiaries will become entitled to a distribution of any remaining balance of the Participant's Deferred Compensation Account only after the death of any and all primary Beneficiaries.

(b) If more than one Beneficiary is named in either category, benefits will be paid according to the following rules:

(i) Beneficiaries can be designated to share equally in or to receive specific percentages of, the remaining balance, if any, of the Participant's Deferred Compensation Account.

(ii) If a Beneficiary dies before the Participant, only the surviving Beneficiaries will be eligible to receive any benefits in the event of the death of the Participant. If more than two Beneficiaries are originally named to receive different percentages of the benefits, surviving Beneficiaries will share in the same proportion to each other as indicated in the original designation.

(c) A person, trustee, estate, or other legal entity may be designated as a Beneficiary.

(d) If a Beneficiary has not been designated, or a designation is ineffective due to the death of any and all Beneficiaries prior to the death of the Participant, or the designation is ineffective for any reason, the estate of the Participant shall be the Beneficiary.

(e) Upon the death of the Participant, any Beneficiary entitled to the value of the Deferred Compensation Account under the provisions of this Section shall become a "Vested Beneficiary" and have all the rights of the Participant with the exception of making any Deferrals, including the right to designate a Beneficiary(ies).

ARTICLE VII PLAN ADMINISTRATION

7.1 PLAN ADMINISTRATION. The Employer shall be the Administrator. The Administrator shall have responsibility for the operation and administration of the Plan and shall direct payment of Plan benefits. The Administrator shall have the power and authority to adopt, interpret, alter, amend, or revoke rules and regulations necessary to administer the Plan, delegate ministerial duties and make recommendations to the Employer regarding the employment of such outside professionals as may be required for prudent administration of the Plan. The Administrator, if otherwise eligible, may participate in the Plan, but shall not be entitled to make decisions solely with respect to his or her own participation.

7.2 OWNERSHIP OF ASSETS.

(a) All amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held in accordance with Code section 457(g) in a trust and/or in one or more custodial accounts or contracts described in Code section 401(f), for the exclusive benefit of Plan Participants and Beneficiaries. Any trust under the Plan shall be established pursuant to a written agreement that constitutes a valid trust under the law of Maryland. Any annuity contract must be issued by an insurance company qualified to do business in the state where the contract was issued. The custodian of any custodial account created pursuant to the Plan must be a bank, as described in Code section 408(n), or a person who meets the non-bank trustee requirements of paragraphs (2)-(6) of Treas. Reg. Section 1.408-2(e) relating to the use of non-bank trustees.

(b) Nothing in this paragraph shall prevent the Plan from permitting Participants to request that these amounts be invested among the different Investment Options under the Plan as provided in Section 7.4

7.3 ACCOUNTS AND EXPENSES. The Employer shall establish and maintain a Deferred Compensation Account on behalf of each Participant. Such Deferred Compensation Account shall be valued at fair market value as of the last day of the Plan Year and such other dates as necessary for the proper administration of the Plan. Each Participant shall receive a written accounting at least quarterly of his or her Deferred Compensation Account balance following such valuation. Such accounting shall be made thirty (30) days after the end of the quarter or as soon as administratively practicable thereafter. Each Participant's Deferred Compensation Account shall be credited with the amount of any Deferrals and any amounts rolled over or transferred to this Plan pursuant to Sections 3.2 or 5.10, and shall be further credited or debited, as applicable, with (a) any increase or decrease resulting from investments

pursuant to Section 7.4, (b) any expenses incurred by the Employer in maintaining and administering this Plan, which may be paid out of the Plan as designated in the Recordkeeping Agreement or in the Custody Agreement, (c) the amount of any distribution, (d) the value on the effective date of this Plan of any Deferred Compensation Account maintained under the Prior Plan, and (e) effective September 1, 2022, any contributions the Administrator determines is required to be made by the Employer to correct an operational failure under the Plan.

