The Anne Arundel County Deferred Compensation Plan

IT'S A SNAP!

Planning and Saving for Your Retirement

ANNE ARUNDEL COUNTY
MARYLAND

County Executive John R. Leopold

Almost everyone has their own dreams about how they want to spend their retirement years. Yet whether you see yourself sailing around the bay or simply lounging by the shore with your family, chances are you're going to need money.

Financial experts say that you will need approximately 80% of your preretirement income to maintain the same lifestyle in retirement. The money you have in your defined benefit will help, but you'll need other sources of savings. That's where the voluntary Anne Arundel County Deferred Compensation Plan comes in. Participating in this Plan can improve your chances of reaching your retirement goals.

With the Anne Arundel County Deferred Compensation Plan, creating an effective retirement saving strategy is a snap! This brochure will get you started. It will help you understand the basics of investing. It also highlights strategies, features, and services you can use to make the most of your Deferred Compensation Plan.

Your Plan's Service Provider, T. Rowe Price

T. Rowe Price is a leading investment management firm headquartered in Baltimore, Maryland. The company offers an exceptional combination of investment management expertise, world-class customer service, and extensive resources to help you prepare for the challenges of retirement planning. T. Rowe Price Retirement Plan Services, Inc., currently serves more than 1.5 million participants in over 1,000 plans, helping clients meet the challenges of effective retirement planning with intelligent, informed decisions.

SPICE UP YOUR FUTURE

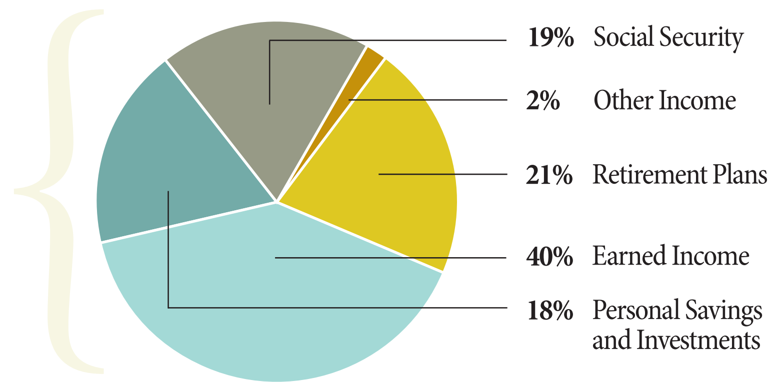
"You know that planning for your future is important. But sometimes it can feel overwhelming. Don't get steamed! Saving through the Deferred Compensation Plan helps make it easy to develop your own saving strategy."

Why do you need to save?

There are probably a million other things that seem more important today than planning for retirement.

But the fact is, one day you will retire – and your retirement could last 30 years or more. With inflation, increasing medical expenses, and uncertain Social Security benefits, you'll need enough income to provide for yourself and possibly others.

Sources of Retirement Income



Source: Social Security Administration, 2004 Income of the Aged Chartbook, Released: September 2006. (These percentages are based on those age 65 and up with at least $44,129 in annual income in 2004.)

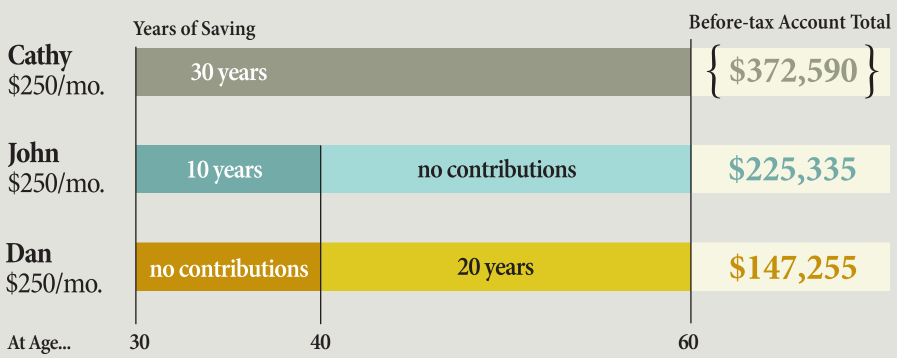
Time is more important than money

Your retirement may seem far away, but that just means that time is on your side. The earlier you start contributing and the longer you stay invested in the Plan, the greater chance your money has to compound over the years – increasing the value of your account. Compounding is when any earnings on your investments are put back into your account. That means your money has a chance to make money, which has a chance to make more money. So the money you save today can be more powerful than the money you save tomorrow, thanks to compounding.

Still curious about how compounding can help your strategy? Check out the example below to see who will have more money in retirement.

1. Cathy started contributing $250 a month to her retirement savings plan when she was age 30, and continued contributing the same amount for 30 years.
2. John started contributing $250 a month to his retirement savings plan at the age of 30, but then he stopped making contributions after 10 years.
3. Dan started contributing to his retirement savings plan 10 years later at age 40. His contribution was $250 a month and he contributed for the next 20 years.

