PENSION PLAN FOR EMPLOYEES OF THE ARC BALTIMORE, INC.

SUMMARY PLAN DESCRIPTION

2018

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INTRODUCTION

During your retirement years, you will want to be free of financial worries. The establishment of the Pension Plan for Employees of The Arc Baltimore, Inc. (the "Plan") in 1971 has enabled The Arc Baltimore, Inc. (formerly the Baltimore Association for Retarded Citizens, Inc.) (the "Employer") to help provide for your financial security in your retirement years.

This booklet summarizes your benefits, rights and obligations under the Plan in everyday, non-legal language. We hope you will find the information helpful and will discuss it with your family. If you have any questions that the booklet does not answer, please contact the Plan Administrator (See Question 30).

This description is intended to summarize the contents of the Plan. You are cautioned, however, that this booklet is intended only as a summary and may not reflect all amendments made to the Plan from time to time or all of the exceptions to the general provisions. The complete statement of the terms of this Plan is contained in the 2013 Pension Plan for Employees of The Arc Baltimore, Inc. plan document. Please contact the Administrator to obtain a copy of the Plan document.

PLAN PARTICIPATION

1. WHO IS ELIGIBLE TO PARTICIPATE AND WHEN?

The Plan was frozen as of December 31, 2003. As a result, no current or future employees will become participants after December 31, 2003.

2. WHEN DOES MY PLAN PARTICIPATION TERMINATE?

Once you become a Plan Participant, you will remain a Plan Participant until your entire Accrued Benefit (see Question 4) is paid out from the Plan.

COMPUTING YOUR BENEFIT

3. HOW ARE BENEFITS DETERMINED UNDER THE PLAN?

The primary purpose of this Plan is to use your Accrued Benefit to provide you with a pension -- that is, annual income during your retirement years, usually beginning when you reach age sixty-five (65) and continuing for the rest of your life, in other words a "Life Annuity."

The Accrued Benefit that you will be entitled to receive at age 65 is computed using a formula which generally takes into account your compensation and years of credited service with the Employer through December 31, 2003. There are numerous rules that impact your benefit under the Plan, which are explained in Question 4.

The Plan was frozen as of December 31, 2003. This means that if you were a Plan participant as of December 31, 2003, the amount of your accrued benefit from the Plan will not increase after December 31, 2003. (See Question 20 for a discussion of service.)

4. HOW IS MY ACCRUED BENEFIT COMPUTED?

Your Accrued Benefit is computed using the following formula:

25% x Final Average Compensation x Projected Years of Credited Service at NRD***
(up to a maximum of 25)
25

*x Years of Credited Service at termination or December 31, 2003 (if earlier)**
*Projected Years of Credited Service at NRD***

* Because the Plan was frozen as of December 31, 2003 your compensation and years of credited service after December 31, 2003 will not be used in determining your accrued benefit.

** Normal Retirement Date.

For purposes of this formula:

"Final Average Compensation" means one-fifth of your highest average Compensation in any five (5) consecutive Plan Years during the last ten (10) years before the earliest of (i) the date distribution of your Accrued Benefit commences, or (ii) your termination date, or (iii) December 31, 2003.

"Compensation" means your wages and all other earnings paid from your Employer, increased by your salary deferrals to any Code Section 401(k), 403(b) or 125 Plan.

"Year of Credited Service" is generally a calendar year period through December 31, 2003 in which an Employee completes 2,000 or more Hours of Service for the Employer.

EXAMPLE

Bob terminates employment on December 31, 2003 at age fifty-five (55), after twenty-three (23) Years of Credited Service with the Employer, and Final Average Compensation of $40,000. He waits ten (10) years and then starts his retirement benefit. Bob's Accrued Benefit payable at his Normal Retirement Date would be calculated as follows:

25% x Final Average Compensation x Projected Years of Credited Service at NRD** (up to a maximum of 25) / 25*

x Years of Credited Service at termination or December 31, 2003 (if earlier) / Projected Years of Credited Service at NRD***

OR

[.25 x 40,000] x 25/25 x 23/33 = 10,000 x 23/33 = $6,970

Bob's Accrued Benefit would be $6,970 per year or $580.83 per month.

* Because the Plan was frozen as of December 31, 2003 one's compensation and years of credited service after December 31, 2003 will not be used in determining your accrued benefit.

** Normal Retirement Date.

There are some provisions in this Plan which may affect your Accrued Benefit:

►The Plan was frozen as of December 31, 2003. This means that if you were an active Plan participant as of December 31, 2003, your benefit will be based on your "Final Average Compensation" and your "Years of Credited Service" as of December 31, 2003. (See Question 3).