7.4 INVESTMENTS. A Participant may request that Deferrals be allocated among the available Investment Options established by the Administrator. The initial allocation request may be made at the time of enrollment. Once made, an investment allocation request shall remain in effect for all subsequent Deferrals until changed by the Participant. Employer will review all investment options and has the power and authority to add, close or remove any funds offered in the Plan.

7.5 TIMING OF CONTRIBUTIONS. All amounts of compensation deferred under the Plan shall be transferred to a trust established under the Plan, or to a custodial account or annuity contract described in Code section 401(f), within a period that is not longer than is reasonable for the proper administration of the accounts of Participant.

ARTICLE VIII
AMENDMENT OR TERMINATION OF PLAN

8.1 AMENDMENT OF PLAN. The Employer shall have the right to amend the Plan, at any time and from time to time, in whole or in part.

8.2 TERMINATION. Although the Employer has established this Plan with the intention and expectation to maintain the Plan indefinitely, the Employer may terminate or discontinue the Plan in whole or in part at any time without any liability for such termination or discontinuance. Upon Plan termination, all Deferrals shall cease. The Custodian shall retain all Deferrals until distribution of benefits commences under Article V in the form determined under Section 5.6, or, if the Employer elects, distribution of benefits shall be made to Participants or Beneficiaries as soon as practicable after termination. The investment of accounts pending distribution shall continue to be subject to the provisions of this Plan regarding investments.

ARTICLE IX
MISCELLANEOUS

9.1 LIMITATION OF RIGHTS. Neither the establishment of this Plan nor any modification thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving a Participant or other person any legal or equitable right against the Employer except as provided in the Plan.

9.2 NO CONTRACT OF EMPLOYMENT. Nothing in this Plan shall be deemed to be an agreement, consideration, inducement, or condition of employment, nor shall the rights or obligations of the Employer or of any employee employed by the Employer to continue or

terminate employment at any time be affected hereby.

9.3 LIMITATION ON ASSIGNMENT. Except as provided in Section 9.4, benefits under this Plan may not be assigned, sold, transferred, or encumbered, and any attempt to do so shall be void. A Participant's or Beneficiary's interest in benefits under the Plan shall not be subject to debts or liabilities of any kind and shall not be subject to attachment, garnishment or other legal process. Notwithstanding the preceding, the Administrator may pay from a Participant's or Beneficiary's Account the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary. Effective for IRS-levied funds returned to a Participant in tax years beginning after December 31, 2022, the Plan may allow the Participant to recontribute to the Plan an amount previously withdrawn (and any interest on that withdrawal) pursuant to an IRS levy and later returned to the Participant by the Internal Revenue Service, without regard to any limits that may apply to Rollover Contributions. To the extent the Internal Revenue Service or Treasury Department issues temporary or final regulations with respect to this Plan provision, the Plan shall comply with such regulations as of the latest permissible effective date for such compliance.

9.4 DOMESTIC RELATIONS ORDERS. Amounts held for the benefit of a Participant in the Plan may be assigned or paid at any time, in accordance with a domestic relations order that the Administrator determines complies with the requirements of Code Section 414(p)(1)(A)(i).

9.5 TRANSFERS TO A DEFINED BENEFIT PLAN. A Participant in this Plan may, at any time, transfer funds directly to a Code section 401(a) benefit plan for purchase of service credit or to repay a lump sum amount previously withdrawn in accordance with applicable IRS guidance.

9.6 REPRESENTATIONS. The Employer does not represent or guarantee that any particular federal or state income, payroll, personal property or other tax consequence will result from participation in this Plan. A Participant should consult with professional tax advisors to determine the tax consequences of his or her participation. Furthermore, the Employer does not represent or guarantee successful investment of Deferrals, and shall not be required to repay any loss which may result from such investment or lack of investment.

9.7 SEVERABILITY. If a court of competent jurisdiction holds any provisions of this Plan to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

9.8 APPLICABLE LAW. This Plan shall be construed in accordance with applicable federal law and, to the extent otherwise applicable and to the extent not superseded by applicable federal law, the laws of the State of Maryland.

