ANNE ARUNDEL COUNTY
MARYLAND
Office of Personnel

Anne Arundel County

Employee Retirement Savings Plan (ERSP)

Summary Plan Description

Effective July 2018

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Introduction

The Employee Retirement Savings Plan ("ERSP"), as described in the Anne Arundel County Code, §§ 6-6-101, et seq. ("County Code"), is a tax-deferred defined contribution retirement plan qualified under Internal Revenue Code Section 401(a). The purpose of this Summary Plan Description ("SPD") is to provide you with an informal guide to the key provisions of the ERSP. Every effort has been made to accurately summarize the ERSP. However, in the event of a conflict between this Summary Plan Description and the County Code, the County Code will govern.

While Anne Arundel County (the "County") expects to continue the ERSP, it is the County's position that there is no implied contract between employees and the County to do so. The County reserves the right to change or discontinue any of the terms of the ERSP, subject to applicable laws and collective bargaining agreements. The County may amend the ERSP, either prospectively or retroactively, as required by Federal or State law.

Eligibility

You are eligible to participate in the ERSP if you are a full-time or part-time employee in a School Health position or any position eligible to participate in the Employees' Retirement Plan ("ERP"), and not ineligible as described below.

Ineligible Employees

You are ineligible for participation in the ERSP if:

- you are employed in a temporary or contractual position under §§802(a)(14) and (17) of the County Charter other than School Health positions;
- you work less than 50% of the amount of time specified for your position;
- you are an employee of Anne Arundel Soil Conservation District;
- you are an employee of the Public Library Association of Annapolis and Anne Arundel County, Inc. in positions eligible for any State pension or retirement plan;
- you are an employee of the Domestic Relations division of the Circuit Court; or
- you are otherwise excluded from participation in the Employees Retirement Plan ("ERP").

Participation

Full-Time Employees and Part-time Employees Working More Than 50%

If you are an eligible full-time or part-time employee, you are required to participate in either the ERSP or the ERP. You are not permitted to participate in both plans at the same time. Your plan election is irrevocable.

Employees are required to complete an election form within 30 calendar days from date of hire. If you do not elect to participate in the ERSP or the ERP by submitting an election form, you will be automatically enrolled in the Tier 2 of the ERP . The plan entry date will be retroactive to your date of hire.

Previous Employment

If you were previously employed by the County or a participating Plan employer, your most recent date of hire is the date used to determine eligibility and participation. However, if you change employment from a County employer to another Plan-eligible employer without a break in service, you will continue to participate in your chosen plan.

Contributions

Contributions are made to a fund manager chosen by the County in your name. The current fund manager is T. Rowe Price. Each quarter, you will receive a statement of your account from the fund manager.

Employee Contributions: You will contribute 4% of your regular base rate of pay (excluding overtime and shift differential pay) on a pre-tax basis. Your pay stub will show the contributions as a deduction for retirement.

Employer Contributions: Your ERSP account will be credited with an employer contribution of 8% of your regular base rate of pay (excluding overtime and shift differential pay).

Vesting

A participant in the ERSP is always 100% vested in the employee contributions into the participant's account. An ERSP participant vests in the employer contributions at the rate of 20% per year of participation. Thus, an ERSP participant is 100% vested in the employer contributions after five years of participation.

If not already vested, an ERSP participant becomes fully vested in the employer contributions in the event of the participant's death or total disability.

Military Service

If you temporarily leave County service for qualified military service, as described in the County Code, all contributions, benefits and service credit with respect to the qualified military service shall be provided in accordance with Internal Revenue Code ("IRC") §414(U) provided that:

- you have completed your qualified military service under the Uniformed Services Employment and Reemployment Act of 1994 (USERRA);
- you are rehired under the provision of USERRA; and
- you are entitled to make up contributions under IRC §414(U).

Questions regarding these qualifying factors and deployment during employment should be directed to the Anne Arundel County Office of Personnel Employee Relations Unit.

Establishment of Account and Default Investment Option

When your participation begins, an account with the fund manager selected by the County (currently T. Rowe Price) will be opened in your name. Until you select investment funds, all contributions will be invested in a default fund. The default fund is currently a "target date" investment fund based on your date of birth and a projected retirement date of 65.

Investment Fund Options

The ERSP is a self-directed investment plan. This means that you are responsible for making the investment decisions for your account. You may choose one or more fund options depending on your investment objectives. You should note that you bear all investment risk and that earnings on your account balance are determined solely by your investment elections. No plan fiduciary is liable for any loss resulting from your investment decisions.

T. Rowe Price offers a diversified slate of investment options that:

- Cover a risk and return spectrum of appropriate investment classes;
- Are distinguishable and have distinct risk and return characteristics;
- Are well-diversified and professionally managed; and
- Charge fees that are reasonable for the asset class and investment style.