ADVANTAGES OF TAX-DEFERRED COMPOUNDING



This chart is for illustrative purposes only. This is not meant to represent the performance of the investment options in your plan. These amounts assume $250 invested each month and an 8% before-tax annual rate of return.

As illustrated by the chart, the first scenario clearly was the best strategy. As indicated by the second and third scenarios, the amount of time you have to save can be more important than the amount you save.

Tax advantages

Reduce your current taxable income

By contributing to your Deferred Compensation Plan before federal (and most state) taxes are taken out, you can reduce the taxable income that you have to report to the IRS.

As you can see in the example, the person who deferred before-tax money to their Plan account paid $750 less income taxes.

ADVANTAGE OF TAX-DEFERRED SAVINGS TODAY

Contributing to the Plan

Annual Income		10% Before-Tax Contribution		Taxable Income		25% Tax Rate	Income Tax
$30,000	−	$3,000	=	$27,000	×	.25	$6,750

Not Contributing to the Plan

Annual Income		0% Before-Tax Contribution		Taxable Income		25% Tax Rate	Income Tax
$30,000	−	$0	=	$30,000	×	.25	$7,500

The person who saved before-tax dollars paid $750 less income tax.

For illustrative purposes only. Your results will vary.

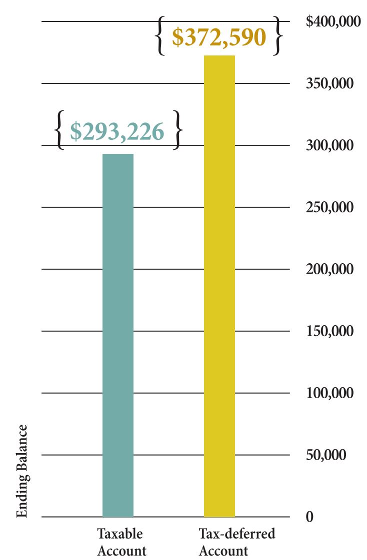
Deferring taxes can help your account grow

When you make before-tax contributions to your account, the money has a chance to grow tax-deferred. That means you don't pay any taxes on it until you take it out of the Plan, usually when you retire. This can help in two ways:

1. You may be in a lower tax bracket at retirement, and
2. Money you would have paid in taxes can continue compounding

All things being equal, tax-deferred savings will outpace savings in a regular taxable account. In a taxable account, like a savings account at a bank, you have to pay taxes on your earnings each year. But in the Plan, your money has the opportunity to compound and grow tax-deferred until you take it out.

As you can see in the example, the person who saved in a tax-deferred account saved almost $80,000 more than the person saving in a taxable account over 30 years.



This chart is for illustrative purposes only. This is not meant to represent the performance of the investment options in your plan. These amounts assume an 8% before-tax annual rate of return, compounded monthly, and a 15% tax on earnings in the taxable account. Money in the tax-deferred account will be taxed when it is withdrawn.

Changes in tax rates and the tax treatment of investment earnings may impact comparative results. You should consider your personal investment horizon and income tax brackets, both current and anticipated, when making an investment decision as these factors may further impact the results of the comparison.

How much should you save?

Thinking about your retirement savings as one lump sum may be a little daunting. It may be easier to think of your savings in terms of how much you're going to need each year – known as your retirement income.

Experts suggest saving at least 15% of your pay to help you reach your retirement savings goals. For more specific recommendations based on how long you have until retirement and the amount you already have saved, see the chart on the following page.

Here's how you can find the percentage you might need to save…

Step 1:
Add up all the money you have set aside specifically for retirement. This includes your individual retirement plan accounts (IRAs), savings accounts, stocks, bonds, and other investments.

Step 2:
Compare this amount with your yearly salary. For example, if you make $30,000 a year and you've saved $15,000, go to the column in the chart marked "½ annual salary."

Step 3:
Read down the left side of the table until you come to your current age.

Step 4:
Read across the column to find your suggested savings rate. If you've saved ½ of your annual salary and you're 40 years old, you should put aside 22% of your salary each year.

Save more each year

If the target percentage you should be saving seems a little high, try to save as much as you can now and increase your contribution a little bit each year. By increasing your deferrals by 1% or 2% each year, you can make sure your retirement planning stays on track.

Percentage You Need to Save

Contributing to the Plan

Current Age	0 no savings	½X annual salary	1X annual salary	1½X annual salary	2X annual salary	2½X annual salary	3X annual salary
25	10%	8%	5%	3%	—	—	—
30	14%	11%	8%	5%	2%	—	—
35	18%	15%	12%	9%	6%	3%	—
40	25%	22%	19%	15%	12%	9%	5%
45	37%	33%	29%	25%	21%	18%	14%
50	56%	51%	47%	42%	38%	33%	29%
55	95%	89%	83%	77%	71%	65%	59%

Are you in this area? If so, you are off to a great start! Stay ahead by contributing as much as you can. Have you ever heard anyone say that he or she has saved too much for retirement?

