

Summary of Material Modification for EGTRRA Amendments

Ferrum College 403(b) Defined Contribution Retirement (DCR) Plan

Effective April 1, 2002, the Ferrum College Defined Contribution Retirement Plan was amended to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). These amendments will affect your rights under the Plan as follows:

A. LIMITATIONS ON CONTRIBUTIONS

1. Maximum Annual Addition. The annual addition that may be contributed or allocated to your account under the Plan for any year has been increased to the lesser of:
 - a. \$40,000, (adjusted for increases in the cost-of-living), or
 - b. 100 percent of your compensation, for the calendar year.
2. Annual Compensation Limit. The maximum annual compensation that will be taken into account for determining allocations for any plan year beginning after December 31, 2001, shall be \$200,000 (adjusted for cost-of-living increases). Compensation will include compensation not currently includable because of the application of Code Section 125, 403(b), 132(f)(4) or 457.
3. Maximum Exclusion Allowance. Contributions to this Plan will no longer be subject to the exclusion allowance limitations of section 403 (b) of the Code.
4. Catch-up Contributions. If you attain age 50 before the close of the plan year, you will be eligible to make additional catch-up elective deferrals of \$1,000 in 2002, \$2,000 in 2003, \$3,000 in 2004 in \$4,000 in 2005 and \$5,000 in 2006. These catch-up contributions will not be taken into account for purposes of the limits under Secs. 402(g) and 415 of the Code.

B. DIRECT ROLLOVERS OF PLAN DISTRIBUTIONS

1. Modification of definition of eligible retirement plan. To the extent you receive a distribution from this plan that is eligible for rollover, the amount may now be rolled over to a qualified retirement plan described in section 401(a) or section 403(a) of the Code, a tax sheltered annuity plan described in section 403(b) of the Code and an eligible plan under section 457(b) of the code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. This also applies in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order.
2. Modification of definition of eligible rollover distribution to exclude hardship distributions. If an amount is distributed to you on account of a hardship, the amount shall not be an eligible rollover distribution and you may not elect to have any portion of the distribution paid directly to an eligible retirement plan.

C. ROLLOVERS FROM OTHER PLANS

1. Direct and Participant Rollovers from other Plans. This Plan will accept a rollover of an eligible rollover distribution from:
 - a. A qualified plan described in section 401(a) or 403(a) of the Code, excluding after-tax employee contributions.
 - b. A qualified tax sheltered annuity plan described in section 403(b) of the Code
 - c. An eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
2. Participant Rollover Contributions from IRAs. The Plan will accept a Participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includable in gross income.
3. Withdrawals of Rollover Contributions. To the extent permitted by the terms of the Funding Vehicle, you may receive a cash withdrawal of any rollover contribution made on or after January 1, 2002, at anytime.

To the extent that Plan is subject to ERISA, this right will be subject to your spouse's rights to survivor benefits.

D. DISTRIBUTION UPON SEVERANCE FROM EMPLOYMENT

1. Your elective deferrals or qualified nonelective contributions, if any, and earnings attributable to these contributions and amounts that have at any time been invested in a mutual fund custodial account maybe distributed on account of a severance from employment. Under this change, a distribution can be made if the employer changes as a result of a liquidation, merger, or consolidation even though you continue in the same job.