

**ROWAN-SALISBUY SCHOOL SYSTEM
SALARY REDUCTION CONTRIBUTIONS
457 PLAN ADOPTION AGREEMENT**

The undersigned, **Rowan- Salisbury School System** ("Employer"), by executing this Adoption Agreement, elects to become a participating Employer in the **Rowan- Salisbury School System** (*Sponsor's Name*) Eligible 457 Prototype Plan ("Plan"). The Plan consists of this Adoption Agreement and the accompanying basic plan document. The Employer makes the following elections granted under the provisions of the Plan.

**ARTICLE I
DEFINITIONS**

PLAN (1.21). The name of the Plan as adopted by the Employer is **Rowan- Salisbury School System Plan**.

TYPE OF 457 PLAN (1.36). The Type of 457 Plan is a (*Choose one of (a) or (b).*):

(a) **Governmental Eligible 457 Plan.** Plan Section 1.36(A)]

(b) **Tax-Exempt Organization Eligible 457 Plan.** [Plan Section 1.36(B)] [*Note: A Tax-Exempt Organization must restrict the Plan to a select group of management or highly compensated employees.*]

EMPLOYEE (1.09). The following are Excluded Employees and are not eligible to participate in the Plan (*Choose (a) or choose one or more of (b) through (f) as applicable*):

(a) **No exclusions.**

(b) **Part-time Employees.** The Plan defines part-time Employees as Employees who normally work less than _____ hours per week.

(c) **Hourly-paid Employees.**

(d) **All Employees except top-hat group.** All Employees are Excluded Employees except those Employees who the Employer determines are in a select group of management or highly compensated employees as would constitute a "top-hat" group within the meaning of Title I of ERISA.

(e) **Leased Employees.** The Plan excludes Leased Employees.

(f) (*Specify*) _____

[Note: A Tax-Exempt Organization must elect (d) or in (f) must specify top-hat group Participants by name, title or otherwise.]

INDEPENDENT CONTRACTOR (1.15). The Plan (*Choose one of (a), (b) or (c).*):

(a) **Participate.** Permits Independent Contractors to participate in the Plan.

(b) **Not participate.** Does not permit Independent Contractors to participate in the Plan.

(c) **Specified Independent Contractors.** Permits the following specified Independent Contractors to participate: _____

[Note: If the Employer elects to permit any or all Independent Contractors to participate in the Plan, the term Employee as used in the Plan includes such participating Independent Contractors.]

COMPENSATION (1.05). Subject to the following elections, Compensation for purposes of allocation of Salary Reduction Contributions means W-2 wages (including Elective Contributions). Compensation for an Independent Contractor means the amounts the Employer pays to the Independent Contractor for services, except as the Employer otherwise specifies below.

Modifications to Compensation definition. The Employer elects to modify the Compensation definition as follows. *(Choose (a) or choose one or more of (b) through (f) as applicable):*

(a) **No modifications.** The Plan makes no modifications to the definition.

(b) **Fringe benefits.** The Plan excludes all reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation and welfare benefits.

(c) **Elective Contributions.** [Plan Section 1.05(C)] The Plan excludes a Participant's Elective Contributions.

(d) **Bonuses.** The Plan excludes bonuses.

(e) **Overtime.** The Plan excludes overtime.

(f) *(Specify)* _____

PLAN YEAR (1.24). Plan Year means the 12-consecutive month period (except for a short Plan Year) ending every *(Choose one of (a) or (b). Choose (c) as applicable):*

(a) **December 31.**

(b) **Other: JUNE 30**

(c) **Short Plan Year:** commencing on: _____ and ending on: _____.

EFFECTIVE DATE (1.08). *(Choose one of (a) or (b). Choose (c) as applicable):*

(a) **New Plan.** The Effective Date of the Plan is _____.

(b) **Restated Plan.** The restated Effective Date is September 28, 2009.

(c) **Special Effective Dates.** The following special Effective Dates apply: _____

NORMAL RETIREMENT AGE (1.19). A Participant attains Normal Retirement Age under the Plan (Choose one of (a) or (b). Choose (c) as applicable):

(a) **Plan designation.** [Plan Section 3.05(B)] When the Participant attains age 65 with 5 years of services, 60 with 25 years of service, or with 30 years of service at any age.

(b) **Participant designation.** [Plan Section 3.05(B) and (B)(1)] When the Participant attains the age the Participant designates, which may not be earlier than age 55 and may not be later than age 70 ½ (no later than 70½).