This chart shows the percentage of salary you should be saving to replace about 50% of your current salary in retirement. The results are based on your age and how much you have already saved, assuming you retire at age 65. For example, if you are 35 years old and have already saved one times your salary, you need to save at least 12% of your salary each year from now until your retirement date. The chart assumes your salary increases 3% annually for inflation and that you earn 8% on your investments in a tax-deferred account before retirement. When you retire, it assumes your initial withdrawal amount will be 4% of your balance at that time.

Catch-up contributions

If you will be age 50 or older on or before December 31, you may also contribute an additional amount of catch-up contributions up to the IRS catch-up limit.

START WITH THE BASICS

“By understanding some basic rules about investing, you can build a strong foundation for your saving strategy. This means you’ll be ready to start reaching for your retirement dreams, like spending all day playing in the sand.”

The rules of retirement investing

Here are three tips every investor should know:

1 *Be as aggressive as you can based on your comfort level.*

History shows that the cost of living rises over time. If you want your savings to outpace inflation, you should:

- Try to save at least 15% of your before-tax pay
- Allocate your savings among investments that offer the strongest potential for growth, such as stock funds, based on your time horizon.

Remember that investments with higher return potential also carry greater risk. When choosing your investments, it’s important to:

- Understand your tolerance for risk
- Determine the number of years until you retire
- Estimate your current savings
- Select investments with strategies that match your specific objectives

2 *Allocate and diversify.*

Allocation simply means how you spread your savings among the investment categories available in the Plan: stocks, bonds, and short-term investments. The length of time you plan to invest your savings—commonly referred to as your time horizon—determines how much money you put into each type of investment. With a longer time horizon, you should generally be more aggressive and put more in stocks. With a shorter time horizon, you should put more in bonds and short-term investments.

After choosing how to allocate your savings, you should focus on diversification. In other words, don’t put all your eggs in one basket. You “diversify” by choosing a variety of different investments within one category. For example, when investing in stocks, you choose a variety of large and small companies across several industry types, foreign and domestic. Diversifying can help reduce the impact one sector of the market or one particular business will have on your account if it performs poorly. Of course, diversification cannot guarantee a profit or protect against a loss in a down market.

3 *Stick with your investment strategy.*

No one can predict the ups and downs of the markets, and those who try usually find it to be a losing battle. Most successful long-term investors build a strategy that matches their tolerance for risk and time horizon for retirement, and then they stick with it.

Types of investments

Mutual Funds

Mutual funds are investments that pool the money of many individual investors and use it to buy many different investments depending on the goals of the fund. Mutual funds each have a manager, with professional expertise, who directs the buying and selling of securities held in the fund, based on the fund's objective. Your fund's holdings tend to be diversified among investments from three different categories: money market/stable value, bonds, and stocks. Because they are frequently diversified in many different investments, mutual funds' prices may not go up and down as dramatically as the prices of individual stocks or bonds.

Stocks

Stock is a partial share of ownership in a given company. Generally, stocks do not pay interest; however, some stocks pay dividends. A stockholder participates in the company's successes and failure through the increase or decrease in the value of the company's stock and dividends. A stock investment offers the highest potential for returns, but also the highest risk.

Bonds

A bond is essentially a loan made by an investor to the company or government entity issuing the security. A company or government body usually issues bonds to raise money for a specific project. The issuer promises to pay interest while the loan is outstanding, and to pay back the face value of the bond at maturity. Bonds offer the potential for moderate investment returns at a moderate level of risk.

Money Market/Stable Value

These types of investments generally invest in money market securities and guaranteed investment contracts (GICs). The risk of losing your principal in a stable value investment is usually lower than in stock or traditional bond investments; however, the potential return is also lower.

PLOT YOUR COURSE

"Now that you've got the basics down, you're ready to choose how you want to invest your money. With your Deferred Compensation Plan, there's an approach that's right for every kind of investor – from the crustiest crustaceans to the softest soft shells."

Your plan allows you to choose from two different ways to invest:

1. Pre-assembled Mix – It's easy for you to diversify with T. Rowe Price Retirement Funds – pre-assembled portfolios, each with a blend of investments geared toward a target retirement date.
2. Do-it-yourself Mix – If you prefer to have hands-on control over your investment mix, you can pick and choose from the Plan's menu of other investment options.

Do you need help deciding which path may be right for you?

Evaluate your investment style:

1. I consider myself an experienced investor. (yes/no)
2. I monitor my investments at least once a month. (yes/no)
3. I have a long-term investment strategy for retirement. (yes/no)
4. I enjoy reading information about my account and investments. (yes/no)
5. I prefer to choose and keep track of my investment portfolio. (yes/no)
6. I like to spend time learning about different investment opportunities. (yes/no)
7. I'm comfortable selecting funds and making investment choices. (yes/no)

If you answered "no" to most of these questions, a one-step portfolio fund might be a good option for you—read about the T. Rowe Price Retirement Funds on the next page.

If you answered "yes" to these questions and are comfortable choosing your own investments for your portfolio, see the do-it-yourself section on page 15.

The Pre-assembled Mix

The T. Rowe Price Retirement Funds may be right for you if you feel you don't have the time or the experience to select and keep track of your own investment portfolio.