►If you terminated after December 31, 1988 and before January 1, 1992, a slightly different formula will be used because the number of years of projected Credited Service at Normal Retirement Date will be limited to 20. Please see the Administrator for more information.

►If you left employment with the Employer and you were rehired after December 31, 2003, the Plan will not recognize your years worked or compensation earned after your rehire date for purposes of determining your Accrued Benefit.

►If you have "qualified military service" (as defined in the Uniformed Services Employment and Reemployment Rights Act of 1994) for any period on or after December 12, 1994, benefits and service credit will be provided as required under applicable law.

5. HOW IS THE ACCRUED BENEFIT IMPACTED IF A PARTICIPANT WORKS BEYOND DECEMBER 31, 2003?

The Plan will not adjust a Participant's Accrued Benefit to reflect Compensation after December 31, 2003 and/or the completion of additional Years of Credited Service after December 31, 2003. (See Question 20.)

<u>*EXAMPLE*</u>

Instead of terminating in 2003, Bob decides to work another two years and terminates employment in 2005 at age fifty-seven (57). Even though he worked two more years and earned higher salary than in 2003, his Accrued Benefit is based on his Final Average Compensation and Years of Credited Service as of December 31, 2003. Compensation and service after December 31, 2003 are not used to determine his Accrued Benefit. Therefore, his Accrued Benefit payable at his Normal Retirement Date remains $6,970 per year or $580.33 per month, as shown the above example.

6. WILL I BE PAID EXACTLY MY ACCRUED BENEFIT AMOUNT EACH MONTH?

Not necessarily. Your Accrued Benefit is the monthly benefit you will be entitled to receive if your payments start at age sixty-five (65) and the payments are made over your lifetime only. (See Question 13 for optional payment methods.)

Here are some factors that will affect the amount of your benefit:

►If your payments start before age sixty-five (65), the benefit amount will be reduced because payments are expected to be paid to you over a longer period. (See Question 10.)

►Your benefits may be smaller if a payment option other than the Life Annuity is chosen. Whenever a payment option other than the Life Annuity is selected, adjustments will be made to the payment amounts to ensure that the value of the benefits you and your beneficiary are entitled to receive will be <u>actuarially equivalent</u> to your Life Annuity benefit.

<u>RETIREMENT AND DEATH</u>

7. WHEN MAY I RETIRE?

You may elect to retire and begin receiving your Accrued Benefit on your "Normal Retirement Date." This is the first of the month on or after the date you reach age sixty-five (65), and the fifth anniversary of the date your Plan participation commenced. **Note:** You have to terminate your employment to begin receiving your benefits at your Normal Retirement Date.

8. WHAT IF I CONTINUE WORKING AFTER AGE 65?

You can also continue to work after your Normal Retirement Date and postpone receiving your Accrued Benefit. If you choose this option, the "Late Retirement Benefit" payable to you will be determined by giving you the greater of the following two amounts as follows:

►Your Accrued Benefit will be calculated using the formula described in Question 4 above, based on Final Average Compensation and Years of Credited Service as of the earlier of December 31, 2003 or your "Late Retirement Date;" or

►Your Accrued Benefit will be multiplied by an appropriate Late Retirement Adjustment Factor.

If you continue to work after age sixty-five (65) and elect to defer your benefits, your Late Retirement Benefit will not be paid to you until you actually retire. (Your Late Retirement Date will be the first day of a month.) However, the law generally requires that you begin to receive benefit payments no later than April 1st of the calendar year following the calendar year in which you reach age 70½ or retire, if later.

9. DOES THE PLAN PERMIT EARLY RETIREMENT?

Yes. You may elect to retire and start payment of your Accrued Benefit on the first day of any month before your Normal Retirement Date if you have satisfied two (2) requirements on that date: (i) reached age fifty-five (55) and (2) completed at least ten (10) Years of Credited Service. If you start the payment of your Accrued Benefit before your Normal Retirement Date, the start date is called your "Early Retirement Date."

Note: You must terminate your employment to have your benefits commence on the Early Retirement Date. In order to determine if you have ten Years of Credited Service, the Plan will not count Years of Credited Service that you complete after December 31, 2003 (after the Plan was frozen). Please see Question 20 for additional information.

10. HOW MUCH IS MY EARLY RETIREMENT BENEFIT?

If you have your Accrued Benefit start on your Early Retirement Date, the monthly benefit will be determined as follows:

►Your Accrued Benefit will be calculated using the formula described in Question 4 above.