(c) **Police/firefighters.** [Plan Section 3.05(B)(3)] (Choose one of (1) or (2)):

(1) **Plan designation.** When the Participant attains age _____.

(2) **Participant designation.** When the Participant attains the age the Participant designates, which may not be earlier than age 51 (no earlier than age 40) and may not be later than age 70 1/2 (no later than 70½).

ARTICLE II EMPLOYEE PARTICIPANTS

2.01 ELIGIBILITY.

Eligibility Conditions. To become a Participant in the Plan, an Employee must satisfy the following eligibility condition(s) (Choose (a) or choose one or more of (b) through (d) as applicable):

(a) **No eligibility conditions.** The Employee is eligible to participate in the Plan as of his/her first day of employment with the Employer.

(b) **Age.** Attainment of age _____.

(c) **Service.** Service requirement (Choose one of (1) or (2)):

(1) **Year of Service.** One year of Continuous Service.

(2) **Month(s) of Service.** _____ months of Continuous Service.

(d) (Specify) _____

Plan Entry Date. "Plan Entry Date" means the Effective Date and (Choose one of (e) through (h)):

(e) **Monthly.** The first day of the month coinciding with or next following the Employee's satisfaction of the Plan's eligibility conditions.

(f) **Annual.** The first day of the Plan Year coinciding with or next following the Employee's satisfaction of the Plan's eligibility conditions.

(g) **Date of hire.** The Employee's employment commencement date with the Employer.

(h) (Specify) _____

ARTICLE III
SALARY REDUCTION CONTRIBUTIONS

3.01 AMOUNT. The amount of Salary Reduction Contributions to the Plan for a Plan Year or other specified period will equal the dollar or percentage amount by which Participants have reduced their Compensation, pursuant to Salary Reduction Agreements.

3.02 LIMITS ON SALARY REDUCTION CONTRIBUTIONS. A Participant's Salary Reduction Contributions are subject to the following limitation(s) in addition to those imposed by the Code (*Choose (a) or choose one or more of (b) through (d) as applicable*):

(a) **No limitations.**

(b) **Maximum deferral amount:** up to allowable contribution each year.

(c) **Minimum deferral amount:** _____.

(d) (*Specify*) _____.

[Note: Any limitation the Employer elects in (b) through (d) will apply on a payroll basis unless the Employer otherwise specifies.]

Age 50 Catch-up Contributions. [Plan Section 3.06] The Plan (*Choose one of (e) or (f)*):

(e) **Permits.** Permits Participants to make age 50 catch-up contributions.

(f) **Does not permit.** Does not permit Participants to make age 50 catch-up contributions.

[Note: Only a Governmental Eligible 457 Plan may permit age 50 catch-up contributions.]

Sick, Vacation and Back Pay. [Plan Section 3.02(A)] The Plan (*Choose one of (g) or (h)*):

(g) **Permits.** Permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

(h) **Does not permit.** Does not permit Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

Automatic Enrollment. [Plan Section 3.02(B)] The Plan (*Choose one of (i) or (j)*):

(i) **Does not apply.** Does not apply the Plan's Automatic Enrollment provisions.

(j) **Applies.** Applies the Plan's Automatic Enrollment provisions. The Employer as a Salary Reduction Contribution will withhold _____% from each Participant's Compensation unless the Participant elects a lesser percentage (including zero) under his/her Salary Reduction Agreement. The automatic election will apply to (*Choose one of (1) or (2)*):

(1) **All Participants.** All Participants who as of _____ are not making Salary Reduction Contributions at least equal to the automatic amount.

(2) **New Participants.** Each Employee whose Plan Entry Date is on or following: _____.

**ARTICLE IV
TIME AND METHOD OF PAYMENT OF BENEFITS**

4.02 TIME/METHOD OF PAYMENT OF ACCOUNT. The Plan will distribute to a Participant who incurs a Severance from Employment his/her Vested Account as follows:

Timing. The Plan, in the absence of a permissible Participant election to commence payment later, will pay the Participant's Account (*Choose one of (a) through (e)*):

(a) **Specified Date.** 60 days after the Participant's Severance from Employment. *[Note: In a Tax-Exempt Organization 457 Plan, the Employer may wish to designate a specific payment date. This date will be the date upon which a Participant's Deferred Compensation is "made available" and therefore becomes taxable to the Participant, absent a proper Participant election to defer payment.]*

(b) **Immediate.** As soon as administratively practicable following the Participant's Severance from Employment.