9.9 PAYMENT OF FEES AND EXPENSES. Administration fees and trustee fees of the Plan and the trust and any expenses (including any taxes generated by the realized earnings of Participants' Accounts) incurred in connection with the Plan and the trust shall be paid by the Employer or from Participants' Accounts as determined by the Employer. If any item constituting a fee or expense is allocable to any particular Participant's Account, the Employer

may, at its discretion, charge only that Participant's Account for the item according to such reasonable procedures as the Employer deems appropriate.

9.10 UNIFORMITY OF DISCRETIONARY ACTS. Whenever in the administration or operation of the Plan discretionary actions by the Employer are required or permitted, such actions shall be consistently and uniformly applied to all persons similarly situated, and no such action shall be taken which shall discriminate in favor of any particular person or group of persons.

9.11 LITIGATION. In any action or judicial proceeding affecting the Plan, it shall be necessary to join as a party only the Employer. Except as may be otherwise required by law, in any action or judicial proceeding affecting the Plan, no Participant or Beneficiary shall be entitled to any notice or service of process, and any final judgment entered in such an action shall be binding on all persons interested in, or claiming under, the Plan.

9.12 STATUTE OF LIMITATIONS. No legal action may be commenced or maintained to recover benefits under this Plan more than twelve (12) months after the final review/appeal decision by the Administrator has been rendered (or deemed rendered).

ARTICLE X ROTH ELECTIVE DEFERRALS

10.1 GENERAL APPLICATION.

(a) This Article will apply to contributions beginning November 1, 2022.

(b) As of the effective date under Section 10.1(a), the Plan will accept Roth Elective Deferrals (as defined in Section 10.4) made on behalf of Participants. A Participant's Roth Elective Deferrals will be allocated to a separate account for such deferrals as described in Section 10.2.

(c) Unless specifically stated otherwise, Roth Elective Deferrals will be treated as Deferrals for all purposes under the Plan.

10.2 SEPARATE ACCOUNTING.

(a) Contributions and withdrawals of Roth Elective Deferrals will be credited and debited to the Roth Elective Deferral Account maintained for each Participant.

(b) The Plan will maintain a record of the amount of Roth Elective Deferrals in each Participant's Deferred Compensation Account.

(c) Gains, losses, and other credits or charges must be separately allocated on a reasonable and consistent basis to each Participant's Roth Elective Deferral Account and the other accounts comprising the Participant's Deferred Compensation Account.

(d) No contributions other than Roth Elective Deferrals and properly attributable earnings will be credited to each Participant's Roth Elective Deferral Account.

10.3 DIRECT ROLLOVERS.

(a) A direct rollover of a distribution from a Roth Elective Deferral Account under the Plan will only be made to another Roth elective deferral account under an applicable retirement plan described in Code section 402A(e)(1) or to a Roth IRA described in Code section 408A, and only to the extent the rollover is permitted under the rules of Code section 402(c).

(b) The Plan will accept a Rollover Contribution to a Roth Elective Deferral Account only if it is a direct rollover from another Roth elective deferral account under an applicable retirement plan described in Code section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code section 402(c).

(c) The Plan will not provide for a direct rollover (including an automatic rollover) for distributions from a Participant's Roth Elective Deferral Account if the amount of the distributions that are eligible rollover distributions are reasonably expected to total less than two hundred dollars (\$200) during a year. In addition, any distribution from a Participant's Roth Elective Deferral Account is not taken into account in determining whether distributions from a Participant's other accounts comprising his or her Deferred Compensation Account are reasonably expected to total less than two hundred dollars (\$200) during a year.

(d) For purposes of implementing any provision of the Plan (or the Plan's administration) allowing a Participant to elect a direct rollover of only a portion of an eligible rollover distribution, but only if the amount rolled over is at least five hundred dollars (\$500), any amount distributed from the Participant's Roth Elective Deferral Account shall be treated as a separate distribution from any amount distributed from the other accounts comprising the Participant's Deferred Compensation Account, even if the amounts are distributed at the same time.