►Your Accrued Benefit will be multiplied by an appropriate Early Retirement Adjustment Factor).

If you terminate employment prior to your Normal Retirement Date but choose to delay the start of your pension payments until your Normal Retirement Date, your pension will be based on your Accrued Benefit without reduction by the Early Retirement Adjustment Factor.

11. WHAT IS AN EARLY/LATE RETIREMENT ADJUSTMENT FACTOR?

The "Early/Late Retirement Adjustment Factor" is used to actuarially adjust your retirement benefit if you begin receiving it either before or after your Normal Retirement Date. The factors are calculated based on the Actuarial Equivalent as defined in the Plan document. For more information, please see the Administrator.

12. DOES THE PLAN PROVIDE ANY DISABILITY BENEFITS?

No. However, please refer to Question 25, regarding benefits available upon termination of employment before your Normal or Early Retirement Date.

13. HOW WILL MY BENEFIT BE PAID?

One of the following two payment methods will automatically apply, unless you elect an optional form of payment (see Question 13(c)). The payment method which automatically applies to you depends on your marital status on the date your payments begin.

(a) Automatic Payment Method for Married Participants. If you are married, and the actuarial equivalent of your vested Accrued Benefit exceeds $5,000, your Accrued Benefit will be paid to you and your spouse in the form of a Joint and 50% Survivor Annuity. With a Joint and 50% Survivor Annuity, your retirement benefit will be paid over the joint lives of you and your spouse and, if your spouse survives you, your spouse's remaining lifetime. Therefore, the monthly amount which you will receive will be less than the amount you would be entitled to receive as a single life annuity. If you die before your spouse, your surviving spouse will receive payments during his or her remaining lifetime in an amount equal to fifty percent (50%) of the amount paid during your joint lifetime. If your spouse dies before you, you will continue to receive monthly payments in the same amount that you received during your joint lives, and the payments will continue until you die.

EXAMPLE
George retires at age 65. At the time of his retirement, George and his wife, Susan, will receive a monthly payment of $900 during their joint lives. If George dies before Susan, she will receive monthly payments of $450 for the remainder of her life. If Susan dies before George, George will continue to receive the $900 monthly payment for the duration of his life.

Regardless of the form in which your benefit is paid to you, your benefit is intended to be equal in value to the Life Annuity which would be paid to you individually (see Question 3).

When you receive your benefit in the form of a Joint and 50% Survivor Annuity, the monthly benefit paid during your lifetime will be less than the amount you would receive as a Life Annuity because your benefit will be spread over the lives of you and your spouse. Therefore, when you and your spouse are planning for retirement, you should seek the help of a financial advisor to determine which payment method is best suitable for you.

If you do not wish to have your benefit paid as a Joint and 50% Survivor Annuity, you must make a written election and your spouse must provide written consent to your decision. Your spouse's consent must be witnessed by the Administrator or a notary public, and your spouse's consent must show that he or she understands that he or she is giving up the chance for a 50% survivor annuity. If you waive the Joint and 50% Survivor Annuity, your benefits will be paid in the optional distribution form that you elect, as discussed in Question 13(c).

The survivor annuity requirement also applies when a married Participant is vested, and dies before retiring (see Question 18). In that case, a pre-retirement survivor annuity will normally be paid to your surviving spouse. This means that your spouse would receive a series of payments during his or her lifetime based on the value of your Accrued Benefit on the date you die. If you and your spouse agree in writing, then your pre-retirement death benefit may be paid to a designated beneficiary other than your spouse. The requirements for waiving the survivor annuity death benefits are the same as those which apply for the Joint and 50% Survivor Annuity described above. The election period for waiving the survivor annuity form of death benefit starts on the first day of the Plan Year in which you reach age thirty-five (35) and ends on the date of your death (before retirement). If you leave the Employer prior to the first day of the Plan Year in which you turn thirty-five (35), the election period shall begin on your date of separation.

(b) Automatic Payment Method for Unmarried Participants. If you are not married, and the actuarial equivalent of your vested Accrued Benefit exceeds $5,000, your Accrued Benefit will automatically be paid as a Life Annuity which will provide equal monthly amounts during your lifetime, unless you choose to be paid your benefit in one of the optional forms discussed in (c) below.