Recognizing that some participants consider themselves experienced investors who want more variety, independence, and greater control in managing their account, participants may select investments through a Self-Directed Brokerage Account ("SDBA") (currently Schwab Personal Choice Retirement Account). The County does not monitor or evaluate the investments purchased or sold within the SDBA. If you would like to open an SDBA, you must sign an agreement acknowledging your understanding that you exercise exclusive control over the SDBA and that the County does not select or monitor the investments traded in the SDBA.

You may change your investment elections at any time by calling T. Rowe Price at 1-800-922-9945 or visiting them at rps.troweprice.com. Your direction of investment remains in effect until you change it. Trade restrictions and fees on redemptions may be initiated by a particular investment option or by T. Rowe Price at any time.

Resources to Assist You with Investment Decisions

As current fund manager, T. Rowe Price is available to provide you with information regarding your investment options and other investment-related decisions. You can request detailed fund information and prospectuses by contacting the T. Rowe Price representative or customer service center (see the Resources section of this SPD).

Rollovers

If you have other retirement funds in an eligible retirement plan (e.g., 401(a), 401(k), 403(b), 457, IRA) you may be able to transfer these funds to the ERSP. You may not rollover any after-tax contributions. Please consult your investment advisor and refer to the instructions on the T. Rowe Price rollover form about transfers of rollover accounts.

Withdrawals

Contributions must remain in your account until you retire or terminate eligible employment. Loans and hardship withdrawals are not permitted.

Designated Beneficiar(ies)

Your designated beneficiaries will receive any funds in your account upon your death. If your account balance has been distributed, there is no benefit upon your death.

To name your beneficiaries, you must complete a Retirement Beneficiary Designation/Change form. Unsigned forms are invalid. You may change your beneficiary at any time through your online T. Rowe Price account beneficiary designation. If you do not designate a beneficiary or fail to properly complete your form, your surviving spouse will receive your account balance. If you do not have a surviving spouse, your account balance will be split equally among any surviving children. If you do not have any surviving children, your account balance will be paid to your estate.

Termination of Employment

When you terminate employment with the County or Plan eligible employer, you may leave your account in ERSP (unless a minimum distribution is required as described in the *Minimum Required Distribution* section) or receive a distribution of your vested account balance.

If your account balance is $5,000 or less, you will receive a distribution in a lump sum as soon as administratively possible after termination of employment. For amounts greater than $200, you may elect a direct rollover.

Distribution Options

You may receive your account balance in one of the following methods:

- Lump-sum payment: Your account balance in a one-time lump sum payment.
- Direct rollover: One lump-sum payment of your account balance will be transferred to a retirement plan of your choice which has acknowledged it can receive the distribution.
- Periodic Withdrawals: Withdrawals as needed in same or varying amounts.

If you receive a lump-sum distribution, 20% of your withdrawal will be withheld for Federal taxes, and, if you are a Maryland resident, 7.75% for Maryland taxes. In addition, if you receive an early distribution before age 59 1/2, you will have a 10% early withdrawal penalty to report on your tax return. Withdrawals are penalty-free if you separate from service with the County during or after the calendar year you turn 55. Penalties and taxes may apply for installment payments depending upon the option you select. No taxes will be withheld and no penalties will apply if you elect a direct rollover to an eligible retirement plan (e.g., a rollover into an IRA or new employer retirement plan). Your investment advisor or T. Rowe Price can provide you with information related to distributions.

Retiree Health Benefits

Participants in this Plan may be eligible for retiree health benefits upon separation from employment between the ages of 60 – 65 only. Health insurance after separation from employment ends at age 65.

Minimum Required Distributions

As required by Federal law, you must begin to receive minimum distributions upon the latter of termination of County employment or meeting the required age as provided:

RMD Age	
75	If born in 1960 or later
73	If born between 12/31/1950 and 12/31/1959

Your investment advisor or T. Rowe Price can provide you with more information related to these distributions.

Assignment and Qualified Domestic Relations Orders (QDRO)

Except in the case of an approved Qualified Domestic Relations Order ("QDRO"), you may not assign your account balance. Only a QDRO approved by the Office of Personnel will be honored.

Appeals

The Personnel Officer is responsible for administering the ERSP and has full discretion to interpret the ERSP. If you disagree with a benefit or eligibility determination, you may appeal to the Personnel Officer.

Errors

If you receive any monetary amount due to an error, you must return it to the ERSP.

Resources

Anne Arundel County Office of Personnel
2660 Riva Road
Annapolis, MD 21401
Phone: 410-222-7595
Fax: 410-222-4512
Web: https://www.troweprice.com/troweplan/e/anne-arundel-county-employee/en/welcome.html

T. Rowe Price
Phone: 800-922-9945
Web: rps.troweprice.com