

## BENEFIT PLANS

MEBA MEDICAL & BENEFITS PLAN

MEBA PENSION TRUST

MEBA TRAINING PLAN

MEBA VACATION PLAN

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### MEBA 401(k) PLAN SUMMARY OF MATERIAL MODIFICATIONS (SMM)

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This Summary of Material Modifications advises you of changes in the information contained in the MEBA 401(k) Plan Summary Plan Description ("SPD"), as required by the Employee Retirement Income Security Act of 1974. The Board of Trustees recently adopted amendments to the MEBA 401(k) Plan (the "Plan") effective July 1, 2010. Below is a summary of the changes to keep with your SPD.

#### **Designated Roth Contributions**

You are permitted to designate all or a portion of your Elective Contributions (including catch-up contributions) as either before-tax contributions or as Designated Roth Contributions. Designated Roth Contributions generally are treated the same as before-tax contributions; but are included in your taxable income in the year they are deducted from your pay and are tax-free (rather than tax-deferred) when distributed from the Plan. Earnings on Designated Roth Contributions are also not subject to income tax when distributed, provided they are not withdrawn for at least five years after your first Designated Roth Contribution is made to the Plan and the distribution is made after you have reached age 59 ½, incurred a disability, or died (see qualified distribution\* definition below).

The election to make Designated Roth Contributions is irrevocable and must be made before the contributions are withheld from your earnings. You cannot later recharacterize Designated Roth Contribution as before-tax contributions or vice versa. However, you may change your elections for future contributions as outlined below.

#### **Vesting**

Designated Roth Contributions are always fully (100%) vested.

#### **Contribution Limits**

The IRS limits your Elective Contributions to all qualified retirement plans to a maximum annual amount. If you will be age 50 or older, a higher annual limit applies. For 2010, the general annual limit is \$16,500. If you are age 50 or over, the limit increases by \$5,500 for catch-up contributions, to a total of \$22,000. (The IRS may adjust these annual amounts in the future.) For purposes of this limit, Designated Roth Contributions and before-tax contributions are combined.

#### **Electing or Changing Designated Roth Contributions**

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\* A "qualified distribution" of Designated Roth Contributions is a payment made after you are age 59 ½ (or after your death or disability) and five years after your first Designated Roth Contribution to the account. In counting the five years, you count from January 1 of the year your first contribution was made to the account, even if it was made to another plan and later rolled over to the Plan.

The Plan rules for beginning, changing, or stopping Designated Roth Contributions are just like elections for before-tax contributions. If you are a sailing employee, you must complete a new election for each voyage and submit it at the start of the voyage. If you are a non-sailing employee, you may elect to begin or change future contributions at any time and must submit a new election if you change employers.

### **Rollover Contributions to the Plan**

You may elect to rollover a designated Roth 401(k) account from another eligible retirement plan to the MEBA 401(k) Plan. Contact Fidelity to determine if your contributions are from an “eligible retirement plan” and/or to learn how to make the rollover contribution.

### **Withdrawals and Loans**

Designated Roth Contributions are treated as if they were before-tax contributions for purposes of hardship withdrawals and loans from the Plan. In the case of a loan made from the Plan that is later defaulted, earnings on the Designated Roth Contributions will be taxed and may be subject to a 10% additional tax penalty even if you would otherwise have been eligible for a qualified distribution.

### **Distributions**

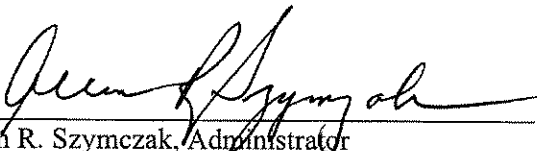
Just like before-tax contributions, distributions of Designated Roth Contributions are only permitted after you reach age 59 ½, terminate employment, become disabled or die (except in the case of hardship withdrawal and loan). In addition, you are required to begin distribution of any Designated Roth Contributions by April 1 of the calendar year after the year you reach age 70 ½ (unless you are still working). However, Designated Roth Contributions that are rolled over to a Roth IRA are not subject to this required distribution rule.

If the payment of Designated Roth Contributions from the Plan is not a qualified distribution, you are taxed on the earnings and, if you are under age 59½, an additional 10% penalty tax applies unless the distribution is rolled over.

If the payment of Designated Roth Contributions from the Plan is a qualified distribution, you will not be taxed even if you do not do a rollover. If you do a rollover of your Designated Roth Account distribution, you will not be taxed and future earnings on the amount rolled over will not be taxed if paid later in a qualified distribution.

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If you have any questions regarding these changes, contact the Benefits Department at the Plan Office by calling 410-547-9111 or 800-811-6322. Keep this notice with your SPD so that when you refer to the SPD, you will be reminded that the changes described in this notice have occurred.



Allen R. Szymczak, Administrator