(c) Optional Forms for Payment of Your Benefit. The Plan provides additional ways in which pension benefits may be paid so that you can choose the payment option which best suits your personal needs. The amount of benefit varies under each option; however, the value of the benefits paid to you and your survivors will always be actuarially equivalent to the vested Life Annuity Accrued Benefit you have earned. You may elect to receive your benefit in one of the following ways (Married Participants refer to Question 13(a) for discussion of spousal consent):

(1) Single life annuity. You can elect to receive a monthly benefit for your life and no benefits would be payable after your death.

(2) Period Certain and Life Option: Under the Period Certain and Life Option, you may elect to receive your retirement benefit in a series of level monthly payments for your lifetime. If you die before receiving one hundred and twenty (120) monthly payments, the same amount will continue to be paid to the beneficiary you choose for the remainder of the one hundred and twenty (120) payments. If the designated beneficiary dies before you, the actuarial equivalent value of the remaining payments shall be paid in a lump sum to your surviving spouse, if any, and if none, to your children who survive you, if any, and if none, to your estate. If payments are continued to a beneficiary and the beneficiary dies after you and before a total of one hundred and twenty (120) payments have been made (counting the payments to you and the beneficiary), the

actuarial equivalent of the remaining monthly payments shall be paid in a lump sum to the beneficiary's estate.

(3) Joint and Survivor Annuity Option: Under the Joint and Survivor Annuity Option, you will receive a series of equal monthly payments for your life. At your death, monthly payments will be made for the duration of your beneficiary's life, provided your beneficiary survives you. The monthly payments to your designated beneficiary will begin immediately after you die and will continue until your designated beneficiary dies. Payments will be made in a monthly amount equal to 100%, 75%, 66-2/3% or 50% (as designated by you in your election) of the monthly amount being paid to you before your death. If your designated beneficiary dies on or after the date payments have begun, and before your death, no adjustment will be made in your monthly payment amount. In addition, once you and your designated beneficiary die, no further benefits will be payable.

(4) Social Security Option: If you decide to receive your benefit under this Option before the date when your Social Security benefits are expected to commence, you can choose to receive (i) a higher benefit before the date when your Social Security benefits are expected to begin and (ii) a reduced amount after the date when your Social Security benefits are expected to begin. In this way, you will receive an approximately equal amount of total retirement income (under this Plan and under the Social Security Act combined) throughout your retirement.

(5) Lump Sum Payment Option: You can elect to receive the present value of your Vested Accrued Benefit in a lump sum payment. (Note: If you are "Restricted Employee", you may not be able to receive an immediate lump sum payment. A "Restricted Employee" is any current or former highly compensated employee who is among the 25 highest paid employees. Please see the Administrator for details.)

14. HOW DO I ELECT A PAYMENT OPTION?

You must still complete forms to start your pension even if you want your Accrued Benefit paid in the automatic form applicable to you (see Question 13). If you do not want the automatic method, you may choose another payment option by filing the appropriate form with the Administrator within the one hundred eighty (180) day period before the date you are to begin receiving payments. The Administrator will provide you with the required forms to complete.

You should receive the written benefit notice from the Administrator at least thirty (30) days and no more than one hundred and eighty (180) days before your benefit start date. The notice will explain the automatic payment method and your choices, including your ability to elect an optional payment method. There are exceptions to these general rules. In certain cases, the notice will be given out within thirty (30) days after your annuity start date, or your benefits will start before you have had the benefit notice for at least thirty (30) days. Please see the Administrator for more details.

You can change your election payment method by filing a new election form before your pension starts. Your payment option becomes final on the date your pension starts. After that date it cannot be changed even if your spouse or other beneficiary dies or other circumstances change.

For information on changing your payment option if you are married, please refer to Question 13(a).

15. HOW DO I APPLY FOR MY BENEFIT?

Application forms, including payment option election forms, are available from the Administrator and should be completed and forwarded to the Administrator before you expect to receive your first pension check. The Administrator is available to answer any questions you may have regarding the amount of your benefit.

In addition to applying for your Plan benefit, you should contact the local Social Security Office at least three months before you retire to obtain the necessary forms and instructions for applying for any Social Security benefits to which you may be entitled.

Once you retire, you should notify the Employer of any change in the address of you or your beneficiary to be assured of receiving your benefit payments promptly.

16. IS MY BENEFIT SUBJECT TO CREDITORS' CLAIMS?

Your pension benefits may not be borrowed against or assigned; and, except to the extent permitted by law, your benefits are not subject to the claims of your creditors.

17. ARE DEATH BENEFITS PROVIDED UNDER THE PLAN?

If you die after payment of your benefit has commenced, then your spouse or other designated beneficiary will receive the death benefits, if any, which are provided under the payment method you chose.