Each Retirement Fund is a mutual fund made up of other mutual funds. That means you get a mix of different investments—in large and small companies, both domestic and foreign. Each fund offers you:

- One-step convenience, so you don't need to mix and match them with other options.
- Professional diversification* that may help reduce the impact of the market's ups and downs on your account.
- Stock exposure that can help your retirement account outpace inflation and maintain its buying power.
- Automatic rebalancing among stocks, bonds, and conservative bonds helps the funds' allocations stay on track.

* Diversification cannot guarantee a profit or protection against a loss in declining markets.

How to choose a Retirement Fund

If this option is right for you, choose the Retirement Fund whose target date is most closely matched to the year in which you will turn age 65. You can also choose a fund based on the date you were born.

Important factors to consider when planning for retirement include your expected expenses, sources of income, and available assets. Before investing in one of these funds, be sure to weigh your objectives, time horizon, and risk tolerance. The funds' investment in many underlying funds means that they will be exposed to the risks of different areas of the market. Investors should note that the higher the fund's allocation to stocks, the greater the risk. The funds assume a retirement age of 65.

How to choose Retirement Funds

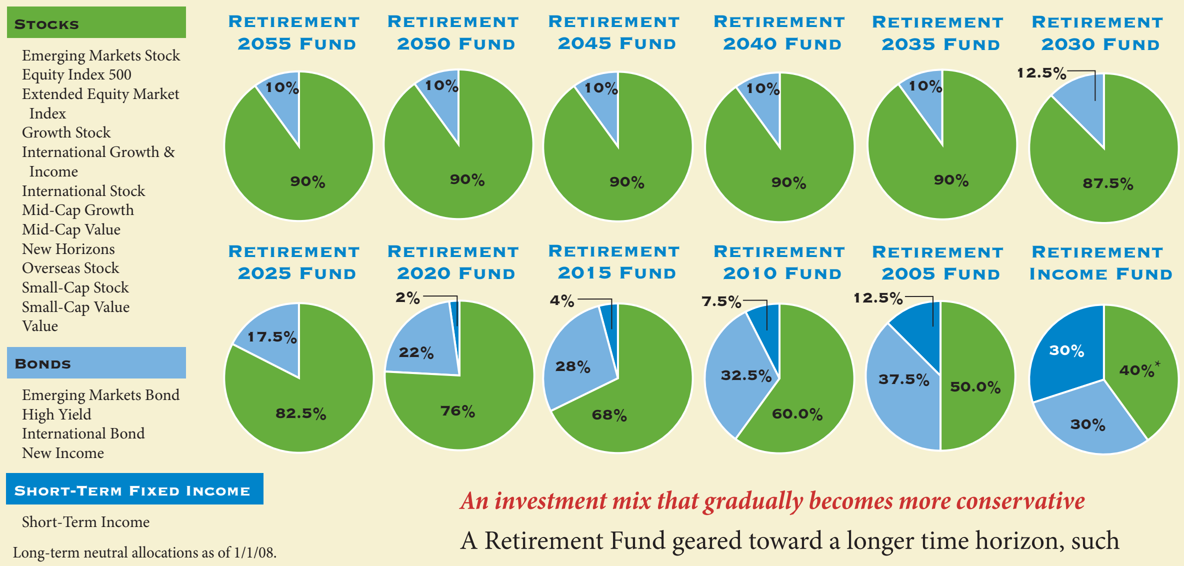
If you were born...	This Retirement Fund may be right for you...
In 1988 or after	Retirement 2055
1983 to 1987	Retirement 2050
1978 to 1982	Retirement 2045
1973 to 1977	Retirement 2040
1968 to 1972	Retirement 2035
1963 to 1967	Retirement 2030
1958 to 1962	Retirement 2025
1953 to 1957	Retirement 2020
1948 to 1952	Retirement 2015
1943 to 1947	Retirement 2010
1938 to 1942	Retirement 2005
In 1937 or before	Retirement Income

Call 1.888.457.5770 to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

A fund of funds

Each Retirement Fund is a mutual fund made up of other mutual funds. That means you get a diversified mix of investments – in large and small companies, both domestic and foreign.

