THE ALEXANDER DAWSON SCHOOL 401(k) PLAN
SUMMARY PLAN DESCRIPTION
MATERIAL MODIFICATIONS
(ADDING ROTH PROVISIONS)

I
INTRODUCTION

This is a Summary of Material Modifications regarding The Alexander Dawson School 401(k) Plan ("Plan"). This is merely a summary of the most important changes to the Plan and information contained in the Summary Plan Description ("SPD") previously provided to you. It supplements and amends that SPD so you should retain a copy of this document with your copy of the SPD. If you have any questions, contact the Plan Administrator. If there is any discrepancy between the terms of the Plan, as modified, and this Summary of Material Modifications, the provisions of the Plan will control. *The changes described in this Summary are effective October 1, 2021.*

Add Roth Elective Deferrals. Previously, the Plan permitted you to make only "pre-tax elective deferrals." Under a pre-tax deferral, your taxable income is reduced by the deferral contribution, so you pay less in current federal income taxes, although your elective deferrals are immediately subject to FICA and FUTA tax withholding. Later, when the Plan distributes the deferrals and earnings, you will pay the income tax on the deferrals and the earnings unless you postpone taxation by rolling these amounts over to an IRA or other eligible plan. Therefore, with a pre-tax elective deferral, federal income taxes on the deferral contributions and on the earnings are only *postponed*. Eventually, you will have to pay taxes on these amounts.

Commencing in October of 2021, you may make pre-tax deferrals or "Roth deferrals" or both.

Under a Roth deferral, the deferrals are subject to federal income taxes in the year of deferral (and FICA and FUTA), but the deferrals are not subject to federal income taxes when distributed to you. In addition, the earnings on the Roth deferrals will be distributed *income tax-free*, if you take a qualified distribution from your Roth deferral account.

Qualified Roth Distributions. To be a qualified Roth distribution, the distribution must occur after one of the following: (1) your attainment of age 59½; (2) your disability; or (3) your death. In addition, the distribution must occur after the expiration of a 5-year participation period. The "5-year participation period" is the 5-year period beginning on the calendar year in which you first make a Roth deferral to the Plan (or to another 401(k) plan or 403(b) plan if such amount was rolled over into this Plan) and ending on the last day of the calendar year that is 5 years later. For example, if you make your first Roth deferral under this Plan on November 30, 2021, your participation period will end on December 31, 2025. It is not necessary that you make a Roth deferral in each of the five years.

If a distribution from your Roth deferral account is *not* a qualified distribution, the earnings distributed with the Roth deferrals will be taxable to you at the time of distribution (unless you roll over the distribution to a Roth IRA or an eligible employer plan that will accept the rollover). In addition, in some cases, there may also be a 10% excise tax on the earnings that are distributed.

Deferral Elections.

The Employer will withhold from your pay the amount you have agreed to have the Employer contribute. You must designate your elective deferrals as pre-tax deferrals, Roth deferrals, or as in part consisting of each type. The Plan Administrator will allocate your elective deferrals to your pre-tax deferral account or Roth elective deferral account under the Plan, as applicable. Once you elect your deferral as pre-tax or as Roth and the deferral is taken from your pay, you cannot thereafter change the deferral type to Roth or pre-tax. However, you may elect that your future deferrals be made as either type of deferral. You may also convert pre-tax deferrals to Roth deferrals as described below.

Your salary reduction agreement remains in effect until you revoke the agreement. You may revoke or change your salary reduction agreement or file a new salary reduction agreement at any time, effective as of the next payroll period in which your agreement can be implemented.

Limit on Elective Deferrals. For any calendar year, your total elective deferrals (regardless of whether your deferrals are pre-tax, Roth or both types) may not exceed a specific dollar amount under the Internal Revenue Code ("Code"). For example, for calendar year 2021, the maximum dollar amount is $19,500. See the SPD for additional details, including what happens if your deferrals exceed Plan and Code limits.

Catch-Up Contributions. Each participant who is eligible to make elective deferrals under the Plan, and who has attained age 50 before the close of the Plan year, will be eligible to make additional elective deferrals in accordance with special limitations announced annually by the IRS. These special "catch-up contributions" are in addition to the maximum dollar limitations on elective deferrals described above. The limit on catch-up contributions is $6,500 in 2021. Catch-up contributions are subject to the ordinary rules regarding 401(k) contributions with respect to deductibility from your current income (pre-tax deferral) or inclusion in your current income (Roth deferral) and are subject to the same employment taxes as your non-catch-up deferrals. Distributions of catch-up contributions will occur in the same manner as your elective deferrals made under the Plan.

In-Plan Roth Rollover Contributions (Roth conversions). You may elect at any time to convert some or all your pre-tax accounts in the Plan to Roth accounts. You may make this election even if you are not then eligible for a distribution from the Plan because you are still working and have not yet attained age 59½. This is an "in-Plan Roth rollover contribution." If you are not then eligible to receive a distribution, the amount you convert will remain subject to any restrictions the Plan imposes on distributions while you are still employed by the Employer. If you are eligible for a distribution, the converted amounts will be placed in a Roth rollover account, and you may receive a distribution of these amounts at any time. The in-Plan Roth rollover takes place within the Plan; you do not actually receive a distribution of the amount to be converted.

If you make an in-Plan Roth rollover contribution, the contribution will be subject to immediate income taxation. Distribution of converted amounts are subject to the same taxation rules that apply to Roth deferrals.

You may make an in-Plan Roth rollover from any non-Roth account you have in the Plan. However, if you have an existing Plan loan, the loan may not be rolled over as an in-Plan Roth rollover contribution.