If you die before payment of your benefit has commenced, and at the time of your death you have a vested Accrued Benefit in the Plan, your spouse or other designated beneficiary will receive the death benefits, as shown under Question 18.

18. WHAT IF I SHOULD DIE BEFORE BENEFITS COMMENCE?

(a) General Rules.

If a married participant who is vested dies prior to the participant's benefit commencement date, the participant's surviving spouse will be entitled to a monthly death benefit. If the participant dies prior to becoming eligible for early retirement, the death benefit is equal to the amount the spouse would have received if the participant had terminated employment on his date of death, survived to early retirement, selected the Joint and 50% Survivor Annuity option, and died the next day. Payments to the spouse shall commence as of the earliest date on which the Participant could have begun receiving a benefit. If the participant dies after becoming eligible for early retirement, the death benefit is equal to the amount the spouse would have received if the participant had retired the day before the participant died and selected the Joint and 50% Survivor Annuity option.

If an unmarried participant who is vested dies prior to the participant's benefit commencement date, his designated beneficiary will be entitled to a lump sum benefit based on the participant's vested Accrued Benefit as of the date of death. The benefit will be the Actuarial Equivalent of the monthly benefit that would have been payable to a spouse of the participant if the participant would have been married on the date of death to a spouse of the same age, terminated employment on the date of death, survived to the earliest retirement date under the Plan (*i.e.*, earlier of Normal Retirement Date and the Early Retirement Date), commenced receiving a benefit under the Joint and 50% Survivor Annuity option and died the next day. If the unmarried participant dies after becoming eligible for early retirement, the lump sum benefit will be the Actuarial Equivalent of the monthly benefit that would have been payable to a spouse of the participant if the participant would have been married on the date of death to a spouse of the same age, retired the day before the date of death and selected the Joint and 50% Survivor Annuity option.

(b) Beneficiary Designation Rules.

If you are married, your beneficiary will automatically be your surviving spouse, unless you and your spouse consent to a different beneficiary on forms provided by the Administrator. Such consent must be witnessed by the Administrator or a notary public.

If you are not married, or your spouse waives his or her right to the death benefit, you may name anyone you choose to be your beneficiary, and you may name a second beneficiary, in case the first dies before you. This must be done in writing. The Administrator can provide you with the necessary forms.

Effective on and after January 1, 2015, if the Employer does not have a completed beneficiary form on file at the time of your death, your default beneficiary will be determined in the following order:

- your surviving spouse
- if no surviving spouse, equally to your surviving children
- if no surviving spouse or children, equally to your surviving parents
- if no surviving spouse or children or parents, to the personal representative of your estate

19. WILL I HAVE TO PAY TAXES ON THE MONEY I RECEIVE FROM THE PLAN?

Under present tax laws, you will not have to pay taxes <u>until your benefits are actually paid</u> to you. The manner in which you will be taxed will depend on the tax laws at that time of distribution and on the way you receive your payments. Because tax laws change from time to time, you should consult your tax advisor regarding the effect of receiving your retirement benefit under the Plan.

SERVICE

20. WHAT COUNTS AS SERVICE UNDER THE PLAN?

Service under the Plan is important because it determines when you participate (eligibility), whether you are vested in your benefit (vested status) and how large your benefit becomes (Accrued Benefit). Each of these different rules will be discussed below. The Plan is not available to new participants after December 31, 2003.

(a) Service for Eligibility Purpose. The Plan was frozen as of December 31, 2003 and no employees can become participants after December 31, 2003.

(b) Service for Vesting Purposes. You will receive credit for one "Year of Vesting Service" for any Plan Year (even those after December 31, 2003) in which you complete one thousand (1,000) Hours of Service. In order to receive a benefit from this Plan, you generally need to complete five Years of Vesting Service. (See Question 25).

The Plan had a short plan year from April 1, 1988 through December 31, 1988. A Participant received two Years of Vesting Service if he completed one thousand (1,000) or more Hours of Service in the twelve (12) month period commencing April 1, 1988 and the twelve (12) month period commencing January 1, 1989.

(c) Service for Accrued Benefit Purposes. You received credit for a "Year of Credited Service" for each Plan Year in which you completed two thousand (2,000) or more Hours of Service, subject to the following rules:

- Fractional Years of Credited Service shall be awarded if you complete at least one thousand (1,000) Hours of Service in a Plan Year. The fraction shall be determined by taking the Hours of Service, dividing it by two thousand (2,000), and rounding it up to the next highest one-tenth of a year. If you complete at least one thousand (1,000) Hours of Service in a Plan Year, divide those Hours of Service by 2,000. If the answer is an even number there is no rounding up. (Examples: 1,400 Hours of Service divided by 2,000 = .7 therefore no rounding up; 1,750 Hours of Service divided by 2,000 = .875, this will be rounded up to .9).