T. Rowe Price Retirement Fund Pie Charts



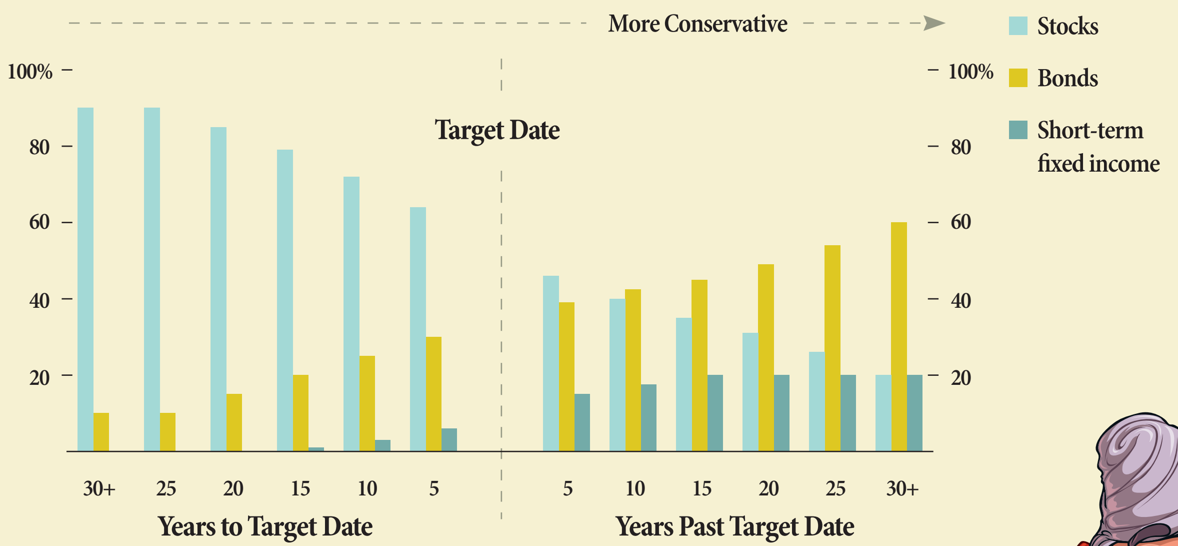
Long-term neutral allocations as of 1/1/08.

* *Does not invest in the Growth Stock Fund or the Value Fund.*

An investment mix that gradually becomes more conservative

A Retirement Fund geared toward a longer time horizon, such as 30 years or more, starts out with a more aggressive risk/return potential, and then gradually becomes more conservative over time. Also, Retirement Funds' allocations are actively managed for approximately 30 years after their target retirement dates before arriving at their final 20% stock, 80% bond ratios.

How the investment mix changes over time



The Do-it-yourself Mix

If you have the time to manage your portfolio and feel comfortable choosing your own investments, you can create your own broadly diversified portfolio from your Plan's investment options.

Risk Self-Assessment Quiz

All investing involves risk—the chance that you might lose money. But the degree of risk often goes hand in hand with the potential for reward.

If you invest aggressively, your account's value will rise and fall over time—sometimes dramatically. If you invest too conservatively, your account may not grow enough, and inflation might erode the value of your money.

Your risk tolerance is a personal issue. To gauge your investment type, take the risk self-assessment quiz. Check the answer that best describes your situation, and then add up the points for your total score. Follow the guidelines below to determine how much money you may want to allocate to each of the three primary investment categories – stock funds, bond funds, and money market/stable value investments.

1 Which of these best describes your situation?

A. Age 20 to 35, starting a career and family, saving for major purchases. (5 points)

B. Age 30 to 50, saving for children's college, paying for home. (3 points)

C. Over age 40, with children grown and on their own, trying to save as much as possible for retirement. (1 point)

2 When it comes to investing for retirement, would you consider yourself a knowledgeable investor?

A. No. (1 point)

B. Somewhat. (3 points)

C. Yes. (5 points)

3 You'd feel best if you made an investment that...

A. Doubled your money in the first year, although it had an equal chance of a 50% loss. (5 points)

B. Grew slowly, and steadily. (1 point)

C. Doubled your money in 10 years, with less chance of loss. (3 points)

4 Your idea of a smart retirement strategy is...

A. You save as much as you can, don't take chances, and hope you'll have enough. (1 point)

B. For the sake of getting the best long-term growth, you accept the risk of ups and downs (5 points)

C. To earn returns that will keep you ahead of inflation, you live with moderate risk. (3 points)

Your risk score is

What does your self-assessment score tell you?

Score 4 – 8? You're a low-risk investor.

You are a conservative investor who wants maximum stability for your money and can accept low returns. But investing too conservatively can mean you may not have enough money when you retire. Consider adding some higher-risk investments to help your account stay ahead of inflation.

Score 9 – 14? You're a moderate-risk investor.

You are an investor who likes balance between low-risk and higher-risk investments.

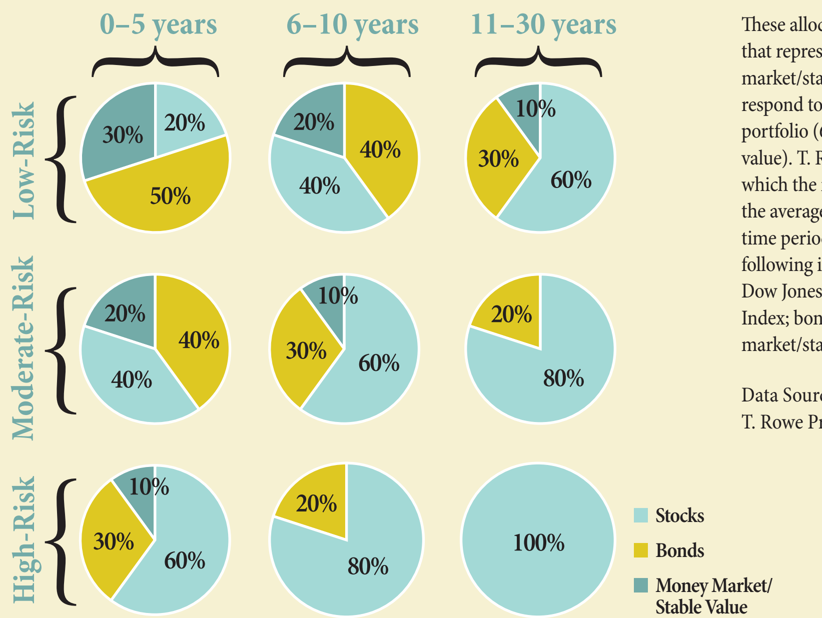
Score 15 – 20? You're a high-risk investor.