10.4 DEFINITIONS.

(a) The term "Roth Elective Deferral" means an elective deferral that is:

(i) designated irrevocably by the Participant at the time of the cash or deferred election as a Roth elective deferral that is being made in lieu of all or a portion of the pre-tax Deferral the Participant is otherwise eligible to make under the Plan; and

(ii) treated by the Employer as includible in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made a Deferral election.

ARTICLE XI IN-PLAN ROTH ROLLOVERS

11.1 IN-PLAN ROLLOVERS TO DESIGNATED ROTH ACCOUNTS

This Article 11 permits rollovers within the Plan to designated Roth accounts in the Plan ("in-plan Roth rollovers"), effective beginning November 1, 2022. This Article relates to the expansion of these rollovers under new Code section 402A(c)(4)(E). This Article also includes provisions that apply to all in-plan Roth rollovers described in section 402A(c)(4).

Code section 402A(c)(4) permits a plan that includes a qualified Roth contribution program to allow employees to roll over amounts from their accounts other than designated Roth accounts to their designated Roth accounts in the plan. To be eligible for an in-plan Roth rollover, the amount had to satisfy the rules for distribution under the Code (an “otherwise distributable amount”) and had to be an eligible rollover distribution as defined in section 402(c)(4). Code Section 402A(c)(4)(E) provides that the in-plan Roth rollover of these additional amounts (“otherwise nondistributable amounts”) will not be treated as violating the statutory distribution restrictions applicable to elective deferrals (or to annual deferrals in the case of governmental section 457(b) plans). Section 402A(c)(4)(E) is effective for in-plan Roth rollovers made after December 31, 2012.

Code section 402A(c)(4)(E) provides that a plan with a designated Roth account can permit an in-plan Roth rollover of an amount not otherwise distributable under the plan. Thus, pre-tax Deferrals (and earnings thereon) may now be rolled over to a designated Roth account in the Plan, without regard to whether the amounts satisfy the conditions for distribution.

If an amount is rolled over to a designated Roth account pursuant to Code section 402A(c)(4)(E), then the amount rolled over and applicable earnings remain subject to the distribution restrictions that were applicable to the amount before the in-plan Roth rollover.

An in-plan Roth rollover of an otherwise nondistributable amount is treated as an eligible rollover distribution for purposes of Code section 3405, and because an in-plan Roth rollover of an otherwise nondistributable amount must be made by a direct rollover, no withholding under Code section 3405 applies. Also, because this amount is not distributable (other than for purposes of making an in-plan Roth rollover), no part of the rollover may be withheld for voluntary withholding under Code section 3402(p). An employee making an in-plan Roth rollover may need to increase his or her withholding or make estimated tax payments to avoid an underpayment penalty.

If an in-plan Roth rollover is the first contribution made to an employee’s designated Roth account, the five-taxable-year period of participation that is required under Code section 402A(d)(2) for a qualified distribution begins on the first day of the first taxable year in which the employee makes the in-plan Roth rollover.

If an employee rolls over into a designated Roth account all of his or her funds from other accounts in the same plan and all or a portion of the rollover is later determined to be an Excess Deferral, then the Excess Deferral will be subject to the requirements of Section 4.8, even if the amount was an otherwise nondistributable amount at the time of the in-plan Roth rollover.

IN WITNESS WHEREOF, this Plan, as amended and restated herein, has been duly executed by the Employer effective as of the ____ day of January, 2025.

WITNESS/ATTEST

ANNE ARUNDEL COUNTY, MARYLAND


By: DocuSigned by:

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Print
Name: Christine Anderson
Title: Chief Administrative Officer

Date: 1/2/2025 | 12:57 EST

APPROVED FOR FORM AND
LEGAL SUFFICIENCY:
Gregory J. Swain, County Attorney

By: Signed by:

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Lori L. Blair Klasmeier
Deputy County Attorney

Date: 1/2/2025 | 12:52 EST