- There are special rules for the Plan's short plan year from April 1, 1988 through December 31, 1988: During that period an employee received a full Year of Credited Service by completing at least one thousand five hundred (1,500) Hours of Service during the period, and fractional Years of Credited Service were awarded if an employee completed at least seven hundred fifty (750) Hours of Service based on the proportion his Hours of Service bears to one thousand five hundred (1,500).

- The Plan will <u>not</u> recognize service completed after December 31, 2003 in determining Years of Credited Service.

21. WHAT IS THE PLAN YEAR?

The Plan Year is the 12-month period beginning on January 1st and ending the next December 31st. The concept of a Plan Year is important because your vesting and benefit accruals are based on completing or being credited with a minimum number of Hours of Service during a Plan Year. Please note that the Plan Year also consists of the short period from April 1, 1988 to December 31, 1988.

22. WHAT IS AN "HOUR OF SERVICE"?

You will be credited under the Plan with one "Hour of Service" for:

(a) each hour for which you are paid, or entitled to be paid, for the performance of duties for the Employer;

(b) each hour for which you are paid, or entitled to be paid, during which you perform no duties for the Employer because of vacation, holiday, illness, disability, layoff, jury duty, military duty or leave of absence. You may only be credited with up to five hundred and one (501) hours for any single continuous period when you perform no duties; and

(c) each hour for which you are awarded back pay, or the Employer agrees to pay you back pay.

23. WHAT IF I TERMINATE AND WORK LESS THAN 500 HOURS OF SERVICE IN A YEAR?

If you terminate and fail to complete more than five hundred (500) Hours of Service in a Plan Year, that year will be counted as a one-year "Break in Service." A Break in Service may cause the loss of the Years of Vesting Service you earned before the break, should you later return to work with the Employer.

24. SUPPOSE I TAKE A LEAVE OF ABSENCE?

You will not have a one-year Break in Service for any time during which you leave the Employer under an authorized leave of absence, such as to serve in the U.S. armed forces, as long as you are rehired according to your rights as a veteran under federal law. You may receive credit for up to five hundred and one (501) Hours of Service if you take a maternity leave or paternity leave. To avoid having a one-year Break in Service, you must return to work after the end of the period of authorized absence. You will generally not earn Years of Vesting Service during the absence period.

A special rule exists with military service. You could earn Years of Vesting Service for all years of military service if you timely return to work for the Employer after you are discharged. Please see the Plan Administrator for more information.

TERMINATION OF EMPLOYMENT

25. WHAT HAPPENS IF I LEAVE BEFORE NORMAL OR EARLY RETIREMENT DATE?

- If you leave employment prior to completing five (5) Years of Vesting Service, you will not be entitled to any benefits under this Plan. You may also risk losing all of your Years of Vesting Service under the Plan, even if you are rehired later (see Question 27).

- If you leave the Employer after completing five (5) or more Years of Vesting Service, you will be completely "vested" or entitled to the Accrued Benefit you have earned as of your date of termination. You can begin receiving your benefits immediately, or wait until your Normal Retirement Date (age 65) or your Early Retirement Date (age 55 with 10 Years of Credited Service).

When your vested benefit becomes payable, you may elect to receive your pension under one of the payment options available under the Plan (see Question 13). This election should be made no later than one hundred eighty (180) days before your Normal Retirement Date or the date your payments are to begin, whichever is earlier.

26. WHAT IF I TERMINATE EMPLOYMENT AND THE VALUE OF MY ACCRUED BENEFIT IS $5,000 OR LESS.

If the actuarial equivalent of your Accrued Benefit is five thousand dollars or less ($5,000), your only distribution option is a lump sum payment.

If the actuarial equivalent of your vested Accrued Benefit is less than one thousand dollar ($1,000), your Accrued Benefit will be paid to you in a lump sum payment. If the actuarial equivalent of your Accrued Benefit exceeds one thousand dollars ($1,000), you must complete and return the distribution forms.

27. WHAT HAPPENS IF I LEAVE AND HAVE A BREAK IN SERVICE?

If you are 100% vested (have five (5) or more Years of Vesting Service) when a one-year Break in Service occurs, you will not lose the Accrued Benefit you had earned under the Plan. You will not receive Years of Vesting Service or Years of Credited Service, however, for any year in which you had a Break in Service. Also, if you receive a lump sum cash-out payment of your vested benefit, your prior Years of Credited Service will not be counted again under the Plan unless you repay the cash-out to the Plan.