You are an investor who is comfortable taking substantial risk in exchange for potentially higher returns. Make sure you keep an eye on your time horizon and modify your investment strategy as your situation changes.

Use your risk score to choose your mix

1. Using the chart below, match your investment type to the years you have until retirement.
2. Circle the suggested investment mix. This chart represents model portfolios and will give you an idea of how you might consider dividing your contributions among different types of investments.
3. Review your Plan's investment options and make your selections.

Asset Allocation



These allocations are determined by using standard indices that represent each category: stocks, bonds, and money market/stable value. The categories are designed to correspond to various risk levels centered around a "balanced" portfolio (60% stocks, 30% bonds, 10% money market/stable value). T. Rowe Price defines the "risk level" as the degree to which the monthly rates of return of a portfolio differ from the average rate of return of the portfolio over a specific time period (standard deviation). These illustrations use the following indices to represent the categories: stocks, 85% Dow Jones Wilshire 5000 Composite Index/15% MSCI EAFE Index; bonds, Barclays Capital U.S. Aggregate Index; money market/stable value, 30-day T-bills.

Data Source: Ibbotson Associates, with analysis by T. Rowe Price.

Your Plan's investment options

Stock Funds

American Funds EuroPacific Growth Fund. This fund seeks to provide long-term growth of capital by investing in companies based outside the United States. Normally, the fund will invest at least 80% of its assets in securities of issuers located in Europe and the Pacific Basin. This policy is subject to change only upon 60 days' notice to shareholders. Various factors will be considered when determining whether a country is part of Europe, including whether a country is part of the MSCI European indexes. A country will be considered part of the Pacific Basin if any of its borders touch the Pacific Ocean.

Baron Small Cap Fund. This fund focuses on the long-term fundamental prospects of the businesses in which it invests. Baron Small Cap's investments fall into three categories: Growth Stocks that have what we believe are significant long-term growth prospects and can be purchased at attractive prices because their prospects have not yet been appreciated by investors; Fallen Angels that have strong long-term franchises but have disappointed investors with short-term results, creating, we believe, a buying opportunity; and Special Situations, including spin-offs and recapitalizations, where lack of investor awareness creates opportunities to purchase strong businesses at what we believe are discount prices. Baron Small Cap Fund invests in what Baron believes are well run small-cap growth businesses that can be purchased at prices that represent a significant discount to Baron's assessment of true value and can be owned for the long term.

Franklin Balanced Fund. This fund seeks both income and capital appreciation. The fund's investment goal is nonfundamental and therefore may be changed by the Trust's board of trustees without shareholder approval. Shareholders will be given at least 60 days' advance notice of any change to the fund's investment goal. Under normal market conditions, the fund invests in a diversified portfolio of stocks (substantially dividend paying), convertible securities, and fixed-income securities. The fund will normally invest at least 25% of its total assets in fixed-income securities, including money market securities. In addition, the fund will normally invest at least 25% of its total assets in equity securities. To the extent that the value of convertible and preferred securities can be attributed to their debt characteristics, they will be treated as fixed-income securities for purposes of this investment policy.

Franklin Mutual Shares Fund. This fund seeks capital appreciation, which may occasionally be short-term. The fund's secondary goal is income. Under normal marketing conditions, the fund invests primarily in equity securities of U.S. and foreign companies that the manager believes are available at market prices less than their value based on certain recognized or objective criteria. The fund also invests in risk arbitrage securities and distressed companies securities. The fund expects to invest a significant portion (up to 35%) of its assets in foreign securities.

Goldman Sachs Mid Cap Value Fund. This fund seeks long-term capital appreciation. The fund invests, under normal circumstances, at least 80% of its net assets in a diversifed portfolio of equity investments in mid-cap issuers with public stock market capitalization within the Russell Midcap Value Index. The fund may also invest 25% of its net assets in foreign securities including emerging countries. The securities of mid-capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements.

Harbor Capital Appreciation Fund. This fund seeks long-term growth of capital. The fund invests primarily in equity securities, principally common and preferred stocks, of U.S. companies with market capitalizations of at least $1 billion at the time of purchase and which the subadvisor considers to have above-average prospects for growth. In general, the fund stays fully invested in stocks and does not try to time the market. The subadvisor uses a bottom-up approach, researching and evaluating individual companies, to manage the fund's portfolio. This research includes visits to companies and discussions with company management.