(c) **Designated Plan Year.** As soon as administratively practicable in the _____ Plan Year beginning after the Participant's Severance from Employment.

(d) **Normal Retirement Age.** As soon as administratively practicable after the close of the Plan Year in which the Participant attains Normal Retirement Age.

(e) (*Specify*): No later than April 1 of the year of retirement or attainment of age 70 ½ whichever is later.

Method. The Plan, in the absence of a permissible Participant election of an alternative method, will distribute the Account under one of the following method(s) of distribution (*Choose one or more of (f) through (j) as applicable*):

(f) **Lump sum.** A single payment.

(g) **Installments.** Multiple payments made as follows: _____.

(h) **Installments for required minimum distributions only.** Annual payments are necessary under Plan Section 4.03.

(i) **Annuity distribution option(s):** Any permissible.

(j) **Other** (*Specify*) _____.

Participant Election. [Plan Sections 4.02(A) and (B)] The Plan (*Choose one of (k), (l) or (m)*):

(k) **Permits.** Permits a Participant, with Plan Administrator approval of the election, to elect to postpone distribution beyond the time the Employer has elected in (a) through (e) and also to elect the method of distribution (including a method not described in (f) through (j) above).

(l) **Does not permit.** Does not permit a Participant to elect the timing and method of Account distribution.

(m) (*Specify*): No mandatory distribution.

4.03 REQUIRED MINIMUM DISTRIBUTIONS. The following elections apply to required minimum distributions under the Plan (*Choose one of (a) or (b) as applicable. Choose (c) and (d) as applicable*):

- (a) **Five-year rule.** If a Participant with a designated Beneficiary dies before the required beginning date, the Plan will distribute the Participant's Account by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (b) **Participant election.** A Participant or designated Beneficiary, on an individual basis in accordance with applicable Treasury regulations, may elect whether to apply the five-year rule or the life expectancy rule to the distribution of a deceased Participant's Account.
- (c) **Effective date.** The required minimum distribution provisions of Section 4.03 apply commencing in 2003, or if later, on the Plan's Effective Date.
- (d) **Special designated Beneficiary election.** A designated Beneficiary who is receiving payments under the five-year rule on or before December 31, 2002, may elect the life expectancy rule, in accordance with applicable Treasury regulations.

[Note: An Employer need not elect any of (a) through (d) above. These elections override certain "default" Plan provisions.]

4.05 DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT. A Participant prior to Severance from Employment, may elect to receive a distribution of his/her Vested Account under the following distribution options (*Choose (a) or choose one or more of (b) through (f) as applicable*):

- (a) **None.** A Participant may not receive a distribution prior to Severance from Employment.
- (b) **Unforeseeable emergency.** A Participant may elect a distribution from his/her Account in accordance with Plan Section 4.05(A).
- (c) **De minimis exception.** [Plan Section 4.05(B)] If the Participant: (i) has an Account that does not exceed \$5,000; (ii) has not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (iii) has not received a prior Plan distribution under this de minimis exception, then (*Choose one of (1), (2) or (3)*):
 - (1) **Participant election.** The Participant may elect to receive all or any portion of his/her Account.
 - (2) **Mandatory distribution.** The Plan Administrator will distribute the Participant's entire Account.
 - (3) **Hybrid.** The Plan Administrator will distribute a Participant's Account that does not exceed \$ _____ and the Participant may elect to receive all or any portion of his/her Account that exceeds \$ _____ but that does not exceed \$5,000.
- (d) **Age 70½.** A Participant who attains age 70½ prior to Severance from Employment may elect distribution of any or all of his/her Account.
- (e) **Distribution of Rollover Contributions.** A Participant (*Choose one of (1) or (2)*):
 - (1) **Distribution without restrictions.** May elect distribution of his/her Rollover Contributions Account in accordance with Plan Section 4.05(C) as follows at any time.
 - (2) **No distribution.** May not elect to receive distribution of his/her Rollover Contributions Account until the Participant has a distributable event under Plan Section 4.01.
 - (3) (*Specify*) _____.
- (f) (*Specify*) _____.

[Note: An Employer in an Eligible 457 Plan need not permit any in-service distributions. In an Eligible 457 Plan, any election must comply with the distribution restrictions of Code §457(d).]

4.06 QDRO. The QDRO provisions of Plan Section 4.06 (Choose one of (a), (b) or (c)):

(a) Apply.