If you are not 100% vested (have less than five (5) Years of Vesting Service when you terminate) when a one-year Break in Service occurs, you will lose the Accrued Benefit you had earned under the Plan if you incur five (5) one-year Breaks in Service. If you are rehired prior to incurring five (5) one-year Breaks in Service, your pre-break Years of Vesting Service will not be lost and you can continue working toward becoming vested in the Accrued Benefit that existed before you terminated. You will not be eligible to increase your Accrued Benefit because of your additional employment period or your Compensation after December 31, 2003.

OTHER INFORMATION ABOUT THE PLAN

28. WHO PAYS FOR MY PENSION?

The entire cost of this Plan is paid by the Employer. The Employer will make contributions to the Plan each year, as long as the Plan is in effect and contributions are required. The contributions are determined by an actuary, so that enough money will accumulate over the years to provide your benefits as they become due.

29. MAY I MAKE CONTRIBUTIONS?

No. Employee contributions are neither required nor permitted.

30. WHO ADMINISTERS THE PLAN?

The Administrator of the Plan is the Employer. The Employer has established an Administrative Committee to administer the Plan and to maintain the Plan's records. The Administrator also handles any questions regarding the Plan and instructs the Trustees on benefit payments and other matters.

31. WHAT RECOURSE DO I HAVE IF MY PENSION BENEFIT IS DENIED?

If the Administrator should deny your application for benefits, you will receive written notice within ninety (90) days after filing your application. At that time you will be provided with the reasons for the denial along with any references to pertinent Plan provisions, a description of any additional material or information necessary for you to complete the application if it was incomplete, and an explanation of the Plan's benefit claim review procedure, including a statement of your right to bring a civil action under ERISA Section 502(a) following denial of your appeal.

If the notice is not satisfactory or you have additional information which should be considered, you may file a written appeal within sixty (60) days of receipt of the first notice. During the time your appeal is pending, you or your authorized representative may review the pertinent Plan documents and may submit any written issues and/or comments to the Administrator.

A final and binding decision will be made by the Administrator within sixty (60) days of your appeal (up to one hundred twenty (120) days in special cases). Please refer to the section titled "General Information" for additional information. You will be notified if a delay in processing the claim or appeal is expected.

32. WHO INVESTS THE ASSETS OF THE PLAN?

The Plan assets are held in a Trust. The Trustee is responsible for receiving all contributions made by the Employer, investing the funds held in the Plan, and paying pension benefits upon receiving written instructions from the Administrator.

33. MAY THE PENSION PLAN BE TERMINATED?

The Employer hopes and expects to continue the Plan indefinitely; however, it reserves the right, by action of the Board of Directors, to change or terminate the Plan if it should become necessary. If the Plan is terminated, all Plan Participants will have a nonforfeitable right to the benefits earned up to the time of termination. Plan assets will continue to be held in the Trust, and, after payment of any expenses, will be used to pay benefits to Plan Participants and beneficiaries. Benefits will be paid in a manner determined by the Administrator and in compliance with the tax law. No assets can be returned to the Employer unless all earned benefits have been paid.

34. ARE PENSION BENEFITS INSURED?

In the event the Plan terminates, benefits are insured by the Pension Benefit Guaranty Corporation (PBGC). Generally, the PBGC guarantees most vested normal retirement benefits, early retirement benefits, and certain survivor's pensions. The PBGC does not guarantee all types of benefits under covered plans, however, and the amount of benefit protection is subject to certain limitations.

The PBGC guarantees vested benefits at the level in effect on the date of Plan termination. If the Plan has been in effect less than five years prior to termination, however, or if benefits have increased within five (5) years prior to the plan termination, the entire amount of the Plan's vested benefits or the benefit increase may not be guaranteed. In addition, there is a ceiling on the amount of monthly benefit that the PBGC guarantees, which is adjusted periodically.

If you would like additional information regarding the PBGC insurance protection and its limitation, you may ask the Plan Administrator or contact the PBGC’s Technical Assistance Division, 1200 K Street, N.W., Suite 930, Washington, DC 20005-4026 or call (202) 326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to (202) 326-4000. Additional information about the PBGC’s pension insurance program is available through the PBGCs website on the internet at http://www.pbgc.gov.