Keeley Small Cap Value Fund. This fund seeks capital appreciation. The Small Cap Value Fund intends to pursue its investment objectives by investing in companies with a small market capitalization, which we currently define as $2.5 billion or less. Under normal market conditions, the fund will invest no less than 80% of its net assets plus the amount of any borrowings for investment purposes in common stocks and other equity type securities (including preferred stock, convertible debt securities, and warrants) of small market capitalization. As long as an investment continues to meet the fund's other criteria, the fund may choose to hold such securities even if the company grows beyond the $2.5 billion capitalization level. If less than 80% of the fund's assets (plus the amount of any borrowings for investment purposes) are invested in such companies, the fund will not invest in companies other than those with a small market capitalization until the 80% threshold is restored.

T. Rowe Price Blue Chip Growth Fund. This fund seeks long-term growth. It invests in large and medium-sized blue chip growth companies that are well established and have the potential for above-average growth. The fund is subject to the volatility inherent in common stock investing, and its share price may fluctuate more than a fund investing in income-oriented stocks.

T. Rowe Price Capital Appreciation Fund. This fund, one of our most conservative stock funds, seeks long-term growth while reducing downside risk. It invests primarily in undervalued stocks, which have the potential for capital appreciation as they are discovered by other investors. The value approach to investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may actually be appropriately priced.

T. Rowe Price Equity Income Fund. This fund seeks high income and long-term growth. It takes a relatively conservative approach by investing in stocks that pay above-average dividends. Stocks paying dividends generally experience less volatility than those that do not. The fund is subject to the volatility inherent in common stock investing, and its price will fluctuate with changing market conditions.

T. Rowe Price Mid-Cap Growth Fund. This fund seeks long-term growth. It invests in the common stocks of medium-sized companies. Mid-caps can experience dynamic growth but are no longer considered emerging growth companies. This fund may be less volatile than a fund that invests in small-company stocks.

T. Rowe Price New Horizons Fund. This aggressive fund seeks high long-term growth. It invests in small-company stocks and takes a growth approach to investing. This fund is subject to the abrupt and unpredictable market movements associated with small-company stocks.

T. Rowe Price Small-Cap Value Fund. This fund seeks high long-term growth. It invests in small companies that appear to be undervalued. Investing in small companies can be riskier than investing in large, well-established companies. This fund attempts to reduce risk by buying stocks believed to be undervalued. This fund will impose a redemption fee of 1% on shares held for 90 days or less.

Vanguard 500 Index Fund. This fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund employs an indexing investment approach. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Bond Funds

PIMCO Total Return Fund. This fund seeks maximum total return, consistent with preservation of capital and prudent investment management. The fund seeks to achieve its investment objective by investing, under normal circumstances, at least 65% of its total assets in a diversified portfolio of fixed-income instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. The average portfolio duration of this fund normally varies within two years (plus or minus) of the duration of the Barclays Capital U.S. Aggregate Index, which as of June 30, 2007, was 4.70 years.

Money Market/Stable Value

T. Rowe Price Stable Value Fund.[1] This trust seeks to preserve your principal investment and offers competitive income consistent with the preservation of principal. It invests in investment contracts issued by high-quality insurance companies and banks as rated by T. Rowe Price Associates, Inc., the advisor to the trust's sponsor, T. Rowe Price Trust Company.

Investment Risks: Funds that invest in growth stocks are subject to the volatility inherent in common stock investing and their share price may fluctuate more than a fund investing in income-oriented stocks. Mid-cap company stocks are generally more volatile than stocks of large, well-established companies. Investing in small companies involves greater risks than is customarily associated with larger companies, since small companies often have limited product lines, markets, or financial resources. Funds that invest in non-U.S. securities are subject to the unique risks of international investing, including currency fluctuation. Investments in fixed-income securities are subject to interest rate risk and credit risk. Also, investments in derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, and management risk. A fund investing in a derivative instrument could lose more than the principal amount invested.

[1] The T. Rowe Price Stable Value Common Trust Fund (the "Trust") is not a mutual fund. It is a common trust fund established by T. Rowe Price Trust Company under Maryland banking law, and its units are exempt from registration under the Securities Act of 1933. Investments in the Trust are not deposits or obligations of, or guaranteed by, the U.S. government or its agencies or T. Rowe Price Trust Company. Although the Trust seeks to preserve the value of your investment at $1.00 per unit, it is possible to lose money by investing in the Trust.

Invest through the TradeLink brokerage service

The Anne Arundel County Deferred Compensation Plan offers more experienced and confident investors TradeLink®, a self-directed brokerage service. TradeLink gives you access to stocks, bonds, and mutual funds outside of the Plan's core lineup.* Please note that TradeLink investment choices may be subject to greater volatility and risk of loss than the investment options chosen for the Plan. For more information, including fees and risks, request a TradeLink kit by calling 1.888.457.5770.

* TradeLink accounts are offered by T. Rowe Price Investment Services, Inc. (member FINRA/SIPC) and are carried by the Pershing LLC, a subsidiary of the Bank of New York Mellon Corporation (member NYSE/FINRA/SIPC), which acts as a clearing broker for T. Rowe Price Investment Services.