(b) Do not apply.

(c) (Specify) _____

**ARTICLE V
PLAN ADMINISTRATOR - DUTIES WITH RESPECT TO PARTICIPANTS' ACCOUNTS**

5.07 ALLOCATION OF NET INCOME, GAIN OR LOSS. The Plan Administrator will allocate net income, gain or loss using the following method (Choose one of (a), (b) or (c)):

(a) **Account Earnings.** The Plan credits to each Account the Account's actual earnings, including Trust earnings if applicable.

(b) **Interest.** The Plan credits to each Account interest at the rate of _____% per annum compounded _____.

(c) (Specify) _____

5.11 VESTING/SUBSTANTIAL RISK OF FORFEITURE. A Participant's Deferral Contributions are (Choose one of (a), (b), (c) or (d)): [Note: If a Participant incurs a Severance from Employment before the specified events or conditions, the Plan will forfeit the Participant's Account.]

(a) **100% Vested.** Immediately Vested without regard to additional Service.

(b) **Forfeiture under Vesting Schedule.** Vested according to the following vesting schedule:

Years of Service	Vested Percentage
_____	_____
_____	_____
_____	_____
_____	_____

For this purpose, a "Year of Service" means: _____

(c) **Substantial Risk of Forfeiture.** Vested only when no longer subject to the following Substantial Risk of Forfeiture as follows (Choose (1) or (2)):

(1) The Participant must remain employed by the Employer until _____, unless earlier Severance from Employment occurs on account of death or disability, as the Plan Administrator shall establish.

(2) (Specify) _____

(d) (Specify) _____

[If the Employer elects (a), it need not elect one of (e) through (h) below.]

Forfeiture Allocation. [Plan Sections 5.11(A) and 5.14] The Plan Administrator will allocate any Plan forfeitures (Choose one of (e), (f), (g) or (h)):

(e) **Reversion.** As a reversion to the Employer. [Note: Do not elect (e) in a Governmental Eligible 457 Plan.]

(f) **Additional Contributions.** As the following contribution type (Choose one of (1) or (2)):

(1) **Nonelective.** As an additional Nonelective Contribution.

(2) **Matching.** As an additional Matching Contribution.

(g) **Reduce Fixed Contributions.** To reduce the following fixed contribution (Choose one of (1) or (2)):

(1) **Nonelective.** To reduce the Employer's fixed Nonelective Contribution.

(2) **Matching.** To reduce the Employer's fixed Matching Contribution.

(h) (Specify): _____

**ARTICLE VIII
TRUST PROVISIONS – GOVERNMENTAL ELIGIBLE 457 PLAN**

8.01 MODIFICATION OR SUBSTITUTION OF TRUST. The following provisions apply to Article VIII of the Plan (Choose one of (a) or (b) as applicable):

(a) **Modifications.** The Employer modifies the Article VIII Trust provisions as follows: _____
The remaining Article VIII provisions apply.

(b) **Substitution.** The Employer replaces the Trust with the Trust Agreement attached to the Plan as "Appendix A."

8.04 DISCRETIONARY/NONDISCRETIONARY TRUSTEE. (Choose one of (a) or (b)):

(a) **Discretionary trustee.** [Plan Section 8.04] The Trustee is a discretionary Trustee.

(b) **Nondiscretionary trustee.** [Plan Section 8.04(A)] The Trustee is a nondiscretionary Trustee.

8.16 CUSTODIAL ACCOUNT/ANNUITY CONTRACT. The Employer will hold all or part of the Deferred Compensation in one or more custodial accounts or annuity contracts which satisfy the requirements of Code §457(g) (Choose one or more of (a), (b) or (c) as applicable).

(a) **Custodial account(s).**

(b) **Annuity contract(s).**

(c) (Specify): **Variable Annuity.**
[Note: The Employer under (c) may wish to identify the custodial accounts or annuity contracts or to designate a portion of the Deferred Compensation to be held in such vehicles versus held in the Trust.]

PLAN EXECUTION

The Employer hereby agrees to the provisions of the Prototype Plan, as modified by the elections the Employer has made in this Adoption Agreement, and in witness of its agreement, the Employer, by its duly authorized officer or official, has executed this Adoption Agreement, on this 28 day of September, 2009.

Name of Employer: Rowan Salisbury Schools

Employer's EIN: 56-6001834

Signed: Janna R. Emerson, Chairman
[Name/Title]