35. WHAT INFORMATION MAY I RECEIVE ABOUT THE PLAN?

(a) ***General.*** As a Participant in the Pension Plan for Employees of The Arc Baltimore, Inc., you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that you will be entitled to:

- Examine, without charge, at the Employer's Office, all Plan documents and all documents and forms filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and Plan descriptions.

- Obtain copies of all Plan documents and other Plan information upon written request to the Employer. A reasonable charge may be imposed for reproducing copies.

- Receive a summary of the Plan's annual financial report. As required by law, the Employer will furnish you with a copy of this summary annual report when completed.

- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you must work to have a right to a pension. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one may terminate you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If your claim for a pension benefit is denied in whole or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and pay up to one hundred and ten dollars ($110) a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about your Plan, you should contact the Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administrator, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

(b) Domestic Relations Orders. The Plan has a specific procedure that it uses to determine whether a domestic order is qualified. You and your beneficiary may obtain, without charge, a copy of the procedure from the Plan Administrator. If you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court.

36. WHAT IF I MOVE?

It is important to keep the Employer informed regarding your current mailing address, as well as the mailing addresses of your beneficiaries. As you get close to your 65th birthday, please contact the HR Department at Arc Baltimore so they can send you the relevant documents to start your pension benefits.

DEFINED TERMS

Throughout this document, the following terms are used:

"Compensation" includes your wages and all other earnings from the Employer. It includes any salary deferral amounts you make to the 403(b) Plan or the Cafeteria Plan.

"Employer" means The Arc Baltimore, Inc.

"Final Average Compensation" means your highest average Compensation in any five (5) consecutive Plan Years during the last ten (10) Plan years before the earliest of (a) the date distribution of your Accrued Benefits starts, Normal or Early Retirement Date or (b) the date you quit or (c) December 31, 2003. Compensation earned after December 31, 2003 will be excluded from the computation.

"Year of Credited Service" is a calendar year period prior to 2004 in which an Employee completed two thousand (2,000) Hours of Service for the Employer. The Plan may recognize partial Years of Credited Service completed before January 1, 2004. (See Question 20.) The Plan will not recognize any Years of Credited Service after 2003.

"Year of Vesting Service" is a calendar year in which an Employee completes one thousand (1,000) Hours of Service for the Employer.

GENERAL INFORMATION ABOUT THE PLAN

*	Official Name of Plan:	Pension Plan for Employees of The Arc Baltimore, Inc.
*	Employer's Name and Address:	The Arc Baltimore, Inc. 7215 York Road Baltimore, MD 21212-4499 Telephone: (410) 296-2272
*	Plan Administrator:	The Executive Committee serves as the Administrative Committee. The address of the Plan Administrator is: The Arc Baltimore, Inc. 7215 York Road Baltimore, MD 21212-4499

		Telephone: (410) 296-2272
*	Plan Number:	001
*	Employer Identification Number:	52-0671428
*	Type of Plan:	This is a defined benefit pension plan. This means that an employee will normally be eligible to receive a fixed monthly pension at his normal retirement date. For each employee, the amount of this pension will generally be based on his compensation through December 31, 2003 and his Years of Credited Service through December 31, 2003.
*	Types of Benefits:	You, or your beneficiary, may become eligible for the following benefits: * retirement benefits * death benefits
*	Type of Administration:	A third party actuarial firm handles the daily administration of the Plan. Responsibility and discretion for the Plan rests with the Plan Administrator.

* The Administrator is referred to in this Summary Plan Description as the "Plan Administrator" or "Administrator."

*	Trustees:	Kathleen M. Durkin, Executive Director Tracy L. Pruitt, CFO
	Address:	The Arc Baltimore, Inc. 7215 York Road Baltimore, MD 21212-4499 (410) 296-2272
*	Agents to Receive Process:	The Plan Administrator has been designated as the agent to receive legal process on behalf of the Plan. Service may be made on the Plan Administrator. In addition, legal process may also be served on the Trustees of the Plan.
*	Plan Year:	The term "Plan Year" refers to each period of twelve months on which the records of the Plan are based. The Plan Year is an important concept since service credits and other factors are determined on a Plan Year basis. The Plan Year is the calendar year, January 1 - December 31
*	Insurance:	Benefits under this Plan are insured by the Pension Benefit Guaranty Corporation. This is explained more fully in Question 35.

The Plan Summary on the previous pages sets forth the principal features of the Plan. If you need any additional information, please contact your supervisor. Every effort has been made to assure that this summary is accurate; however, in the event of any discrepancy, the actual provisions of the legal Plan document will govern.

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