Keep these trading rules in mind

Excessive Trading

Excessive or short-term trading occurs when a participant places frequent trades into and out of an investment, often holding shares for a short period of time. This practice can increase the investment's administrative costs and negatively impact the fund manager's strategy. As a result, many funds closely monitor trading activity and implement short-term trading fees when necessary. A possible consequence of excessive trading may be the suspension of your trading privileges.

Redemption Fees

Redemption fees are designed to deter short-term trading behavior and protect the funds and their long-term investors. By penalizing short-term trading activity, redemption fees encourage Plan participants to pursue long-term investment strategies. These fees are paid to the mutual fund to help offset any costs created by short-term traders.

Refer to the enclosed fund performance page or log in to the ***my***RetirementPlan Web site at rps.troweprice.com for details on the funds' redemption fee policies.

Call 1.888.457.5770 to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

AVOID TRAPS WITH EXPERT HELP

"When it comes to making decisions about your retirement planning strategy, sometimes the best way to avoid those pesky pots is to ask for help. Your Plan makes it easy to get expert help anytime you need it."

The Deferred Compensation Plan makes it easy for you to make retirement planning decisions, with free, user-friendly guidance services. You'll find them all right on the ***my***RetirementPlan Web site.

Morningstar® Retirement Manager℠ is an investment education tool designed to help you meet your retirement savings needs—and if you haven't used it yet, give it a try now!

Morningstar can make it easy for you to manage your retirement account by helping you develop a retirement strategy, including getting help with the most common questions, such as:

- **How much should I save?**
- **How should I allocate my money?**

Through the service, you will receive a retirement savings goal, guidance on determining the amount you should be saving through your company Plan, a model portfolio allocation design, and educational articles and interactive tools designed for both beginning and experienced investors.

Morningstar also offers tools to help you track the performance of your portfolio and its underlying investments on an ongoing basis.

Morningstar® Retirement Manager℠: fast, friendly, free!

Your Plan offers Morningstar Retirement Manager, a range of investment services designed to help simplify the management of your retirement account.

Get FREE professional guidance today: Log in to rps.troweprice.com and click on Tools.

Using your personalized information, Morningstar Retirement Manager helps you to choose how to allocate your assets among investment categories – stocks, bonds, and money market investments.

Morningstar® Portfolio Manager℠

Morningstar Portfolio Manager provides an in-depth examination of all of your accounts' investments and how they work together. And it tracks your holdings' performance, all day, every day.

Morningstar® Portfolio Watchlist℠

Morningstar Portfolio Watchlist offers advanced investors a more complete view of their portfolio's performance. It includes dollar target highs, lows, and volumes for all your investments in a convenient one-page format that's updated throughout the trading day.

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CONSERVING RESOURCES

Withdrawals

You can withdraw money from your vested account balance if you retire or leave employment with the County for any reason. While employed by the County, you may make limited withdrawals from your account if you experience an unforeseeable emergency.

Tax consequences

While your money is in your Plan account, it is sheltered from taxes. However, when you begin to withdraw your money, the taxable portion is subject to income tax. In addition, most withdrawals are subject to a mandatory 20% federal withholding unless you make a direct rollover to a Traditional IRA or another eligible employer plan. If you meet the applicable compensation limitation, you may directly roll over a distribution from the Plan into a Roth IRA. The amount rolled into the Roth IRA is taxable income to you in the year of the rollover—consult your tax advisor for details. Before taking money out of your account, please read the Special Tax Notice that accompanies the distribution forms.

CHECKING IN ON YOUR INVESTMENTS

Online

The ***my***RetirementPlan Web site at rps.troweprice.com is your one-stop, online location for information about the Anne Arundel County Deferred Compensation Plan and your individual planning needs. It offers you all the features of the Plan Account Line and some additional benefits, allowing you to:

- Review your Plan's policies, features, and investment options
- Review your investment options
- Download forms
- Link to tools that let you calculate how much to save for retirement, estimate Social Security benefits, determine how long your savings will last, and more!

Login instructions:

- Go to rps.troweprice.com
- Log in using your user name and password
- If you are visiting the Web site for the first time, you can register using your Social Security number, date of birth, and ZIP code (just follow the on-screen prompts)

Phone

Call 1.888.457.5770 to connect to the Plan Account Line (PAL). With your personal identification number (PIN), you can use the PAL to:

- Get your account balance
- Make changes to your account

For direct assistance, representatives are available business days between 7 a.m. and 10 p.m. eastern time.

DIVE IN

"You're armed with the ingredients you need to help make your retirement dreams a reality. Sign up today!"

Enroll today, or go online for more information at the *my*RetirementPlan Web site at rps.troweprice.com. Or call 1.888.457.5770 and follow the instructions. If you would like personal assistance, representatives are available business days between 7 a.m. and 10 p.m.

T.RowePrice®
INVEST WITH CONFIDENCE

The Anne Arundel County Deferred Compensation Plan

T. Rowe Price Investment Services, Inc., distributor, T. Rowe Price mutual funds.

ANNE ARUNDEL COUNTY
MARYLAND
County Executive John R. Leopold

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